As filed with the Securities and Exchange Commission on January 24, 2005

Registration No. 333-121322

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 2
TO
FORM S-4

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

WMG ACQUISITION CORP.

(Exact Name of Registrant as Specified in Its Charter)
(SEE TABLE OF ADDITIONAL REGISTRANTS)

Delaware	**7929**	**13-35665869**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

75 Rockefeller Plaza
New York, NY 10019
(212) 275-2000

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

David H. Johnson, Esq.
Executive Vice President and
General Counsel
Warner Music Group
75 Rockefeller Plaza
New York, NY 10019
(212) 275-2030

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

Copies to:
Edward P. Tolley III, Esq.
Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017-3954
(212) 455-2000

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. / /

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

The Registrants hereby amend this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrants shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

TABLE OF ADDITIONAL REGISTRANT GUARANTORS

Exact Name of Registrant As Specified In Its Charter	State or other Jurisdiction of Incorporation or Organization	IRS Employer Identification Number	Address, Including ZIP Code, And Telephone Number, Including Area Code, Of Registrant's Principal Executive Offices	Phone Number
A.P. Schmidt Company	Delaware	36-2669470	10585 Santa Monica Blvd., Los Angeles CA 90025	(310) 441-8600
Atlantic Recording Corporation	Delaware	13-2597725	1290 Avenue of the Americas, New York NY 10104	(212) 707-2000
Atlantic/143 L.L.C.	Delaware	13-3975703	1290 Avenue of the Americas, New York NY 10104	(212) 707-2000
Atlantic/MR II INC.	Delaware	13-3845524	1290 Avenue of the Americas, New York NY 10104	(212) 707-2000
Atlantic/MR Ventures Inc.	Delaware	13-3684268	1290 Avenue of the Americas, New York NY 10104	(212) 707-2000
Berna Music, Inc.	California	95-2565721	10585 Santa Monica Blvd., Los Angeles CA 90025	(310) 441-8600
Big Beat Records Inc.	Delaware	13-3626173	1290 Avenue of the Americas, New York NY 10104	(212) 707-2000
Big Tree Recording Corporation	Delaware	13-2945275	1290 Avenue of the Americas, New York NY 10104	(212) 707-2000
Bute Sound LLC	Delaware	13-4032642	10585 Santa Monica Blvd., Los Angeles CA 90025	(310) 441-8600
Cafe Americana Inc.	Delaware	13-3246931	10585 Santa Monica Blvd., Los Angeles CA 90025	(310) 441-8600
Chappell & Intersong Music Group (Australia) Limited	Delaware	13-3395886	1 Cassins Avenue, North Sydney, Australia	(61) 2 9779 4099
Chappell And Intersong Music Group (Germany) Inc.	Delaware	13-3246911	Alter Wandrahm 14, D-20457 Hamburg, Germany	(49) 40-30339-101
Chappell Music Company, Inc.	Delaware	13-3325475	10585 Santa Monica Blvd., Los Angeles CA 90025	(310) 441-8600
Cota Music, Inc.	New York	13-3523591	10585 Santa Monica Blvd., Los Angeles CA 90025	(310) 441-8600
Cotillion Music, Inc.	Delaware	13-2597937	10585 Santa Monica Blvd., Los Angeles CA 90025	(310) 441-8600
CPP/Belwin, Inc.	Delaware	65-0051018	15800 N.W. 48th Avenue, P.O. Box 4340, Miami FL 33014	(305) 620-1500
CRK Music Inc.	Delaware	13-3663052	10585 Santa Monica Blvd., Los Angeles CA 90025	(310) 441-8600
E/A Music, Inc.	Delaware	13-3203221	10585 Santa Monica Blvd., Los Angeles CA 90025	(310) 441-8600
Eleksylum Music, Inc.	Delaware	13-3174021	10585 Santa Monica Blvd., Los Angeles CA 90025	(310) 441-8600
Elektra Entertainment Group Inc.	Delaware	13-4033729	75 Rockefeller Plaza, New York NY 10019	(212) 275-2000
Elektra Group Ventures Inc.	Delaware	13-3808252	75 Rockefeller Plaza, New York NY 10019	(212) 275-2000

Elektra/Chameleon Ventures Inc.	Delaware	13-3626113	75 Rockefeller Plaza, New York NY 10019	(212) 275-2000
FHK, INC.	Tennessee	62-1548343	10585 Santa Monica Blvd., Los Angeles CA 90025	(310) 441-8600
Fiddleback Music Publishing Company, Inc	Delaware	13-2705484	10585 Santa Monica Blvd., Los Angeles CA 90025	(310) 441-8600
Foster Frees Music, Inc.	California	95-3297348	10585 Santa Monica Blvd., Los Angeles CA 90025	(310) 441-8600
Foz Man Music LLC	Delaware	13-4028790	10585 Santa Monica Blvd., Los Angeles CA 90025	(310) 441-8600
Inside Job, Inc.	New York	13-2699020	1290 Avenue of the Americas, New York NY 10104	(212) 707-2000
Intersong U.S.A., INC.	Delaware	13-3246932	10585 Santa Monica Blvd., Los Angeles CA 90025	(310) 441-8600
Jadar Music Corp.	Delaware	13-3246915	10585 Santa Monica Blvd., Los Angeles CA 90025	(310) 441-8600
Lava Trademark Holding Company LLC	Delaware	13-4139472	1290 Avenue of the Americas, New York NY 10104	(212) 707-2000
LEM America, INC.	Delaware	94-2741964	10585 Santa Monica Blvd., Los Angeles CA 90025	(310) 441-8600
London-Sire Records Inc.	Delaware	13-3954692	75 Rockefeller Plaza, New York, NY 10019	(212) 275-2000
McGuffin Music Inc.	Delaware	13-3663051	10585 Santa Monica Blvd., Los Angeles CA 90025	(310) 441-8600
Mixed Bag Music, Inc.	New York	13-3111989	10585 Santa Monica Blvd., Los Angeles CA 90025	(310) 441-8600
MM Investment Inc. (fka Warner Music Bluesky Holding Inc.)	Delaware	13-3829389	75 Rockefeller Plaza, New York NY 10019	(212) 275-2000
NC Hungary Holdings Inc.	Delaware	05-0536079	10585 Santa Monica Blvd., Los Angeles CA 90025	(310) 441-8600
New Chappell Inc.	Delaware	13-3246920	10585 Santa Monica Blvd., Los Angeles CA 90025	(310) 441-8600
Nonesuch Records Inc.	Delaware	20-1926784	3300 Warner Boulevard, Burbank CA 91505, United States	(818) 846-9090
NVC International Inc.	Delaware	51-0267089	75 Rockefeller Plaza, New York NY 10019	(212) 275-2000
Octa Music, Inc.	New York	13-3523592	10585 Santa Monica Blvd., Los Angeles CA 90025	(310) 441-8600
Penalty Records L.L.C.	New York	13-3889367	75 Rockefeller Plaza, New York NY 10019	(212) 275-2000
Pepamar Music Corp.	New York	13-2512410	10585 Santa Monica Blvd., Los Angeles CA 90025	(310) 441-8600
Revelation Music Publishing Corporation	New York	13-2705483	10585 Santa Monica Blvd., Los Angeles CA 90025	(310) 441-8600

Rhino Entertainment Company	Delaware	13-3647166	3400 West Olive Avenue, Burbank CA 91505	(818) 238-6100
Rick's Music Inc.	Delaware	13-3246929	10585 Santa Monica Blvd., Los Angeles CA 90025	(310) 441-8600
Rightsong Music Inc.	Delaware	13-3246926	10585 Santa Monica Blvd., Los Angeles CA 90025	(310) 441-8600
Rodra Music, Inc.	California	95-2561531	10585 Santa Monica Blvd., Los Angeles CA 90025	(310) 441-8600
Sea Chime Music, Inc.	California	95-3335535	10585 Santa Monica Blvd., Los Angeles CA 90025	(310) 441-8600
SR/MDM Venture Inc.	Delaware	13-3647169	3300 Warner Boulevard, Burbank CA 91505	(818) 846-9090
Summy-Birchard, Inc.	Wyoming	36-1026750	10585 Santa Monica Blvd., Los Angeles CA 90025	(310) 441-8600
Super Hype Publishing, Inc.	New York	13-2664278	10585 Santa Monica Blvd., Los Angeles CA 90025	(310) 441-8600
T-Boy Music L.L.C.	New York	13-3669372	10585 Santa Monica Blvd., Los Angeles CA 90025	(310) 441-8600
T-Girl Music L.L.C.	New York	13-3669731	10585 Santa Monica Blvd., Los Angeles CA 90025	(310) 441-8600
The Rhythm Method Inc.	Delaware	13-4141258	75 Rockefeller Plaza, New York NY 10019	(212) 275-2000
Tommy Boy Music, Inc.	New York	13-3070723	75 Rockefeller Plaza, New York NY 10019	(212) 275-2000
Tommy Valando Publishing Group, Inc.	Delaware	13-2705485	10585 Santa Monica Blvd., Los Angeles CA 90025	(310) 441-8600
Tri-Chappell Music Inc.	Delaware	13-3246916	10585 Santa Monica Blvd., Los Angeles CA 90025	(310) 441-8600
TW Music Holdings Inc.	Delaware	20-0769163	75 Rockefeller Plaza, New York NY 10019	(212) 275-2000
Unichappell Music Inc.	Delaware	13-3246914	10585 Santa Monica Blvd., Los Angeles CA 90025	(310) 441-8600
W.B.M. Music Corp.	Delaware	13-3166007	10585 Santa Monica Blvd., Los Angeles CA 90025	(310) 441-8600
Walden Music, Inc.	New York	13-6125056	10585 Santa Monica Blvd., Los Angeles CA 90025	(310) 441-8600
Warner Alliance Music Inc.	Delaware	95-4391760	10585 Santa Monica Blvd., Los Angeles CA 90025	(310) 441-8600
Warner Brethren Inc.	Delaware	95-4391762	10585 Santa Monica Blvd., Los Angeles CA 90025	(310) 441-8600
Warner Bros. Music International Inc.	Delaware	13-2839469	10585 Santa Monica Blvd., Los Angeles CA 90025	(310) 441-8600
Warner Bros. Publications U.S. Inc.	New York	13-2670425	15800 N.W. 48th Avenue, P.O. Box 4340, Miami FL 33014	(305) 620-1500

Warner Bros. Records Inc.	Delaware	95-1976532	3300 Warner Boulevard, Burbank CA 91505	(818) 846-9090
Warner Custom Music Corp.	California	94-2990925	75 Rockefeller Plaza, New York, NY 10019	(212) 275-2000
Warner Domain Music Inc.	Delaware	13-3845523	10585 Santa Monica Blvd., Los Angeles CA 90025	(310) 441-8600
Warner Music Discovery Inc.	Delaware	13-3695120	3400 West Olive Ave., Burbank CA 91505	(818) 238-6200
Warner Music Distribution Inc.	Delaware	13-3713729	75 Rockefeller Plaza, New York NY 10019	(212) 275-2000
Warner Music Group Inc.	Delaware	13-3565869	75 Rockefeller Plaza, New York NY 10019	(212) 275-2000
Warner Music Latina Inc.	Delaware	13-3586626	555 Washington Avenue, Fourth Floor, Miami Beach FL 33139	(305) 702-2200
Warner Music SP Inc.	Delaware	13-3802269	75 Rockefeller Plaza, New York NY 10019	(212) 275-2000
Warner Sojourner Music Inc.	Delaware	62-1530861	10585 Santa Monica Blvd., Los Angeles CA 90025	(310) 441-8600
Warner Special Products Inc.	Delaware	13-2788802	3400 West Olive Ave., Burbank CA 91505	(818) 238-6200
WarnerSongs Inc.	Delaware	13-2793164	10585 Santa Monica Blvd., Los Angeles CA 90025	(310) 441-8600
Warner Strategic Marketing Inc.	Delaware	01-0569802	3400 West Olive Ave., Burbank CA 91505	(818) 238-6200
Warner-Elektra-Atlantic Corporation	New York	13-6170726	75 Rockefeller Plaza, New York, NY 10019	(212) 275-2000
Warner-Tamerlane Publishing Corp.	California	13-6132127	10585 Santa Monica Blvd., Los Angeles CA 90025	(310) 441-8600
Warner/Chappell Music (Services), Inc.	New Jersey	95-2685983	10585 Santa Monica Blvd., Los Angeles CA 90025	(310) 441-8600
Warner/Chappell Music, Inc.	Delaware	13-3246913	10585 Santa Monica Blvd., Los Angeles CA 90025	(310) 441-8600
Warprise Music Inc.	Delaware	13-3845521	10585 Santa Monica Blvd., Los Angeles CA 90025	(310) 441-8600
WB Gold Music Corp.	Delaware	13-3155100	10585 Santa Monica Blvd., Los Angeles CA 90025	(310) 441-8600
WB Music Corp.	California	13-6132128	10585 Santa Monica Blvd., Los Angeles CA 90025	(310) 441-8600
WBM/House of Gold Music, Inc.	Delaware	13-3146335	10585 Santa Monica Blvd., Los Angeles CA 90025	(310) 441-8600
WBPI Holdings LLC	Delaware	34-2024699	15800 N.W. 48th Avenue, P.O. Box 4340, Miami FL 33014	(305) 620-1500

WBR Management Services Inc.	Delaware	13-3032834	3300 Warner Boulevard, Burbank CA 91505	(818) 846-9090
WBR/QRI Venture, Inc.	Delaware	13-3647168	3300 Warner Boulevard, Burbank CA 91505	(818) 846-9090
WBR/Ruffnation Ventures, Inc.	Delaware	13-4079805	3300 Warner Boulevard, Burbank CA 91505	(818) 846-9090
WBR/Sire Ventures Inc.	Delaware	13-2953720	3300 Warner Boulevard, Burbank CA 91505	(818) 846-9090
We Are Musica Inc.	Delaware	13-3713725	10585 Santa Monica Blvd., Los Angeles CA 90025	(310) 441-8600
WEA Europe Inc.	Delaware	13-2805638	75 Rockefeller Plaza, New York NY 10019	(212) 275-2000
WEA Inc.	Delaware	13-3862485	75 Rockefeller Plaza, New York, NY 10019	(212) 275-2000
WEA International Inc.	Delaware	13-2805420	75 Rockefeller Plaza, New York NY 10019	(212) 275-2000
WEA Latina Musica Inc.	Delaware	13-3713731	10585 Santa Monica Blvd., Los Angeles CA 90025	(310) 441-8600
WEA Management Services Inc.	Delaware	52-2280908	75 Rockefeller Plaza, New York NY 10019	(212) 275-2000
Wide Music, Inc.	California	95-3500269	10585 Santa Monica Blvd., Los Angeles CA 90025	(310) 441-8600
WEA Rock LLC	Delaware	86-1120258	75 Rockefeller Plaza, New York NY 10019	(212) 275-2000
WEA Urban LLC	Delaware	86-1120251	75 Rockefeller Plaza, New York NY 10019	(212) 275-2000
WMG Management Services Inc.	Delaware	52-2314190	75 Rockefeller Plaza, New York NY 10019	(212) 275-2000
WMG Trademark Holding Company LLC	Delaware	20-0233769	75 Rockefeller Plaza, New York NY 10019	(212) 275-2000

EXPLANATORY NOTE

This Amendment is being filed solely to update certain exhibits to the registration statement. No other changes are made hereby.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 20. Indemnification of Directors and Officers.

Warner Music Group is a Delaware corporation. Section 145 of the Delaware General Corporation Law of the State of Delaware (the "DGCL") grants each corporation organized thereunder the power to indemnify any person who is or was a director, officer, employee or agent of a corporation or enterprise, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, other than an action by or in the right of the corporation, by reason of being or having been in any such capacity, if he acted in good faith in a manner 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 his conduct was unlawful.

Section 102(b)(7) of the DGCL enables a corporation in its certificate of incorporation or an amendment thereto validly approved by stockholders to limit or eliminate the personal liability of the members of its board of directors for violations of the directors' fiduciary duty of care, except (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) pursuant to Section 174 of the DGCL (providing for liability of directors for unlawful payment of dividends or unlawful stock purchases or redemptions) or (iv) for any transaction from which a director derived an improper personal benefit.

Section 3.16 of Warner Music Group's Amended and Restated By-laws (filed as Exhibit 3.195) provide that a member of the board of directors, or a member of any committee designated by the board of directors shall, in the performance of his or her duties, be fully protected in relying in good faith upon the records of Warner Music Group and upon such information, opinions, reports or statements presented to Warner Music Group by any of Warner Music Group's officers, employees, agents, committees, or by any other person as to matters the member reasonably believes are within such other person's or persons' professional or expert competence, and who has been selected with reasonable care by or on behalf of Warner Music Group.

Article THIRD, paragraph 7 of Warner Music Group's Amended and Restated Certificate of Incorporation (filed as Exhibit 3.194) provides that a director of Warner Music Group shall not be liable to Warner Music Group or its stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent that exculpation from liability is not permitted under the DGCL. No amendment or repeal of this paragraph 7 shall apply to or have any effect on the liability or alleged liability of any director of Warner Music Group for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal.

Article THIRD, paragraph 8 provides that to the maximum extent permitted from time to time under the law of the State of Delaware, Warner Music Group renounces any interest or expectancy of Warner Music Group in, or in being offered an opportunity to participate in business opportunities that are from time to time presented to its officers, directors or stockholders or the affiliates of the foregoing, other than those officers, directors, stockholders or affiliates who are employees of Warner Music Group. No amendment or repeal of this paragraph 8 shall apply to or have any effect on the liability or alleged liability of any such officer, director, stockholder or affiliate for or with respect to

any business opportunities of which such officer, director, stockholder or affiliate becomes aware prior to such amendment or repeal.

Article THIRD, paragraph 9 provides that Warner Music Group shall, to the maximum extent permitted from time to time under the law of the State of Delaware, indemnify and upon request shall advance expenses to any person who is or was a party or is threatened to be made a party to any threatened, pending or completed action, suit, proceeding or claim, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was or has agreed to be a director or officer of Warner Music Group or while a director or officer is or was serving at the request of Warner Music Group as a director, officer, partner, member, trustee, employee or agent of any corporation, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, against expenses (including attorney's fees and expenses), judgments, fries, penalties and amounts paid in settlement incurred in connection with the investigation, preparation to defend or defense of such action, suit, proceeding or claim; provided, however, that the foregoing shall not require Warner Music Group to indemnify or advance expenses to any person in connection with any action, suit, proceeding, claim or counterclaim initiated by or on behalf of such person. Such indemnification and advancement of expenses shall not be exclusive of other indemnification rights arising as a matter of law, under any by-law, agreement, vote of directors or stockholders or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office, and shall inure to the benefit of the heirs and legal representatives of such person. Any person seeking indemnification under this paragraph 9 shall be deemed to have met the standard of conduct required for such indemnification unless the contrary shall be established. Any repeal or modification of the foregoing provisions of this paragraph 9 shall not adversely affect any right or protection of a director or officer of Warner Music Group with respect to any acts or omissions of such director or officer occurring prior to such repeal or modification.

Article THIRD, paragraph 9 also provides that Warner Music Group shall have the power to purchase and maintain, at its expense, insurance on behalf of any person who is or was a director, officer, employee or agent of Warner Music Group, or is or was serving at the request of Warner Music Group as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against any expense, liability or loss asserted against such Person and incurred by such Person in any such capacity, or arising out of such Person's status as such, whether or not Warner Music Group would have the power to indemnify such person against such expense, liability or loss under the DCCL or the terms of the Amended and Restated Certificate of Incorporation.

Warner Music Group has also obtained officers' and directors liability insurance which insures against liabilities that officers and directors of the Warner Music Group may, in such capacities, incur.

Item 21. Exhibits and Financial Statement Schedules.

(a) Exhibits

Exhibit No.	Description
2.1*	Purchase Agreement, dated as of November 24, 2003 between Time Warner Inc. and WMG Acquisition Corp., as amended
3.1*	Certificate of Incorporation of A. P. Schmidt Co.
3.2*	By-laws of A. P. Schmidt Co.
3.3*	Certificate of Formation of Atlantic/143 L.L.C., as amended
3.4*	Limited Liability Company Agreement of Atlantic/143 L.L.C.
3.5*	Certificate of Incorporation of Atlantic/MR Ventures Inc., as amended
3.6*	By-laws of Atlantic/MR Ventures Inc.
3.7*	Certificate of Incorporation of Atlantic/MR II Inc., as amended
3.8*	By-laws of Atlantic/MR II Inc.
3.9*	Certificate of Incorporation of Atlantic Recording Corporation
3.10*	By-laws of Atlantic Recording Corporation
3.11*	Articles of Incorporation of Berna Music, Inc.
3.12*	By-laws of Berna Music, Inc., as amended
3.13*	Certificate of Incorporation of Big Beat Records Inc., as amended
3.14*	By-laws of Big Beat Records Inc.
3.15*	Certificate of Incorporation of Big Tree Recording Corporation, as amended
3.16*	By-laws of Big Tree Recording Corporation
3.17*	Certificate of Formation of Bute Sound LLC, as amended
3.18*	Limited Liability Company Agreement of Bute Sound LLC
3.19*	Certificate of Incorporation of Cafe Americana Inc.
3.20*	By-laws of Cafe Americana Inc., as amended
3.21*	Certificate of Incorporation of Chappell & Intersong Music Group (Australia) Limited
3.22*	Term of Reference of Chappell & Intersong Music Group (Australia) Limited
3.23*	Certificate of Incorporation of Chappell and Intersong Music Group (Germany) Inc., as amended
3.24*	By-laws of Chappell and Intersong Music Group (Germany) Inc.
3.25*	Certificate of Incorporation of Chappell Music Company, Inc.
3.26*	By-laws of Chappell Music Company, Inc.
3.27*	Certificate of Incorporation of Cota Music, Inc.
3.28*	By-laws of Cota Music, Inc.
3.29*	Certificate of Incorporation of Cotillion Music, Inc.
3.30*	By-laws of Cotillion Music, Inc.
3.31*	Restated Certificate of Incorporation of CPP/Belwin, Inc.
3.32*	By-laws of CPP/Belwin, Inc.
3.33*	Certificate of Incorporation of CRK Music Inc., as amended

3.34* By-laws of CRK Music Inc.
3.35* Certificate of Incorporation of E/A Music, Inc.
3.36* By-laws of E/A Music, Inc.
3.37* Certificate of Incorporation of Eleksylum Music, Inc., as amended
3.38* By-laws of Eleksylum Music, Inc.
3.39* Certificate of Incorporation of Elektra/Chameleon Ventures Inc.
3.40* By-laws of Elektra/Chameleon Ventures Inc.
3.41* Certificate of Incorporation of Elektra Entertainment Group Inc.
3.42* By-laws of Elektra Entertainment Group Inc.
3.43* Certificate of Incorporation of Elektra Group Ventures Inc.
3.44* By-laws of Elektra Group Ventures Inc.
3.45* Charter of FHK, Inc.
3.46* By-laws of FHK, Inc.
3.47* Certificate of Incorporation of Fiddleback Music Publishing Company, Inc., as amended
3.48* By-laws of Fiddleback Music Publishing Company, Inc.
3.49* Certificate of Incorporation of Foster Frees Music, Inc.
3.50* By-laws of Foster Frees Music, Inc.
3.51* Certificate of Formation of Foz Man Music LLC, as amended
3.52* LLC Agreement of Foz Man Music LLC**
3.53* Certificate of Incorporation of Inside Job, Inc.
3.54* By-laws of Inside Job, Inc.
3.55* Certificate of Incorporation of Intersong U.S.A., Inc.
3.56* By-laws of Intersong U.S.A., Inc.
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3.58* By-laws of Jadar Music Corp.
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3.70* By-laws of NC Hungary Holdings Inc.
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3.75*	Certificate of Incorporation of NVC International Inc., as amended
3.76*	By-laws of NVC International Inc.
3.77*	Certificate of Incorporation of Octa Music, Inc.
3.78*	By-laws of Octa Music, Inc.
3.79*	Certificate of Conversion of Penalty Records, L.L.C.
3.80	Limited Liability Company Agreement of Penalty Records, L.L.C.
3.81*	Certificate of Incorporation of Pepamar Music Corp.
3.82*	By-laws of Pepamar Music Corp.
3.83*	Certificate of Incorporation of Revelation Music Publishing Corporation
3.84*	By-laws of Revelation Music Publishing Corporation
3.85*	Certificate of Incorporation of Rhino Entertainment Company, as amended
3.86*	By-laws of Rhino Entertainment Company
3.87*	Certificate of Incorporation of Rick's Music Inc.
3.88*	By-laws of Rick's Music Inc.
3.89*	Certificate of Incorporation of Rightsong Music Inc.
3.90*	By-laws of Rightsong Music Inc.
3.91*	Amended and Restated Articles of Incorporation of Rodra Music, Inc.
3.92*	By-laws of Rodra Music, Inc.
3.93*	Articles of Incorporation of Sea Chime Music, Inc., as amended
3.94*	By-laws of Sea Chime Music, Inc.
3.95*	Certificate of Incorporation of SR/MDM Venture Inc.
3.96*	By-laws of SR/MDM Venture Inc.
3.97*	Certificate of Incorporation of Super Hype Publishing, Inc.
3.98*	By-laws of Super Hype Publishing, Inc.
3.99*	Certificate of Incorporation of Summy-Birchard, Inc., as amended
3.100*	By-laws of Summy-Birchard, Inc.
3.101*	Articles of Organization of T-Boy Music, L.L.C.
3.102*	Articles of Organization of T-Girl Music, L.L.C.
3.103*	Certificate of Incorporation of The Rhythm Method Inc.
3.104*	By-laws of The Rhythm Method Inc.
3.105*	Certificate of Incorporation of Tommy Boy Music, Inc.
3.106*	By-laws of Tommy Boy Music, Inc.
3.107*	Certificate of Incorporation of Tommy Valando Publishing Group, Inc., as amended
3.108*	By-laws of Tommy Valando Publishing Group, Inc.
3.109*	Certificate of Incorporation of Tri-Chappell Music Inc.

3.110* By-laws of Tri-Chappell Music Inc.
3.111* Certificate of Incorporation of TW Music Holdings Inc.
3.112* By-laws of TW Music Holdings Inc.
3.113* Certificate of Incorporation of Unichappell Music Inc.
3.114* By-laws of Unichappell Music Inc.
3.115* Certificate of Incorporation of W.B.M. Music Corp.
3.116* By-laws of W.B.M. Music Corp.
3.117* Certificate of Incorporation of Walden Music Inc.
3.118* By-laws of Walden Music Inc.
3.119* Certificate of Incorporation of Warner Alliance Music Inc.
3.120* By-laws of Warner Alliance Music Inc.
3.121* Certificate of Incorporation of Warner Brethren Inc., as amended
3.122* By-laws of Warner Brethren Inc.
3.123* Certificate of Incorporation of Warner Bros. Music International Inc.
3.124* By-laws of Warner Bros. Music International Inc.
3.125* Certificate of Incorporation Warner Bros. Publications U.S. Inc., as amended
3.126* By-laws of Warner Bros. Publications U.S. Inc.
3.127* Certificate of Incorporation of Warner Bros. Records Inc., as amended
3.128* By-laws of Warner Bros. Records Inc.
3.129* Certificate of Incorporation of Warner/Chappell Music, Inc., as amended
3.130* By-laws of Warner/Chappell Music, Inc.
3.131* Certificate of Incorporation of Warner/Chappell Music (Services), Inc.
3.132* By-laws of Warner/Chappell Music (Services), Inc.
3.133* Articles of Incorporation of Warner Custom Music Corp., as amended
3.134* By-laws of Warner Custom Music Corp.
3.135* Certificate of Incorporation of Warner Domain Music Inc.
3.136* By-laws of Warner Domain Music Inc.
3.137* Certificate of Incorporation of Warner-Elektra-Atlantic Corporation
3.138* By-laws of Warner-Elektra-Atlantic Corporation
3.139* Certificate of Incorporation of MM Investment Inc. and amendment thereto (fka Warner Music Bluesky Holding Inc.)
3.140* By-laws of MM Investment Inc. (fka Warner Music Bluesky Holding Inc.)
3.141* Certificate of Incorporation of Warner Music Discovery Inc.
3.142* By-laws of Warner Music Discovery Inc.
3.143* Certificate of Incorporation of Warner Music Distribution Inc.
3.144* By-laws of Warner Music Distribution Inc.
3.145* Certificate of Incorporation of Warner Music Group Inc.
3.146* By-laws of Warner Music Group Inc.

3.147* Certificate of Incorporation of Warner Music Latina Inc., as amended
3.148* By-laws of Warner Music Latina Inc.
3.149* Certificate of Incorporation of Warner Sojourner Music Inc.
3.150* By-laws of Warner Sojourner Music Inc.
3.151* Certificate of Incorporation of WarnerSongs, Inc., as amended
3.152* By-laws of WarnerSongs, Inc., as amended
3.153* Certificate of Incorporation of Warner Music SP Inc.
3.154* By-laws of Warner Music SP Inc.
3.155* Certificate of Incorporation of Warner Special Products Inc.
3.156* By-laws of Warner Special Products Inc.
3.157* Certificate of Incorporation of Warner Strategic Marketing Inc.
3.158* By-laws of Warner Strategic Marketing Inc.
3.159* Articles of Incorporation of Warner-Tamerlane Publishing Corp.
3.160* By-laws of Warner-Tamerlane Publishing Corp.
3.161* Certificate of Incorporation of Warprise Music Inc.
3.162* By-laws of Warprise Music Inc.
3.163* Certificate of Incorporation of WB Gold Music Corp.
3.164* By-laws of WB Gold Music Corp.
3.165* Articles of Incorporation of WB Music Corp.
3.166* By-laws of WB Music Corp.
3.167* Certificate of Incorporation of WBM/House of Gold Music, Inc., as amended
3.168* By-laws of WBM/House of Gold Music, Inc.
3.169* Certificate of Formation of WBPI Holdings LLC
3.170* LLC Agreement of WBPI Holdings LLC
3.171* Certificate of Incorporation of WBR Management Services Inc.
3.172* By-laws of WBR Management Services Inc.
3.173* Certificate of Incorporation of WBR/QRI Venture, Inc., as amended
3.174* By-laws of WBR/QRI Venture, Inc.
3.175* Certificate of Incorporation of WBR/Ruffnation Ventures, Inc.
3.176* By-laws of WBR/Ruffnation Ventures, Inc.
3.177* Certificate of Incorporation of WBR/Sire Ventures Inc.
3.178* By-laws of WBR/Sire Ventures Inc.
3.179* Certificate of Incorporation of We Are Musica Inc.
3.180* By-laws of We Are Musica Inc.
3.181* Certificate of Incorporation of WEA Europe Inc., as amended
3.182* By-laws of WEA Europe Inc.
3.183* Certificate of Incorporation of WEA Inc.
3.184* By-laws of WEA Inc.

3.185*	Certificate of Incorporation of WEA International Inc.
3.186*	By-laws of WEA International Inc.
3.187*	Certificate of Incorporation of WEA Latina Music Inc.
3.188*	By-laws of WEA Latina Music Inc.
3.189*	Certificate of Incorporation of WEA Management Services Inc., as amended
3.190*	By-laws of WEA Management Services Inc.
3.191*	Certificate of Formation of WEA Rock LLC
3.192*	Limited Liability Company Agreement of WEA Rock LLC
3.193*	Certificate of Formation of WEA Urban LLC
3.194*	Limited Liability Company Agreement of WEA Urban LLC
3.195*	Certificate of Incorporation of WMG Management Services Inc., as amended
3.196*	Amended and Restated Certificate of Incorporation of WMG Acquisition Corp.
3.197*	Amended and Restated By-laws WMG Acquisition Corp.
3.198*	By-laws of WMG Management Services Inc.
3.199*	Articles of Incorporation of Wide Music, Inc., as amended
3.200*	By-laws of Wide Music, Inc., as amended
3.201*	Certificate of Formation of WMG Trademark Holding Company LLC
3.202*	Limited Liability Company Agreement of WMG Trademark Holding Company LLC
3.203	Limited Liability Company Agreement of T-Boy Music, L.L.C.
3.204	Limited Liability Company Agreement of T-Girl Music, L.L.C.
4.1*	Indenture, dated as of April 8, 2004, among WMG Acquisition Corp., the Guarantors named therein and Wells Fargo Bank, National Association
4.2*	First Supplemental Indenture, dated as of November 16, 2004, among WMG Acquisition Corp., Wells Fargo Bank, National Association, as Trustee, WEA Urban LLC and WEA Rock LLC
4.3*	Registration Rights Agreement dated as of April 8, 2004, among WMG Acquisition Corp., the Guarantors named therein and the Initial Purchasers named therein
5.1	Opinion of Simpson Thacher & Bartlett LLP
5.2	Opinion of Gelfand Stein & Wassoon LLP
5.3	Opinion of McCarter & English LLP
5.4	Opinion of Holland & Hart LLP
5.5	Opinion of Baker, Donelson, Bearman, Caldwell & Berkowitz, PC
10.1	Amended and Restated Credit Agreement, dated as of April 8, 2004, among WMG Acquisition Corp., the Overseas Borrowers from time to time party thereto, MG Holdings Corp., each lender from time to time party thereto Banc of America Securities LLC and Deutsche Bank Securities Inc., as Joint Lead Arrangers and Joint Book Managers, Lehman Brothers Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Co-Arrangers and Joint Book Managers, Deutsche Bank Securities Inc. and Lehman Commercial Paper Inc., as Co-Syndication Agents, Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Documentation Agent, and Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer.

10.2	Amendment No. 1 to the Credit Agreement, dated as of September 30, 2004, among WMG Acquisition Corp., the Overseas Borrowers party thereto, WMG Holdings Corp., the lenders party thereto, Banc of America Securities LLC and Deutsche Bank Securities Inc., as joint lead arrangers and joint book managers and various other parties
10.3	Amendment No. 2 to the Credit Agreement, dated as of December 6, 2004, among WMG Acquisition Corp., the Overseas Borrowers party thereto, WMG Holdings Corp., the lenders party thereto, Banc of America Securities LLC and Deutsche Bank Securities Inc., as joint lead arrangers and joint book managers and various other parties
10.4	Security Agreement, dated as of February 27, 2004, from the Grantors named to therein to Bank of America, N.A.
10.5	Subsidiary Guaranty, dated as of February 27, 2004, from the Guarantors named therein and the Additional Guarantors named therein in favor of the Secured Parties named in the Credit Agreement referred to therein
10.6	Parent Guaranty, dated as of February 27, 2004, from WMG Holdings Corp. in favor of the Secured Parties named in the Credit Agreement referred to therein
10.7	Company Guaranty, dated as of February 27, 2004, from WMG Acquisition Corp. in favor of the Secured Parties named in the Credit Agreement referred to therein
10.8	Deed of Trust, Security Agreement, Assignment of Rents and Leases and Fixture Filing (Tennessee) by and from Warner Bros. Records, Inc. to Kay B. Housch in favor of Bank of America, N.A., dated as of February 29, 2004 (20, 24, 26 Music Square East)
10.9	Deed of Trust, Security Agreement, Assignment of Rents and Leases and Fixture Filing (Tennessee) by and from Warner Bros. Records, Inc. to Kay B. Housch in favor of Bank of America, N.A., dated as of February 29, 2004 (21 Music Square East)
10.10	Deed of Trust, Security Agreement, Assignment of Rents and Leases and Fixture Filing (California) by and from Warner Bros. Records, Inc. to MTC Financial Inc. in favor of Bank of America, N.A., dated as of February 29, 2004
10.11	Trademark Security Agreement, dated as of February 29, 2004, made by the Grantors listed on the signature pages thereto in favor of the Bank of America, N.A.
10.12	Copyright Security Agreement, dated as of February 29, 2004, made by the Grantors listed on the signature pages thereto in favor of the Bank of America, N.A.
10.13	Stockholders Agreement, dated as of February 29, 2004, among WMG Parent Corp., WMG Holdings Corp., WMG Acquisition Corp. and Certain Stockholders of WMG Parent Corp. and WMG Holdings Corp.
10.14	Amendment No. 1 to Stockholder's Agreement, dated as of July 30, 2004, among WMG Parent Corp., WMG Holdings Corp., WMG Acquisition Corp., each Person executing this Agreement and listed as an Investor on the signature pages hereto, each Person executing this Agreement and listed as a Seller on the signature pages hereto, each Person executing this Agreement and listed as a Manager on the signature pages hereto and such other Persons, if any, that from time to time become party hereto as holders of Other Holder Shares solely in the capacity of permitted assignees with respect to certain registration rights hereunder
10.15	Seller Administrative Services Agreement, dated as of February 29, 2004, between Time Warner Inc. and WMG Acquisition Corp.
10.16	Amendment No. 1 to Seller Administrative Services Agreement, dated as of July 1, 2004, between Time Warner Inc. and WMG Acquisition Corp.

10.17	Purchaser Administrative Services Agreement, dated as of February 29, 2004, between Time Warner Inc. and WMG Acquisition Corp.
10.18	Management Agreement, dated as of February 29, 2004, among WMG Parent Corp., WMG Holdings Corp., WMG Acquisition Corp., THL Managers V, L.L.C., Bain Capital Partners, LLC, Providence Equity Partners IV Inc. and Music Partners Management, LLC
10.19	Warrant Agreement (MMT Warrants), February 29, 2004, WMG Parent Corp., WMG Holdings Corp. and Historic TW Inc.
10.20	Warrant Agreement (Three-Year Warrants), February 29, 2004, WMG Parent Corp., WMG Holdings Corp. and Historic TW Inc.
10.21	Employment Agreement, effective as of March 1, 2004, between WMG Acquisition Corp. and Edgar Bronfman, Jr.
10.22	Employment Agreement, dated as of January 25, 2004, between WMG Acquisition Corp. and Lyor Cohen
10.23	Employment Agreement, dated as of November 28, 2002, between Warner Music International Services Ltd. and Paul-René Albertini, assumed by WMG Acquisition Corp. on March 1, 2004
10.24	Employment Agreement, dated as of March 22, 1999, between Warner Music Group Inc. and Les Bider, as amended, assumed by WMG Acquisition Corp. on March 1, 2004
10.25	Employment Agreement, dated as of December 15, 1998, between Warner Music Group Inc. and David H. Johnson, as amended, assumed by WMG Acquisition Corp. on March 1, 2004
10.26	Office Lease, June 27, 2002, by and between Media Center Development, LLC and Warner Music Group Inc., as amended
10.27	Lease, dated as of February 1, 1996, between 1290 Associates, L.L.C.and Warner Communications Inc.
10.28**	U.S. Pick, Pack and Shipping Services Agreement, dated as of October 24, 2003, between Warner-Elektra-Atlantic Corporation and Cinram Distribution LLC
10.29**	US Manufacturing and Packaging Agreement, dated as of October 24, 2003, between Warner-Elektra-Atlantic Corporation and Cinram Manufacturing Inc.
10.30**	International Pick, Pack and Shipping Services Agreement, dated as of October 24, 2003, between WEA International Inc. and Warner Music Manufacturing Europe GmbH Company
10.31**	International Manufacturing and Packaging Agreement, dated as of October 24, 2003, between WEA International Inc. and Warner Music Manufacturing Europe GmbH Company
10.32	Lease, dated as of February 29, 2004, between Historical TW Inc. and Warner Music Group Inc. regarding 75 Rockefeller Plaza
10.33	Consent to Assignment of Sublease, dated as of October 5, 2001, between 1290 Partners, L.P. and Warner Music Group
10.34	Restricted Stock Award Agreement, dated as of March 1, 2004, between WMG Parent Corp. and Edgar Bronfman, Jr.
10.35	Restricted Stock Award Agreement, dated as of March 1, 2004, between WMG Parent Corp. and Lyor Cohen
10.36	Form of WMG Parent Corp. LTIP Stock Option Agreement

10.37	Employment Agreement, dated as of December 21, 2004, between Warner Music Group Inc. and Michael Fleisher
10.38	Restricted Stock Award Agreement, dated as of October 1, 2004, between WMG Parent Corp. and David H. Johnson
10.39	Restricted Stock Award Agreement, dated as of December 31, 2004, between WMG Parent Corp. and Michael Fleisher
10.40	Stock Option Agreement, dated as of October 1, 2004, between WMG Parent Corp. and Paul-Rene Albertini
10.41	Stock Option Agreement, dated as of September 30, 2004, between WMG Parent Corp. and Les Bider
12.1*	Computation of Ratio of Earnings to Fixed Charges
21.1	List of Subsidiaries
23.1	Consent of Simpson Thacher & Bartlett LLP (included as part of its opinion filed as Exhibit 5.1 hereto)
23.2*	Consent of Ernst & Young LLP
23.3	Consent of Gelfand Stein & Wassoon LLP (included as part of its opinion filed as Exhibit 5.2 hereto)
23.4	Consent of McCarter & English LLP (included as part of its opinion filed as Exhibit 5.3 hereto)
23.5	Consent of Holland & Hart LLP (included as part of its opinion filed as Exhibit 5.4 hereto)
23.6	Consent of Baker Panelson Bearman, Caldwell & Berkowitz, PC (included as part of its opinion filed as Exhibit 5.5 hereto)
24.1*	Powers of Attorney for WMG Acquisition Corp.
24.2*	Power of Attorney for Additional Registrants
24.3*	Power of Attorney for WMG Acquisition Corp. with respect to Michael Fleisher
25.1*	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of Wells Fargo Bank, National Association, as Trustee for Dollar Notes
99.1	Form of Letter of Transmittal—Dollar Notes
99.2	Form of Letter of Transmittal—Sterling Notes
99.3	Form of Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees—Dollar Notes
99.4	Form of Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees—Sterling Notes
99.5	Form of Letter to Clients—Dollar Notes
99.6	Form of Letter to Clients—Sterling Notes
99.7	Form of Notice of Guaranteed Delivery—Dollar Notes
99.8	Form of Notice of Guaranteed Delivery—Sterling Notes
(b)	Financial Statement Schedules
	Schedule II—Valuation and Qualifying Accounts

* Previously filed.

** Exhibit omits certain information that has been filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request pursuant to Rule 406 promulgated under the Securities Act of 1933, as amended.

Item 22. Undertakings.

The undersigned registrants hereby undertake:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1993;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers, or controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrants of expenses incurred or paid by a director, officer or controlling person of the registrants in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrants will, unless in the opinion of it counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes to respond to requests for information that is incorporated by reference into the prospectus pursuant to Item 4, 10(b), 11, or 13 of this form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

The undersigned registrant hereby undertakes to supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, WMG Acquisition Corp. has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of New York, state of New York, on January 21, 2005.

WMG ACQUISITION CORP.

By: *

Name: Edgar Bronfman, Jr.
Title: Chief Executive Officer and Chairman of the Board

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title
*	Chief Executive Officer and Chairman of the Board (Principal Executive Officer)
Edgar Bronfman, Jr.	
*	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
Michael Fleisher	
*	Director
Len Blavatnik	
*	Director
Charles A. Brizius	
*	Director
John P. Connaughton	
*	Director
Scott L. Jaeckel	
*	Director
Seth W. Lawry	

*	Director
Thomas H. Lee	
*	Director
Ian Loring	
*	Director
Jonathan M. Nelson	
*	Director
Mark Nunnelly	
*	Director
Scott M. Sperling	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, A.P. Schmidt Company has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

A.P. SCHMIDT COMPANY

By: *

Name: Leslie Bider
Title: Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	Chief Executive Officer (Principal Executive Officer)
Leslie Bider	
*	Senior Vice President (Principal Financial Officer and Principal Accounting Officer)
Nick Thomas	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Atlantic Recording Corporation has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

ATLANTIC RECORDING CORPORATION

By: *

Name: Jason Flom
Title: Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	Chief Executive Officer (Principal Executive Officer)
Jason Flom	
*	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
Samantha Schwam	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Atlantic/143 L.L.C. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

ATLANTIC/143 L.L.C.

By: *

Name: Jason Flom
Title: Chief Executive Officer, on behalf of
Atlantic Recording Corp.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
Atlantic Recording Corp.	Sole member
*	Chief Executive Officer, on behalf of Atlantic Recording Corp. (Principal Executive Officer)
Jason Flom	
*	Chief Financial Officer, on behalf of Atlantic Recording Corp. (Principal Financial Officer and Principal Accounting Officer)
Samantha Schwam	

By: * — Director of sole member

Name: Edgar Bronfman, Jr.

By: * — Director of sole member

Name: Dave Johnson

By: /s/ PAUL ROBINSON — Director of sole member

Name: Paul Robinson

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Atlantic/MR II INC. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

ATLANTIC/MR II INC.

By: *

Name: Craig Kallman
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President (Principal Executive Officer)
Craig Kallman	
*	Senior Vice President; Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
Samantha Schwam	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Atlantic/MR Ventures Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

ATLANTIC/MR VENTURES INC.

By: *

Name: Craig Kallman
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President (Principal Executive Officer)
Craig Kallman	
*	Senior Vice President; Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
Samantha Schwam	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Berna Music, Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

BERNA MUSIC, INC.

By: *

Name: Leslie Bider
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President (Principal Executive Officer)
Leslie Bider	
*	Treasurer; Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
Nick Thomas	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Big Beat Records Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

BIG BEAT RECORDS INC.

By: *

Name: Craig Kallman
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President (Principal Executive Officer)
Craig Kallman	
*	Treasurer (Principal Financial Officer and Principal Accounting Officer)
Samantha Schwam	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Big Tree Recording Corporation has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

BIG TREE RECORDING CORPORATION

By: *

Name: Craig Kallman
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President (Principal Executive Officer)
Craig Kallman	
*	Treasurer (Principal Financial Officer and Principal Accounting Officer)
Samantha Schwam	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Bute Sound LLC has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

BUTE SOUND LLC

By: *

Name: Jason Flom
Title: Chief Executive Officer, on behalf of Atlantic Recording Corp.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
Atlantic Recording Corp.	Sole member
*	Chief Executive Officer, on behalf of Atlantic Recording Corp. (Principal Executive Officer)
Jason Flom	
*	Chief Financial Officer, on behalf of Atlantic Recording Corp. (Principal Financial Officer and Principal Accounting Officer)
Samantha Schwam	
By: *	
Name: Edgar Bronfman, Jr.	Director of sole member
By: *	
Name: Dave Johnson	Director of sole member
By: /s/ PAUL ROBINSON	
Name: Paul Robinson	Director of sole member
*By: /s/ PAUL ROBINSON	
Paul Robinson *Attorney-in-Fact*	

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Cafe Americana Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

CAFE AMERICANA INC.

By: *

Name: Leslie Bider
Title: Chief Executive Officer and President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President; Chief Executive Officer (Principal Executive Officer)
Leslie Bider	
*	Senior Vice President; Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
Nick Thomas	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Chappell & Intersong Music Group (Australia) Limited has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

CHAPPELL & INTERSONG MUSIC GROUP (AUSTRALIA) LIMITED

By: *

Name: Leslie Bider
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President (Principal Executive Officer)
Leslie Bider	
*	Treasurer; Senior Vice President (Principal Financial Officer and Principal Accounting Officer)
Nick Thomas	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Chappell And Intersong Music Group (Germany) Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

CHAPPELL AND INTERSONG MUSIC GROUP (GERMANY) INC.

By: *

Name: Bernd Dopp
Title: Chief Executive Officer and President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President;
Bernd Dopp	Chief Executive Officer
	(Principal Executive Officer)
*	Treasurer
Norbert Masch	(Principal Financial Officer and
	Principal Accounting Officer)
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Chappell Music Company, Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

CHAPPELL MUSIC COMPANY, INC.

By: *

Name: Leslie Bider
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President (Principal Executive Officer)
Leslie Bider	
*	Treasurer; Senior Vice President (Principal Financial Officer and Principal Accounting Officer)
Nick Thomas	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Cota Music, Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

COTA MUSIC, INC.

By: *

Name: Leslie Bider
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President (Principal Executive Officer)
Leslie Bider	
*	Treasurer; Senior Vice President (Principal Financial Officer and Principal Accounting Officer)
Nick Thomas	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Cotillion Music, Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

COTILLION MUSIC, INC.

By: *

Name: Leslie Bider
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President (Principal Executive Officer)
Leslie Bider	
*	Treasurer; Senior Vice President (Principal Financial Officer and Principal Accounting Officer)
Nick Thomas	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, CPP/Belwin, Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

CPP/BELWIN, INC.

By: *

Name: Leslie Bider
Title: Chairman of the Board

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2004.

Signature	Title(s):
*	Chairman of the Board (Principal Executive Officer)
Leslie Bider	
*	Treasurer; Executive Vice President (Principal Financial Officer and Principal Accounting Officer)
Nick Thomas	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, CRK Music Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

CRK MUSIC INC.

By: *

Name: Leslie Bider
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President (Principal Executive Officer)
Leslie Bider	
*	Treasurer; Senior Vice President (Principal Financial Officer and Principal Accounting Officer)
Nick Thomas	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, E/A Music, Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

E/A MUSIC, INC.

By: *

Name: Leslie Bider
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President (Principal Executive Officer)
Leslie Bider	
*	Treasurer; Senior Vice President (Principal Financial Officer and Principal Accounting Officer)
Nick Thomas	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Eleksylum Music, Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

ELEKSYLUM MUSIC, INC.

By: *

Name: Leslie Bider
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President (Principal Executive Officer)
Leslie Bider	
*	Treasurer; Senior Vice President (Principal Financial Officer and Principal Accounting Officer)
Nick Thomas	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Elektra Entertainment Group Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

ELEKTRA ENTERTAINMENT GROUP INC.

By: *

Name: Jason Flom
Title: Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	Chief Executive Officer (Principal Executive Officer)
Jason Flom	
*	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
Samantha Schwam	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Elektra Group Ventures Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

ELEKTRA GROUP VENTURES INC.

By: *

Name: Craig Kallman
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President (Principal Executive Officer)
Craig Kallman	
*	Assistant Treasurer (Principal Financial Officer and Principal Accounting Officer)
Anthony Bown	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Elektra/Chameleon Ventures Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

ELEKTRA/CHAMELEON VENTURES INC.

By: *

Name: Leslie Bider
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President (Principal Executive Officer)
Leslie Bider	
*	Treasurer; Senior Vice President (Principal Financial Officer and Principal Accounting Officer)
Nick Thomas	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, FHK, INC. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

FHK, INC.

By: *

Name: Leslie Bider
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President (Principal Executive Officer)
Leslie Bider	
*	Treasurer; Senior Vice President (Principal Financial Officer and Principal Accounting Officer)
Nick Thomas	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Fiddleback Music Publishing Company, Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

FIDDLEBACK MUSIC PUBLISHING COMPANY, INC.

By: *

Name: Leslie Bider
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President (Principal Executive Officer)
Leslie Bider	
*	Treasurer; Senior Vice President (Principal Financial Officer and Principal Accounting Officer)
Nick Thomas	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Foster Frees Music, Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

FOSTER FREES MUSIC, INC.

By: *

Name: Leslie Bider
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President (Principal Executive Officer)
Leslie Bider	
*	Treasurer; Senior Vice President (Principal Financial Officer and Principal Accounting Officer)
Nick Thomas	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Foz Man Music LLC has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

FOZ MAN MUSIC LLC

By: *

Name: Jason Flom
Title: Chief Executive Officer, on behalf of Atlantic Recording Corp.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
Atlantic Recording Corp.	Sole member
*	Chief Executive Officer, on behalf of Atlantic Recording Corp. (Principal Executive Officer)
Jason Flom	
*	Chief Financial Officer, on behalf of Atlantic Recording Corp. (Principal Financial Officer and Principal Accounting Officer)
Samantha Schwam	

By:	*	
Name:	Edgar Bronfman, Jr.	Director of sole member
By:	*	
Name:	Dave Johnson	Director of sole member
By:	/s/ PAUL ROBINSON	
Name:	Paul Robinson	Director of sole member

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Inside Job, Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

INSIDE JOB, INC.

By: *

Name: Craig Kallman
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President (Principal Executive Officer)
Craig Kallman	
*	Treasurer (Principal Financial Officer and Principal Accounting Officer)
Samantha Schwam	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Intersong U.S.A., INC. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

INTERSONG U.S.A., INC.

By: *

Name: Leslie Bider
Title: Chief Executive Officer and President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President; Chief Executive Officer (Principal Executive Officer)
Leslie Bider	
*	Treasurer; Senior Vice President (Principal Financial Officer and Principal Accounting Officer)
Nick Thomas	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Jadar Music Corp. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

JADAR MUSIC CORP.

By: *

Name: Leslie Bider
Title: Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	Chief Executive Officer (Principal Executive Officer)
Leslie Bider	
*	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
Nick Thomas	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Lava Trademark Holding Company LLC has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

LAVA TRADEMARK HOLDING COMPANY LLC

By: *

Name: Jason Flom
Title: Chief Executive Officer, on behalf of
Atlantic Recording Corp.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
Atlantic Recording Corp.	Sole member
*	Chief Executive Officer, on behalf of Atlantic Recording Corp. (Principal Executive Officer)
Jason Flom	
*	Chief Financial Officer, on behalf of Atlantic Recording Corp. (Principal Financial Officer and Principal Accounting Officer)
Samantha Schwam	

By:	*	
Name:	Edgar Bronfman, Jr.	Director of sole member
By:	*	
Name:	Dave Johnson	Director of sole member
By:	/s/ PAUL ROBINSON	
Name:	Paul Robinson	Director of sole member

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, LEM America, INC. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

LEM AMERICA, INC.

By: *

Name: Leslie Bider
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President (Principal Executive Officer)
Leslie Bider	
*	Chief Financial Officer; Senior Vice President (Principal Financial Officer and Principal Accounting Officer)
Nick Thomas	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, London-Sire Records Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

LONDON-SIRE RECORDS INC.

By: *

Name: Lyor Cohen
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President (Principal Executive Officer)
Lyor Cohen	
*	Vice President (Principal Financial Officer and Principal Accounting Officer)
Jos de Raaij	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, McGuffin Music Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

MCGUFFIN MUSIC INC.

By: *

Name: Leslie Bider
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President (Principal Executive Officer)
Leslie Bider	
*	Treasurer; Senior Vice President (Principal Financial Officer and Principal Accounting Officer)
Nick Thomas	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Mixed Bag Music, Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

MIXED BAG MUSIC, INC.

By: *

Name: Leslie Bider
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President (Principal Executive Officer)
Leslie Bider	
*	Treasurer; Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
Nick Thomas	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, NC Hungary Holdings Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

NC HUNGARY HOLDINGS INC.

By: *

Name: Leslie Bider
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President (Principal Executive Officer)
Leslie Bider	
*	Vice President (Principal Financial Officer and Principal Accounting Officer)
Jos de Raaij	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, New Chappell Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

NEW CHAPPELL INC.

By: *

Name: Leslie Bider
Title: Chief Executive Officer and President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President; Chief Executive Officer (Principal Executive Officer)
Leslie Bider	
*	Senior Vice President; Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
Nick Thomas	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Nonesuch Records Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

NONESUCH RECORDS INC.

By: *

Name: Edgar Bronfman, Jr.
Title: Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	Chief Executive Officer (Principal Executive Officer)
Edgar Bronfman, Jr.	
*	Senior Vice President, Controller and Treasurer (Principal Financial Officer and Principal Accounting Officer)
Jos de Raaij	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, NVC International Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

NVC INTERNATIONAL INC.

By: *

Name: Scott Pascucci
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President (Principal Executive Officer)
Scott Pascucci	
*	Vice President (Principal Financial Officer and Principal Accounting Officer)
Jos de Raaij	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Octa Music, Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

OCTA MUSIC, INC.

By: *

Name: Leslie Bider
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President (Principal Executive Officer)
Leslie Bider	
*	Treasurer; Senior Vice President (Principal Financial Officer and Principal Accounting Officer)
Nick Thomas	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Penalty Records L.L.C. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

PENALTY RECORDS L.L.C.

By: *

Name: Scott Pascucci
Title: President, on behalf of Tommy Boy Music, Inc.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
Tommy Boy Music, Inc.	Sole member
*	President, on behalf of Tommy Boy Music, Inc. (Principal Executive Officer)
Scott Pascucci	
*	Vice President and Treasurer, on behalf of Tommy Boy Music, Inc. (Principal Financial Officer and Principal Accounting Officer)
Jos de Raaij	
By: *	
Name: Edgar Bronfman, Jr.	Director of sole member
By: *	
Name: Dave Johnson	Director of sole member
By: /s/ PAUL ROBINSON	
Name: Paul Robinson	Director of sole member
*By: /s/ PAUL ROBINSON	
Paul Robinson *Attorney-in-Fact*	

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Pepamar Music Corp. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

PEPAMAR MUSIC CORP.

By: *

Name: Leslie Bider
Title: President and Chairman of the Board

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President; Chairman of the Board (Principal Executive Officer)
Leslie Bider	
*	Treasurer; Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
Nick Thomas	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Revelation Music Publishing Corporation has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

REVELATION MUSIC PUBLISHING CORPORATION

By: *

Name: Leslie Bider
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President (Principal Executive Officer)
Leslie Bider	
*	Treasurer; Senior Vice President (Principal Financial Officer and Principal Accounting Officer)
Nick Thomas	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Rhino Entertainment Company has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

RHINO ENTERTAINMENT COMPANY

By: *

Name: Scott Pascucci
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President (Principal Executive Officer)
Scott Pascucci	
*	Vice President; Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
Colin Reef	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Rick's Music Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

RICK'S MUSIC INC.

By: *

Name: Leslie Bider
Title: Chief Executive Officer and President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President; Chief Executive Officer (Principal Executive Officer)
Leslie Bider	
*	Senior Vice President; Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
Nick Thomas	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Rightsong Music Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

RIGHTSONG MUSIC INC.

By: *

Name: Leslie Bider
Title: Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	Chief Executive Officer (Principal Executive Officer)
Leslie Bider	
*	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
Nick Thomas	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Rodra Music, Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

RODRA MUSIC, INC.

By: *

Name: Leslie Bider
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President (Principal Executive Officer)
Leslie Bider	
*	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
Nick Thomas	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Sea Chime Music, Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

SEA CHIME MUSIC, INC.

By: *

Name: Leslie Bider
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President (Principal Executive Officer)
Leslie Bider	
*	Treasurer; Senior Vice President (Principal Financial Officer and Principal Accounting Officer)
Nick Thomas	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, SR/MDM Venture Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

SR/MDM VENTURE INC.

By: *

Name: Tom Whalley
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President (Principal Executive Officer)
Tom Whalley	
*	Treasurer; Vice President (Principal Financial Officer and Principal Accounting Officer)
Hildi Snodgrass	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Summy-Birchard, Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

SUMMY-BIRCHARD, INC.

By: *

Name: Leslie Bider
Title: Chairman of the Board

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	Chairman of the Board (Principal Executive Officer)
Leslie Bider	
*	Treasurer; Senior Vice President (Principal Financial Officer and Principal Accounting Officer)
Nick Thomas	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Super Hype Publishing, Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

SUPER HYPE PUBLISHING, INC.

By: *

Name: Leslie Bider
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President (Principal Executive Officer)
Leslie Bider	
*	Treasurer; Vice President (Principal Financial Officer and Principal Accounting Officer)
Nick Thomas	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, T-Boy Music L.L.C. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

T-BOY MUSIC L.L.C.

By: *

Name: Scott Pascucci
Title: President, on behalf of Tommy Boy Music, Inc.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
Tommy Boy Music, Inc.	Sole member
*	President, on behalf of Tommy Boy Music, Inc. (Principal Executive Officer)
Scott Pascucci	
*	Vice President and Treasurer, on behalf of Tommy Boy Music, Inc. (Principal Financial Officer and Principal Accounting Officer)
Jos de Raaij	
By: *	
Name: Edgar Bronfman, Jr.	Director of sole member
By: *	
Name: Dave Johnson	Director of sole member
By: /s/ PAUL ROBINSON	
Name: Paul Robinson	Director of sole member
*By: /s/ PAUL ROBINSON	
Paul Robinson *Attorney-in-Fact*	

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, T-Girl Music L.L.C. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

T-GIRL MUSIC L.L.C.

By: *

Name: Scott Pascucci
Title: President, on behalf of Tommy Boy Music, Inc.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
Tommy Boy Music, Inc.	Sole member
*	President, on behalf of Tommy Boy Music, Inc. (Principal Executive Officer)
Scott Pascucci	
*	Vice President and Treasurer, on behalf of Tommy Boy Music, Inc. (Principal Financial Officer and Principal Accounting Officer)
Jos de Raaij	
By: *	
Name: Edgar Bronfman, Jr.	Director of sole member
By: *	
Name: Dave Johnson	Director of sole member
By: /s/ PAUL ROBINSON	
Name: Paul Robinson	Director of sole member
*By: /s/ PAUL ROBINSON	
Paul Robinson *Attorney-in-Fact*	

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, The Rhythm Method Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

THE RHYTHM METHOD INC.

By: *

Name: Scott Pascucci
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President (Principal Executive Officer)
Scott Pascucci	
*	Treasurer; Vice President (Principal Financial Officer and Principal Accounting Officer)
Jos de Raaij	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Tommy Boy Music, Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

TOMMY BOY MUSIC, INC.

By: *

Name: Scott Pascucci
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President (Principal Executive Officer)
Scott Pascucci	
*	Treasurer; Vice President (Principal Financial Officer and Principal Accounting Officer)
Jos de Raaij	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Tommy Valando Publishing Group, Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

TOMMY VALANDO PUBLISHING GROUP, INC.

By: *

Name: Leslie Bider
Title: Chairman of the Board

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	Chairman of the Board (Principal Executive Officer)
Leslie Bider	
*	Treasurer; Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
Nick Thomas	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Tri-Chappell Music Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

TRI-CHAPPELL MUSIC INC.

By: *

Name: Leslie Bider
Title: Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	Chief Executive Officer (Principal Executive Officer)
Leslie Bider	
*	Senior Vice President; Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
Nick Thomas	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, TW Music Holdings Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

TW MUSIC HOLDINGS INC.

By: *

Name: Dave Johnson
Title: Vice President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	Vice President (Principal Executive Officer)
Dave Johnson	
*	Treasurer; Vice President (Principal Financial Officer and Principal Accounting Officer)
Jos de Raaij	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Unichappell Music Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

UNICHAPPELL MUSIC INC.

By: *

Name: Leslie Bider
Title: Chief Executive Officer and President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President; Chief Executive Officer (Principal Executive Officer)
Leslie Bider	
*	Senior Vice President; Chief Financial Officer (Principal Financial Officer)
Nick Thomas	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, W.B.M. Music Corp. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

W.B.M. MUSIC CORP.

By: *

Name: Leslie Bider
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President (Principal Executive Officer)
Leslie Bider	
*	Treasurer (Principal Financial Officer and Principal Accounting Officer)
Nick Thomas	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Walden Music, Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

WALDEN MUSIC, INC.

By: *

Name: Leslie Bider
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President; (Principal Executive Officer)
Leslie Bider	
*	Treasurer; Vice President (Principal Financial Officer and Principal Accounting Officer)
Nick Thomas	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Warner Alliance Music Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

WARNER ALLIANCE MUSIC INC.

By: *

Name: Leslie Bider
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President (Principal Executive Officer)
Leslie Bider	
*	Chief Operating Officer; Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
Nick Thomas	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Warner Brethren Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

WARNER BRETHREN INC.

By: *

Name: Leslie Bider
Title: Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	Chief Executive Officer (Principal Executive Officer)
Leslie Bider	
*	Chief Operating Officer; Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
Nick Thomas	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Warner Bros. Music International Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

WARNER BROS. MUSIC INTERNATIONAL INC.

By: *

Name: Leslie Bider
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President (Principal Executive Officer)
Leslie Bider	
*	Treasurer; Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
Nick Thomas	
*	
Edgar Bronfman, Jr.	Director
*	
Dave Johnson	Director
/s/ PAUL ROBINSON	
Paul Robinson	Director

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Warner Bros. Publications U.S. Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

WARNER BROS. PUBLICATIONS U.S. INC.

By: *

Name: Leslie Bider
Title: Chairman of the Board

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	Chairman of the Board (Principal Executive Officer)
Leslie Bider	
*	Treasurer; Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
Nick Thomas	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, MM Investment Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

MM INVESTMENT INC.

By: *

Name: Tom Whalley
Title: Chairman of the Board and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	Chairman of the Board; Chief Executive Officer (Principal Executive Officer)
Tom Whalley	
*	Vice President (Principal Financial Officer and Principal Accounting Officer)
Hildi Snodgrass	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Warner Custom Music Corp. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

WARNER CUSTOM MUSIC CORP.

By: *

Name: Edgar Bronfman, Jr.
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President (Principal Executive Officer)
Edgar Bronfman, Jr.	
/s/ PAUL ROBINSON	Vice President (Principal Financial Officer and Principal Accounting Officer)
Paul Robinson	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Warner Domain Music Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

WARNER DOMAIN MUSIC INC.

By: *

Name: Leslie Bider
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President (Principal Executive Officer)
Leslie Bider	
*	Treasurer; Senior Vice President (Principal Financial Officer and Principal Accounting Officer)
Nick Thomas	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, MM Investment Inc. (fka Warner Music Bluesky Holding Inc.) has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

MM INVESTMENT INC.

By: *

Name: Edgar Bronfman, Jr.
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President (Principal Executive Officer)
Edgar Bronfman, Jr.	
/s/ PAUL ROBINSON	Vice President (Principal Financial Officer and Principal Accounting Officer)
Paul Robinson	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Warner Music Discovery Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

WARNER MUSIC DISCOVERY INC.

By: *

Name: Scott Pascucci
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President (Principal Executive Officer)
Scott Pascucci	
*	Treasurer; Vice President (Principal Financial Officer and Principal Accounting Officer)
Jos de Raaij	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Warner Music Distribution Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

WARNER MUSIC DISTRIBUTION INC.

By: *

Name: Dave Johnson
Title: Vice President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	Vice President (Principal Executive Officer)
Dave Johnson	
*	Vice President; Treasurer (Principal Financial Officer and Principal Accounting Officer)
Jos de Raaij	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Warner Music Group Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

WARNER MUSIC GROUP INC.

By: *

Name: Edgar Bronfman, Jr.
Title: Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	Chief Executive Officer (Principal Executive Officer)
Edgar Bronfman, Jr.	
*	Controller; Treasurer; Senior Vice President (Principal Financial Officer and Principal Accounting Officer)
Jos de Raaij	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Warner Music Latina Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

WARNER MUSIC LATINA INC.

By: *

Name: Inigo Zabala
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President (Principal Executive Officer)
Inigo Zabala	
*	Treasurer (Principal Financial Officer and Principal Accounting Officer)
Anthony Bown	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Warner Music SP Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

WARNER MUSIC SP INC.

By: *

Name: Lyor Cohen
Title: Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	Chief Executive Officer (Principal Executive Officer)
Lyor Cohen	
*	Vice President (Principal Financial Officer and Principal Accounting Officer)
Jos de Raaij	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Warner Sojourner Music Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

WARNER SOJOURNER MUSIC INC.

By: *

Name: Leslie Bider
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President (Principal Executive Officer)
Leslie Bider	
*	Treasurer; Senior Vice President (Principal Financial Officer and Principal Accounting Officer)
Nick Thomas	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Warner Special Products Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

WARNER SPECIAL PRODUCTS INC.

By: *

Name: Scott Pascucci
Title: Chief Executive Officer and President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President; Chief Executive Officer (Principal Executive Officer)
Scott Pascucci	
*	Treasurer; Vice President (Principal Financial Officer and Principal Accounting Officer)
Jos de Raaij	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, WarnerSongs Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

WARNERSONGS INC.

By: *

Name: Name: Leslie Bider
Title: Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	Chief Executive Officer (Principal Executive Officer)
Leslie Bider	
*	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
Nick Thomas	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Warner Strategic Marketing Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

WARNER STRATEGIC MARKETING INC.

By: *

Name: Scott Pascucci
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President (Principal Executive Officer)
Scott Pascucci	
*	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
Colin Reef	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Warner-Elektra-Atlantic Corporation has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

WARNER-ELEKTRA-ATLANTIC CORPORATION

By: *

Name: John Esposito
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President (Principal Executive Officer)
John Esposito	
*	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
Gillian Kellie	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Warner-Tamerlane Publishing Corp. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

WARNER-TAMERLANE PUBLISHING CORP.

By: *

Name: Leslie Bider
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President (Principal Executive Officer)
Leslie Bider	
*	Treasurer; Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
Nick Thomas	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Warner/Chappell Music (Services), Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

WARNER/CHAPPELL MUSIC (SERVICES), INC.

By: *

Name: Leslie Bider
Title: Chief Executive Officer and President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President; Chief Executive Officer (Principal Executive Officer)
Leslie Bider	
*	Treasurer; Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
Nick Thomas	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Warner/Chappell Music, Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

WARNER/CHAPPELL MUSIC, INC.

By: *

Name: Leslie Bider
Title: Chairman of the Board and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s)
*	Chairman of the Board; Chief Executive Officer (Principal Executive Officer)
Leslie Bider	
*	Chief Operating Officer; Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
Nick Thomas	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Warprise Music Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

WARPRISE MUSIC INC.

By: *

Name: Leslie Bider
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s)
*	President (Principal Executive Officer)
Leslie Bider	
*	Treasurer; Senior Vice President (Principal Financial Officer and Principal Accounting Officer)
Nick Thomas	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, WB Gold Music Corp. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

WB GOLD MUSIC CORP.

By: *

Name: Leslie Bider
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s)
*	President (Principal Executive Officer)
Leslie Bider	
*	Treasurer (Principal Financial Officer and Principal Accounting Officer)
Nick Thomas	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, WB Music Corp. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

WB MUSIC CORP.

By: *

Name: Leslie Bider
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s)
*	President (Principal Executive Officer)
Leslie Bider	
*	Treasurer; Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
Nick Thomas	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, WBM/House of Gold Music, Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

WBM/HOUSE OF GOLD MUSIC, INC.

By: *

Name: Leslie Bider
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s)
*	President (Principal Executive Officer)
Leslie Bider	
*	Treasurer; Senior Vice President (Principal Financial Officer and Principal Accounting Officer)
Nick Thomas	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, WBPI Holdings LLC has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

WBPI HOLDINGS LLC

By: *

Name: Leslie Bider
Title: Chairman of the Board, on behalf of Warner Bros. Publications U.S. Inc.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s)
Warner Bros. Publications U.S. Inc.	Sole member
*	Chairman of the Board, on behalf of Warner Bros. Publications U.S. Inc. (Principal Executive Officer)
Leslie Bider	
*	Chief Financial Officer and Treasurer, on behalf of Warner Bros. Publications U.S. Inc. (Principal Financial Officer and Principal Accounting Officer)
Nick Thomas	

By: *

Name: Edgar Bronfman, Jr. — Director of sole member

By: *

Name: Dave Johnson — Director of sole member

By: /s/ PAUL ROBINSON

Name: Paul Robinson — Director of sole member

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, WBR Management Services Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

WBR MANAGEMENT SERVICES INC.

By: *

Name: Tom Whalley
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s)
*	President (Principal Executive Officer)
Tom Whalley	
*	Treasurer (Principal Financial Officer and Principal Accounting Officer)
Hildi Snodgrass	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, WBR/QRI Venture, Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

WBR/QRI VENTURE, INC.

By: *

Name: Susan Genco
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s)
*	President (Principal Executive Officer)
Susan Genco	
*	Treasurer (Principal Financial Officer and Principal Accounting Officer)
Hildi Snodgrass	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, WBR/Ruffnation Ventures, Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

WBR/RUFFNATION VENTURES, INC.

By: *

Name: Susan Genco
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s)
*	President (Principal Executive Officer)
Susan Genco	
*	Vice President (Principal Financial Officer and Principal Accounting Officer)
Jos de Raaij	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, WBR/Sire Ventures Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

WBR/SIRE VENTURES INC.

By: *

Name: Tom Whalley
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s)
*	President (Principal Executive Officer)
Tom Whalley	
*	Vice President (Principal Financial Officer and Principal Accounting Officer)
Hildi Snodgrass	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, We Are Musica Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

WE ARE MUSICA INC.

By: *

Name: Leslie Bider
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s)
*	President (Principal Executive Officer)
Leslie Bider	
*	Treasurer; Senior Vice President (Principal Financial Officer and Principal Accounting Officer)
Nick Thomas	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, WEA Europe Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

WEA EUROPE INC.

By: *

Name: Paul-Rene Albertini
Title: Chairman and President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s)
*	Chairman and President (Principal Executive Officer)
Paul-Rene Albertini	
*	Vice President (Principal Financial Officer and Principal Accounting Officer)
Jos de Raaij	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, WEA Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

WEA INC.

By: *

Name: John Esposito
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s)
*	President (Principal Executive Officer)
John Esposito	
*	Vice President (Principal Financial Officer and Principal Accounting Officer)
Jos de Raaij	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, WEA International Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

WEA INTERNATIONAL INC.

By: *

Name: Edgar Bronfman, Jr.
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s)
*	President (Principal Executive Officer)
Edgar Bronfman, Jr.	
*	Vice President (Principal Financial Officer and Principal Accounting Officer)
Jos de Raaij	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, WEA Latina Musica Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

WEA LATINA MUSICA INC.

By: *

Name: Leslie Bider
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s)
*	President (Principal Executive Officer)
Leslie Bider	
*	Senior Vice President and Treasurer (Principal Financial Officer and Principal Accounting Officer)
Nick Thomas	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, WEA Management Services Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

WEA MANAGEMENT SERVICES INC.

By: *

Name: John Esposito
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s)
*	President (Principal Executive Officer)
John Esposito	
*	Treasurer; Vice President (Principal Financial Officer and Principal Accounting Officer)
Jos de Raaij	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Wide Music, Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

WIDE MUSIC, INC.

By: *

Name: Leslie Bider
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s)
*	President (Principal Executive Officer)
Leslie Bider	
*	Treasurer; Senior Vice President (Principal Financial Officer and Principal Accounting Officer)
Nick Thomas	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, WEA Rock LLC has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

WEA ROCK LLC

By: *

Name: John Esposito
Title: President, on behalf of Warner-Elektra-Atlantic Corporation

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s)
Warner-Elektra-Atlantic Corporation	Sole member
*	President, on behalf of Warner-Elektra-Atlantic Corporation (Principal Executive Officer)
John Esposito	
*	Chief Financial Officer, on behalf of Warner-Elektra-Atlantic Corporation (Principal Financial Officer and Principal Accounting Officer)
Gillian Kellie	
By: *	
Name: Edgar Bronfman, Jr.	Director of sole member
By: *	
Name: Dave Johnson	Director of sole member
By: /s/ PAUL ROBINSON	
Name: Paul Robinson	Director of sole member
*By: /s/ PAUL ROBINSON	
Paul Robinson *Attorney-in-Fact*	

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, WEA Urban LLC has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

WEA URBAN LLC

By: *

Name: John Esposito
Title: President, on behalf of Warner-Elektra-Atlantic Corporation

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s)
Warner-Elektra-Atlantic Corporation	Sole member
*	President, on behalf of Warner-Elektra-Atlantic Corporation (Principal Executive Officer)
John Esposito	
*	Chief Financial Officer, on behalf of Warner-Elektra-Atlantic Corporation (Principal Financial Officer and Principal Accounting Officer)
Gillian Kellie	
By: *	
Name: Edgar Bronfman, Jr.	Director of sole member
By: *	
Name: Dave Johnson	Director of sole member
By: /s/ PAUL ROBINSON	
Name: Paul Robinson	Director of sole member
*By: /s/ PAUL ROBINSON	
Paul Robinson *Attorney-in-Fact*	

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, WMG Management Services Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

WMG MANAGEMENT SERVICES INC.

By: *

Name: Edgar Bronfman, Jr.
Title: President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
*	President (Principal Executive Officer)
Edgar Bronfman, Jr.	
*	Treasurer; Vice President (Principal Financial Officer and Principal Accounting Officer)
Jos de Raaij	
*	Director
Edgar Bronfman, Jr.	
*	Director
Dave Johnson	
/s/ PAUL ROBINSON	Director
Paul Robinson	

*By: /s/ PAUL ROBINSON

Paul Robinson
Attorney-in-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, WMG Trademark Holding Company LLC has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, state of New York, on January 21, 2005.

WMG TRADEMARK HOLDING COMPANY LLC

By: *

Name: Edgar Bronfman, Jr.
Title: Chief Executive Officer, on behalf of Warner Music Group Inc.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 21, 2005.

Signature	Title(s):
Warner Music Group, Inc.	Sole member
*	Chief Executive Officer, on behalf of Warner Music Group Inc. (Principal Executive Officer)
Edgar Bronfman, Jr.	
*	Senior Vice President, Controller and Treasurer, on behalf of Warner Music Group Inc. (Principal Financial Officer and Principal Accounting Officer)
Jos de Raaij	

By: *
Name: Edgar Bronfman, Jr. — Director of sole member

By: *
Name: Dave Johnson — Director of sole member

By: /s/ PAUL ROBINSON
Name: Paul Robinson — Director of sole member

*By: /s/ PAUL ROBINSON
Paul Robinson
Attorney-in-Fact

QuickLinks

SIGNATURES
SIGNATURES
SIGNATURES
SIGNATURES
SIGNATURES
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SIGNATURES
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Exhibit 3.203

LIMITED LIABILITY COMPANY AGREEMENT

OF

T-BOY MUSIC, L.L.C.

This LIMITED LIABILITY COMPANY AGREEMENT (this "Agreement") of T-Boy Music, L.L.C. is made as of January 20, 2005 by Tommy Boy Music, Inc., a New York corporation (the "Sole Member").

The Sole Member hereby duly adopts this Agreement pursuant to and in accordance with the New York Limited Liability Company Law, as amended from time to time (the "Act"), and hereby agree as follows:

1. Name; Certificate of Formation. The name of the limited liability company is T-Boy Music, L.L.C. (the "Company"). The Certificate of Formation of the Company dated May 10, 1996 was filed in the office of the Secretary of State of the State of New York on May 10, 1996.

2. Purpose. The Company is formed for the object and purpose of, and the nature of the business to be conducted and promoted by the Company is, engaging in any lawful act or activity for which limited liability companies may be formed under the Act and engaging in any and all activities necessary or incidental to the foregoing.

3. Member Percentages. The percentage interest of the Sole Member is 100%.

4. Designated Agent for Service of Process. The Company shall maintain a registered office and a designated and duly qualified agent for the service of process on the Company in the State of New York.

5. Officers. The Sole Member hereby appoints the following named persons to be officers of the Company (the "Officers") and to serve with the title indicated:

NAME	TITLE
Scott Pascucci	President
David H. Johnson	Vice President & Secretary
Joseph H. de Raaij	Vice President & Assistant Treasurer
Paul Robinson	Vice President
Mark A. Smith	Vice President & Treasurer
Mark Ansorge	Vice President
Lou-Anne Walters	Assistant Secretary
Anthony Bown	Assistant Treasurer

---

6. Powers. The business and affairs of the Company shall be managed by the Sole Member. The Sole Member shall have the power to do any and all acts necessary or convenient to or for the furtherance of the purposes described herein, including all powers, statutory or otherwise, possessed by members under the laws of the State of New York. Each of the Officers (and, with respect only to the certificate of formation and any amendments and/or restatements thereof) are hereby each designated as an authorized person, within the meaning of the Act, to execute, deliver and file the articles of organization of the Company (and any amendments and/or restatements thereof) and any other certificates (and any amendments and/or restatements thereof) necessary for the Company to qualify to do business in a jurisdiction in which the Company may wish to conduct business.

7. Management. The Sole Member shall have the sole and exclusive power and authority to act for and bind the Company. The Sole Member shall have the exclusive right to manage the business and affairs of the Company and may delegate such management rights, powers, duties and responsibilities to one or more Officers or such other person or persons designated by them as they may determine, provided that such delegation by the Sole Member shall not cause the Member to cease being a Member. Pursuant to its discretion to do so under this Section 7, the Sole Member hereby delegates to each of the Officers the nonexclusive power and authority to act as an agent of the Company and, in such capacity, to bind the Company in the ordinary course of the Company's business and to execute any and all documents to be signed by the Company. Notwithstanding the foregoing delegation of power, no Officer shall have the authority to make any distributions or sell any assets of the Company without the written consent of the Sole Member.

8. Dissolution. The Company shall dissolve, and its affairs shall be wound up upon the first to occur of the following: (a) the written consent of the Sole Member, (b) the retirement, resignation, expulsion, insolvency, bankruptcy or dissolution of the Sole Member or the occurrence of any other event which terminates the continued membership of the Sole Member in the Company unless the business of the Company is continued by consent of the Sole Member within 90 days following the occurrence of any such event, or (c) the entry of a decree of judicial dissolution under the Act.

9. Capital Contributions. The Sole Member shall make capital contributions to the Company from time to time, in cash, securities or other property, in amounts and at times as determined by the Sole Member.

10. Allocation of Profits and Losses. The Company's profits and losses shall be allocated to the Sole Member.

11. Distributions. Distributions shall be made to the Sole Member at the times and in the amounts determined by the Sole Member.

12. Assignments. The Sole Member may assign in whole or in part its limited liability company interest.

13. Resignation. The Sole Member may resign from the Company, thereby causing its dissolution.

14. Liability of Member; Indemnification. The Sole Member shall not have any liability to the Company or any third party for the obligations or liabilities of the Company except to the extent required by the Act. The Company shall, to the full extent permitted by applicable law, indemnify and hold harmless the Sole Member and each Officer against liabilities incurred by it in connection with any action, suit or proceeding to which it may be made a party or otherwise involved or with which the Sole Member or such Officer shall be threatened by reason of its being the Sole Member or Officer or while acting as a Member or Officer on behalf of the Company or in its interest.

15. Governing Law. This Agreement shall be governed by, and construed under, the laws of the State of New York, all rights and remedies being governed by said laws.

16. Amendment. This Agreement may only be amended by a writing duly signed by the Sole Member.

17. Counterparts. This Agreement may be executed in any number of counterparts, and each such counterpart shall for all purposes be deemed an original, and all such counterparts shall together constitute but one and the same agreement.

18. Entire Agreement. This Agreement constitutes the entire agreement among the Members and supersedes all prior agreements and understandings among the Members with respect to the matters contemplated hereby. There are no restrictions, warranties, covenants, agreements, promises or undertakings other than those expressly set forth in this Agreement.

IN WITNESS WHEREOF, the undersigned, intending to be legally bound hereby, have duly executed this Limited Liability Company Agreement as of the date first written above.

TOMMY BOY MUSIC, INC.

By: /s/ Paul Robinson
Name: Paul Robinson
Title: Vice President

Exhibit 3.204

LIMITED LIABILITY COMPANY AGREEMENT

OF

T-GIRL MUSIC, L.L.C.

This LIMITED LIABILITY COMPANY AGREEMENT (this "Agreement") of T-Girl Music, L.L.C. is made as of January 20, 2005 by Tommy Boy Music, Inc., a New York corporation (the "Sole Member").

The Sole Member hereby duly adopts this Agreement pursuant to and in accordance with the New York Limited Liability Company Law, as amended from time to time (the "Act"), and hereby agree as follows:

1. Name; Certificate of Formation. The name of the limited liability company is T-Girl Music, L.L.C. (the "Company"). The Certificate of Formation of the Company dated May 10, 1996 was filed in the office of the Secretary of State of the State of New York on May 10, 1996.

2. Purpose. The Company is formed for the object and purpose of, and the nature of the business to be conducted and promoted by the Company is, engaging in any lawful act or activity for which limited liability companies may be formed under the Act and engaging in any and all activities necessary or incidental to the foregoing.

3. Member Percentages. The percentage interest of the Sole Member is 100%.

4. Designated Agent for Service of Process. The Company shall maintain a registered office and a designated and duly qualified agent for the service of process on the Company in the State of New York.

5. Officers. The Sole Member hereby appoints the following named persons to be officers of the Company (the "Officers") and to serve with the title indicated:

NAME	TITLE
Scott Pascucci	President
David H. Johnson	Vice President & Secretary
Joseph H. de Raaij	Vice President & Assistant Treasurer
Paul Robinson	Vice President
Mark A. Smith	Vice President & Treasurer
Mark Ansorge	Vice President
Lou-Anne Walters	Assistant Secretary
Anthony Bown	Assistant Treasurer

---

6. Powers. The business and affairs of the Company shall be managed by the Sole Member. The Sole Member shall have the power to do any and all acts necessary or convenient to or for the furtherance of the purposes described herein, including all powers, statutory or otherwise, possessed by members under the laws of the State of New York. Each of the Officers (and, with respect only to the certificate of formation and any amendments and/or restatements thereof) are hereby each designated as an authorized person, within the meaning of the Act, to execute, deliver and file the articles of organization of the Company (and any amendments and/or restatements thereof) and any other certificates (and any amendments and/or restatements thereof) necessary for the Company to qualify to do business in a jurisdiction in which the Company may wish to conduct business.

7. Management. The Sole Member shall have the sole and exclusive power and authority to act for and bind the Company. The Sole Member shall have the exclusive right to manage the business and affairs of the Company and may delegate such management rights, powers, duties and responsibilities to one or more Officers or such other person or persons designated by them as they may determine, provided that such delegation by the Sole Member shall not cause the Member to cease being a Member. Pursuant to its discretion to do so under this Section 7, the Sole Member hereby delegates to each of the Officers the nonexclusive power and authority to act as an agent of the Company and, in such capacity, to bind the Company in the ordinary course of the Company's business and to execute any and all documents to be signed by the Company. Notwithstanding the foregoing delegation of power, no Officer shall have the authority to make any distributions or sell any assets of the Company without the written consent of the Sole Member.

8. Dissolution. The Company shall dissolve, and its affairs shall be wound up upon the first to occur of the following: (a) the written consent of the Sole Member, (b) the retirement, resignation, expulsion, insolvency, bankruptcy or dissolution of the Sole Member or the occurrence of any other event which terminates the continued membership of the Sole Member in the Company unless the business of the Company is continued by consent of the Sole Member within 90 days following the occurrence of any such event, or (c) the entry of a decree of judicial dissolution under the Act.

9. Capital Contributions. The Sole Member shall make capital contributions to the Company from time to time, in cash, securities or other property, in amounts and at times as determined by the Sole Member.

10. Allocation of Profits and Losses. The Company's profits and losses shall be allocated to the Sole Member.

11. Distributions. Distributions shall be made to the Sole Member at the times and in the amounts determined by the Sole Member.

12. Assignments. The Sole Member may assign in whole or in part its limited liability company interest.

13. Resignation. The Sole Member may resign from the Company, thereby causing its dissolution.

14. Liability of Member; Indemnification. The Sole Member shall not have any liability to the Company or any third party for the obligations or liabilities of the Company except to the extent required by the Act. The Company shall, to the full extent permitted by applicable law, indemnify and hold harmless the Sole Member and each Officer against liabilities incurred by it in connection with any action, suit or proceeding to which it may be made a party or otherwise involved or with which the Sole Member or such Officer shall be threatened by reason of its being the Sole Member or Officer or while acting as the Sole Member or Officer on behalf of the Company or in its interest.

15. Governing Law. This Agreement shall be governed by, and construed under, the laws of the State of New York, all rights and remedies being governed by said laws.

16. Amendment. This Agreement may only be amended by a writing duly signed by the Sole Member.

17. Counterparts. This Agreement may be executed in any number of counterparts, and each such counterpart shall for all purposes be deemed an original, and all such counterparts shall together constitute but one and the same agreement.

18. Entire Agreement. This Agreement constitutes the entire agreement among the Members and supersedes all prior agreements and understandings among the Members with respect to the matters contemplated hereby. There are no restrictions, warranties, covenants, agreements, promises or undertakings other than those expressly set forth in this Agreement.

IN WITNESS WHEREOF, the undersigned, intending to be legally bound hereby, have duly executed this Limited Liability Company Agreement as of the date first written above.

TOMMY BOY MUSIC, INC.

By: /s/ Paul Robinson
Name: Paul Robinson
Title: Vice President

Exhibit 3.80

LIMITED LIABILITY COMPANY AGREEMENT

OF

PENALTY RECORDS, L.L.C.

This LIMITED LIABILITY COMPANY AGREEMENT (this "Agreement") of Penalty Records, L.L.C is made as of January 20, 2005 by Tommy Boy Music, Inc., a New York corporation (the "Sole Member").

The Sole Member hereby duly adopts this Agreement pursuant to and in accordance with the New York Limited Liability Company Law, as amended from time to time (the "Act"), and hereby agree as follows:

1. Name; Certificate of Formation. The name of the limited liability company is Penalty Records, L.L.C. (the "Company"). The Certificate of Formation of the Company dated May 10, 1996 was filed in the office of the Secretary of State of the State of New York on May 10, 1996.

2. Purpose. The Company is formed for the object and purpose of, and the nature of the business to be conducted and promoted by the Company is, engaging in any lawful act or activity for which limited liability companies may be formed under the Act and engaging in any and all activities necessary or incidental to the foregoing.

3. Member Percentages. The percentage interest of the Sole Member is 100%.

4. Designated Agent for Service of Process. The Company shall maintain a registered office and a designated and duly qualified agent for the service of process on the Company in the State of New York.

5. Officers. The Sole Member hereby appoints the following named persons to be officers of the Company (the "Officers") and to serve with the title indicated:

NAME	TITLE
Scott Pascucci	President
David H. Johnson	Vice President & Secretary
Joseph H. de Raaij	Vice President & Assistant Treasurer
Paul Robinson	Vice President
Mark A. Smith	Vice President & Treasurer
Mark Ansorge	Vice President
Lou-Anne Walters	Assistant Secretary
Anthony Bown	Assistant Treasurer

6. Powers. The business and affairs of the Company shall be managed by the Sole Member. The Sole Member shall have the power to do any and all acts necessary or convenient to or for the furtherance of the purposes described herein, including all powers, statutory or otherwise, possessed by members under the laws of the State of New York. Each of the Officers (and, with respect only to the certificate of formation and any amendments and/or restatements thereof) are hereby each designated as an authorized person, within the meaning of the Act, to execute, deliver and file the articles of organization of the Company (and any amendments and/or restatements thereof) and any other certificates (and any amendments and/or restatements thereof) necessary for the Company to qualify to do business in a jurisdiction in which the Company may wish to conduct business.

7. Management. The Sole Member shall have the sole and exclusive power and authority to act for and bind the Company. The Sole Member shall have the exclusive right to manage the business and affairs of the Company and may delegate such management rights, powers, duties and responsibilities to one or more Officers or such other person or persons designated by them as they may determine, provided that such delegation by the Sole Member shall not cause the Member to cease being a Member. Pursuant to its discretion to do so under this Section 7, the Sole Member hereby delegates to each of the Officers the nonexclusive power and authority to act as an agent of the Company and, in such capacity, to bind the Company in the ordinary course of the Company's business and to execute any and all documents to be signed by the Company. Notwithstanding the foregoing delegation of power, no Officer shall have the authority to make any distributions or sell any assets of the Company without the written consent of the Sole Member.

8. Dissolution. The Company shall dissolve, and its affairs shall be wound up upon the first to occur of the following: (a) the written consent of the Sole Member, (b) the retirement, resignation, expulsion, insolvency, bankruptcy or dissolution of the Sole Member or the occurrence of any other event which terminates the continued membership of the Sole Member in the Company unless the business of the Company is continued by consent of the Sole Member within 90 days following the occurrence of any such event, or (c) the entry of a decree of judicial dissolution under the Act.

9. Capital Contributions. The Sole Member shall make capital contributions to the Company from time to time, in cash, securities or other property, in amounts and at times as determined by the Sole Member.

10. Allocation of Profits and Losses. The Company's profits and losses shall be allocated to the Sole Member.

11. Distributions. Distributions shall be made to the Sole Member at the times and in the amounts determined by the Sole Member.

12. Assignments. The Sole Member may assign in whole or in part its limited liability company interest.

13. Resignation. The Sole Member may resign from the Company, thereby causing its dissolution.

14. Liability of Member; Indemnification. The Sole Member shall not have any liability to the Company or any third party for the obligations or liabilities of the Company except to the extent required by the Act. The Company shall, to the full extent permitted by applicable law, indemnify and hold harmless the Sole Member and each Officer against liabilities incurred by it in connection with any action, suit or proceeding to which it may be made a party or otherwise involved or with which the Sole Member or such Officer shall be threatened by reason of its being the Sole Member or Officer or while acting as the Sole Member or Officer on behalf of the Company or in its interest.

15. Governing Law. This Agreement shall be governed by, and construed under, the laws of the State of New York, all rights and remedies being governed by said laws.

16. Amendment. This Agreement may only be amended by a writing duly signed by the Sole Member.

17. Counterparts. This Agreement may be executed in any number of counterparts, and each such counterpart shall for all purposes be deemed an original, and all such counterparts shall together constitute but one and the same agreement.

18. Entire Agreement. This Agreement constitutes the entire agreement among the Members and supersedes all prior agreements and understandings among the Members with respect to the matters contemplated hereby. There are no restrictions, warranties, covenants, agreements, promises or undertakings other than those expressly set forth in this Agreement.

IN WITNESS WHEREOF, the undersigned, intending to be legally bound hereby, have duly executed this Limited Liability Company Agreement as of the date first written above.

TOMMY BOY MUSIC, INC.

By: /s/ Paul Robinson
Name: Paul Robinson
Title: Vice President

Exhibit 4.1

WMG ACQUISITION CORP.,
as the Issuer,

the Guarantors named herein

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

INDENTURE

Dated as of April 8, 2004

U.S. Dollar-denominated 7 3/8% Senior Subordinated Notes due 2014

Sterling-denominated 8 1/8% Senior Subordinated Notes due 2014

CROSS-REFERENCE TABLE

TIA Section	Indenture Section
310(a)(1)	7.10
(a)(2)	7.10
(a)(3)	N.A.
(a)(4)	N.A.
(a)(5)	7.08; 7.10
(b)	7.08; 7.10; 12.02
(c)	N.A.
311(a)	7.11
(b)	7.11
(c)	N.A.
312(a)	2.05
(b)	12.03
(c)	12.03
313(a)	7.06
(b)(1)	7.06
(b)(2)	7.06
(c)	7.06; 12.02
(d)	7.06
314(a)	4.06; 4.17
(b)	N.A.
(c)(1)	7.02; 12.04; 12.05
(c)(2)	7.02; 12.04; 12.05
(c)(3)	N.A.
(d)	N.A.
(e)	12.05
(f)	N.A.
315(a)	7.01(b)
(b)	7.05
(c)	7.01
(d)	6.05; 7.01(c)
(e)	6.11
316(a)(last sentence)	2.09
(a)(1)(A)	6.02
(a)(1)(B)	6.04
(a)(2)	9.02
(b)	6.07
(c)	9.05
317(a)(1)	6.08
(a)(2)	6.09
(b)	2.04
3 18(a)	12.01
(c)	12.01

N.A. means Not Applicable

Note: This Cross-Reference Table shall not, for any purpose, be deemed to be a part of the Indenture.

TABLE OF CONTENTS

EXHIBITS

Note: This Table of Contents shall not, for any purpose, be deemed to be part of the Indenture.

INDENTURE dated as of April 8, 2004 between WMG ACQUISITION CORP., a Delaware corporation (the **"Issuer"),** as issuer, the Guarantors (as defined herein) and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association, as trustee (the **"Trustee").**

Each party hereto agrees as follows for the benefit of each other party and for the equal and ratable benefit of the Holders.

ARTICLE ONE

DEFINITIONS AND INCORPORATION BY REFERENCE

SECTION 1.01. Definitions.

Set forth below are certain defined terms used in this Indenture.

"Acquired Debt" means, with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Restricted Subsidiary of such specified Person, including Indebtedness incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Restricted Subsidiary of, such specified Person; and

(2) Indebtedness secured by an existing Lien encumbering any asset acquired by such specified Person.

"Additional Interest" has the meaning set forth in the Registration Rights Agreement.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, **"control"** (including, with correlative meanings, the terms **"controlling," "controlled by"** and **"under common control with"),** as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise.

"Agent" means any Registrar, Paying Agent or co-Registrar.

"amend" means amend, modify, supplement, restate or amend and restate, including successively; and **"amending"** and **"amended"** have correlative meanings.

"asset" means any asset or property, whether real, personal or other, tangible or intangible.

"Asset Sale" means (i) the sale, conveyance, transfer or other disposition (whether in a single transaction or a series of related transactions) of property or assets (including by way of a sale and leaseback) of the Issuer or any Restricted Subsidiary (each referred to in this definition as a **"disposition")** or (ii) the issuance or sale of Equity Interests of any Restricted Subsidiary (whether in a single transaction or a series of related transactions), in each case, other than:

(1) a disposition of Cash Equivalents or obsolete or worn out property or equipment in the ordinary course of business or inventory (or other assets) held for sale in the ordinary course of business and dispositions of property no longer used or useful in the conduct of business of

the Issuer and its Restricted Subsidiaries;

(2) the disposition of all or substantially all of the assets of the Issuer in a manner permitted pursuant to Section 5.01 or any disposition that constitutes a Change of Control pursuant to this Indenture;

(3) the making of any Restricted Payment or Permitted Investment that is permitted to be made, and is made, pursuant to Section 4.11 or the granting of a Lien permitted by Section 4.12;

(4) any disposition of assets or issuance or sale of Equity Interests of any Restricted Subsidiary in any transaction or series of transactions with an aggregate fair market value of less than $10.0 million;

(5) any disposition of property or assets or issuance of securities by a Restricted Subsidiary to the Issuer or by the Issuer or a Restricted Subsidiary to another Restricted Subsidiary;

(6) the lease, assignment, sublease, license or sublicense of any real or personal property in the ordinary course of business;

(7) any sale of Equity Interests in, or Indebtedness or other securities of, an Unrestricted Subsidiary (with the exception of Investments in Unrestricted Subsidiaries acquired pursuant to clause (11) of the definition of "Permitted Investments");

(8) foreclosures on assets;

(9) disposition of an account receivable in connection with the collection or compromise thereof;

(10) sales of Securitization Assets and related assets of the type specified in the definition of "Securitization Financing" to a Securitization Subsidiary in connection with any Qualified Securitization Financing; and

(11) a transfer of Securitization Assets and related assets of the type specified in the definition of "Securitization Financing" (or a fractional undivided interest therein) by a Securitization Subsidiary in a Qualified Securitization Financing.

"Bankruptcy Law" means Title 11, U.S. Code or any similar Federal, state or foreign law for the relief of debtors.

"Beneficial Owner" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the Exchange Act), such "person" will be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition. The terms **"Beneficially Owns"** and **"Beneficially Owned"** have a corresponding meaning.

"Board of Directors" means:

(1) with respect to a corporation, the board of directors of the corporation;

(2) with respect to a partnership, the Board of Directors of the general partner of the partnership; and

(3) with respect to any other Person, the board or committee of such Person serving a similar function.

"Board Resolution" means, with respect to any Person, a copy of a resolution certified by the Secretary or an Assistant Secretary of such Person to have been duly adopted by the Board of Directors of such Person and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"Business Day" means any day other than a Saturday, Sunday or any other day on which banking institutions in the City of New York are required or authorized by law or other governmental action to be closed.

"Capital Stock" means:

(1) in the case of a corporation, capital stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of capital stock;

(3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"Capitalized Lease Obligation" means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at such time be required to be capitalized and reflected as a liability on a balance sheet (excluding the footnotes thereto) in accordance with GAAP.

"Cash Contribution Amount" means the aggregate amount of cash contributions made to the capital of the Issuer or any Guarantor described in the definition of "Contribution Indebtedness."

"Cash Equivalents" means:

(1) U.S. dollars, pounds sterling, euros, or, in the case of any Foreign Subsidiary, such local currencies held by it from time to time in the ordinary course of business;

(2) securities issued or directly and fully and unconditionally guaranteed or insured by the government or any agency or instrumentality of the United States or any member nation of the European Union having maturities of not more than 12 months from the date of acquisition;

(3) certificates of deposit, time deposits and eurodollar time deposits with maturities of 12 months or less from the date of acquisition, bankers' acceptances with maturities not exceeding 12 months and overnight bank deposits, in each case, with any lender party to the Credit Agreement or with any commercial bank having capital and surplus in excess of $500,000,000;

(4) repurchase obligations for underlying securities of the types described in clauses (2) and (3) above entered into with any financial institution meeting the qualifications specified in clause (3) above;

(5) commercial paper maturing within 12 months after the date of acquisition and having a rating of at least A-1 from Moody's or P-1 from S&P;

(6) investment funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (5) of this definition; and

(7) readily marketable direct obligations issued by any state of the United States or any political subdivision thereof having one of the two highest rating categories obtainable from either Moody's or S&P with maturities of 12 months or less from the date of acquisition.

"Change of Control" means the occurrence of any of the following:

(1) the sale, lease, transfer or other conveyance, in one or a series of related transactions, of all or substantially all of the assets of the Issuer and its Subsidiaries, taken as a whole, to any Person other than a Permitted Holder;

(2) the Issuer becomes aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) the acquisition by any Person or group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, or any successor provision), including any group acting for the purpose of acquiring, holding or disposing of securities (within the meaning of Rule 13d-5(b)(1) under the Exchange Act), other than the Permitted Holders, in a single transaction or in a related series of transactions, by way of merger, consolidation or other business combination or purchase of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act, or any successor provision), of 50% or more of the total voting power of the Voting Stock of the Issuer or any of its direct or indirect parent corporations; or

(3) (A) prior to the first public offering of common stock of either Holdco or the Issuer, the first day on which the Board of Directors of Holdco shall cease to consist of a majority of directors who (i) were members of the Board of Directors of Holdco on the Issue Date or (ii) were either (x) nominated for election by the Board of Directors of Holdco, a majority of whom were directors on the Issue Date or whose election or nomination for election was previously approved by a majority of such directors, or (y) designated or appointed by a Permitted Holder (each of the directors selected pursuant to clauses (A)(i) and (A)(ii), **"Continuing Directors")** and (B) after the first public offering of common stock of either Holdco or the Issuer, (i) if such public offering is of Holdco common stock, the first day on which a majority of the members of the Board of Directors of Holdco are not Continuing Directors or (ii) if such public offering is of the Issuer's common stock, the first day on which a majority of the members of the Board of Directors of the Issuer are not Continuing Directors.

"Cinram Adjustment" means cost savings and other adjustments to the Issuer from the disposition of its DVD and CD manufacturing, printing, packaging, physical distribution and merchandising businesses to Cinram International, Inc., which was consummated

on October 24, 2003, and the associated long-term supply contract with Cinram for physical product and distribution.

"Code" means the United States Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and rulings issued thereunder. Section references to the Code are to the Code, as in effect on the Issue Date, and any subsequent provisions of the Code, amendatory thereof, supplemental thereto or substituted therefor.

"Commission" means the Securities and Exchange Commission.

"Common Depository" means, with respect to the Global Sterling Securities, HSBC Bank plc, as common depository for Euroclear and Clearstream or another Person designated as common depositary by the Issuer, which Person must be a clearing agency registered under the Exchange Act.

"Consolidated Depreciation and Amortization Expense" means, with respect to any Person for any period, the total amount of depreciation and amortization expense, including the amortization of deferred financing fees and other noncash charges (excluding any noncash item that represents an accrual or reserve for a cash expenditure for a future period), of such Person and its Restricted Subsidiaries for such period on a consolidated basis and otherwise determined in accordance with GAAP.

"Consolidated Interest Expense" means, with respect to any Person for any period, the sum, without duplication, of: (a) consolidated interest expense of such Person and its Restricted Subsidiaries for such period (including amortization of original issue discount, noncash interest payments (other than imputed interest as a result of purchase accounting), the interest component of Capitalized Lease Obligations, net payments (if any) pursuant to interest rate Hedging Obligations, but excluding amortization of deferred financing fees or expensing of any bridge or other financing fees relating to the Specified Financings) and (b) consolidated capitalized interest of such Person and its Restricted Subsidiaries for such period, whether paid or accrued, less (c) interest income actually received in cash for such period; *provided*, *however*, that Securitization Fees shall not be deemed to constitute Consolidated Interest Expense.

"Consolidated Net Income" means, with respect to any Person for any period, the aggregate of the Net Income of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, and otherwise determined in accordance with GAAP; *provided*, *however*, that

(1) any net after-tax extraordinary, unusual or nonrecurring gains or losses (including, without limitation, severance, relocation, transition and other restructuring costs) (less all fees and expenses relating thereto) shall be excluded;

(2) the Net Income for such period shall not include the cumulative effect of a change in accounting principle(s) during such period;

(3) any net after-tax gains or losses (less all fees and expenses relating thereto) attributable to asset dispositions other than in the ordinary course of business (as determined in good faith by the Board of Directors of the Issuer) shall be excluded;

(4) the Net Income for such period of any Person that is not a Subsidiary, or that is an Unrestricted Subsidiary, or that is accounted for by the equity method of accounting, shall be excluded; *provided* that, to the extent not already included, Consolidated Net Income of the Issuer shall be increased by the amount of dividends or distributions or other payments that are actually paid in cash (or to the extent converted into cash) to the referent Person or a Restricted Subsidiary thereof in respect of such period;

(5) solely for the purpose of determining the amount available for Restricted Payments under clause (3) of Section 4.11(a), the Net Income for such period of any Restricted Subsidiary (other than a Guarantor) shall be excluded if the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of its Net Income is not permitted at the date of determination without any prior governmental approval (which has not been obtained) or, directly or indirectly, by the operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its stockholders, unless such restriction with respect to the payment of dividends or similar distributions has been legally waived; *provided* that Consolidated Net Income of such Person shall be increased by the amount of dividends or distributions or other payments that are actually paid in cash (or to the extent converted into cash) to such Person or a Restricted Subsidiary thereof in respect of such period, to the extent not already included therein;

(6) any noncash impairment charges resulting from the application of Statements of Financial Accounting Standards No. 142 and No. 144 and the amortization of intangibles arising pursuant to Statement of Financial Accounting Standards No. 141 shall be excluded;

(7) solely for purposes of determining the amount available for Restricted Payments under clause (3) of Section 4.11(a), an amount equal to any reduction in current taxes recognized during the applicable period by the Issuer and its Restricted Subsidiaries as a direct result of deductions arising from (A) the amortization allowed under Section 167 or 197 of the Code for the goodwill and other intangibles arising from the Transactions and (B) employee termination and related restructuring reserves established pursuant to purchase accounting for the two-year period commencing with

the Issue Date, in each case, will be included in the calculation of "Consolidated Net Income" so long as such addition will not result in double-counting;

(8) noncash compensation charges, including any such charges arising from stock options, restricted stock grants or other equity-incentive programs shall be excluded;

(9) any net after-tax gains or losses (less all fees and expenses or charges relating thereto) attributable to the early extinguishment of Indebtedness shall be excluded; and

(10) any noncash charges resulting from mark-to-market accounting in accordance with Statements of Financial Accounting Standards No. 133 and No. 150 and Emerging Issues Task Force Issue No. 00-19 relating to warrants owned by Time Warner Inc. shall be excluded.

Notwithstanding the foregoing, for the purpose of Section 4.11 only (other than clause (3)(d) of subsection (a) thereof), there shall be excluded from Consolidated Net Income any income arising from any sale or other disposition of Restricted Investments made by the Issuer and the Restricted Subsidiaries, any repurchases and redemptions of Restricted Investments by the Issuer and the Restricted Subsidiaries, any repayments of loans and advances which constitute Restricted Investments by the Issuer and any Restricted Subsidiary, any sale of the stock of an Unrestricted Subsidiary or any distribution or dividend from an Unrestricted Subsidiary, in each case only to the extent such amounts increase the amount of Restricted Payments permitted under clause (3)(d) of Section 4.11(a).

"Consolidated Tangible Assets" means, with respect to any Person, the consolidated total assets of such Person and its Restricted Subsidiaries determined in accordance with GAAP, *less* all goodwill, trade names, trademarks, patents, organization expense and other similar intangibles properly classified as intangibles in accordance with GAAP.

"Contingent Obligations" means, with respect to any Person, any obligation of such Person guaranteeing any leases, dividends or other obligations that do not constitute Indebtedness **("primary obligations")** of any other Person (the **"primary obligor")** in any manner, whether directly or

indirectly, including, without limitation, any obligation of such Person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (A) for the purchase or payment of any such primary obligation or (B) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, or (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"Contribution Indebtedness" means Indebtedness of the Issuer or any Guarantor in an aggregate principal amount not greater than twice the aggregate amount of cash contributions (other than Excluded Contributions) made to the capital of the Issuer or such Guarantor after the Issue Date; *provided* that such Contribution Indebtedness:

(1) if the aggregate principal amount of such Contribution Indebtedness is greater than one times such cash contributions to the capital of the Issuer or such Guarantor, as applicable, the amount of such excess shall be (A) (x) Subordinated Indebtedness (other than Secured Indebtedness) or (y) Indebtedness that ranks *pari passu* with the Securities (other than Secured Indebtedness) and (B) Indebtedness with a Stated Maturity later than the Stated Maturity of the Securities, and

(2) (a) is incurred within 180 days after the making of such cash contributions and (b) is so designated as Contribution Indebtedness pursuant to an Officers' Certificate on the date of the incurrence thereof.

"Corporate Trust Office" means the corporate trust office of the Trustee located at Sixth Street and Marquette Avenue, N9303-20, Minneapolis, Minnesota 55479, Attention: Corporate Trust Department, or such other office, designated by the Trustee by written notice to the Issuer, at which at any particular time its corporate trust business shall be administered.

"Credit Agreement" means that certain Amended and Restated Credit Agreement, dated as of April 8, 2004, by and among the Issuer, the other borrowers from time to time party thereto, Holdco, Banc of America Securities LLC and Deutsche Bank Securities Inc., as Joint Lead Arrangers and Joint Book Managers, Lehman Brothers Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Co-Arrangers and Co-Book Managers, Deutsche Bank Securities Inc. and Lehman Commercial Paper Inc., as Co-Syndication Agents, Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Documentation Agent, and Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer and the lenders party thereto from time to time, including any related notes, guarantees, collateral documents, instruments and agreements executed in connection therewith, and in each case as amended, restated, supplemented, modified, renewed, refunded, replaced or refinanced from time to time in one or more agreements or indentures (in each case with the same or new lenders or institutional investors), including any agreement extending the maturity thereof or otherwise restructuring all or any portion of the Indebtedness thereunder or increasing the amount loaned or issued thereunder or altering the maturity thereof.

"Custodian" means any receiver, trustee, assignee, liquidator, sequestrator or similar official under any Bankruptcy Law.

"Default" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"Depositary" shall mean The Depository Trust Company, New York, New York, or a successor thereto registered under the Exchange Act or other applicable statute or regulation.

"Designated Noncash Consideration" means the fair market value of noncash consideration received by the Issuer or one of its Restricted Subsidiaries in connection with an Asset Sale that is so designated as Designated Noncash Consideration pursuant to an Officers' Certificate setting forth the basis of such valuation, less the amount of cash or Cash Equivalents received in connection with a subsequent sale of such Designated Noncash Consideration.

"Designated Preferred Stock" means Preferred Stock of the Issuer or any direct or indirect parent company of the Issuer (other than Disqualified Stock) that is issued for cash (other than to the Issuer or any of its Subsidiaries or an employee stock ownership plan or trust established by the Issuer or any of its Subsidiaries) and is so designated as Designated Preferred Stock, pursuant to an Officers' Certificate, on the issuance date thereof, the cash proceeds of which are excluded from the calculation set forth in clause (3) of Section 4.11(a).

"Designated Senior Debt" means:

(1) any Indebtedness outstanding under the Credit Agreement; and

(2) any other Senior Debt permitted under this Indenture the principal amount of which is $25.0 million or more and that has been designated by the Issuer in the instrument evidencing that Senior Debt as "Designated Senior Debt."

"Disqualified Stock" means, with respect to any Person, any Capital Stock of such Person which, by its terms (or by the terms of any security into which it is convertible or for which it is putable or exchangeable), or upon the happening of any event, matures or is mandatorily redeemable (other than as a result of a change of control or asset sale), pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder thereof (other than as a result of a change of control or asset sale), in whole or in part, in each case prior to the date 91 days after the earlier of the final maturity date of the Securities or the date the Securities are no longer outstanding; *provided*, *however*, that if such Capital Stock is issued to any plan for the benefit of employees of Holdco or its Subsidiaries or by any such plan to such employees, such Capital Stock shall not constitute Disqualified Stock solely because it may be required to be repurchased by Holdco or its Subsidiaries in order to satisfy applicable statutory or regulatory obligations.

"Dollar Exchange Securities" means any Dollar Securities issued in exchange for Initial Dollar Securities or Dollar Securities without a legend.

"Dollar Securities" means the U.S. Dollar-denominated 7 3/8% Senior Subordinated Notes due 2014 issued by the Issuer, including, without limitation, the Dollar Exchange Securities and the Additional Dollar Securities, treated as a single class of securities, as amended from time to time in accordance with the terms hereof, that are issued pursuant to this Indenture.

"Domestic Subsidiary" means any Subsidiary of the Issuer that was formed under the laws of the United States, any state of the United States, the District of Columbia or any territory of the United States.

"EBITDA" means, with respect to any Person for any period, the Consolidated Net Income of such Person for such period plus, without duplication,

(1) provision for taxes based on income or profits, plus franchise or similar taxes of such Person for such period deducted in computing Consolidated Net Income, plus

(2) Consolidated Interest Expense of such Person for such period to the extent the same was deducted in calculating such Consolidated Net Income, plus

(3) Consolidated Depreciation and Amortization Expense of such Person for such period to the extent such depreciation and amortization were deducted in computing Consolidated Net Income, plus

(4) any reasonable expenses or charges related to any Equity Offering, Permitted Investment, acquisition, recapitalization or Indebtedness permitted to be incurred under this Indenture or to the Transactions and, in each case, deducted in such period in computing Consolidated Net Income, plus

(5) the amount of any restructuring charges or reserves (which, for the avoidance of doubt, shall include retention, severance, systems establishment cost, excess pension charges, contract termination costs, including future lease commitments, and costs to consolidate facilities and relocate employees) deducted in such period in computing Consolidated Net Income, plus

(6) without duplication, any other noncash charges (including any impairment charges and the impact of purchase accounting, including, but not limited to, the amortization of inventory step-up) reducing Consolidated Net Income for such period (excluding any such charge that represents an accrual or reserve for a cash expenditure for a future period), plus

(7) any net gain or loss resulting from Hedging Obligations relating to currency exchange risk, plus

(8) the amount of management, monitoring, consulting and advisory fees and related expenses paid to the Sponsors (or any accruals relating to such fees and related expenses) during such period; *provided* that such amount shall not exceed $10.0 million in any four-quarter period, plus

(9) Securitization Fees to the extent deducted in calculating Consolidated Net Income for such period, plus

(10) the Cinram Adjustment, plus

(11) any net after-tax income or loss from discontinued operations and any net after-tax gains or losses on disposal of discontinued operations, plus

(12) without duplication, pension curtailment expenses, transaction costs and executive contract expenses incurred by affiliated entities of the Issuer (other than Holdco and its Subsidiaries) on behalf of Holdco or any of its Subsidiaries and reflected in the combined financial statements of the Issuer as capital contributions, less

(13) without duplication, noncash items increasing Consolidated Net Income of such Person for such period (excluding any items which represent the reversal of any accrual of, or cash reserve for, anticipated cash charges or asset valuation adjustments made in any prior period).

"Equity Interests" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"Equity Offering" means any public or private sale of common stock or Preferred Stock of the Issuer or any of its direct or indirect parent corporations (excluding Disqualified Stock), other than (i) public offerings with respect to common stock of the Issuer or of any direct or indirect parent corporation of the Issuer registered on Form S-8, (ii) any such public or private sale that constitutes an Excluded Contribution or (iii) an issuance to any Subsidiary.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission promulgated thereunder.

"Exchange Securities" means the Dollar Exchange Securities and the Sterling Exchange Securities.

"Excluded Contribution" means net cash proceeds, marketable securities or Qualified Proceeds, in each case received by the Issuer and its Restricted Subsidiaries from:

(1) contributions to its common equity capital; and

(2) the sale (other than to a Subsidiary or to any management equity plan or stock option plan or any other management or employee benefit plan or agreement of the Issuer or any Subsidiary) of Capital Stock (other than Disqualified Stock and Designated Preferred Stock),

in each case designated as Excluded Contributions pursuant to an Officers' Certificate on the date such capital contributions are made or the date such Equity Interests are sold, as the case may be, which are excluded from the calculation set forth in clause (3) of Section 4.11(a).

"Existing Indebtedness" means Indebtedness of the Issuer and its Subsidiaries (other than Indebtedness under the Credit Agreement) in existence on the date of this Indenture.

"Fixed Charge Coverage Ratio" means, with respect to any Person for any period consisting of such Person and its Restricted Subsidiaries' most recently ended four fiscal quarters for which internal financial statements are available, the ratio of EBITDA of such Person for such period to the Fixed Charges of such Person for such period. In the event that the Issuer or any Restricted Subsidiary incurs, assumes, guarantees or redeems any Indebtedness or issues or repays Disqualified Stock or Preferred Stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated but prior to the event for which the calculation of the Fixed Charge Coverage Ratio is made (the **"Calculation Date"),** then the Fixed Charge Coverage Ratio shall be calculated giving *pro forma* effect to such incurrence, assumption, guarantee or repayment of Indebtedness, or such issuance or redemption of Disqualified Stock or Preferred Stock, as if the same had occurred at the beginning of the applicable four-quarter period. For purposes of making the computation referred to above, Investments, acquisitions, dispositions, mergers or consolidations (as determined in accordance with GAAP) that have been made by the Issuer or any Restricted Subsidiary during the four-quarter reference period or subsequent to such reference period and on or prior to or simultaneously with the Calculation Date shall be calculated on a *pro forma* basis assuming that all such Investments, acquisitions, dispositions, mergers or consolidations (and the change in any associated fixed charge obligations and the change in EBITDA resulting therefrom) had occurred on the first day of the four-quarter reference period. If since the beginning of such period any Person (that subsequently became a Restricted Subsidiary or was merged with or into the Issuer or any Restricted Subsidiary since the beginning of such period) shall have made any Investment, acquisition, disposition, merger or consolidation that would have required adjustment pursuant to this definition, then the Fixed Charge Coverage Ratio shall be calculated giving *pro forma* effect thereto for such period as if such Investment, acquisition, disposition, merger or consolidation had occurred at the beginning of the applicable four-quarter period.

For purposes of this definition, whenever *pro forma* effect is to be given to an Investment, acquisition, disposition, merger or consolidation (including the Transactions and the related restructuring initiatives) and the amount of income or earnings relating thereto, the *pro forma* calculations shall be determined in good faith by a responsible financial or accounting officer of the Issuer and shall comply with the requirements of Rule 11-02 of Regulation S-X promulgated by the Commission, *except* that such *pro forma* calculations may include operating expense reductions for such period resulting from such transaction that is being given *pro forma* effect that have been realized or (A) for which the steps necessary for realization have been taken (or are taken concurrently with such transaction) or (B) with respect to any transactions other than the Transaction (and the related restructuring initiatives), for which the steps necessary for realization are reasonably expected to be taken within the six-month period following such transaction and, in each case, including, but not limited to, (a) reduction in personnel expenses, (b) reduction of costs related to administrative functions, (c) reduction of costs related to leased or owned properties and (d) reductions from the consolidation of operations and streamlining of corporate and record label overhead; *provided* that, in either case, such adjustments are set forth in an Officers' Certificate signed by the Issuer's chief financial officer and another Officer which states (i) the amount of such adjustment or adjustments, (ii) that such adjustment or adjustments are based on the reasonable good faith beliefs of the Officers executing such Officers' Certificate at the time of such execution and (iii) that any related incurrence of Indebtedness is permitted pursuant to this Indenture. If any Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligations applicable to such Indebtedness). Interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Issuer to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP. For purposes of making the computation referred to above, interest on any Indebtedness under a revolving credit facility computed on a *pro forma* basis shall be computed based upon the average daily balance of such Indebtedness during the applicable period. Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, shall be deemed to have been based upon the rate actually chosen, or, if none, then based upon such optional rate chosen as the Issuer may designate.

"Fixed Charges" means, with respect to any Person for any period, the sum of, without duplication, (a) Consolidated Interest Expense (excluding all noncash interest expense and amortization/accretion of original issue discount in connection with the Specified Financings (including any original issue discount created by fair value adjustments to the Issuer's existing Indebtedness as a result of purchase accounting)) of such Person for such period, (b) all cash dividends paid, accrued and/or scheduled to be paid or accrued during such period (excluding items eliminated in consolidation) on any series of Preferred Stock of such

Person and (c) all cash dividends paid, accrued and/or scheduled to be paid or accrued during such period (excluding items eliminated in consolidation) on any series of Disqualified Stock.

"Foreign Subsidiary" means any Subsidiary of the Issuer that is not a Domestic Subsidiary.

"GAAP" means generally accepted accounting principles in the United States in effect on the date of this Indenture. For purposes of this Indenture, the term **"consolidated"** with respect to any Person means such Person consolidated with its Restricted Subsidiaries and does not include any Unrestricted Subsidiary.

"Global Security" has the meaning set forth in Section 2.16.

"Government Securities" means, in the case of the Dollar Securities, U.S. Government Securities and, in the case of the Sterling Securities, U.K. Government Securities.

"guarantee" means a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner including, without limitation, through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness or other obligations.

"Guarantee" means any guarantee of the obligations of the Issuer under this Indenture and the Securities by a Guarantor in accordance with the provisions of this Indenture. When used as a verb, **"Guarantee"** shall have a corresponding meaning.

"Guarantor" means any Person that incurs a Guarantee of the Securities; *provided* that upon the release and discharge of such Person from its Guarantee in accordance with this Indenture, such Person shall cease to be a Guarantor.

"Guarantor Senior Debt" means, with respect to any Guarantor, the principal of, premium, if any, and interest (including any interest accruing subsequent to the filing of a petition of bankruptcy at the rate provided for in the documentation with respect thereto, whether or not such interest is an allowed or allowable claim under applicable law) on any Indebtedness and any Securitization Repurchase Obligation of such Guarantor, whether outstanding on the Issue Date or thereafter created, incurred or assumed, unless, in the case of any particular obligation, the instrument creating or evidencing the same or pursuant to which the same is outstanding expressly provides that such obligation shall not be senior in right of payment to the Guarantee of such Guarantor. Without limiting the generality of the foregoing, "Guarantor Senior Debt" shall also include the principal of, premium, if any, interest (including any interest accruing subsequent to the filing of a petition of bankruptcy at the rate provided for in the documentation with respect thereto, whether or not such interest is an allowed

or allowable claim under applicable law) on, and all other amounts owing in respect of (including guarantees of the foregoing obligations):

(1) all monetary obligations of every nature of such Guarantor under, or with respect to, the Credit Agreement, including, without limitation, obligations to pay principal, premium and interest, reimbursement obligations under letters of credit, fees, expenses and indemnities (and guarantees thereof); and

(2) all Hedging Obligations (and guarantees thereof),

in each case whether outstanding on the Issue Date or thereafter incurred.

Notwithstanding the foregoing, "Guarantor Senior Debt" shall not include:

(1) any Indebtedness of such Guarantor to a Subsidiary of such Guarantor (other than any Securitization Repurchase Obligation);

(2) Indebtedness to, or guaranteed on behalf of, any shareholder, director, officer or employee of such Guarantor or any Subsidiary of such Guarantor (including, without limitation, amounts owed for compensation) other than the guarantee of Holdco of Indebtedness under the Credit Agreement;

(3) Indebtedness to trade creditors and other amounts incurred in connection with obtaining goods, materials or services (including guarantees thereof or instruments evidencing such liabilities);

(4) Indebtedness represented by Capital Stock;

(5) any liability for federal, state, local or other taxes owed or owing by such Guarantor;

(6) that portion of any Indebtedness incurred in violation of Section 4.10;

(7) Indebtedness which, when incurred and without respect to any election under Section 1111(b) of Title 11, United States Code, is without recourse to the Issuer; and

(8) any Indebtedness which is, by its express terms, subordinated in right of payment to any other Indebtedness of such Guarantor.

"Hedging Obligations" means, with respect to any Person, the obligations of such Person under:

(1) currency exchange, interest rate or commodity swap agreements, currency exchange, interest rate or commodity cap agreements and currency exchange, interest rate or commodity collar agreements; and

(2) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange, interest rates or commodity prices.

"Holdco" means WMG Holdings Corp., a Delaware corporation and the direct parent of the Issuer.

"Holder" or **"Securityholder"** means the registered holder of any Security.

"incur" means to directly or indirectly create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to any Indebtedness (including Acquired Debt) and **"incurrence"** shall have a correlative meaning.

"Indebtedness" means, with respect to any Person,

(a) any indebtedness (including principal and premium) of such Person, whether or not contingent,

(i) in respect of borrowed money,

(ii) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or, without double counting, reimbursement agreements in respect thereof),

(iii) representing the balance deferred and unpaid of the purchase price of any property (including Capitalized Lease Obligations), except any such balance that constitutes a trade payable or similar obligation to a trade creditor, in each case accrued in the ordinary course of business or

(iv) representing any Hedging Obligations,

if and to the extent that any of the foregoing Indebtedness (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet (excluding the footnotes thereto) of such Person prepared in accordance with GAAP,

(b) Disqualified Stock of such Person,

(c) to the extent not otherwise included, any obligation by such Person to be liable for, or to pay, as obligor, guarantor or otherwise, the Indebtedness of another

Person (other than by endorsement of negotiable instruments for collection in the ordinary course of business) and

(d) to the extent not otherwise included, Indebtedness of another Person secured by a Lien on any asset owned by such Person (whether or not such Indebtedness is assumed by such Person);

provided, however, that Contingent Obligations incurred in the ordinary course of business and not in respect of borrowed money shall be deemed not to constitute Indebtedness.

"Indenture" means this Indenture, as amended, restated or supplemented from time to time in accordance with the terms hereof.

"Independent Financial Advisor" means an accounting, appraisal or investment banking firm or consultant to Persons engaged in a Permitted Business of nationally recognized standing that is, in the good faith judgment of the Issuer, qualified to perform the task for which it has been engaged.

"Initial Purchasers" means with respect to the Dollar Securities, Deutsche Bank Securities Inc., Banc of America Securities LLC, Lehman Brothers Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated and with respect to the Sterling Securities, Deutsche Bank AG London, Bank of America Securities Limited, Lehman Brothers International and Merrill Lynch International and such other initial purchasers party to the Securities Purchase Agreement entered into in connection with the offer and sale of the Securities.

"Interest" means, with respect to the Securities, interest and any Additional Interest on the Securities.

"Interest Payment Date" means the stated maturity of an installment of interest on the Securities.

"Investments" means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including guarantees or other obligations), advances or capital contributions (excluding accounts receivable, trade credit, advances to customers, commission, travel and similar advances to officers and employees, in each case made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities issued by any other Person and investments that are required by GAAP to be classified on the balance sheet (excluding the footnotes) of such Person in the same manner as the other investments included in this definition to the extent such transactions involve the transfer of cash or other property. If the Issuer or any Subsidiary of the Issuer sells or otherwise disposes of any Equity Interests of any direct or indirect Subsidiary of the Issuer such that, after giving effect to any such sale or disposition, such Person is no longer a Subsidiary of the Issuer, the Issuer

will be deemed to have made an Investment on the date of any such sale or disposition equal to the fair market value of the Equity Interests of such Subsidiary not sold or disposed of in an amount determined as provided in Section 4.11(c).

For purposes of the definition of "Unrestricted Subsidiary" and Section 4.11, (i) "Investments" shall include the portion (proportionate to the Issuer's equity interest in such Subsidiary) of the fair market value of the net assets of a Subsidiary of the Issuer at the time that such Subsidiary is designated an Unrestricted Subsidiary, *provided*, *however,* that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Issuer shall be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to (x) the Issuer's "Investment" in such Subsidiary at the time of such redesignation less (y) the portion (proportionate to the Issuer's equity interest in such Subsidiary) of the fair market value of the net assets of such Subsidiary at the time of such redesignation; (ii) any property transferred to or from an Unrestricted Subsidiary shall be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Issuer; and (iii) any transfer of Capital Stock that results in an entity which became a Restricted Subsidiary after the Issue Date ceasing to be a Restricted Subsidiary shall be deemed to be an Investment in an amount equal to

the fair market value (as determined by the Board of Directors of the Issuer in good faith as of the date of initial acquisition) of the Capital Stock of such entity owned by the Issuer and the Restricted Subsidiaries immediately after such transfer.

"Issue Date" means April 8, 2004, the date of original issuance of the Securities.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction; *provided* that in no event shall an operating lease be deemed to constitute a Lien.

"Luxembourg Paying Agent" has the meaning set forth in Section 2.04.

"Management Agreement" means the Management Agreement by and among the Issuer, Holdco and the Sponsors and/or their Affiliates as in effect on the Issue Date.

"Maturity Date" means April 15, 2014.

"Moody's" means Moody's Investors Service, Inc.

"Net Income" means, with respect to any Person, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of Preferred Stock dividends or accretion of any Preferred Stock.

"Net Indebtedness to EBITDA Ratio" means, with respect to any Person, the ratio of: (a) the Indebtedness (which, for purposes of any calculations of the Net Indebtedness to EBITDA Ratio, shall include, without duplication, any Qualified Securitization Financing, Non-Recourse Acquisition Financing Indebtedness and Non-Recourse Product Financing Indebtedness) of the Issuer and its Restricted Subsidiaries, as of the end of the most recently ended fiscal quarter, plus the amount of any Indebtedness incurred subsequent to the end of such fiscal quarter, less the amount of cash and Cash Equivalents that would be stated on the balance sheet of the Issuer and held by the Issuer as of such date of determination, as determined in accordance with GAAP, to (b) the Issuer's EBITDA for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such event for which such calculation is being made shall occur (the **"Measurement Period");** *provided, however,* that: (i) in making such computation, Indebtedness shall include the greater of (x) the average daily balance outstanding under any revolving credit facility during the most recently ended fiscal quarter and (y) the actual amount of Indebtedness outstanding under any revolving credit facility as of the date for which such calculation is being made; and (ii) if the Issuer or any of its Restricted Subsidiaries consummates a material acquisition or an Asset Sale or other disposition of assets subsequent to the commencement of the Measurement Period but prior to the event for which the calculation of the Net Indebtedness to EBITDA Ratio is made, then the Net Indebtedness to EBITDA Ratio shall be calculated giving *pro forma* effect to such material acquisition or Asset Sale or other disposition of assets as if the same had occurred at the beginning of the applicable period. Any *pro forma* calculations necessary pursuant to this "Net Indebtedness to EBITDA Ratio" shall be made in accordance with the provisions set forth in the second paragraph of the definition of "Fixed Charge Coverage Ratio."

"Net Proceeds" means the aggregate cash proceeds received by the Issuer or any Restricted Subsidiary in respect of any Asset Sale, including, without limitation, legal, accounting and investment banking fees, and brokerage and sales commissions, any relocation expenses incurred as a result thereof, taxes paid or payable as a result thereof (after taking into account any available tax credits or deductions and any tax sharing arrangements), repayment of Indebtedness that is secured by the property or assets that are the subject of such Asset Sale and any deduction of appropriate amounts to be provided by the Issuer as a reserve in accordance with GAAP against any liabilities associated with the asset disposed of in such transaction and retained by the Issuer after such sale or other disposition thereof, including, without limitation, pension and other post-employment benefit liabilities and liabilities related to environmental matters or against any indemnification obligations associated with such transaction.

"Net Senior Indebtedness to EBITDA Ratio" means, with respect to any Person, the ratio of (a) the Senior Debt (which, for purposes of any calculations of the Net Senior Indebtedness to EBITDA Ratio, shall include, without duplication, to the extent constituting Senior Debt, any Qualified Securitization Financing, Non-Recourse Acquisition Financing Indebtedness and Non-Recourse Product Financing Indebtedness) of the Issuer and its Restricted Subsidiaries, as of the end of the most recently ended fiscal quarter, plus the amount of any Senior Debt incurred subsequent to the end of such fiscal quarter, less the amount of cash and Cash Equivalents that would be stated on the balance sheet of the Issuer and held by the Issuer as of such date of determination, as determined in accordance with GAAP, to (b) the Issuer's EBITDA for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such event for which such calculation is being made shall occur (the "**Measurement Period**"); *provided, however,* that: (i) in making such computation, Senior Debt shall include the greater of (x) the average daily balance outstanding under any revolving credit facility during the most recently ended fiscal quarter and (y) the actual amount of Indebtedness outstanding under any revolving credit facility as of the date for which such calculation is being made; and (ii) if the Issuer or any of its Restricted Subsidiaries consummates a material acquisition or an Asset Sale or other disposition of assets subsequent to the commencement of the Measurement Period but prior to the event for which the calculation of the Net Senior Indebtedness to EBITDA Ratio is made, then the Net Senior Indebtedness to EBITDA Ratio shall be calculated giving *pro forma* effect to such material acquisition or Asset Sale or other disposition of assets, as if the same had occurred at the beginning of the applicable period. Any *pro forma* calculations necessary pursuant to this "Net Senior Indebtedness to EBITDA Ratio" shall be made in accordance with the provisions set forth in the second paragraph of the definition of "Fixed Charge Coverage Ratio."

"Non-Recourse Acquisition Financing Indebtedness" means any Indebtedness incurred by the Issuer or any Restricted Subsidiary to finance the acquisition, exploitation or development of assets (including directly or through the acquisition of entities holding such assets) not owned by the Issuer or any of its Restricted Subsidiaries prior to such acquisition, exploitation or development, which assets are used for the creation or development of Product for the benefit of the Issuer, and in respect of which the Person to whom such Indebtedness is owed has no recourse whatsoever to the Issuer or any of its Restricted Subsidiaries for the repayment of or payment of such Indebtedness other than recourse to the acquired assets or assets that are the subject of such exploitation or development for the purpose of enforcing any Lien given by the Issuer or such Restricted Subsidiary over such assets, including the receivables, inventory, intangibles and other rights associated with such assets and the proceeds thereof.

"Non-Recourse Product Financing Indebtedness" means any Indebtedness incurred by the Issuer or any Restricted Subsidiary solely for the purpose of financing (whether directly or through a partially-owned joint venture) the production, acquisition, exploitation,

creation or development of items of Product produced, acquired, exploited, created or developed after the Issue Date (including any Indebtedness assumed in connection with the production, acquisition, creation or development of any such items of Product or secured by a Lien on any such items of Product prior to the production, acquisition, creation or development thereof) where the recourse of the creditor in respect of that Indebtedness is limited to Product revenues generated by such items of Product or any rights pertaining thereto and where the Indebtedness is unsecured save for Liens over such items of Product or revenues and such rights and any extension, renewal, replacement or refinancing of such Indebtedness. "Non-Recourse Product Financing Indebtedness" excludes, for the avoidance of doubt, any Indebtedness raised or secured against Product where the proceeds are used for any other purposes.

"Non-U.S. Person" has the meaning assigned to such term in Regulation S.

"Obligations" means any principal, interest, penalties, fees, indemnifications, reimbursements (including, without limitation, reimbursement obligations with respect to letters of credit), damages and other liabilities, and guarantees of payment of such principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities, payable under the documentation governing any Indebtedness.

"Offering Memorandum" means the offering memorandum of the Issuer dated April 1, 2004 relating to the Securities.

"Officer" means the Chairman of the Board, the Chief Executive Officer, the Chief Financial Officer, the President, any Executive Vice President, Senior Vice President or Vice President, the Treasurer or the Secretary or Assistant Secretary or General Counsel or Deputy General Counsel of the Issuer.

"Officers' Certificate" means a certificate signed on behalf of the Issuer by two Officers of the Issuer, one of whom is the principal executive officer, the principal financial officer, the treasurer or the principal accounting officer of the Issuer, that meets the requirements set forth in this Indenture.

"Opinion of Counsel" means a written opinion from legal counsel who is reasonably acceptable to the Trustee. The counsel may be an employee of or counsel to the Issuer, a Guarantor or the Trustee.

"Permitted Asset Swap" means any transfer of property or assets by the Issuer or any of its Restricted Subsidiaries in which at least 90% of the consideration received by the transferor consists of properties or assets (other than cash) that will be used in a Permitted Business; *provided* that the aggregate fair market value of the property or assets being transferred by the Issuer or such Restricted Subsidiary is not greater than the aggregate fair market value of the property or assets received by the Issuer or such Restricted Subsidiary in

such exchange *(provided, however,* that in the event such aggregate fair market value of the property or assets being transferred or received by the Issuer is (x) less than $50.0 million, such determination shall be made in good faith by the Board of Directors of the Issuer and (y) greater than or equal to $50.0 million, such determination shall be made by an Independent Financial Advisor).

"Permitted Business" means the media and entertainment business and any services, activities or businesses incidental or directly related or similar thereto, any line of business engaged in by the Issuer on the Issue Date or any business activity that is a reasonable extension, development or expansion thereof or ancillary thereto.

"Permitted Debt" is defined in Section 4.10(b).

"Permitted Holders" means (i) the Sponsors and their Affiliates (not including, however, any portfolio companies of any of the Sponsors); (ii) Edgar Bronfman Jr.; (iii) immediate family members (including spouses and direct descendants) of the Person described in clause (ii); (iv) any trusts created for the benefit of the Person described in clause (ii) or (iii) or any trust for the benefit of any such trust; (v) in the event of the incompetence or death of any Person described in clauses (ii) and (iii), such Person's estate, executor, administrator, committee or other personal representative or beneficiaries, in each case who at any particular date shall beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Issuer; or (vi) Time Warner Inc. if at such time as Time Warner Inc. owns 50% or more of the total voting power of the Voting Stock of the Issuer or any direct or indirect parent company of the Issuer and after giving *pro forma* effect to the acquisition of such Voting Stock and the incurrence of any Indebtedness used to finance the acquisition thereof, (x) Time Warner Inc. has a rating of at least "investment grade" status from S&P and Moody's and (y) neither S&P, Moody's nor any other nationally recognized rating agency shall have downgraded, or indicated an intention to downgrade, the corporate rating of Time Warner Inc. to a level below its then existing corporate rating by any such agency.

"Permitted Investments" means

(1) any Investment by the Issuer in any Restricted Subsidiary or by a Restricted Subsidiary in another Restricted Subsidiary;

(2) any Investment in cash and Cash Equivalents;

(3) any Investment by the Issuer or any Restricted Subsidiary of the Issuer in a Person that is engaged in a Permitted Business if as a result of such Investment (A) such Person becomes a Restricted Subsidiary or (B) such Person, in one transaction or a series of related transactions, is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Issuer or a Restricted Subsidiary;

(4) any Investment in securities or other assets not constituting cash or Cash Equivalents and received in connection with an Asset Sale made pursuant to Section 4.13 or any other disposition of assets not constituting an Asset Sale;

(5) any Investment existing on the Issue Date and any modification, replacement, renewal or extension thereof; *provided* that the amount of any such Investment may be increased (x) as required by the terms of such Investment as in existence on the Issue Date or (y) as otherwise permitted under this Indenture;

(6) loans and advances to employees and any guarantees not in excess of $15.0 million in the aggregate outstanding at any one time;

(7) any Investment acquired by the Issuer or any Restricted Subsidiary (A) in exchange for any other Investment or accounts receivable held by the Issuer or any such Restricted Subsidiary in connection with or as a result of a bankruptcy, workout, reorganization or recapitalization of the issuer of such other Investment or accounts receivable or (B) as a result of a foreclosure by the Issuer or any Restricted Subsidiary with respect to any secured Investment or other transfer of title with respect to any secured Investment in default;

(8) Hedging Obligations permitted under clause (9) of the definition of "Permitted Debt" in Section 4.10(b);

(9) loans and advances to officers, directors and employees for business-related travel expenses, moving expenses and other similar expenses, in each case incurred in the ordinary course of business;

(10) any advance directly or indirectly related to royalties or future profits (whether or not recouped), directly or indirectly (including through capital contributions or loans to an entity or joint venture relating to such artist(s) or writer(s)), to one or more artists or writers pursuant to label and license agreements, agreements with artists/writers and related ventures, pressing and distribution agreements, publishing agreements and any similar contract or agreement entered into from time to time in the ordinary course of business;

(11) any Investment by the Issuer or a Restricted Subsidiary in a Permitted Business having an aggregate fair market value, taken together with all other Investments made pursuant to this clause (11) that are at that time outstanding (without giving effect to the sale of an Unrestricted Subsidiary to the extent the proceeds of such sale do not consist of cash and/or marketable securities), not to exceed the greater of $75.0 million and 8.0% of Consolidated Tangible Assets (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value);

(12) Investments the payment for which consists of Equity Interests of the Issuer or any of its direct or indirect parent corporations (exclusive of Disqualified Stock);

(13) guarantees (including Guarantees) of Indebtedness permitted under Section 4.10 and performance guarantees consistent with past practice;

(14) any transaction to the extent it constitutes an Investment that is permitted and made in accordance with Section 4.14 (except transactions described in clauses (2), (6) and (7) of Section 4.14(b));

(15) Investments by the Issuer or a Restricted Subsidiary in joint ventures engaged in a Permitted Business having an aggregate fair market value, taken together with all other Investments made pursuant to this clause (15) that are at that time outstanding amount, not to exceed the greater of $50.0 million and 4.0% of Consolidated Tangible Assets (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value);

(16) Investments consisting of licensing or contribution of intellectual property pursuant to joint marketing arrangements with other Persons; and

(17) any Investment in a Securitization Subsidiary or any Investment by a Securitization Subsidiary in any other Person in connection with a Qualified Securitization Financing, including Investments of funds held in accounts permitted or required by the arrangements governing such Qualified Securitization Financing or any related Indebtedness; *provided, however,* that any Investment in a Securitization Subsidiary is in the form of a Purchase Money Note, contribution of additional Securitization Assets or an equity interest.

"Permitted Junior Securities" means:

(1) Equity Interests in the Issuer, any Guarantor or any direct or indirect parent of the Issuer; or

(2) unsecured debt securities that are subordinated to all Senior Debt (and any debt securities issued in exchange for Senior Debt) to substantially the same extent as, or to a greater extent than, the Securities and the Guarantees are subordinated to Senior Debt under this Indenture.

"Permitted Liens" means the following types of Liens:

(1) deposits of cash or government bonds made in the ordinary course of business to secure surety or appeal bonds to which such Person is a party;

(2) Liens in favor of issuers of performance, surety, bid, indemnity, warranty, release, appeal or similar bonds or with respect to other regulatory requirements or letters of credit or bankers' acceptances issued, and completion guarantees provided for, in each case pursuant to the

request of and for the account of such Person in the ordinary course of its business or consistent with past practice;

(3) Liens on property or shares of stock of a Person at the time such Person becomes a Subsidiary; *provided, however,* that such Liens are not created or incurred in connection with, or in contemplation of, such other Person becoming such a Subsidiary; *provided, further, however,* that such Liens may not extend to any other property owned by the Issuer or any Restricted Subsidiary;

(4) Liens on property at the time the Issuer or a Restricted Subsidiary acquired the property, including any acquisition by means of a merger or consolidation with or into the Issuer or any Restricted Subsidiary; *provided, however,* that such Liens are not created or incurred in connection with, or in contemplation of, such acquisition; *provided, further, however,* that such Liens may not extend to any other property owned by the Issuer or any Restricted Subsidiary;

(5) Liens securing Indebtedness or other obligations of a Restricted Subsidiary owing to the Issuer or another Restricted Subsidiary permitted to be incurred in accordance with Section 4.10;

(6) Liens securing Hedging Obligations so long as the related Indebtedness is permitted to be incurred under this Indenture and is secured by a Lien on the same property securing such Hedging Obligation;

(7) Liens on specific items of inventory or other goods and proceeds of any Person securing such Person's obligations in respect of bankers' acceptances issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(8) Liens in favor of the Issuer or any Restricted Subsidiary;

(9) Liens to secure any Indebtedness that is incurred to refinance any Indebtedness that has been secured by a Lien existing on the Issue Date or referred to in clauses (3), (4) and (19)(B) of this definition; *provided, however,* that such Liens (x) are no less favorable to the Holders and are not more favorable to the lienholders with respect to such Liens than the Liens in respect of the Indebtedness being refinanced; and (y) do not extend to or cover any property or assets of the Issuer or any of its Restricted Subsidiaries not securing the Indebtedness so refinanced;

(10) Liens on Securitization Assets and related assets of the type specified in the definition of "Securitization Financing" incurred in connection with any Qualified Securitization Financing;

(11) Liens for taxes, assessments or other governmental charges or levies not yet delinquent, or which are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted or for property taxes on property that the Issuer or one of its Subsidiaries has determined to abandon if the sole recourse for such tax, assessment, charge, levy or claim is to such property;

(12) judgment liens in respect of judgments that do not constitute an Event of Default so long as such Liens are adequately bonded and any appropriate legal proceedings that may have been duly initiated for the review of such judgment have not been finally terminated or the period within which such proceedings may be initiated has not expired;

(13) pledges, deposits or security under workmen's compensation, unemployment insurance and other social security laws or regulations, or deposits to secure the performance of tenders, contracts (other than for the payment of Indebtedness) or leases, or deposits to secure public or statutory obligations, or deposits as security for contested taxes or import or customs duties or for the payment of rent, or deposits or other security securing liabilities to insurance carriers under insurance or self-insurance arrangements, in each case incurred in the ordinary course of business or consistent with past practice;

(14) Liens imposed by law, including carriers', warehousemen's, materialmen's, repairmen's and mechanics' Liens, in each case for sums not overdue by more than 30 days or, if more than 30 days overdue, are unfiled and no other action has been taken to enforce such Lien or which are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted;

(15) encumbrances, ground leases, easements or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including, without limitation, minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of business or to the ownership of properties that do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business;

(16) leases, licenses, subleases or sublicenses granted to others in the ordinary course of business that do not (x) interfere in any material respect with the business of the Issuer or any of its material Restricted Subsidiaries or (y) secure any Indebtedness;

(17) banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depositary institution, *provided* that (a) such deposit account is not a dedicated cash collateral account and is not subject to restrictions against access by the Issuer in excess of those set forth by regulations promulgated by the Federal Reserve Board or other applicable law and (b) such deposit account is not intended by the Issuer or any Restricted Subsidiary to provide collateral to the depositary institution;

(18) Liens arising from Uniform Commercial Code financing statement filings regarding operating leases or consignments entered into by the Issuer and its Restricted Subsidiaries in the ordinary course of business;

(19) (A) other Liens securing Indebtedness for borrowed money with respect to property or assets with an aggregate fair market value (valued at the time of creation thereof) of not more than $15.0 million at any time and (B) Liens securing Indebtedness incurred to finance the

construction, purchase or lease of, or repairs, improvements or additions to, property of such Person; *provided, however,* that (x) the Lien may not extend to any other property (except for accessions to such property) owned by such Person or any of its Restricted Subsidiaries at the time the Lien is incurred, (y) such Liens attach concurrently with or within 270 days after the acquisition, repair, replacement, construction or improvement (as applicable) of the property subject to such Liens and (z) with respect to Capitalized Lease Obligations, such Liens do not at any time extend to or cover any assets (except for accessions to such assets) other than the assets subject to such Capitalized Lease Obligations; *provided* that individual financings of equipment provided by one lender may be cross-collateralized to other financings of equipment provided by such lender;

(20) Liens to secure Non-Recourse Product Financing Indebtedness permitted to be incurred pursuant to clause (18) of the definition of "Permitted Debt" in Section 4.10(b), which Liens may not secure Indebtedness other than Non-Recourse Product Financing Indebtedness and which Liens may not attach to assets other than the items of Product acquired, exploited, created or developed with the proceeds of such Indebtedness and Liens to secure Non-Recourse Acquisition Financing Indebtedness permitted to be incurred pursuant to clause (18) of the definition of "Permitted Debt" in Section 4.10(b), which Liens may not secure Indebtedness other than Non-Recourse Acquisition Financing Indebtedness and which Liens may not attach to assets other than the assets acquired, exploited, created or developed with the proceeds of such Indebtedness;

(21) Liens (i) of a collection bank arising under Section 4-210 of the Uniform Commercial Code on items in the course of collection, (ii) attaching to commodity trading accounts or other commodities brokerage accounts incurred in the ordinary

course of business and (iii) in favor of a banking institution arising as a matter of law encumbering deposits (including the right of set-off) and which are within the general parameters customary in the banking industry;

(22) Liens encumbering reasonable customary initial deposits and margin deposits and similar Liens attaching to commodity trading accounts or other brokerage accounts incurred in the ordinary course of business and not for speculative purposes;

(23) Liens that are contractual rights of set-off (i) relating to the establishment of depository relations with banks not given in connection with the issuance of Indebtedness, (ii) relating to pooled deposit or sweep accounts of the Issuer or any Restricted Subsidiary to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business of the Issuer and its Restricted Subsidiaries or (iii) relating to purchase orders and other agreements entered into with customers of the Issuer or any Restricted Subsidiary in the ordinary course of business; and

(24) Liens solely on any cash earnest money deposits made by the Issuer or any of its Restricted Subsidiaries in connection with any letter of intent or purchase agreement permitted under this Indenture.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

"Preferred Stock" means any Equity Interest with preferential rights of payment of dividends upon liquidation, dissolution or winding up.

"Private Placement Legend" means the legends initially set forth on the Dollar Securities in the form set forth in Exhibit C-1 or the Sterling Securities in the form set forth in Exhibit C-2.

"Product" means any music (including musical and audio visual recordings, musical performance, songs and compositions and also includes mail order music and activities relating or incidental to music such as touring, merchandising and artist management), music copyright, motion picture, television programming, film, videotape, digital file, video clubs, DVD manufactured or distributed or any other product produced for theatrical, non-theatrical or television release or for release in any other medium, in each case whether recorded on film, videotape, cassette, cartridge, disc or on or by any other means, method, process or device, whether now known or hereafter developed, with respect to which the Issuer or any Restricted Subsidiary:

(1) is an initial copyright owner; or

(2) acquires (or will acquire upon delivery) an equity interest, license, sublicense or administration or distribution right.

"Purchase Agreement" means the Purchase Agreement dated November 24, 2003, as amended by the amendment to the Purchase Agreement dated February 29, 2004, between Time Warner Inc. and WMG Acquisition Corp.

"Purchase Money Note" means a promissory note of a Securitization Subsidiary evidencing a line of credit, which may be irrevocable, from Holdco or any Subsidiary of Holdco to a Securitization Subsidiary in connection with a Qualified Securitization Financing, which note is intended to finance that portion of the purchase price that is not paid in cash or a contribution of equity and which (a) shall be repaid from cash available to the Securitization Subsidiary, other than (i) amounts required to be established as reserves, (ii) amounts paid to investors in respect of interest, (iii) principal and other amounts owing to such investors and (iv) amounts paid in connection with the purchase of newly generated receivables and (b) may be subordinated to the payments described in clause (a).

"Qualified Capital Stock" means any Capital Stock of the Issuer that is not Disqualified Stock.

"Qualified Institutional Buyer" or **"QIB"** shall have the meaning specified in Rule 144A under the Securities Act.

"Qualified Proceeds" means assets that are used or useful in, or Capital Stock of any Person engaged in, a Permitted Business; *provided* that the fair market value of any such assets or Capital Stock shall be determined by the Board of Directors of the Issuer in good faith, except that in the event the value of any such assets or Capital Stock exceeds $25.0 million, the fair market value shall be determined by an Independent Financial Advisor.

"Qualified Securitization Financing" means any Securitization Financing of a Securitization Subsidiary that meets the following conditions: (i) the Board of Directors of the Issuer shall have determined in good faith that such Qualified Securitization Financing (including financing terms, covenants, termination events and other provisions) is in the aggregate economically fair and reasonable to the Issuer and the Securitization Subsidiary, (ii) all sales of Securitization Assets and related assets to the Securitization Subsidiary are made at fair market value (as determined in good faith by the Issuer) and (iii) the financing terms, covenants, termination events and other provisions thereof shall be market terms (as determined in good faith by the Issuer) and may include Standard Securitization Undertakings. The grant of a security interest in any Securitization Assets of the Issuer or any of its Restricted Subsidiaries (other than a Securitization Subsidiary) to secure Indebtedness under the Credit Agreement and any Refinancing Indebtedness with respect thereto shall not be deemed a Qualified Securitization Financing.

"Record Date" means the applicable Record Date specified in the Securities; *provided* that if any such date is not a Business Day, the Record Date shall be the first day immediately preceding such specified day that is a Business Day.

"Redemption Date," when used with respect to any Security to be redeemed, means the date fixed for such redemption pursuant to this Indenture and the Securities.

"Redemption Price," when used with respect to any Security to be redeemed, means the price fixed for such redemption, payable in immediately available funds, pursuant to this Indenture and the Securities.

"refinance" means to extend, refinance, renew, replace, defease or refund, including successively; and **"refinancing"** and **"refinanced"** shall have correlative meanings.

"Registration Rights Agreement" means (a) the Registration Rights Agreement dated as of April 8, 2004, among the Issuer, the Guarantors and the Initial Purchasers relating to the Securities and (b) any other similar Exchange and Registration Rights Agreement relating to Additional Securities.

"Regulation S" means Regulation S under the Securities Act.

"Representative" means the trustee, agent or representative (if any) for an issue of Senior Debt of the Issuer.

"Responsible Officer" means, when used with respect to the Trustee, any officer in the Corporate Trust Office of the Trustee to whom any corporate trust matter is referred because of such officer's knowledge of and familiarity with the particular subject and shall also mean any officer who shall have direct responsibility for the administration of this Indenture.

"Restricted Investment" means an Investment other than a Permitted Investment.

"Restricted Security" means a Security that constitutes a "Restricted Security" within the meaning of Rule 144(a)(3) under the Securities Act; *provided, however,* that the Trustee shall be entitled to request and conclusively rely on an Opinion of Counsel with respect to whether any Security constitutes a Restricted Security.

"Restricted Subsidiary" means, at any time, any direct or indirect Subsidiary of the Issuer (including any Foreign Subsidiary) that is not then an Unrestricted Subsidiary; *provided, however,* that upon the occurrence of an Unrestricted Subsidiary ceasing to be an Unrestricted Subsidiary, such Subsidiary shall be included in the definition of "Restricted Subsidiary".

"Rule 144A" means Rule 144A under the Securities Act.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

"Secured Indebtedness" means any Indebtedness secured by a Lien.

"Securities" means the Dollar Securities and the Sterling Securities.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations of the Commission promulgated thereunder.

"Securities Purchase Agreement" means (a) the Purchase Agreement dated April 1, 2004, among the Issuer, the Guarantors and the Initial Purchasers and (b) any other similar purchase agreement relating to the Additional Securities.

"Securitization Assets" means any accounts receivable or catalog, royalty or other revenue streams from Product subject to a Qualified Securitization Financing.

"Securitization Fees" means reasonable distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Securitization Subsidiary in connection with, any Qualified Securitization Financing.

"Securitization Financing" means any transaction or series of transactions that may be entered into by Holdco or any of its Subsidiaries pursuant to which Holdco or any of its Subsidiaries may sell, convey or otherwise transfer to (a) a Securitization Subsidiary (in the case of a transfer by Holdco or any of its Subsidiaries) and (b) any other Person (in the case of a transfer by a Securitization Subsidiary), or may grant a security interest in, any Securitization Assets (whether now existing or arising in the future) of Holdco or any of its Subsidiaries, and any assets related thereto including, without limitation, all collateral securing such Securitization Assets, all contracts and all guarantees or other obligations in respect of such Securitization Assets, proceeds of such Securitization Assets and other assets which are customarily transferred or in respect of which security interests are customarily granted in

connection with asset securitization transactions involving Securitization Assets and any Hedging Obligations entered into by Holdco or any such Subsidiary in connection with such Securitization Assets.

"Securitization Repurchase Obligation" means any obligation of a seller of Securitization Assets in a Qualified Securitization Financing to repurchase Securitization Assets arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense,

dispute, offset or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"Securitization Subsidiary" means a Wholly Owned Subsidiary of Holdco (or another Person formed for the purposes of engaging in a Qualified Securitization Financing in which Holdco or any Subsidiary of Holdco makes an Investment and to which Holdco or any Subsidiary of Holdco transfers Securitization Assets and related assets) which engages in no activities other than in connection with the financing of Securitization Assets of Holdco or its Subsidiaries, all proceeds thereof and all rights (contractual and other), collateral and other assets relating thereto, and any business or activities incidental or related to such business, and which is designated by the Board of Directors of Holdco or such other Person (as provided below) as a Securitization Subsidiary and (a) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (i) is guaranteed by Holdco or any other Subsidiary of Holdco (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings), (ii) is recourse to or obligates Holdco or any other Subsidiary of Holdco in any way other than pursuant to Standard Securitization Undertakings or (iii) subjects any property or asset of Holdco or any other Subsidiary of Holdco, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings, (b) with which neither Holdco nor any other Subsidiary of Holdco has any material contract, agreement, arrangement or understanding other than on terms which Holdco reasonably believes to be no less favorable to Holdco or such Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of Holdco and (c) to which neither Holdco nor any other Subsidiary of Holdco has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results. Any such designation by the Board of Directors of Holdco or such other Person shall be evidenced to the Trustee by filing with the Trustee a certified copy of the resolution of the Board of Directors of Holdco or such other Person giving effect to such designation and an Officer's certificate certifying that such designation complied with the foregoing conditions.

"Senior Debt" means the principal of, premium, if any, and interest (including any interest accruing subsequent to the filing of a petition of bankruptcy at the rate provided for in the documentation with respect thereto, whether or not such interest is an allowed or allowable claim under applicable law) on any Indebtedness and any Securitization Repurchase Obligation of the Issuer, whether outstanding on the Issue Date or thereafter created, incurred or assumed, unless, in the case of any particular obligation, the instrument creating or evidencing the same or pursuant to which the same is outstanding expressly provides that such obligation shall not be senior in right of payment to the Securities. Without limiting the generality of the foregoing, "Senior Debt" shall also include the principal of, premium, if any, interest (including any interest accruing subsequent to the filing of a petition of bankruptcy at the rate provided for in the documentation with respect thereto, whether or not such interest is

an allowed or allowable claim under applicable law) on, and all other amounts owing in respect of (including guarantees of the foregoing obligations):

(1) all monetary obligations of every nature of the Issuer under, or with respect to, the Credit Agreement, including, without limitation, obligations to pay principal, premium and interest, reimbursement obligations under letters of credit, fees, expenses and indemnities (and guarantees thereof); and

(2) all Hedging Obligations (and guarantees thereof), in each case whether outstanding on the Issue Date or thereafter incurred.

Notwithstanding the foregoing, "Senior Debt" shall not include:

(1) any Indebtedness of the Issuer to a Subsidiary of the Issuer (other than any Securitization Repurchase Obligation);

(2) Indebtedness to, or guaranteed on behalf of, any shareholder, director, officer or employee of the Issuer or any Subsidiary of the Issuer (including, without limitation, amounts owed for compensation) other than the guarantee of Holdco of Indebtedness under the Credit Agreement;

(3) Indebtedness to trade creditors and other amounts incurred in connection with obtaining goods, materials or services (including guarantees thereof or instruments evidencing such liabilities);

(4) Indebtedness represented by Capital Stock;

(5) any liability for federal, state, local or other taxes owed or owing by the Issuer;

(6) that portion of any Indebtedness incurred in violation of Section 4.10;

(7) Indebtedness which, when incurred and without respect to any election under Section 1111(b) of Title 11, United States Code, is without recourse to the Issuer; and

(8) any Indebtedness which is, by its express terms, subordinated in right of payment to any other Indebtedness of the Issuer.

"Significant Subsidiary" means any Restricted Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the date hereof.

"Specified Financings" means the financings included in the Transactions and this offering of the Securities.

"Sponsors" means Thomas H. Lee Partners, L.P. (together with any limited partner thereof, whether or not such investment in the Issuer is made through the same entity), Bain Capital Partners, LLC, Providence Equity Partners and Music Capital Partners, L.P.

"Standard Securitization Undertakings" means representations, warranties, covenants and indemnities entered into by Holdco or any Subsidiary of Holdco which Holdco has determined in good faith to be customary in a Securitization Financing, including, without limitation, those relating to the servicing of the assets of a Securitization Subsidiary, it being understood that any Securitization Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking.

"Stated Maturity" means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the original documentation governing such Indebtedness, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"Sterling Exchange Securities" means any Sterling Securities issued in exchange for Initial Sterling Securities or Sterling Securities without a legend.

"Sterling Securities" means the Sterling-denominated 8 1/8% Senior Subordinated Notes due 2014 issued by the Issuer, including, without limitation, the Sterling Exchange Securities and the Additional Sterling Securities, treated as a single class of securities, as amended from time to time in accordance with the terms hereof, that are issued pursuant to this Indenture.

"Stockholders Agreement" means the Stockholders Agreement by and among the Issuer, the Sponsors and/or their Affiliates and the other stockholders party thereto in effect on the Issue Date.

"Subordinated Indebtedness" means (a) with respect to the Issuer, any Indebtedness of the Issuer that is by its terms subordinated in right of payment to the Securities and (b) with respect to any Guarantor of the Securities, any Indebtedness of such Guarantor that is by its terms subordinated in right of payment to its Guarantee of the Securities.

"Subsidiary" means, with respect to any specified Person:

(1) any corporation, association or other business entity, of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or

trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(2) any partnership, joint venture, limited liability company or similar entity of which (x) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership or otherwise and (y) such Person or any Wholly Owned Restricted Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"Tax" means any tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and any other liabilities related thereto).

"Taxing Authority" means any government or political subdivision or territory or possession of any government or any authority or agency therein or thereof having power to tax.

"TIA" means the Trust Indenture Act of 1939 (15 U.S.C. §§ 77aaa-77bbbb), as amended, as in effect on the date of the execution of this Indenture until such time as this Indenture is qualified under the TIA, and thereafter as in effect on the date on which this Indenture is qualified under the TIA, except as otherwise provided in Section 9.04.

"Transactions" means the transactions contemplated by (i) the Purchase Agreement, (ii) the Credit Agreement and (iii) the offering of the Securities.

"Trustee" means the party named as such in this Indenture until a successor replaces it in accordance with the provisions of this Indenture and thereafter means such successor.

"U.K. Government Securities" means securities that are:

(1) direct obligations of the United Kingdom or issued by any agency or instrumentality thereof for the timely payment of which its full faith and credit is pledged, or

(2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United Kingdom, the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United Kingdom,

which, in each case, are not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act) as custodian with respect to any such U.K. Government Securities or a specific payment of principal of or interest on any such U.K. Government Securities held by such custodian for the account of the holder of such depository receipt; provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.K. Government Securities or the specific payment of principal or interest on the U.K. Government Securities evidenced by such depository receipt.

"U.K. Legal Tender" means such coin or currency of the United Kingdom as at the time of payment shall be legal tender for the payment of public and private debts.

"Unrestricted Securities" means one or more Dollar Securities that do not and are not required to bear the legends in the form set forth in Exhibit C-1 or Sterling Securities that do not and are not required to bear the legends in the form set forth in Exhibit C-2, including, without limitation, the Exchange Securities.

"Unrestricted Subsidiary" means (i) any Subsidiary of the Issuer that at the time of determination is an Unrestricted Subsidiary (as designated by the Board of Directors of the Issuer, as provided below) and (ii) any Subsidiary of an Unrestricted Subsidiary. The Board of Directors of the Issuer may designate any Subsidiary of the Issuer (including any existing Subsidiary and any newly acquired or newly formed Subsidiary) to be an Unrestricted Subsidiary unless such Subsidiary or any of its Subsidiaries owns any Equity Interests or Indebtedness of, or owns or holds any Lien on, any property of, the Issuer or any Subsidiary of the Issuer (other than any Subsidiary of the Subsidiary to be so designated), *provided* that (a) any Unrestricted Subsidiary must be an entity of which shares of the Capital Stock or other equity interests (including partnership interests) entitled to cast at least a majority of the votes that may be cast by all shares or equity interests having ordinary voting power for the election of directors or other governing body are owned, directly or indirectly, by the Issuer, (b) such designation complies with Section 4.11 and (c) each of (I) the Subsidiary to be so designated and (II) its Subsidiaries has not at the time of designation, and does not thereafter, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable with respect to any Indebtedness pursuant to which the lender has recourse to any of the assets of the Issuer or any Restricted Subsidiary. The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that, immediately after giving effect to such designation, no Default or Event of Default shall have occurred and (1) the Issuer could incur $1.00 of additional Indebtedness pursuant to the Coverage Ratio Exception described under Section 4.10(a), or (2) the Fixed Charge Coverage Ratio for the Issuer and its Restricted Subsidiaries would be greater than such ratio for the Issuer and its Restricted Subsidiaries immediately prior to such designation, in each case on a *pro forma* basis taking into account such designation. Any such designation by the Board of Directors shall be notified

by the Issuer to the Trustee by promptly filing with the Trustee a copy of the Board Resolution giving effect to such designation and an Officers' Certificate certifying that such designation complied with the foregoing provisions.

"U.S. Dollar Equivalent" means, with respect to any monetary amount in a currency other than U.S. Dollars, at any time for the determination thereof, the amount of U.S. Dollars obtained by converting such foreign currency involving in such computation into U.S. Dollars at the spot rate for the purchase of U.S. Dollars with the applicable foreign currency as quoted by Reuters at approximately 10:00 A.M., New York City time, on such date of determination (or if no such quote is available on such date, on the immediately preceding Business Day for which such a quote is available).

"U.S. Government Securities" means securities that are

(a) direct obligations of the United States of America for the timely payment of which its full faith and credit is pledged or

(b) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America,

which, in either case, are not callable or redeemable at the option of the issuers thereof, and shall also include a depository receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act), as custodian with respect to any such Government Securities or a specific payment of principal of or interest on any such Government Securities held by such custodian for the account of the holder of such depository receipt; *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the Government Securities or the specific payment of principal of or interest on the Government Securities evidenced by such depository receipt.

"U.S. Legal Tender" means such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

"Voting Stock" of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

"Weighted Average Life to Maturity" means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payment of principal, including payment at final maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal amount of such Indebtedness.

"Wholly Owned Restricted Subsidiary" is any Wholly Owned Subsidiary that is a Restricted Subsidiary.

"Wholly Owned Subsidiary" of any Person means a Subsidiary of such Person, 100% of the outstanding Capital Stock or other ownership interests of which (other than directors' qualifying shares) shall at the time be owned by such Person or by one or more Wholly Owned Subsidiaries of such Person or by such Person and one or more Wholly Owned Subsidiaries of such Person.

SECTION 1.02. Other Definitions.

Term	Defined in Section
"Additional Dollar Securities"	2.01
"Additional Securities"	2.01
"Additional Sterling Securities"	2.01
"Affiliate Transaction"	4.14
"Agent Members"	2.16
"Alternate Offer"	4.09
"Asset Sale Offer"	4.13
"Asset Sale Offer Amount"	4.13
"Asset Sale Payment"	4.13
"Asset Sale Payment Date"	4.13
"Base Currency"	12.14
"Change of Control Offer"	4.09
"Change of Control Payment"	4.09
"Change of Control Payment Date"	4.09
"Covenant Defeasance"	8.02

Term	Defined in Section
"Coverage Ratio Exception"	4.10
"Event of Default"	6.01
"Excess Proceeds"	4.13
"Guarantee Obligations"	11.01
"incur"	4.10
"Judgment Currency"	12.14
"Legal Defeasance"	8.02
"Luxembourg Paying Agent"	2.04
"Non-Payment Default"	10.02
"Other Securities"	2.02
"Paying Agent"	2.04
"Payment Blockage Notice"	10.02
"Payment Blockage Period"	10.02
"Payment Default"	10.02
"Permitted Debt"	4.10
"Physical Securities"	2.02

"Refunding Capital Stock"	4.11
"Registrar"	2.04
"Regulation S Dollar Securities"	2.02
"Regulation S Global Dollar Security"	2.16
"Regulation S Global Security"	2.16
"Regulation S Global Sterling Security"	2.16
"Regulation S Sterling Securities"	2.02
"Restricted Global Securities"	2.16
"Restricted Period"	2.16
"Retired Capital Stock"	4.11
"Rule 144A Dollar Securities"	2.02
"Rule 144A Global Dollar Securities"	2.02

Term	Defined in Section
"Rule 144A Global Sterling Securities"	2.02
"Rule 144A Sterling Securities"	2.02
"Sterling Paying Agent"	2.04

SECTION 1.03. Incorporation by Reference of TIA.

Whenever this Indenture refers to a provision of the TIA, such provision is incorporated by reference in, and made a part of, this Indenture. The following TIA terms used in this Indenture have the following meanings:

"indenture securities" means the Securities.

"indenture security holder" means a Holder or a Securityholder.

"indenture to be qualified" means this Indenture.

"indenture trustee" or **"institutional trustee"** means the Trustee.

"obligor" on the indenture securities means the Issuer or any other obligor on the Securities.

All other TIA terms used in this Indenture that are defined by the TIA, defined by the TIA reference to another statute or defined by Commission rule and not otherwise defined herein have the meanings assigned to them therein.

SECTION 1.04. Rules of Construction.

Unless the context otherwise requires:

(1) a term has the meaning assigned to it herein, whether defined expressly or by reference;

(2) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(3) "or" is not exclusive;

(4) words in the singular include the plural, and words in the plural include the singular;

(5) words used herein implying any gender shall apply to both genders;

(6) provisions apply to successive events and transactions;

(7) "herein," "hereof" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision;

(8) the words "including," "includes" and similar words shall be deemed to be followed by "without limitation";

(9) the principal amount of any non-interest bearing or other discount security at any date shall be the principal amount thereof that would be shown on a balance sheet of the issuer dated such date prepared in accordance with GAAP;

(10) the principal amount of any Preferred Stock shall be (i) the maximum liquidation value of such Preferred Stock or (ii) the maximum mandatory redemption or mandatory repurchase price with respect to such Preferred Stock, whichever is greater;

(11) unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared in accordance with GAAP;

(12) "$" and "U.S. Dollars" each refer to United States dollars, or such other money of the United States of America that at the time of payment is legal tender for payment of public and private debts;

(13) "£" and "pounds sterling" each refer to the lawful currency of the United Kingdom that at the time of payment is legal tender for payment of public and private debts; and

(14) whenever in this Indenture there is mentioned, in any context, principal, interest or any other amount payable under or with respect to any Securities, such mention shall be deemed to include mention of the payment of Additional Interest, to the extent that, in such context, Additional Interest is, was or would be payable in respect thereof.

ARTICLE TWO

THE SECURITIES

SECTION 2.01. Amount of Securities.

The Trustee shall initially authenticate Securities for original issue on the Issue Date in an aggregate principal amount of $465,000,000 of Dollar Securities (the "**Initial Dollar Securities**") and an aggregate principal amount of £100,000,000 of Sterling Securities (the "**Initial Sterling Securities**" and, together with the Initial Dollar Securities, the "**Initial Securities**") upon a written order of the Issuer in the form of an Officers' Certificate of the Issuer (other than as provided in Section 2.08). The Trustee shall authenticate Dollar Securities (the "**Additional Dollar Securities**") and Sterling Securities (the "**Additional Sterling Securities**") thereafter in unlimited amount (so long as permitted by the terms of this Indenture, including, without limitation, Section 4.10) (any such Securities, the "**Additional Securities**") for original issue upon a written order of the Issuer in the form of an Officers' Certificate in aggregate principal amount as specified in such order (other than as provided in Section 2.08). Each such written order shall specify the principal amount of Additional Dollar Securities and/or Additional Sterling Securities to be authenticated and the date on which the Additional Dollar Securities and/or Additional Sterling Securities are to be authenticated.

SECTION 2.02. Form and Dating.

The Dollar Securities and the Trustee's certificate of authentication shall be substantially in the form of Exhibit A hereto and the Sterling Securities and the Trustee's certificate of authentication shall be substantially in the form of Exhibit B hereto, both of which are incorporated in and form a part of this Indenture. The Securities may have notations, legends or endorsements required by law, rule or usage to which the Issuer is subject. Without limiting the generality of the foregoing, Securities offered and sold to Qualified Institutional Buyers in reliance on Rule 144A ("**Rule 144A Securities**") shall bear the legend and include the form of assignment set forth in Exhibit C-1 in the case of Dollar Securities and Exhibit C-2 in the case of Sterling Securities, Securities offered and sold in offshore transactions in reliance on Regulation S ("**Regulation S Securities**") shall bear the legend and include the form of assignment set forth in Exhibit D, and Securities offered and sold to Institutional Accredited Investors in transactions exempt from registration under the Securities Act not made in reliance on Rule 144A or Regulation S ("**Other Securities**") may be represented by a Restricted Global Security or, if such an investor may not hold an interest in the Restricted Global Security, a Physical Security, in each case, bearing the Private Placement Legend. The Issuer shall approve the form of the Securities and any notation, legend or endorsement on them. Each Security shall be dated the date of its issuance and show the date of its authentication.

The terms and provisions contained in the Securities shall constitute, and are hereby expressly made, a part of this Indenture and, to the extent applicable, the Issuer and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and agree to be bound thereby.

The Securities may be presented for registration of transfer and exchange at the offices of the Registrar.

Securities issued in exchange for interests in a Global Security pursuant to Section 2.16 may be issued in the form of permanent certificated Securities in registered form in substantially the form set forth in Exhibit A in the case of Dollar Securities and Exhibit B in the case of Sterling Securities (the "**Physical Securities**").

SECTION 2.03. Execution and Authentication.

One Officer, who shall have been duly authorized by all requisite corporate actions, shall sign the Securities for the Issuer by manual or facsimile signature.

If the Officer whose signature is on a Security was an Officer at the time of such execution but no longer holds that office at the time the Trustee authenticates the Security, the Security shall be valid nevertheless.

No Security shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Security a certificate of authentication substantially in the form provided for herein executed by the Trustee by manual signature, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder. Notwithstanding the foregoing, if any Security shall have been authenticated and delivered hereunder but never issued and sold by the Issuer, and the Issuer shall deliver such Security to the Trustee for cancellation as provided in Section 2.12, for all purposes of this Indenture such Security shall be deemed never to have been authenticated and delivered hereunder and shall never be entitled to the benefits of this Indenture.

The Trustee may appoint one or more authenticating agents with the consent of the Issuers to authenticate the Securities. Unless otherwise provided in the appointment, an authenticating agent may authenticate the Securities whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with the Issuer and Affiliates of the Issuers. Each Paying Agent is designated as an authenticating agent for purposes of this Indenture.

The Securities shall be issuable only in registered form without coupons in denominations of $5,000 and any integral multiples of $1,000, in the case of Dollar Securities, and £5,000 and any integral multiples of £1,000, in the case of Sterling Securities.

SECTION 2.04. Registrar and Paying Agent.

The Issuer shall maintain (a) an officer or agency where Securities may be presented for registration of transfer or for exchange (the "**Registrar**"), (b) an office or agency in the Borough of Manhattan, The City of New York, the State of New York, where Dollar Securities may be presented for payment (the "**Dollar Paying Agent**") (c) an office or agency in the Borough of Manhattan, The City of New York, the State of New York, and London, England where Sterling Securities may be presented for payment (the "**Sterling Paying Agent**"), (d) so long as the Sterling Securities are listed on the Luxembourg Stock Exchange, an office or agency in Luxembourg where Sterling Securities may be presented for payment (the "**Luxembourg Paying Agent**") and (e) an office or agency where notices and demands to or upon the Issuer, if any, in respect of the Securities and this Indenture may be served. The Registrar shall keep a register of the Securities and of their transfer and exchange. The Registrar shall provide a copy of such register. The Issuer may have on or more co-registrars and one or more additional Paying Agents. The term "**Registrar**" includes any co-registrars. The Issuer shall maintain a co-registrar in London, England and, so long as the Sterling Securities are listed on the Luxembourg Stock Exchange and if required by the rules of the Luxembourg Stock Exchange, in Luxembourg where Sterling Securities may be presented for registration of transfer or for exchange. The term "**Paying Agents**" means the Dollar Paying Agent, the Sterling Paying Agent, the Luxembourg Paying Agent (if any) and any additional Paying Agents. The Issuer or any Affiliate thereof may act as Registrar or Paying Agent.

The Issuer shall enter into an appropriate agency agreement, which shall incorporate the provisions of the TIA, with any Agent that is not a party to this Indenture; *provided* that any such agency agreement with the Luxembourg Paying Agent need not incorporate the provisions of the TIA. The agreement shall implement the provisions of this Indenture that relate to such Agent. The Issuer shall notify the Trustee of the name and address of any such Agent. If the Issuer fails to maintain a Registrar or any required co-registrar or Paying Agent, or fails to give the foregoing notice, the Trustee shall act as such and shall be entitled to appropriate compensation in accordance with Section 7.07.

The Issuer initially appoints the Trustee as Registrar, Dollar Paying Agent and Agent for service of notices and demands in connection with the Securities and this Indenture. The Issuer initially appoints HSBC Bank plc, as a co-registrar and as Sterling Paying Agent.

If the European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 is implemented, the Issuer will use its best efforts to maintain a paying agent in a member state of the European Union that will not be obliged to withhold or deduct tax pursuant to any European

Union Directive on the taxation of savings implementing such conclusions or any law implementing or complying with, or introduced to conform to, such directive.

The Issuer may change the paying agents, the registrars or the transfer agents without prior notice to the Holders. If, and for so long as, the Sterling Securities are listed on the Luxembourg Stock Exchange and its rules so require, the Issuer will publish a notice of any change of paying agent, registrar or transfer agent in a newspaper having a general circulation in Luxembourg. The Issuer or any of its Subsidiaries may act as a paying agent or registrar.

The Issuer may also from time to time designate one or more other offices or agencies where the Securities may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; *provided, however,* that no such designation or rescission shall in any manner relieve the Issuer of its obligation to maintain an office or agency in the Borough of Manhattan, The City of New York and London, England for such purposes. The Registrar shall keep a register of the Securities and of their transfer and exchange. The Issuer, upon notice to the Trustee, may have one or more co-Registrars and one or more additional paying agents reasonably acceptable to the Trustee. The term "Paying Agent" includes any additional paying agent.

SECTION 2.05. Paying Agent To Hold Assets in Trust.

Each Paying Agent shall hold in trust for the benefit of the Holders or the Trustee all money held by the Paying Agent for the payment of principal of or premium or interest on the Securities (whether such money has been paid to it by the Issuer, one or more of the Guarantors or any other obligor on the Securities), and the Issuer and each Paying Agent shall notify the Trustee of any Default by the Issuer (or any other obligor on the Securities) in making any such payment. Money held in trust by a Paying Agent need not be segregated except as required by law and in no event shall a Paying Agent be liable for any interest on any money received by it hereunder. The Issuer at any time may require a Paying Agent to pay all money held by it to the Trustee and account for any funds disbursed and the Trustee may at any time during the continuance of any Event of Default specified in Section 6.01(1) or (2), upon written request to a Paying Agent, require such Paying Agent to pay forthwith all money so held by it to the Trustee and to account for any funds disbursed. Upon making such payment, such Paying Agent shall have no further liability for the money delivered to the Trustee

SECTION 2.06. Holder Lists.

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Holders. If the Trustee is not the Registrar, the Issuer shall furnish to the Trustee at least two (2) Business Days prior to each Interest Payment Date and at such other times as the Trustee may request in writing a list in

such form and as of such date as the Trustee may reasonably require of the names and addresses of Holders, which list may be conclusively relied upon by the Trustee.

SECTION 2.07. Transfer and Exchange.

Subject to Sections 2.16 and 2.17, when Securities are presented to the Registrar or a co-Registrar with a request to register the transfer of such Securities or to exchange such Securities for an equal principal amount of Securities of other authorized denominations, the Registrar or co-Registrar shall promptly register the transfer or make the exchange as requested if its requirements for such transaction are met; *provided*, *however*, that the Securities surrendered for transfer or exchange shall be duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Registrar or co-Registrar, duly executed by the Holder thereof or his or her attorney duly authorized in writing. To permit registrations of transfers and exchanges, the Issuer shall execute and the Trustee shall authenticate Securities at the Registrar's or co-Registrar's request. No service charge shall be made for any registration of transfer or exchange, but the Issuer may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith.

The Registrar or co-Registrar shall not be required to register the transfer of or exchange of any Security (i) during a period beginning at the opening of business 15 days before the mailing of a notice of redemption of Securities and ending at the close of business on the day of such mailing, (ii) selected for redemption in whole or in part pursuant to Article Three, except the unredeemed portion of any Security being redeemed in part, and (iii) during a Change of Control Offer, an Alternate Offer or an Asset Sale Offer if such Security is tendered pursuant to such Change of Control Offer, Alternate Offer or Asset Sale Offer and not withdrawn.

Any Holder of a beneficial interest in a Global Security shall, by acceptance of such beneficial interest, agree that transfers of beneficial interests in such Global Securities may be effected only through a book-entry system maintained by the Holder of such Global Security (or its agent), and that ownership of a beneficial interest in the Security shall be required to be reflected in a book-entry system.

SECTION 2.08. Replacement Securities.

If a mutilated Security is surrendered to the Registrar or the Trustee, or if the Holder of a Security claims that the Security has been lost, destroyed or wrongfully taken, the Issuer shall issue and the Trustee shall authenticate a replacement Security (and the Guarantors, if any, shall execute the guarantee thereon) if the Holder of such Security furnishes to the Issuer and the Trustee evidence reasonably acceptable to them of the ownership and the destruction, loss or theft of such Security and if the requirements of Section 8-405 of the New York Uniform Commercial Code as in effect on the date of this Indenture are met. If required

by the Trustee or the Issuer, an indemnity bond shall be posted, sufficient in the judgment of all to protect the Issuer, the Guarantors, if any, the Trustee or any Paying Agent from any loss that any of them may suffer if such Security is replaced. The Issuer may charge such Holder for the Issuer's reasonable out-of-pocket expenses in replacing such Security and the Trustee may charge the Issuer for the Trustee's expenses (including, without limitation, attorneys' fees and disbursements) in replacing such Security. Every replacement Security shall constitute a contractual obligation of the Issuer.

SECTION 2.09. Outstanding Securities.

The Securities outstanding at any time are all the Securities that have been authenticated by the Trustee except (a) those canceled by it, (b) those delivered to it for cancellation, (c) to the extent set forth in Sections 9.01 and 9.02, on or after the date on the conditions set forth in Section 9.01 or 9.02 have been satisfied and (d) these Securities theretofore authenticated by the Trustee hereunder and those described in this Section as not outstanding. A Security does not cease to be outstanding because the Issuer or any of its Affiliates holds the Security (subject to the provisions of Section 2.10).

If a Security is replaced pursuant to Section 2.08 (other than a mutilated Security surrendered for replacement), it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Security is held by a *bona fide* purchaser in whose hands such Security is a legal, valid and binding obligation of the Issuer. A mutilated Security ceases to be outstanding upon surrender of such Security and replacement thereof pursuant to Section 2.08.

If the principal amount of any Security is considered paid under Section 4.01, it ceases to be outstanding and interest ceases to accrue. If on a Redemption Date or the Maturity Date the Trustee or Paying Agent (other than the Issuer or an Affiliate thereof) holds U.S. Legal Tender or U.S. Government Securities sufficient to pay all of the principal and interest due on the Dollar Securities payable on that date, or U.K. Legal Tender or U.K. Government Securities sufficient to pay all of the principal and interest due on the Sterling Securities payable on that date, then on and after that date such Dollar Securities and/or Sterling Securities cease to be outstanding and interest on them ceases to accrue.

SECTION 2.10. Treasury Securities.

In determining whether the Holders of the required principal amount of Securities have concurred in any direction, waiver or consent, Securities owned by the Issuer or any of its Affiliates shall be disregarded, except that, for the purposes of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Securities that a Responsible Officer of the Trustee actually knows are so owned shall be disregarded.

SECTION 2.11. Temporary Securities.

Until definitive Securities are ready for delivery, the Issuer may prepare and the Trustee shall authenticate temporary Securities. Temporary Securities shall be substantially in the form of definitive Securities but may have variations that the Issuer considers appropriate for temporary Securities. Without unreasonable delay, the Issuer shall prepare and the Trustee shall authenticate definitive Securities in exchange for temporary Securities. Until such exchange, temporary Securities shall be entitled to the same rights, benefits and privileges as definitive Securities. Notwithstanding the foregoing, so long as the Securities are represented by a Global Security, such Global Security may be in typewritten form.

SECTION 2.12. Cancellation.

The Issuer at any time may deliver Securities to the Trustee for cancellation. The Registrar and the Paying Agent shall forward to the Trustee any Securities surrendered to them for transfer, exchange or payment. The Trustee or, at the direction of the Trustee, the Registrar or the Paying Agent (other than the Issuer or a Subsidiary), and no one else, shall cancel and, at the written direction of the Issuer, shall dispose of all Securities surrendered for transfer, exchange, payment or cancellation in accordance with its customary procedures. Subject to Section 2.08, the Issuer may not issue new Securities to replace Securities that it has paid or delivered to the Trustee for cancellation. If the Issuer or any Guarantor shall acquire any of the Securities, such acquisition shall not operate as a redemption or satisfaction of the Indebtedness represented by such Securities unless and until the same are surrendered to the Trustee for cancellation pursuant to this Section 2.12.

SECTION 2.13. Defaulted Interest.

If the Issuer defaults in a payment of interest on the Dollar Securities or the Sterling Securities, it shall, unless the Trustee fixes another record date pursuant to Section 6.10, pay the defaulted interest then borne by the Dollar Securities or Sterling Securities, as the case may be, plus (to the extent lawful) any interest payable on the defaulted interest, in accordance with the terms hereof. The Issuer may pay the defaulted interest to the persons who are Holders on a subsequent special record date, which special record date shall be the fifteenth day next preceding the date fixed by the Issuer for the payment of defaulted interest or the next succeeding Business Day if such date is not a Business Day. At least 15 days before any such subsequent special record date, the Issuer shall mail to each Holder, with a copy to the Trustee, a notice that states the subsequent special record date, the payment date and the amount of defaulted interest, and interest payable on such defaulted interest, if any, to be paid. The Issuer may make payment of any defaulted interest in any other lawful manner not inconsistent with the requirements (if applicable) of any securities exchange on which the Dollar Securities or the Sterling Securities may be listed and, upon such notice as may be required by such exchange, if, after written notice given by the Issuer to the Trustee of the proposed payment

pursuant to this sentence, such manner of payment shall be deemed practicable by the Trustee.

SECTION 2.14. CUSIP, ISIN and “Common Code” Numbers.

The Issuer in issuing the Securities may use CUSIP numbers, ISINs and “Common Code” numbers (if then generally in use) and, if so, the Trustee shall use, as applicable, CUSIP numbers, ISINs and “Common Code” numbers in notices of redemption as a convenience to Holders; *provided*, *however*, that any such notice may state that no representation is made as to the correctness or accuracy of such numbers, either as printed on the Securities or as contained in any notice of a redemption, that reliance may be placed only on the other identification number(s) printed on the Securities. The Issuer shall advise the Trustee of any change in the CUSIP numbers, ISINs and “Common Code” numbers.

SECTION 2.15. Deposit of Moneys.

Prior to 10:00 a.m. New York City time, in the case of the Dollar Securities, and 10:00 a.m. London time, in the case of the Sterling Securities, on each Interest Payment Date, Maturity Date, Redemption Date, Change of Control Payment Date and Asset Sale Offer Payment Date, the Issuer shall have deposited with the Paying Agent in immediately available funds U.S. Legal Tender, in the case of the Dollar Securities, or U.K. Legal Tender, in the case of the Sterling Securities, sufficient to make cash payments, if any, due on such Interest Payment Date, Maturity Date, Redemption Date, Change of Control Payment Date and Asset Sale Offer Payment Date, as the case may be, in a timely manner which permits the Paying Agent to remit payment to the Holders on such Interest Payment Date, Maturity Date, Redemption Date, Change of Control Payment Date and Asset Sale Offer Payment Date, as the case may be. The principal and interest on Global Securities shall be payable to the Depository or the Common Depositary, as applicable or its nominee, as the case may be, as the sole registered owner and the sole Holder of the Global Securities represented thereby. The principal and interest on Physical Securities shall be payable, either in person or by mail, at the office of the applicable Paying Agent.

SECTION 2.16. Book-Entry Provisions for Global Securities.

(a) Rule 144A Securities that are Dollar Securities (“Rule 144A Dollar Securities”) initially shall be represented by one or more Securities in registered, global form without interest coupons (collectively, the “Rule 144A Global Dollar Securities”). Rule 144A Securities that are Sterling Securities (“Rule 144A Sterling Security”) initially shall be represented by one or more Securities in registered, global form without interest coupons (collectively, the “Rule 144A Global Sterling Security” and, together with the Rule 144A Global Dollar Security, the “Rule I44A Global Securities”). Regulation S Securities that are Dollar Securities (“Regulation S Dollar Securities”) initially shall be represented by one or more Securities in registered, global form without interest coupons (collectively, the “Regulation S

Global Dollar Security”). Regulation S Securities that are Sterling Securities (“Regulation S Sterling Securities”) initially shall be represented by one or more Securities in registered, global form without interest coupons (collectively, the “Regulation S Global Sterling Security” and, together with the Regulation S

Global Dollar Security, the "Regulation S Global Securities"). The term "Global Dollar Securities" means the Rule 144A Global Dollar Security and the Regulation S Global Dollar Security. The term "Global Sterling Securities" means, collectively, the Rule 144A Global Sterling Security and the Regulation S Sterling Security. The term "Global Securities" means, collectively, the Rule 144A Global Securities and the Regulation S Global Securities. The Global Securities shall bear legends as set forth in Exhibit E-1 in the case of Global Dollar Securities and Exhibit E-2 in the case of Global Sterling Securities. The Global Securities initially shall (i) be registered in the name of the Depositary or the Common Depositary, in the case of the Sterling Securities or the nominee of such Depositary or the Common Depositary, in the case of the Sterling Securities, in each case for credit to an account of an Agent Member, (ii) be delivered to the Trustee as custodian for such Depositary or the Common Depositary, in the case of the Sterling Securities and (iii) bear legends as set forth in Exhibit C-1 with respect to Restricted Global Dollar Securities, Exhibit C-2 with respect to Global Sterling Securities and Exhibit D with respect to Regulation S Global Securities.

Members of, or direct or indirect participants in, the Depositary or the Common Depositary, in the case of the Sterling Securities ("**Agent Members**") shall have no rights under this Indenture with respect to any Global Security held on their behalf by the Depositary or the Common Depositary, in the case of the Sterling Securities, or the Trustee as its custodian, or under the Global Securities, and the Depositary or the Common Depositary, in the case of the Sterling Securities, may be treated by the Issuer, the Trustee and any agent of the Issuer or the Trustee as the absolute owner of the Global Security for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Issuer, the Trustee or any agent of the Issuer or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depositary or the Common Depositary, in the case of the Sterling Securities or impair, as between the Depositary or the Common Depositary, in the case of the Sterling Securities and its Agent Members, the operation of customary practices governing the exercise of the rights of a Holder of any Security.

(b) Transfers of Global Dollar Securities shall be limited to transfer in whole, but not in part, to the Depositary, its successors or their respective nominees. Transfers of Global Sterling Securities shall be limited to transfer in whole, but not in part, to the Common Depositary, its successors or their respective nominees. Interests of beneficial owners in the Global Securities may be transferred or exchanged for Physical Securities in accordance with the rules and procedures of the Depositary or the Common Depositary, as the case may be, and the provisions of Section 2.17. In addition, a Global Security shall be exchangeable for Physical Securities if (i) in the case of a Global Dollar Security, the Depositary (x) notifies the Issuer that it is unwilling or unable to continue as depository for such Global Security

and the Issuer thereupon fail to appoint a successor depository or (y) has ceased to be a clearing agency registered under the Exchange Act, (ii) in the case of a Global Sterling Security, (x) Euroclear or Clearstream notifies the Company that it is unwilling or unable to continue as clearing agency or (y) the Common Depository notifies the Company that it is unwilling or unable to continue as common depository for such Global Sterling Note and the Company fails to appoint a successor common depository within 120 days of such notice, (iii) the Issuer, at its option, notifies the Trustee in writing that it elects to cause the issuance of such Physical Securities or (iv) in the case of any GIobal Note, there shall have occurred and be continuing an Event of Default with respect to such Global Note. In all cases, Physical Securities delivered in exchange for any Global Security or beneficial interests therein shall be registered in the names, and issued in any approved denominations, requested by or on behalf of the Depositary or the Common Depositary, as applicable, in accordance with its customary procedures.

(c) In connection with any transfer or exchange of a portion of the beneficial interest in any Global Security to beneficial owners pursuant to paragraph (b), the Registrar shall (if one or more Physical Securities are to be issued) reflect on its books and records the date and a decrease in the principal amount of the Global Security in an amount equal to the principal amount of the beneficial interest in the Global Security to be transferred, and the Issuer shall execute, and the Trustee shall upon receipt of a written order from the Issuer authenticate and make available for delivery, one or more Physical Securities of like tenor and amount.

(d) In connection with the transfer of Global Securities as an entirety to beneficial owners pursuant to paragraph (b), the Global Securities shall be deemed to be surrendered to the Trustee for cancellation, and the Issuer shall execute, and the Trustee shall authenticate and deliver, to each beneficial owner identified by the Depositary or the Common Depositary, in the case of the Sterling Securities in writing in exchange for its beneficial interest in the Global Securities, an equal aggregate principal amount of Physical Securities of authorized denominations.

(e) Any Physical Security constituting a Restricted Security delivered in exchange for an interest in a Global Security pursuant to paragraph (b), (c) or (d) shall, except as otherwise provided by paragraphs (a)(i)(x) and (c) of Section 2.17, bear the Private Placement Legend or, in the case of the Regulation S Global Security, the legend set forth in Exhibit D, in each case, unless the Issuers determine otherwise in compliance with applicable law.

(f) On or prior to the 40th day after the later of the commencement of the offering of the Securities represented by the Regulation S Global Security and the issue date of such Securities (such period through and including such 40th day, the "**Restricted Period**"), a beneficial interest in a Regulation S Global Security may be transferred to a Person

who takes delivery in the form of an interest in the corresponding Restricted Global Security only upon receipt by the Trustee of a written certification from the transferor to the effect that such transfer is being made (i)(a) to a Person that the transferor reasonably believes is a Qualified Institutional Buyer in a transaction meeting the requirements of Rule 144A or (b) pursuant to another exemption from the registration requirements under the Securities Act which is accompanied by an Opinion of Counsel regarding the availability of such exemption and (ii) in accordance with all applicable securities laws of any state of the United States or any other jurisdiction.

(g) Beneficial interests in the Restricted Global Security may be transferred to a Person who takes delivery in the form of an interest in the Regulation S Global Security, whether before or after the expiration of the Restricted Period, only if the transferor first delivers to the Trustee a written certificate to the effect that such transfer is being made in accordance with Regulation S or Rule 144 (if available).

(h) Any beneficial interest in one of the Global Securities that is transferred to a Person who takes delivery in the form of an interest in another Global Security shall, upon transfer, cease to be an interest in such Global Security and become an interest in such other Global Security and, accordingly, shall thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other Global Security for as long as it remains such an interest.

(i) The Holder of any Global Security may grant proxies and otherwise authorize any Person, including Agent Members and Persons that may hold interests through Agent Members, to take any action which a Holder is entitled to take under this Indenture or the Securities.

SECTION 2.17. Special Transfer Provisions.

(a) Transfers to Non-QIB Institutional Accredited Investors and Non-U.S. Persons. The following provisions shall apply with respect to the registration of any proposed transfer of a Security constituting a Restricted Security to any Institutional Accredited Investor which is not a QIB or to any Non-U.S. Person:

(i) the Registrar shall register the transfer of any Security constituting a Restricted Security, whether or not such Security bears the Private Placement Legend, if (x) the requested transfer is after the second anniversary of the date of original issuance thereof or such other date as such Security shall be freely transferable under Rule 144 as certified in an Officers' Certificate or (y) (1) in the case of a transfer to an Institutional Accredited Investor which is not a QIB (excluding Non-U.S. Persons), the proposed transferee has delivered to the Registrar a certificate substantially in the form of Exhibit F hereto or (2) in the case of a transfer to a Non-U.S. Person (including a QIB), the proposed transferor has delivered to the Registrar a certificate substantially

in the form of Exhibit G hereto; *provided* that in the case of any transfer of a Security bearing the Private Placement Legend for a Security not bearing the Private Placement Legend, the Registrar has received an Officers' Certificate authorizing such transfer; and

(ii) if the proposed transferor is an Agent Member holding a beneficial interest in a Global Security, upon receipt by the Registrar of (x) the certificate, if any, required by paragraph (i) above and (y) instructions given in accordance with the Depositary's and the Registrar's procedures,

whereupon (a) the Registrar shall reflect on its books and records the date and (if the transfer does not involve a transfer of outstanding Physical Securities) a decrease in the principal amount of a Global Security in an amount equal to the principal amount of the beneficial interest in a Global Security to be transferred, and (b) the Registrar shall reflect on its books and records the date and an increase in the principal amount of a Global Security in an amount equal to the principal amount of the beneficial interest in the Global Security transferred or the Issuers shall execute and the Trustee shall authenticate and make available for delivery one or more Physical Securities of like tenor and amount.

(b) Transfers to QIBs. The following provisions shall apply with respect to the registration or any proposed registration of transfer of a Security constituting a Restricted Security to a QIB (excluding transfers to Non-U.S. Persons):

(i) the Registrar shall register the transfer if such transfer is being made by a proposed transferor who has checked the box provided for on such Holder's Security stating, or to a transferee who has advised the Issuers and the Registrar in writing, that it is purchasing the Security for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a QIB within the meaning of Rule 144A, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Issuers as it has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon its foregoing representations in order to claim the exemption from registration provided by Rule 144A; and

(ii) if the proposed transferee is an Agent Member, and the Securities to be transferred consist of Physical Securities which after transfer are to be evidenced by an interest in the Global Security, upon receipt by the Registrar of instructions given in accordance with the Depositary's and the Registrar's procedures, the Registrar shall reflect on its books and records the date and an increase in the principal amount of the Global Security in an amount equal to the principal amount of the Physical Securities to be transferred, and the Trustee shall cancel the Physical Securities so transferred.

(c) Private Placement Legend. Upon the registration of transfer, exchange or replacement of Securities not bearing the Private Placement Legend, the Registrar shall deliver Securities that do not bear the Private Placement Legend. Upon the registration of transfer, exchange or replacement of Securities bearing the Private Placement Legend, the Registrar shall deliver only Securities that bear the Private Placement Legend unless (i) it has received the Officers' Certificate required by paragraph (a)(i)(y) of this Section 2.17, (ii) there is delivered to the Registrar an Opinion of Counsel reasonably satisfactory to the Issuers and the Trustee to the effect that neither such legend nor the related restrictions on transfer are required in order to maintain compliance with the provisions of the Securities Act or (iii) such Security has been sold pursuant to an effective registration statement under the Securities Act and the Registrar has received an Officers' Certificate from the Issuer to such effect.

(d) General. By its acceptance of any Security bearing the Private Placement Legend, each Holder of such Security acknowledges the restrictions on transfer of such Security set forth in this Indenture and in the Private Placement Legend and agrees that it will transfer such Security only as provided in this Indenture.

The Registrar shall retain for a period of two years copies of all letters, notices and other written communications received pursuant to Section 2.16 or this Section 2.17. The Issuer shall have the right to inspect and make copies of all such letters, notices or other written communications at any reasonable time upon the giving of reasonable notice to the Registrar.

SECTION 2.18. Computation of Interest.

Interest on the Securities shall be computed on the basis of a 360-day year of twelve 30-day months and actual days elapsed.

SECTION 2.19. Calculation of Principal Amount of Securities.

The aggregate principal amount of the Securities, at any date of determination, shall be the sum of (1) the principal amount of the Dollar Securities at such date of determination plus (2) the U.S. Dollar Equivalent, at such date of determination, of the principal amount of the Sterling Securities at such date of determination. With respect to any matter requiring consent, waiver, approval or other action of the Holders of a specified percentage of the principal amount of all the Securities (and not solely the Dollar Securities or the Sterling Securities as provided for in the proviso to the first sentence of Section 9.02(a)), such percentage shall be calculated, on the relevant date of determination, by dividing (a) the principal amount, as of such date of determination, of Securities, the Holders of which have so consented, by (b) the aggregate principal amount, as of such date of determination, of the Securities then outstanding, in each case, as determined in accordance with the preceding sentence, and Section 2.09 of this Indenture. Any such calculation made pursuant to this Section 2.19 shall be made by the Issuer and delivered to the Trustee pursuant to an Officers' Certificate.

ARTICLE THREE

REDEMPTION

SECTION 3.01. Notices to Trustee.

If the Issuer elects to redeem Securities pursuant to Section 5 or Section 6 of the Securities, it shall notify the Trustee in writing of the Redemption Date, the Redemption Price and the principal amount of Securities to be redeemed. The Issuer shall give notice of redemption to the Paying Agent and Trustee at least 30 days but not more than 60 days before the Redemption Date (unless a shorter notice shall be agreed to by the Trustee in writing), together with an Officers' Certificate stating that such redemption will comply with the conditions contained herein.

SECTION 3.02. Selection of Securities To Be Redeemed.

If less than all of the Securities are to be redeemed at any time, the Trustee will select Securities for redemption as follows:

(1) if the Securities are listed on a national securities exchange, in compliance with the requirements of the principal national securities exchange (including the Luxembourg Stock Exchange) on which the Securities are listed; or

(2) if the Securities are not listed on any securities exchange, on a *pro rata* basis, by lot or by such method as the Trustee deems fair and appropriate.

No Dollar Securities of $5,000 or less or Sterling Securities of £5,000 or less shall be redeemed in part.

If a partial redemption is made with the proceeds of an Equity Offering in accordance with Section 6 of the Securities, forms of which are attached hereto as Exhibit A and Exhibit B, the Trustee will select the applicable Securities on a pro rata basis or on as nearly a pro rata basis as is practicable (subject to DTC procedures).

SECTION 3.03. Notice of Redemption.

At least 30 days but not more than 60 days before a Redemption Date, the Issuer shall mail a notice of redemption by first class mail, postage prepaid, to each Holder whose Securities are to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a Redemption Date if the notice is issued in connection with a defeasance of the Securities or a satisfaction and discharge of this Indenture. At the Issuer's request, the Trustee shall forward the notice of redemption in the Issuer's

name and at the Issuer's expense; *provided* that in such case, the Trustee has received notice from the Issuer at least 31 days, but not more than 60 days, before a Redemption Date (unless a shorter notice shall be agreed to in writing by the Trustee). Securities called for redemption become due on the date fixed for redemption. On and after the Redemption Date, interest ceases to accrue on Securities or portions of them called for redemption. Each notice of redemption shall identify the Securities (including the CUSIP number) to be redeemed and shall state:

(1) the Redemption Date;

(2) the Redemption Price and the amount of accrued interest, if any, to be paid;

(3) the name and address of the Paying Agent;

(4) that Securities called for redemption must be surrendered to the Paying Agent to collect the Redemption Price, plus accrued interest, if any;

(5) that, unless the Issuer defaults in making the redemption payment, interest on Securities called for redemption ceases to accrue on and after the Redemption Date, and the only remaining right of the Holders of such Securities is to receive payment of the Redemption Price upon surrender to the Paying Agent of the Securities redeemed;

(6) if any Security is being redeemed in part, the portion of the principal amount of such Security to be redeemed and that, after the Redemption Date, and upon surrender of such Security, a new Security or Securities in aggregate principal amount equal to the unredeemed portion thereof will be issued;

(7) if fewer than all the Securities are to be redeemed, the identification of the particular Securities (or portion thereof) to be redeemed, as well as the aggregate principal amount of Securities to be redeemed and the aggregate principal amount of Securities to be outstanding after such partial redemption;

(8) the CUSIP Number, ISIN and/or "Common Code" number, if any, printed on the Securities being redeemed;

(9) that no representation is made as to the correctness or accuracy of the CUSIP number or ISIN and/or "Common Code" number, if any, listed in such notice or printed on the Securities; and

(10) the Section of the Securities pursuant to which the Securities are to be redeemed.

The notice, if mailed in a manner herein provided, shall be conclusively presumed to have been given, whether or not the Holder receives such notice. In any case, failure to give such notice by mail or any defect in the notice to the Holder of any Security designated for redemption in whole or in part shall not affect the validity of the proceedings for the redemption of any other Security. Notices of redemption may not be conditional.

SECTION 3.04. Effect of Notice of Redemption.

Once notice of redemption is mailed in accordance with Section 3.03, Securities called for redemption become due and payable on the Redemption Date and at the Redemption Price plus accrued interest, if any. Upon surrender to the Trustee or Paying Agent, such Securities called for redemption shall be paid at the Redemption Price (which shall include accrued interest thereon to the Redemption Date), but installments of interest, the maturity of which is on or prior to the Redemption Date, shall be payable to Holders of record at the close of business on the relevant Record Dates. On and after the Redemption Date interest shall cease to accrue on Securities or portions thereof called for redemption.

SECTION 3.05. Deposit of Redemption Price.

With respect to the Dollar Securities, prior to 10:00 a.m., New York time, on the Redemption Date, the Issuer shall deposit with the Dollar Paying Agent (or, if the Issuer or a Wholly Owned Subsidiary is a Paying Agent, shall segregate and hold in trust) U.S. Legal Tender and/or U.S. Government Securities sufficient to pay the redemption price of and accrued interest on all Dollar Securities or portions thereof to be redeemed on that date other than Dollar Securities or portions of Dollar Securities called for redemption that have been delivered by the Issuer to the Trustee for cancellation. On and after the Redemption Date, interest shall cease to accrue on Dollar Securities or portions thereof called for redemption so long as the Issuer has deposited with the Dollar Paying Agent funds sufficient to pay the principal of, plus accrued and unpaid interest on, the Dollar Securities.

With respect to the Sterling Securities, prior to 10:00 a.m., London time, on the Redemption Date, the Issuer shall deposit with the Sterling Paying Agent (or, if the Issuer or a Wholly Owned Subsidiary is a Paying Agent, shall segregate and hold in trust) U.K. Legal Tender and/or U.K. Government Securities sufficient to pay the redemption price of and accrued interest on all Sterling Securities or portions thereof to be redeemed on that date other than Sterling Securities or portions of Sterling Securities called for redemption that have been delivered by the Issuer to the Trustee for cancellation. On and after the Redemption Date, interest shall cease to accrue on Sterling Securities or portions thereof called for redemption so long as the Issuer has deposited with the Sterling Paying Agent funds sufficient to pay the principal of, plus accrued and unpaid interest on, the Sterling Securities.

SECTION 3.06. Securities Redeemed in Part.

If any Security is to be redeemed in part only, the notice of redemption that relates to such Security shall state the portion of the principal amount thereof to be redeemed. A new Security in principal amount equal to the unredeemed portion of the original Security shall be issued in the name of the Holder thereof upon cancellation of the original Security.

ARTICLE FOUR

COVENANTS

SECTION 4.01. Payment of Securities.

(a) The Issuer shall pay the principal of (and premium, if any) and interest on the Securities on the dates and in the manner provided in the Securities and this Indenture. An installment of principal of or interest on the Securities shall be considered paid on the date it is due if the Trustee or Paying Agent (other than the Issuer or an Affiliate thereof) holds on that date U.S. Legal Tender, U.K. Legal Tender, U.S. Government Securities and/or U.K. Government Securities designated for and sufficient to pay the installment. Interest on the Securities will be computed on the basis of a 360-day year comprised of twelve 30-day months.

(b) The Issuer shall pay interest on overdue principal (including, without limitation, post petition interest in a proceeding under any Bankruptcy Law), and overdue interest, to the extent lawful, at the same rate *per annum* borne by the Securities.

SECTION 4.02. Maintenance of Office or Agency.

(a) The Issuer shall maintain the offices or agencies required under Section 2.04. The Issuer shall give prompt written notice to the Trustee of the location, and any change in the location, of such offices or agencies. If at any time the Issuer shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the address of the Trustee set forth in Section 12.02.

(b) The Issuer may also from time to time designate one or more other offices or agencies where the Securities may be presented or surrendered for any or all such purposes and may from time to time rescind such designations. The Issuer will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

(c) The Issuer hereby initially designates the Corporate Trust Office of the Trustee as one such office or agency of the Issuer in accordance with Section 2.04.

SECTION 4.03. Corporate Existence.

Except as otherwise permitted by Article Five, the Issuer shall do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence in accordance with its organizational documents and the rights (charter and statutory) and material franchises of the Issuer.

SECTION 4.04. Payment of Taxes and Other Claims.

The Issuer shall, and shall cause each of its Subsidiaries to, pay or discharge or cause to be paid or discharged, before the same shall become delinquent, (a) all material taxes, assessments and governmental charges levied or imposed upon it or any of its respective Subsidiaries or upon the income, profits or property of it or any of its respective Subsidiaries and (b) all lawful claims for labor, materials and supplies which, in each case, if unpaid, might by law become a material liability or Lien upon the property of it or any of its Restricted Subsidiaries; *provided, however,* that the Issuer shall not be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claim whose amount, applicability or validity is being contested in good faith by appropriate proceedings.

SECTION 4.05. Maintenance of Properties and Insurance.

(a) The Issuer shall cause all material properties owned by or leased by it or any of its Restricted Subsidiaries used or useful to the conduct of its business or the business of any of its Restricted Subsidiaries to be maintained and kept in normal condition, repair and working order and supplied with all necessary equipment and shall cause to be made all repairs, renewals, replacements, and betterments thereof, all as in its judgment may be necessary, so that the business carried on in connection therewith may be properly and advantageously conducted at all times; *provided, however,* that nothing in this Section 4.05 shall prevent the Issuer or any of its Restricted Subsidiaries from discontinuing the use, operation or maintenance of any of such properties, or disposing of any of them, if such discontinuance or disposal is, in the judgment of the Board of Directors of the Issuer or any such Restricted Subsidiary desirable in the conduct of the business of the Issuer or any such Restricted Subsidiary; *provided, further,* that nothing in this Section 4.05 shall prevent the Issuer or any of its Restricted Subsidiaries from discontinuing or disposing of any properties to the extent otherwise permitted by this Indenture.

(b) The Issuer shall maintain, and shall cause its Restricted Subsidiaries to maintain, insurance with responsible carriers against such risks and in such amounts, and with such deductibles, retentions, self insured amounts and co-insurance provisions, as are appropriate

for a business of this type and size as determined in good faith by the Issuer, including property and casualty loss, workers' compensation and interruption of business insurance.

SECTION 4.06. Compliance Certificate; Notice of Default.

(a) The Issuer shall deliver to the Trustee, within 90 days after the close of each fiscal year commencing with the fiscal year ending November 30, 2004, an Officers' Certificate stating that a review of the activities of the Issuer and its Restricted Subsidiaries has been made under the supervision of the signing Officers with a view to determining whether the Issuer has kept, observed, performed and fulfilled its obligations under this Indenture and further stating, as to each such Officer signing such certificate, that to the best of such Officer's knowledge, the Issuer during such preceding fiscal year has kept, observed, performed and fulfilled each and every such covenant and no Default occurred during such year and at the date of such certificate there is no Default that has occurred and is continuing or, if such signers do know of such Default, the certificate shall describe its status with particularity. The Officers' Certificate shall also notify the Trustee should the Issuer elect to change the manner in which it fixes its fiscal year end.

(b) The Issuer shall deliver to the Trustee as soon as possible, and in any event within five days after the Issuer becomes aware of the occurrence of any Default, an Officers' Certificate specifying the Default and describing its status with particularity and the action proposed to be taken thereto.

(c) The Issuer's fiscal years currently end on November 30. The Issuer will provide written notice to the Trustee of any change in its fiscal year.

SECTION 4.07. Compliance with Laws.

(a) The Issuer shall comply, and shall cause each of its Restricted Subsidiaries to comply, with all applicable statutes, rules, regulations, orders and restrictions of the United States, all states and municipalities thereof, and of any governmental department, commission, board, regulatory authority, bureau, agency and instrumentality of the foregoing, in respect of the conduct of their respective businesses and the ownership of their respective properties, except, in any such case, to the extent the failure to so comply would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the business, financial condition or results of operations of the Issuer and its Restricted Subsidiaries taken as a whole.

SECTION 4.08. Waiver of Stay, Extension or Usury Laws.

The Issuer covenants (to the extent permitted by applicable law) that it will not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law or any usury law or other law that would prohibit or forgive

the Issuer from paying all or any portion of the principal of and/or interest on the Securities as contemplated herein, wherever enacted, now or at any time hereafter in force, or which may affect the covenants or the performance of this Indenture, and (to the extent permitted by applicable law) the Issuer hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

SECTION 4.09. Change of Control.

(a) If a Change of Control occurs, each Holder will have the right to require the Issuer to repurchase all or any part (equal to $5,000 or £5,000 or an integral multiple of $1,000 or £1,000, as applicable) of that Holder's Securities pursuant to a Change of Control Offer (the "**Change of Control Offer**") on the terms set forth in this Indenture. In the Change of Control Offer, the Issuer will offer to pay an amount in cash (the "**Change of Control Payment**") equal to 101% of the aggregate principal amount of Securities repurchased, plus accrued and unpaid interest and Additional Interest thereon, if any, on the Securities re-purchased to the date of purchase.

(b) Within 30 days following any Change of Control, the Issuer will mail a notice to each Holder describing the transaction or transactions that constitute the Change of Control and offering to repurchase Securities on the date (the "**Change of Control Payment Date**") specified in such notice, which date shall be a Business Day no earlier than 30 days and no later than 60 days from the date such notice is mailed, pursuant to the procedures required by this Indenture and described in such notice. Such notice shall state:

(1) that the Change of Control Offer is being made pursuant to this Section 4.09 and that all Securities tendered and not withdrawn will be accepted for payment;

(2) the purchase price (including the amount of accrued interest) and the Change of Control Payment Date;

(3) that any Security not tendered will continue to accrue interest;

(4) that, unless the Issuer defaults in making payment therefor, any Security accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest after the Change of Control Payment Date;

(5) that Holders electing to have a Security purchased pursuant to a Change of Control Offer will be required to surrender the Security, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the Security completed, to the Paying Agent at the address specified in the notice prior to the close of business on the third Business Day prior to the Change of Control Payment Date;

(6) that Holders will be entitled to withdraw their election if the Paying Agent receives, not later than the second Business Day prior to the Change of Control Payment Date, a telegram, facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Securities the Holder delivered for purchase and a statement that such Holder is withdrawing his election to have such Security purchased;

(7) that Holders whose Securities are purchased only in part will be issued new Securities in a principal amount equal to the unpurchased portion of the Securities surrendered; and

(8) the circumstances and relevant facts regarding such Change of Control.

(c) On or before the Change of Control Payment Date, the Issuer will, to the extent lawful:

(1) accept for payment all Securities or portions thereof properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent U.S. Legal Tender, U.K. Legal Tender, U.S. Government Securities and/or U.K. Government Securities sufficient to pay the Change of Control Payment in respect of all Securities or portions thereof so tendered; and

(3) deliver or cause to be delivered to the Trustee the Securities properly accepted together with an Officers' Certificate stating the aggregate principal amount of Securities or portions thereof being purchased by the Issuer.

(d) The Paying Agent will promptly mail to each Holder of Securities properly tendered the Change of Control Payment for such Securities, and the Trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each Holder a new Security equal in principal amount to any unpurchased portion of the Securities surrendered, if any; *provided* that each such new Security will be in a principal amount of $5,000 or an integral multiple of $1,000 in the case of the Dollar Securities, and in a principal amount of £5,000 or an integral multiple of £1,000 in the case of the Sterling Securities.

Prior to complying with any of the provisions of this Section 4.09, but in any event within 90 days following a Change of Control, to the extent required to permit the Issuer to comply with this Section 4.09, the Issuer will either repay all outstanding Senior Debt or obtain the requisite consents, if any, under all agreements governing outstanding Senior Debt. The Issuer will publicly announce the results of the Change of Control Offer as soon as practicable after the Change of Control Payment Date. However, if the Change of Control Payment Date is on or after an interest record date and on or before the related interest payment

date, any accrued and unpaid interest shall be paid to the Person in whose name a Security is registered at the close of business on such record date, and no additional interest shall be payable to Holders who tender Securities pursuant to the Change of Control Offer.

(e) Notwithstanding the foregoing, the Issuer shall not be required to make a Change of Control Offer, as provided above, if, in connection with or in contemplation of any Change of Control, it or a third party has made an offer to purchase (an "**Alternate Offer**") any and all Securities

validly tendered at a cash price equal to or higher than the Change of Control Payment and has purchased all Securities properly tendered in accordance with the terms of such Alternate Offer. The Alternate Offer must comply with all the other provisions applicable to the Change of Control Offer, shall remain, if commenced prior to the Change of Control, open for acceptance until the consummation of the Change of Control and must permit Holders to withdraw any tenders of Securities made into the Alternate Offer until the final expiration or consummation thereof.

(f) The Issuer will comply, and will cause any third party making a Change of Control Offer or an Alternate Offer to comply, with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with a Change of Control Offer or an Alternate Offer. To the extent the provisions of any applicable securities laws or regulations conflict with the provisions of this Indenture relating to a Change of Control Offer, the Issuer will not be deemed to have breached its obligations under this Indenture by virtue of complying with such laws or regulations.

SECTION 4.10. Incurrence of Indebtedness and Issuance of Preferred Stock.

(a) The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly or directly liable, contingently or otherwise, with respect to (collectively "**incur**") any Indebtedness (including Acquired Debt), and the Issuer will not permit any of its Restricted Subsidiaries to issue any shares of Preferred Stock; *provided, however,* that the Issuer and any Restricted Subsidiary that is a Guarantor may incur Indebtedness (including Acquired Debt) and any Restricted Subsidiary that is a Guarantor may issue Preferred Stock if the Fixed Charge Coverage Ratio for the Issuer's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Preferred Stock is issued would have been at least 2.0 to 1, determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom) (the "**Coverage Ratio Exception**"), as if the additional Indebtedness had been incurred or the Preferred Stock had been issued, as the case may be, and the application of proceeds therefrom had occurred at the beginning of such four-quarter period.

(b) Section 4.10(a) will not prohibit the incurrence of any of the following (collectively, "**Permitted Debt**"):

(1) the existence of Indebtedness under the Credit Agreement together with the incurrence of the guarantees thereunder and the issuance and creation of letters of credit and bankers' acceptances thereunder (with letters of credit and bankers' acceptances being deemed to have a principal amount equal to the face amount thereof), up to an aggregate principal amount, together with amounts outstanding under a Qualified Securitization Financing incurred pursuant to clause (17) below, of $1,550.0 million outstanding at any one time, less the amount of all mandatory principal payments (with respect to revolving borrowings and letters of credit, only to the extent revolving commitments are correspondingly reduced) actually made by the borrower thereunder in respect of Indebtedness thereunder with Net Proceeds from Asset Sales;

(2) the incurrence by the Issuer and the Guarantors of Indebtedness represented by the Securities (including any Guarantee) issued on the Issue Date;

(3) Existing Indebtedness (other than Indebtedness described in clauses (1) and (2) of this Section 4.10(b));

(4) Indebtedness (including Capitalized Lease Obligations) incurred by the Issuer or any Restricted Subsidiary to finance the purchase, lease or improvement of property (real or personal) or equipment that is used or useful in a Permitted Business (whether through the direct purchase of assets or the Capital Stock of any Person owning such assets) in an aggregate principal amount that, when aggregated with the principal amount of all other Indebtedness then outstanding and incurred pursuant to this clause (4), does not exceed the greater of (x) $50.0 million and (y) 4.0% of Consolidated Tangible Assets;

(5) Indebtedness incurred by the Issuer or any Restricted Subsidiary constituting reimbursement obligations with respect to letters of credit issued in the ordinary course of business, including without limitation letters of credit in respect of workers' compensation claims, health, disability or other employee benefits or property, casualty or liability insurance or self-insurance or other Indebtedness with respect to reimbursement-type obligations regarding workers' compensation claims; *provided, however,* that upon the drawing of such letters of credit or the incurrence of such Indebtedness, such obligations are reimbursed within 30 days following such drawing or incurrence;

(6) Indebtedness arising from agreements of the Issuer or a Restricted Subsidiary providing for indemnification, adjustment of purchase price or similar obligations, in each case, incurred or assumed in connection with the disposition of any business, assets or a Subsidiary, other than guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or a Subsidiary for the purpose of financing such acquisition; *provided, however,* that (A) such Indebtedness is not reflected on the balance sheet of the Issuer or any Restricted Subsidiary (contingent

obligations referred to in a footnote to financial statements and not otherwise reflected on the balance sheet will not be deemed to be reflected on such balance sheet for purposes of this clause (A)) and (B) the maximum assumable liability in respect of all such Indebtedness shall at no time exceed the gross proceeds including noncash proceeds (the fair market value of such noncash proceeds being measured at the time received and without giving effect to any subsequent changes in value) actually received by the Issuer and any Restricted Subsidiaries in connection with such disposition;

(7) Indebtedness of the Issuer owed to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owed to and held by the Issuer or any Restricted Subsidiary; *provided, however,* that (A) any subsequent issuance or transfer of any Capital Stock or any other event that results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any subsequent transfer of any such Indebtedness (except to the Issuer or a Restricted Subsidiary) shall be deemed, in each case, to constitute the incurrence of such Indebtedness by the issuer thereof and (B) if the Issuer is the obligor on such Indebtedness, such Indebtedness is expressly subordinated to the prior payment in full in cash of all obligations of the Issuer with respect to the Securities;

(8) shares of Preferred Stock of a Restricted Subsidiary issued to the Issuer or a Restricted Subsidiary; *provided* that any subsequent issuance or transfer of any Capital Stock or any other event which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any other subsequent transfer of any such shares of Preferred Stock (except to the Issuer or a Restricted Subsidiary) shall be deemed in each case to be an issuance of such shares of Preferred Stock;

(9) Hedging Obligations of the Issuer or any Restricted Subsidiary (excluding Hedging Obligations entered into for speculative purposes) for the purpose of limiting (A) interest rate risk with respect to any Indebtedness that is permitted by the terms of this Indenture to be outstanding or (B) exchange rate risk with respect to any currency exchange;

(10) obligations in respect of performance and surety bonds and performance and completion guarantees provided by the Issuer or any Restricted Subsidiary or obligations in respect of letters of credit related thereto, in each case in the ordinary course of business or consistent with past practice;

(11) Indebtedness of the Issuer or any Restricted Subsidiary or Preferred Stock of any Restricted Subsidiary not otherwise permitted hereunder in an aggregate principal amount or liquidation preference which, when aggregated with the principal amount and liquidation preference of all other Indebtedness and Preferred Stock then outstanding and incurred pursuant to this clause (11), does not at any one time outstanding

exceed $150.0 million (it being understood that any Indebtedness or Preferred Stock incurred pursuant to this clause (11) shall cease to be deemed incurred or outstanding for purposes of this clause (11) but shall be deemed incurred for the purposes of Section 4.10(a) from and after the first date on which the Issuer or such Restricted Subsidiary could have incurred such Indebtedness or Preferred Stock under Section 4.10(a) without reliance on this clause (11));

(12) any guarantee by the Issuer or a Guarantor of Indebtedness or other obligations of the Issuer or any Restricted Subsidiary so long as the incurrence of such Indebtedness incurred by the Issuer or such Restricted Subsidiary is permitted under the terms of this Indenture; *provided* that if such Indebtedness is by its express terms subordinated in right of payment to the Securities or the Guarantee of such Restricted Subsidiary, as applicable, any such guarantee of such Guarantor with respect to such Indebtedness shall be subordinated in right of payment to such Guarantor's Guarantee with respect to the Securities substantially to the same extent as such Indebtedness is subordinated to the Securities or the Guarantee of such Restricted Subsidiary, as applicable;

(13) the incurrence by the Issuer or any Restricted Subsidiary of Indebtedness or Preferred Stock that serves to refund or refinance any Indebtedness incurred as permitted by Section 4.10(a) and clauses (2), (3) and (4) above, this clause (13) and clause (14) below or any Indebtedness issued to so refund or refinance such Indebtedness including additional Indebtedness incurred to pay premiums and fees in connection therewith (the "**Refinancing Indebtedness**") prior to its respective maturity; *provided, however,* that such Refinancing Indebtedness (A) has a Weighted Average Life to Maturity at the time such Refinancing Indebtedness is incurred which is not less than the remaining Weighted Average Life to Maturity of the Indebtedness being refunded or refinanced, (B) to the extent such Refinancing Indebtedness refinances Indebtedness subordinated or *pari passu* to the Securities, such Refinancing Indebtedness is subordinated or *pari passu* to the Securities at least to the same extent as the Indebtedness being refinanced or refunded, (C) shall not include (x) Indebtedness or Preferred Stock of a Subsidiary that is not a Guarantor that refinances Indebtedness or Preferred Stock of the Issuer or (y) Indebtedness or Preferred Stock of the Issuer or a Restricted Subsidiary that refinances Indebtedness or Preferred Stock of an Unrestricted Subsidiary, (D) shall not be in a principal amount in excess of the principal amount of, premium, if any, accrued interest on, and related fees and expenses of, the Indebtedness being refunded or refinanced and (E) shall not have a stated maturity date prior to the Stated Maturity of the Indebtedness being refunded or refinanced; and *provided, further,* that subclauses (A), (B) and (E) of this clause (13) will not apply to any refunding or refinancing of any Senior Debt;

(14) Indebtedness or Preferred Stock of Persons that are acquired by the Issuer or any Restricted Subsidiary or merged into the Issuer or a Restricted Subsidiary in accordance with the terms of this Indenture; *provided* that such Indebtedness or Preferred Stock is not incurred in connection with or in contemplation of such acquisition or merger; and *provided, further,* that after giving effect to such incurrence of Indebtedness either (A) the Issuer would be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Coverage Ratio Exception or (B) the Fixed Charge Coverage Ratio would be greater than immediately prior to such acquisition;

(15) Indebtedness arising from the honoring by a bank or financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business, *provided* that such Indebtedness is extinguished within five Business Days of its incurrence;

(16) Indebtedness of the Issuer or any Restricted Subsidiary of the Issuer supported by a letter of credit issued pursuant to the Credit Agreement in a principal amount not in excess of the stated amount of such letter of credit;

(17) Indebtedness incurred by a Securitization Subsidiary in a Qualified Securitization Financing that is not recourse to the Issuer or any Restricted Subsidiary of the Issuer other than a Securitization Subsidiary (except for Standard Securitization Undertakings);

(18) the incurrence of (A) Non-Recourse Acquisition Financing Indebtedness and (B) Non-Recourse Product Financing Indebtedness;

(19) Contribution Indebtedness;

(20) (a) if the Issuer could incur $1.00 of additional Indebtedness pursuant to the Coverage Ratio Exception after giving effect to such borrowing, Indebtedness of Foreign Subsidiaries of the Issuer not otherwise permitted hereunder or (b) if the Issuer could not incur $1.00 of additional Indebtedness pursuant to the Coverage Ratio Exception hereof after giving effect to such borrowing, Indebtedness of Foreign Subsidiaries of the Issuer incurred for working capital purposes, *provided, however*, that the aggregate principal amount of Indebtedness incurred under this clause (20) which, when aggregated with the principal amount of all other Indebtedness then outstanding and incurred pursuant to this clause (20), does not exceed the greater of (x) $100.0 million and (y) 10% of the Consolidated Tangible Assets of the Foreign Subsidiaries; and

(21) Indebtedness consisting of promissory notes issued by the Issuer or any Guarantor to current or former officers, directors and employees or their respective estates,

spouses or former spouses to finance the purchase or redemption of Equity Interests of Holdco permitted by Section 4.11.

(c) For purposes of determining compliance with this Section 4.10, in the event that an item of proposed Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (21) above, or is entitled to be incurred pursuant to the first paragraph of this covenant, the Issuer will be permitted to classify and later reclassify such item of Indebtedness in any manner that complies with this covenant, and such item of Indebtedness will be treated as having been incurred pursuant to only one of such categories. Accrual of interest, the accretion of accreted value and the payment of interest in the form of additional Indebtedness will not be deemed to be an incurrence of Indebtedness for purposes of this covenant. Notwithstanding the foregoing, Indebtedness under the Credit Agreement outstanding on the date on which Securities are first issued and authenticated under this Indenture will be deemed to have been incurred on such date in reliance on the exception provided by clause (1) of the definition of "Permitted Debt" in Section 4.10(b) and the Issuer shall not be permitted to reclassify all or any portion of such Indebtedness. The maximum amount of Indebtedness that the Issuer and its Restricted Subsidiaries may incur pursuant to this covenant shall not be deemed to be exceeded, with respect to any outstanding Indebtedness, solely as a result of fluctuations in the exchange rate of currencies.

SECTION 4.11. Restricted Payments.

(a) The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

(A) declare or pay any dividend or make any other payment or distribution on account of the Issuer's or any of its Restricted Subsidiaries' Equity Interests, including any dividend or distribution payable in connection with any merger or consolidation (other than (x) dividends or distributions by the Issuer payable in Equity Interests (other than Disqualified Stock) of the Issuer or in options, warrants or other rights to purchase such Equity Interests (other than Disqualified Stock) or (y) dividends or distributions by a Restricted Subsidiary to the Issuer or any other Restricted Subsidiary so long as, in the case of any dividend or distribution payable on or in respect of any class or series of securities issued by a Restricted Subsidiary other than a Wholly Owned Subsidiary, the Issuer or a Restricted Subsidiary receives at least its *pro rata* share of such dividend or distribution in accordance with its Equity Interests in such class or series of securities);

(B) purchase, redeem or otherwise acquire or retire for value any Equity Interests of the Issuer or any direct or indirect parent corporation of the Issuer, including in connection with any merger or consolidation involving the Issuer;

(C) make any principal payment on, or redeem, repurchase, defease or otherwise acquire or retire for value, in each case prior to any scheduled repayment, sinking fund payment or maturity, any Indebtedness subordinated or junior in right of payment to the Securities (or, as applicable, any Guarantees) (other than (x) Indebtedness permitted under clauses (7) and (8) of the definition of "Permitted Debt" in Section 4.10(b) or (y) the purchase, repurchase or other acquisition of Indebtedness subordinated or junior in right of payment to the Securities, purchased in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of purchase, repurchase or acquisition); or

(D) make any Restricted Investment (all such payments and other actions set forth in these clauses (A) through (D) being collectively referred to as "**Restricted Payments**"**),**

unless, at the time of and after giving effect to such Restricted Payment:

(1) no Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment;

(2) the Issuer would, at the time of such Restricted Payment and after giving *pro forma* effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least $1.00 of additional Indebtedness pursuant to the Coverage Ratio Exception; and

(3) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Issuer and the Restricted Subsidiaries after the Issue Date (excluding Restricted Payments permitted by clauses (3), (4), (5), (6), (8), (10), (11), (12), (13), (16) or (17) of Section 4.11(b)), is less than the sum, without duplication, of

(a) 50% of the Consolidated Net Income of the Issuer for the period (taken as one accounting period) from the beginning of the first fiscal quarter commencing after the Issue Date to the end of the Issuer's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, in the case such Consolidated Net Income for such period is a deficit, minus 100% of such deficit), plus

(b) 100% of the aggregate net cash proceeds and the fair market value, as determined in good faith by the Board of Directors of the Issuer, of property and marketable securities received by the Issuer after the Issue Date from the issue or sale of (x) Equity Interests of the Issuer (including Retired Capital Stock) (but excluding (i) cash proceeds and marketable securities received

from Equity Offerings to the extent used to redeem Securities in compliance with Section 6 of the Securities, (ii) cash proceeds and marketable securities received from the sale of Equity Interests to members of management, directors or consultants of the Issuer, any direct or indirect parent corporation of the Issuer and its Subsidiaries after the Issue Date to the extent such amounts have been applied to Restricted Payments made in accordance with clause (4) of Section 4.11(b) and, to the extent actually contributed to the Issuer, Equity Interests of the Issuer's direct or indirect parent corporations, (iii) Designated Preferred Stock and (iv) Disqualified Stock) or (y) debt securities of the Issuer that have been converted into such Equity Interests of the Issuer (other than Refunding Capital Stock or Equity Interests or convertible debt securities of the Issuer sold to a Restricted Subsidiary or the Issuer, as the case may be, and other than Disqualified Stock or Designated Preferred Stock or debt securities that have been converted into Disqualified Stock or Designated Preferred Stock), plus

(c) 100% of the aggregate amount of cash and the fair market value, as determined in good faith by the Board of Directors of the Issuer, of property and marketable securities contributed to the capital of the Issuer after the Issue Date (other than (i) net cash proceeds from Equity Offerings to the extent used to redeem Securities in compliance with Section 6 of the Securities, (ii) by a Restricted Subsidiary, (iii) any Excluded Contributions, (iv) any Disqualified Stock, (v) any Designated Preferred Stock and (vi) the Cash Contribution Amount), plus

(d) 100% of the aggregate amount received in cash and the fair market value, as determined in good faith by the Board of Directors of the Issuer, of property and marketable securities received by means of (A) the sale or other disposition (other than to the Issuer or a Restricted Subsidiary) of Restricted Investments made by the Issuer or its Restricted Subsidiaries and repurchases and redemptions of such Restricted Investments from the Issuer or its Restricted Subsidiaries and repayments of loans or advances which constitute Restricted Investments by the Issuer or its Restricted Subsidiaries or (B) the sale (other than to the Issuer or a Restricted Subsidiary) of the Capital Stock of an Unrestricted Subsidiary or a distribution from an Unrestricted Subsidiary (other than in each case to the extent the Investment in such Unrestricted Subsidiary was made by a Restricted Subsidiary pursuant to clause (7) or (11) of Section 4.11(b) or to the extent such Investment constituted a Permitted Investment) or a dividend from an Unrestricted Subsidiary, plus

(e) in the case of the redesignation of an Unrestricted Subsidiary as a Restricted Subsidiary or the merger or consolidation of an Unrestricted Subsidiary

into the Issuer or a Restricted Subsidiary or the transfer of assets of an Unrestricted Subsidiary to the Issuer or a Restricted Subsidiary, the fair market value of the Investment in such Unrestricted Subsidiary, as determined by the Board of Directors of the Issuer in good faith at the time of the redesignation of such Unrestricted Subsidiary as a Restricted Subsidiary or at the time of such merger, consolidation or transfer of assets (other than an Unrestricted Subsidiary to the extent the Investment in such Unrestricted Subsidiary was made by a Restricted Subsidiary pursuant to clause (7) or (11) of Section 4.11(b) or to the extent such Investment constituted a Permitted Investment).

(b) Notwithstanding the foregoing, the provisions set forth in Section 4.11(a) do not prohibit:

(1) the payment of any dividend within 60 days after the date of declaration thereof, if at the date of declaration such payment would have complied with the provisions of this Indenture;

(2) (A) the redemption, repurchase, retirement or other acquisition of any Equity Interests of the Issuer or any direct or indirect parent corporation **("Retired Capital Stock")** or Indebtedness subordinated to the Securities, in exchange for or out of the proceeds of the substantially concurrent sale (other than to a Restricted Subsidiary or the Issuer) of Equity Interests of the Issuer or any direct or indirect parent corporation thereof or contributions to the equity capital of the Issuer (in each case, other than Disqualified Stock) **("Refunding Capital Stock")** and (B) the declaration and payment of dividends on the Retired Capital Stock out of the proceeds of the substantially concurrent sale (other than to a Subsidiary of the Issuer or to an employee stock ownership plan or any trust established by the Issuer or any of its Subsidiaries) of Refunding Capital Stock;

(3) the redemption, repurchase or other acquisition or retirement of Indebtedness subordinated to the Securities made by exchange for, or out of the proceeds of the substantially concurrent sale of, new Indebtedness of the borrower thereof, which is incurred in compliance with Section 4.10 so long as (A) the principal amount of such new Indebtedness does not exceed the principal amount of the Indebtedness subordinated to the Securities being so redeemed, repurchased, acquired or retired for value plus related fees and expenses and the amount of any reasonable premium required to be paid under the terms of the instrument governing the Indebtedness subordinated to the Securities being so redeemed, repurchased, acquired or retired, (B) such new Indebtedness is subordinated to such Securities and any Guarantees thereof at least to the same extent as such Indebtedness subordinated to such Securities so purchased, exchanged, redeemed, repurchased, acquired or retired for value, (C) such new Indebtedness has a final scheduled maturity date equal to or later than the final scheduled

maturity date of the Indebtedness subordinated to such Securities being so redeemed, repurchased, acquired or retired and (D) such new Indebtedness has a Weighted Average Life to Maturity equal to or greater than the remaining Weighted Average Life to Maturity of the Indebtedness subordinated to such Securities being so redeemed, repurchased, acquired or retired;

(4) a Restricted Payment to pay for the repurchase, retirement or other acquisition or retirement for value of common Equity Interests of the Issuer or any of its direct or indirect parent corporations held by any future, present or former employee, director or consultant of the Issuer, any of its Subsidiaries or any of its direct or indirect parent corporations pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement; *provided, however,* that the aggregate amount of Restricted Payments made under this clause (4) does not exceed in any calendar year $20.0 million (with unused amounts in any calendar year being carried over to the two succeeding calendar years); and *provided, further,* that such amount in any calendar year may be increased by an amount not to exceed (A) the cash proceeds from the sale of Equity Interests (other than Disqualified Stock) of the Issuer and, to the extent contributed to the Issuer, Equity Interests of any of its direct or indirect parent corporations, in each case to members of management, directors or consultants of the Issuer, any of its Subsidiaries or any of its direct or indirect parent corporations that occurs after the Issue Date plus (B) the amount of any cash bonuses otherwise payable to members of

management, directors or consultants of the Issuer or any of its Subsidiaries or any of its direct or indirect parent corporations in connection with the Transactions that are foregone in return for the receipt of Equity Interests of the Issuer or any direct or indirect parent corporation of the Issuer pursuant to a deferred compensation plan of such corporation plus (C) the cash proceeds of key man life insurance policies received by the Issuer or its Restricted Subsidiaries after the Issue Date *(provided* that the Issuer may elect to apply all or any portion of the aggregate increase contemplated by clauses (A), (B) and (C) above in any calendar year) less (D) the amount of any Restricted Payments previously made pursuant to clauses (A), (B) and (C) of this clause (4);

(5) the declaration and payment of dividends to holders of any class or series of Disqualified Stock of the Issuer or any Restricted Subsidiary issued or incurred in accordance with this Section 4.11 to the extent such dividends are included in the definition of "Fixed Charges" for such entity;

(6) the declaration and payment of dividends or distributions to holders of any class or series of Designated Preferred Stock (other than Disqualified Stock) issued after the Issue Date and the declaration and payment of dividends to any direct or indirect parent company of the Issuer, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preferred Stock

(other than Disqualified Stock) of any direct or indirect parent company of the Issuer issued after the Issue Date; *provided, however,* that (A) for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of issuance of such Designated Preferred Stock, after giving effect to such issuance (and the payment of dividends or distributions) on a *pro forma* basis, the Issuer would have had a Fixed Charge Coverage Ratio of at least 2.00 to 1.00 and (B) the aggregate amount of dividends declared and paid pursuant to this clause (6) does not exceed the net cash proceeds actually received by the Issuer from any such sale of Designated Preferred Stock (other than Disqualified Stock) issued after the Issue Date;

(7) Investments in Unrestricted Subsidiaries having an aggregate fair market value, taken together with all other Investments made pursuant to this clause (7) that are at the time outstanding, without giving effect to the sale of an Unrestricted Subsidiary to the extent the proceeds of such sale do not consist of cash and/or marketable securities, not to exceed the greater of $25.0 million and 2.0% of Consolidated Tangible Assets at the time of such Investment (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value);

(8) repurchases of Equity Interests deemed to occur upon exercise of stock options or warrants if such Equity Interests represent a portion of the exercise price of such options or warrants;

(9) the payment of dividends on the Issuer's common stock following the first public offering of the Issuer's common stock or the common stock of any of its direct or indirect parent corporations after the Issue Date, of up to 6% per annum of the net cash proceeds received by or contributed to the Issuer in any past or future public offering, other than public offerings with respect to the Issuer's common stock registered on Form S-8 and other than any public sale constituting an Excluded Contribution;

(10) Investments that are made with Excluded Contributions;

(11) other Restricted Payments in an aggregate amount not to exceed $45.0 million;

(12) the declaration and payment of dividends to, or the making of loans to, Holdco in amounts required for it to pay:

(A) franchise taxes and other fees, taxes and expenses required to maintain its corporate existence;

(B) federal, state and local income taxes to the extent such income taxes are attributable to the income of the Issuer and the Restricted Subsidiaries and, to the extent of the amount actually received from the Unrestricted Subsidiaries, in amounts required to pay such taxes to the extent attributable to the income of the Unrestricted Subsidiaries, *provided, however,* that in each case the amount of such payments in any fiscal year does not exceed the amount that the Issuer and the Restricted Subsidiaries would be required to pay in respect of federal, state and local taxes for such fiscal year were the Issuer and the Restricted Subsidiaries to pay such taxes as a stand-alone taxpayer;

(C) customary salary, bonus and other benefits payable to officers and employees of any direct or indirect parent corporation of the Issuer to the extent such salaries, bonuses and other benefits are attributable to the ownership or operation of the Issuer and its Restricted Subsidiaries;

(D) general corporate overhead expenses (including professional expenses) for all direct or indirect parent corporations of the Issuer to the extent such expenses are solely attributable to the ownership or operation of the Issuer and its Restricted Subsidiaries; and

(E) fees and expenses other than to Affiliates related to any unsuccessful equity or debt offering permitted by this Indenture;

(13) cash dividends or other distributions on Holdco's, the Issuer's or any Restricted Subsidiary's Capital Stock used to, or the making of loans, the proceeds of which will be used to, fund the payment of fees and expenses incurred in connection with the Transactions, or owed to Affiliates, in each case to the extent permitted by Section 4.14;

(14) distributions or payments of Securitization Fees and purchases of Securitization Assets pursuant to a Securitization Repurchase Obligation in connection with a Qualified Securitization Financing;

(15) the repurchase, redemption or other acquisition or retirement for value of any Subordinated Indebtedness pursuant to Sections 4.09 and 4.13; *provided* that a Change of Control Offer or Asset Sale Offer, as applicable, has been made and all Securities tendered by Holders in connection with a Change of Control Offer or Asset Sale Offer, as applicable, have been repurchased, redeemed or acquired for value;

(16) any Restricted Payment at any time prior to April 15, 2009 if immediately after giving *pro forma* effect to such Restricted Payment pursuant to this clause (16) and the incurrence of any Indebtedness the net proceeds of which are used to finance such Restricted Payment:

(A) the Net Indebtedness to EBITDA Ratio of the Issuer would not have exceeded 3.75 to 1; and

(B) the Net Senior Indebtedness to EBITDA Ratio of the Issuer would not have exceeded 2.50 to 1; or

(17) the declaration and payment of dividends to Holdco of up to $200.0 million of the net proceeds received by the Issuer from the sale of Securities on the Issue Date, the proceeds of which will be used as described in the Offering Memorandum;

provided, however, that at the time of, and after giving effect to, any Restricted Payment permitted under clauses (2), (5), (6), (7), (9), (11), (14), (15) and (16) above, no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof.

(c) The amount of all Restricted Payments (other than cash) will be the fair market value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Issuer or such Subsidiary, as the case may be, pursuant to the Restricted Payment. The fair market value of any assets or securities that are required to be valued by this Section 4.11 will be determined in good faith by the Board of Directors of the Issuer. The Issuer's determination must be based upon an opinion or appraisal issued by an Independent Financial Advisor if the fair market value exceeds $25.0 million.

(d) As of the Issue Date, all of the Issuer's Subsidiaries will be Restricted Subsidiaries. The Issuer will not permit any Unrestricted Subsidiary to become a Restricted Subsidiary except pursuant to the second to last sentence of the definition of "Unrestricted Subsidiary." For purposes of designating any Restricted Subsidiary as an Unrestricted Subsidiary, all outstanding investments by the Issuer and the Restricted Subsidiaries (except to the extent repaid) in the Subsidiary so designated will be deemed to be Restricted Payments in an amount determined as set forth in the second paragraph of the definition of "Investments." Such designation will be permitted only if a Restricted Payment in such amount would be permitted at such time under this Section 4.11 or the definition of "Permitted Investments" and if such Subsidiary otherwise meets the definition of an "Unrestricted Subsidiary." Unrestricted Subsidiaries will not be subject to any of the restrictive covenants described in this Indenture.

SECTION 4.12. Liens.

(a) The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create, incur, assume or suffer to exist any Lien (other than Permitted Liens) that secures obligations under any Indebtedness ranking *pari passu* with or subordinated to the Securities or a related Guarantee of the Issuer on any asset or property of the Issuer

or any Restricted Subsidiary, or any income or profits therefrom, or assign or convey any right to receive income therefrom, unless:

(1) in the case of Liens securing Indebtedness subordinated to the Securities, the Securities and any related Guarantees are secured by a Lien on such property, assets or proceeds that is senior in priority to such Liens; or

(2) in all other cases, the Securities are equally and ratably secured,

(b) Notwithstanding the foregoing, Section 4.12(a) shall not apply to:

(i) Liens existing on the Issue Date to the extent and in the manner such Liens are in effect on the Issue Date;

(ii) Liens securing the Securities and the related Guarantees, Liens securing Senior Debt and the related guarantees of such Senior Debt; and

(iii) Permitted Liens.

SECTION 4.13. Asset Sales.

(a) The Issuer will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

(1) the Issuer (or such Restricted Subsidiary, as the case may be) receives consideration at the time of the Asset Sale at least equal to the fair market value of the assets or Equity Interests issued or sold or otherwise disposed of;

(2) in the case of Asset Sales involving consideration in excess of $10.0 million, the fair market value is determined by the Issuer's Board of Directors and evidenced by a Board Resolution set forth in an Officers' Certificate delivered to the Trustee; and

(3) except for any Permitted Asset Swap, at least 75% of the consideration received in the Asset Sale by the Issuer or such Restricted Subsidiary is in the form of cash or Cash Equivalents.

For purposes of clause (2) above, the amount of (i) any liabilities (as shown on the Issuer's or such Restricted Subsidiary's most recent balance sheet or in the notes thereto) of the Issuer or any Restricted Subsidiary (other than liabilities that are by their terms subordinated to the Securities) that are assumed by the

transferee of any such assets and from which the Issuer and all Restricted Subsidiaries have been validly released by all creditors in writing, (ii) any securities received by the Issuer or such Restricted Subsidiary from such transferee that are converted by the Issuer or such Restricted Subsidiary into cash (to the extent of the cash received)

within 180 days following the closing of such Asset Sale and (iii) any Designated Noncash Consideration received by the Issuer or any of its Restricted Subsidiaries in such Asset Sale having an aggregate fair market value (as determined in good faith by the Board of Directors of the Issuer), taken together with all other Designated Noncash Consideration received pursuant to this clause (iii) that is at that time outstanding, not to exceed the greater of (x) $75.0 million and (y) 5.0% of Consolidated Tangible Assets at the time of the receipt of such Designated Noncash Consideration (with the fair market value of each item of Designated Noncash Consideration being measured at the time received without giving effect to subsequent changes in value), shall be deemed to be cash for purposes of this paragraph and for no other purpose.

(b) Within 365 days after the receipt of any Net Proceeds from an Asset Sale, the Issuer may apply those Net Proceeds at its option:

(1) to permanently reduce Obligations under Senior Debt of the Issuer (and to correspondingly reduce commitments with respect thereto) or Indebtedness of the Issuer that ranks *pari passu* with the Securities *(provided* that if the Issuer shall so reduce Obligations under such Indebtedness of the Issuer that ranks *pari passu* with the Securities, it will equally and ratably reduce Obligations under the Securities by making an offer (in accordance with the procedures set forth below for an Asset Sale Offer) to all Holders to purchase at a purchase price equal to 100% of the principal amount thereof, plus accrued and unpaid interest and Additional Interest, if any, the *pro rata* principal amount of Securities) or Indebtedness of a Restricted Subsidiary, in each case, other than Indebtedness owed to the Issuer or an Affiliate of the Issuer;

(2) to an investment in (A) any one or more businesses; *provided* that such investment in any business is in the form of the acquisition of Capital Stock and results in the Issuer or a Restricted Subsidiary owning an amount of the Capital Stock of such business such that it constitutes a Restricted Subsidiary, (B) capital expenditures or (C) other assets, in each of (A), (B) and (C), used or useful in a Permitted Business; and/or

(3) to an investment in (A) any one or more businesses; *provided* that such investment in any business is in the form of the acquisition of Capital Stock and it results in the Issuer or a Restricted Subsidiary owning an amount of the Capital Stock of such business such that it constitutes a Restricted Subsidiary, (B) properties or (C) assets that, in each of (A), (B) and (C), replace the businesses, properties and assets that are the subject of such Asset Sale.

(c) When the aggregate amount of Net Proceeds not applied or invested in accordance with the preceding paragraph ("**Excess Proceeds**") exceeds $20.0 million, the Issuer will make an offer (an "**Asset Sale Offer**") to all Holders and holders of Indebtedness that ranks *pari passu* with the Securities and contains provisions similar to those set forth in

this Indenture with respect to offers to purchase with the proceeds of sales of assets to purchase, on a *pro rata* basis, the maximum principal amount of Securities and such other *pari passu* Indebtedness that may be purchased out of the Excess Proceeds (the "**Asset Sale Offer Amount**"). The offer price in any Asset Sale Offer will be equal to 100% of principal amount thereof, plus accrued and unpaid interest and Additional Interest, if any, to the date of purchase (the "**Asset Sale Payment**"), and will be payable in cash.

(d) Pending the final application of any Net Proceeds, the Issuer may temporarily reduce revolving credit borrowings or otherwise invest the Net Proceeds in any manner that is not prohibited by this Indenture.

(e) If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Issuer may use those Excess Proceeds for any purpose not otherwise prohibited by this Indenture. If the aggregate principal amount of Securities tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds, the Trustee will select the Securities to be purchased on *a pro rata* basis. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

(f) Upon the commencement of an Asset Sale Offer, the Issuer shall send, by first class mail, a notice to the Trustee and to each Holder at its registered address. The notice shall contain all instructions and materials necessary to enable such Holder to tender Securities pursuant to the Asset Sale Offer. Any Asset Sale Offer shall be made to all Holders. The notice, which shall govern the terms of the Asset Sale Offer, shall state:

(1) that the Asset Sale Offer is being made pursuant to this Section 4.13;

(2) the Asset Sale Offer Amount, the Asset Sale Payment and the date on which Securities tendered and accepted for payment shall be purchased, which date shall be at least 30 days and no later than 60 days from the date such notice is mailed (the "**Asset Sale Payment Date**");

(3) that any Securities not tendered or accepted for payment shall continue to accrete or accrue interest;

(4) that, unless the Issuer defaults in making such payment, any Securities accepted for payment pursuant to the Asset Sale Offer shall cease to accrete or accrue interest after the Asset Sale Payment Date;

(5) that Holders electing to have a Security purchased pursuant to the Asset Sale Offer may only elect to have all of such Security purchased and may not elect to have only a portion of such Security purchased;

(6) that Holders electing to have a Security purchased pursuant to any Asset Sale Offer shall be required to surrender the Security, with the form entitled "Option of Holder To Elect Purchase" on the reverse of the Securities completed, or transfer such Security by book-entry transfer, to the Issuer, a depository, if appointed by the Issuer, or the Paying Agent at the address specified in the notice at least three days before the Asset Sale Payment Date;

(7) that Holders shall be entitled to withdraw their election if the Issuer, the Depositary or the Paying Agent, as the case may be, receives, not later than the Asset Sale Payment Date, a notice setting forth the name of the Holder, the principal amount of the Security the Holder delivered for purchase and a statement that such Holder is withdrawing his election to have such Security purchased;

(8) that, if the aggregate principal amount of Securities surrendered by Holders exceeds the Asset Sale Offer Amount, the Issuer shall select the Securities to be purchased on a *pro rata* basis (with such adjustments as may be deemed appropriate by the Issuer so that only Securities in denominations of $5,000 or £5,000 or integral multiples of $1,000 or £1,000 shall be purchased); and

(9) that Holders whose Securities were purchased only in part shall be issued new Securities equal in principal amount to the unpurchased portion of the Securities surrendered (or transferred by book-entry transfer); *provided* that such Securities shall be in denominations of $5,000 or £5,000 or integral multiples $1,000 or £1,000.

(g) On the Asset Sale Payment Date, the Issuer shall, to the extent lawful: (1) accept for payment all Securities or portions thereof properly tendered pursuant to the Asset Sale Offer; (2) deposit with the Paying Agent U.S. Legal Tender, U.K. Legal Tender, U.S. Government Securities and/or U.K. Government Securities sufficient to pay the Asset Sale Payment in respect of all Securities or portions thereof so tendered; and (3) deliver or cause to be delivered to the Trustee the Securities so accepted together with an Officers' Certificate stating the aggregate principal amount of Securities or portions thereof being repurchased by the Issuer. The Issuer shall publicly announce the results of the Asset Sale Offer on the Asset Sale Payment Date.

(h) The Paying Agent shall promptly mail to each Holder so tendered the Asset Sale Payment for such Securities, and the Trustee shall promptly authenticate pursuant to an Authentication Order and mail (or cause to be transferred by book entry) to each Holder a new Security equal in principal amount to any unrepurchased portion of the Securities surrendered, if any; *provided* that each such new Security shall be in a principal amount of $5,000 or £5,000 or an integral multiple of $1,000 or £1,000. However, if the Asset Sale Payment Date is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest shall be paid to the Person in whose name a Security

is registered at the close of business on such record date, and no additional interest shall be payable to Holders who tender Securities pursuant to the Asset Sale Offer.

(i) The Issuer will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with each repurchase of Securities pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with this Section 4.13, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Section 4.13 by virtue of such conflict.

SECTION 4.14. Transactions with Affiliates.

(a) The Issuer will not, and will not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate (each, an "**Affiliate Transaction**") involving aggregate consideration in excess of $5.0 million, unless:

(1) the Affiliate Transaction is on terms that are no less favorable to the Issuer or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Issuer or such Restricted Subsidiary with an unrelated Person; and

(2) the Issuer delivers to the Trustee:

(a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $15.0 million, a Board Resolution approving such Affiliate Transaction set forth in an Officers' Certificate certifying that such Affiliate Transaction complies with this Section 4.14 and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors; and

(b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $75.0 million, an opinion as to the fairness to the Issuer of such Affiliate Transaction from a financial point of view issued by an Independent Financial Advisor.

(b) The restrictions set forth in Section 4.14(a) do not apply to:

(1) transactions between or among the Issuer and/or any Restricted Subsidiary or any entity that becomes a Restricted Subsidiary as a result of such transaction;

(2) Restricted Payments (other than pursuant to clause (7) of Section 4.10(b)) and Permitted Investments (other than pursuant to clauses (10), (11) and (15) of the definition thereof) permitted by this Indenture;

(3) the payment to the Sponsors and any of their Affiliates of annual management, consulting, monitoring and advisory fees pursuant to the Management Agreement in an aggregate amount in any fiscal year not to exceed $10.0 million and related reasonable expenses;

(4) the payment of reasonable and customary fees paid to, and indemnities provided on behalf of, officers, directors, employees or consultants of the Issuer, any of its direct or indirect parent corporations or any Restricted Subsidiary;

(5) the payments by the Issuer or any Restricted Subsidiary to the Sponsors and any of their Affiliates made for any financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including, without limitation, in connection with acquisitions or divestitures, which payments are approved by a majority of the members of the Board of Directors of the Issuer in good faith;

(6) transactions in which the Issuer or any Restricted Subsidiary delivers to the Trustee a letter from an Independent Financial Advisor stating that such transaction is fair to the Issuer or such Restricted Subsidiary from a financial point of view;

(7) payments or loans (or cancellations of loans) to employees or consultants of the Issuer or any of its direct or indirect parent corporations or any Restricted Subsidiary which are approved by a majority of the Board of Directors of the Issuer in good faith and which are otherwise permitted under this Indenture;

(8) payments made or performance under any agreement as in effect on the Issue Date (other than the Management Agreement and Stockholders Agreement, but including, without limitation, each of the other agreements entered into in connection with the Transactions) or any amendment thereto (so long as any such amendment is not less advantageous to the Holders in any material respect than the original agreement as in effect on the Issue Date);

(9) the existence of, or the performance by the Issuer or any of its Restricted Subsidiaries of its obligations under the terms of, the Stockholders Agreement (including any registration rights agreement or purchase agreements related thereto to

which it is a party as of the Issue Date and any similar agreement that it may enter into thereafter); *provided*, *however*, that the existence of, or the performance by the Issuer or any of its Restricted Subsidiaries of its obligations under, any future amendment to the Stockholders Agreement or under any similar agreement entered into after the Issue Date shall only be permitted by this clause (9) to the extent that the terms of any such existing agreement, together with all amendments thereto, taken as a whole, or new agreement are not otherwise more disadvantageous to Holders in any material respect than the original agreement as in effect on the Issue Date;

(10) the Transactions and the payment of all fees and expenses related to the Transactions and the prepayment of $10.0 million in management fees for the fiscal year ended November 30, 2004;

(11) transactions with customers, clients, suppliers, or purchasers or sellers of goods or services, in each case in the ordinary course of business and otherwise in compliance with the terms of this Indenture that are fair to Holdco or the Restricted Subsidiaries, in the reasonable determination of the members of the Board of Directors of the Issuer or the senior management thereof, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated party;

(12) if otherwise permitted hereunder, the issuance of Equity Interests (other than Disqualified Stock) of Holdco to any Permitted Holder or to any director, officer, employee or consultant of the Issuer or Holdco or their Subsidiaries or of the Issuer to Holdco or to any Permitted Holder or to any director, officer, employee or consultant of the Issuer or Holdco or their Subsidiaries; and

(13) any transaction with a Securitization Subsidiary effected as part of a Qualified Securitization Financing.

SECTION 4.15. Dividend and Other Payment Restrictions Affecting Subsidiaries.

(a) The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any such Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Capital Stock to the Issuer or any of its Restricted Subsidiaries, or with respect to any other interest or participation in, or measured by, its profits, or pay any Indebtedness owed to the Issuer or any of its Restricted Subsidiaries;

(2) make loans or advances to the Issuer or any of its Restricted Subsidiaries; or

(3) sell, lease or transfer any of its properties or assets to the Issuer or any of its Restricted Subsidiaries.

(b) However, the preceding restrictions in Section 4.15(a) will not apply to encumbrances or restrictions existing under or by reason of:

(1) contractual encumbrances or restrictions in effect (x) pursuant to the Credit Agreement or related documents or (y) on the Issue Date, including, without limitation, pursuant to Existing Indebtedness and its related documentation;

(2) this Indenture and the Securities;

(3) purchase money obligations for property acquired in the ordinary course of business that impose restrictions of the nature discussed in clause (3) of Section 4.15(a) on the property so acquired;

(4) applicable law or any applicable rule, regulation or order;

(5) any agreement or other instrument of a Person acquired by the Issuer or any Restricted Subsidiary in existence at the time of such acquisition (but not created in contemplation thereof), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired;

(6) contracts for the sale of assets, including, without limitation, customary restrictions with respect to a Subsidiary pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock or assets of such Subsidiary;

(7) secured Indebtedness otherwise permitted to be incurred pursuant to Sections 4.10 and 4.12 that limits the right of the debtor to dispose of the assets securing such Indebtedness;

(8) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business;

(9) other Indebtedness or Preferred Stock (i) of the Issuer or any Restricted Subsidiary that is a Guarantor that is incurred subsequent to the Issue Date pursuant to Section 4.10 or (ii) that is incurred by a Foreign Subsidiary of the Issuer subsequent to the Issue Date pursuant to clause (1), (4), (11) or (20) of Section 4.10(b);

(10) customary provisions in joint venture agreements and other similar agreements entered into in the ordinary course of business;

(11) customary provisions contained in leases, subleases, licenses or asset sale agreements and other agreements;

(12) any encumbrances or restrictions of the type referred to in clauses (1), (2) and (3) of Section 4.15(a) imposed by any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of the contracts, instruments or obligations referred to in clauses (I) through (11) of this Section 4.15(b), *provided* that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are, in the good faith judgment of the Issuer's Board of Directors, no more restrictive with respect to such dividend and other payment restrictions than those contained in the dividend or other payment restrictions prior to such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing;

(13) any encumbrance or restriction of a Securitization Subsidiary effected in connection with a Qualified Securitization Financing; *provided, however,* that such restrictions apply only to such Securitization Subsidiary; or

(14) any encumbrance or restriction in connection with Non-Recourse Product Financing Indebtedness or Non-Recourse Acquisition Financing Indebtedness.

SECTION 4.16. Additional Subsidiary Guarantees.

(a) The Issuer will cause each Restricted Subsidiary that is a Domestic Subsidiary (unless such Subsidiary is a Securitization Subsidiary) that:

(1) guarantees any Indebtedness of the Issuer or any of its Restricted Subsidiaries; or

(2) incurs any Indebtedness or issues any shares of Preferred Stock permitted to be incurred or issued pursuant to clause (1) or (11) of the definition of "Permitted Debt" in Section 4.10(b) or not permitted to be incurred by Section 4.10

to execute and deliver to the Trustee a supplemental indenture pursuant to which such Subsidiary will guarantee payment of the Securities. Each Guarantee will be limited to an amount not to exceed the maximum amount that can be guaranteed by that Restricted Subsidiary without rendering the Guarantee, as it relates to such Restricted Subsidiary, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally.

(b) Each Guarantee shall be released in accordance with Article Eleven.

SECTION 4.17. Reports to Holders.

(a) Whether or not required by the Commission, so long as any Securities are outstanding, the Issuer will furnish to the Holders, within the time periods specified in the Commission's rules and regulations:

(1) all quarterly and annual financial information that would be required to be contained in a filing with the Commission on Forms 10-Q and 10-K if the Issuer were required to file such Forms, including a "Management's Discussion and Analysis of Financial Condition and Results of Operations" and, with respect to the annual information only, a report on the annual financial statements by the Issuer's certified independent accountants; and

(2) all current reports that would be required to be filed with the Commission on Form 8-K if the Issuer were required to file such reports.

(b) In addition, whether or not required by the Commission, the Issuer will file a copy of all of the information and reports referred to in clauses (1) and (2) above with the Commission for public availability within the time periods specified in the Commission's rules and regulations (unless the Commission will not accept such a filing) and make such information available to securities analysts and prospective investors upon request. In addition,

the Issuer has agreed that, for so long as any Securities remain outstanding, it will furnish to the Holders and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

(c) In addition, if at any time Holdco becomes a Guarantor (there being no obligation of Holdco to do so), holds no material assets other than cash, Cash Equivalents and the Capital Stock of the Issuer (and performs the related incidental activities associated with such ownership) and complies with the requirements of Rule 3-10 of Regulation S-X promulgated by the Commission (or any successor provision), the reports, information and other documents required to be filed and furnished to Holders pursuant to this Section 4.17 may, at the option of the Issuer, be filed by and be those of Holdco rather than the Issuer.

(d) Notwithstanding the foregoing, such requirements shall be deemed satisfied prior to the commencement of the Exchange Offer or the effectiveness of the Shelf Registration Statement (as defined in the Registration Rights Agreement) by the filing with the Commission of the Exchange Offer Registration Statement (as defined in the Registration Rights Agreement) and/or Shelf Registration Statement, and any amendments thereto, with such financial information that satisfies Regulation S-X of the Securities Act.

SECTION 4.18. Limitation on Layering.

The Issuer will not, and will not permit any Restricted Subsidiary that is a Guarantor to, directly or indirectly, incur any Indebtedness that is or purports to be by its terms (or by the terms of any agreement governing such Indebtedness) contractually subordinated or junior in right of payment to any Senior Debt (including Acquired Debt) of the Issuer or such Restricted Subsidiary, as the case may be, unless such Indebtedness is either

(1) *pari passu* in right of payment with the Securities; or

(2) subordinate in right of payment to the Securities.

SECTION 4.19. Business Activities.

The Issuer will not, and will not permit any Restricted Subsidiary (other than a Securitization Subsidiary) to, engage in any business other than Permitted Businesses, except to such extent as would not be material to the Issuer and its Subsidiaries taken as a whole.

SECTION 4.20. Payments for Consent.

The Issuer will not, and will not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of this Indenture or the Securities unless such consideration is offered to be paid and is paid to all Holders that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

ARTICLE FIVE

SUCCESSOR CORPORATION

SECTION 5.01. Merger, Consolidation, or Sale of Assets.

(a) The Issuer may not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not the Issuer is the surviving corporation); or (2) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Issuer and its Subsidiaries taken as a whole, in one or more related transactions, to another Person, unless:

(1) either: (a) the Issuer is the surviving corporation; or (b) the Person formed by or surviving any such consolidation or merger (if other than the Issuer) or to which such sale, assignment, transfer, conveyance or other disposition has been

made is a corporation organized or existing under the laws of the United States, any state of the United States, the District of Columbia or any territory thereof (the Issuer or such Person, as the case may be, being herein called the "**Successor Company**");

(2) the Successor Company (if other than the Issuer) or the Person to which such sale, assignment, transfer, conveyance or other disposition has been made assumes all the obligations of the Issuer under the Securities, this Indenture and the Registration Rights Agreement;

(3) immediately after such transaction no Default or Event of Default exists;

(4) immediately after giving *pro forma* effect to such transaction and any related financing transactions, as if the same had occurred at the beginning of the applicable four-quarter period, either

(a) the Successor Company or the Person to which such sale, assignment, transfer, conveyance or other disposition has been made would be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Coverage Ratio Exception; or

(b) the Fixed Charge Coverage Ratio for the Successor Company and its Restricted Subsidiaries would be greater than such ratio for the Issuer and its Restricted Subsidiaries immediately prior to such transaction; and

(5) each Guarantor, unless it is the other party to the transactions described above, shall have by supplemental indenture confirmed that its Guarantee shall apply to such Person's obligations under this Indenture and the Securities.

This Section 5.01 will not apply to a sale, assignment, transfer, conveyance or other disposition of assets between or among the Issuer and its Restricted Subsidiaries. Notwithstanding the foregoing clauses (3) and (4), (i) any Restricted Subsidiary may consolidate with, merge into or transfer all or part of its properties and assets to the Issuer or to another Restricted Subsidiary and (ii) the Issuer may merge with an Affiliate incorporated solely for the purpose of reincorporating the Issuer in another state of the United States so long as the amount of Indebtedness of the Issuer and its Restricted Subsidiaries is not increased thereby.

In the event of any transaction described in and complying with the conditions listed in the preceding paragraph in which the Issuer is not the continuing corporation, the successor Person formed or remaining shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer and the Issuer will be discharged from all obligations and covenants under this Indenture and the Securities.

(b) The Issuer will deliver to the Trustee prior to the consummation of each proposed transaction an Officers' Certificate certifying that the conditions set forth above are satisfied and an Opinion of Counsel, which opinion may contain customary exceptions and qualifications, that the proposed transaction and the supplemental indenture, if any, comply with this Indenture.

ARTICLE SIX

DEFAULT AND REMEDIES

SECTION 6.01. Events of Default.

Each of the following is an **"Event of Default"**:

(1) the Issuer defaults in payment when due and payable, upon redemption, acceleration or otherwise, of principal of, or premium, if any, on the Securities, whether or not prohibited by Article Ten;

(2) the Issuer defaults in the payment when due of interest or Additional Interest, if any, on or with respect to the Securities and such default continues for a period of 30 days, whether or not prohibited by Article Ten;

(3) the Issuer defaults in the performance of, or breaches any covenant, warranty or other agreement contained in, this Indenture (other than a default in the performance or breach of a covenant, warranty or agreement which is specifically dealt with in clauses (1) or (2) above) and such default or breach continues for a period of 60 days after the notice specified below;

(4) default under any mortgage, indenture or instrument under which there is issued or by which there is secured or evidenced any Indebtedness for money borrowed by the Issuer or any Restricted Subsidiary or the payment of which is guaranteed by the Issuer or any Restricted Subsidiary (other than Indebtedness owed to the Issuer or a Restricted Subsidiary), whether such Indebtedness or guarantee now exists or is created after the Issue Date, if (A) such default either (1) results from the failure to pay any such Indebtedness at its stated final maturity (after giving effect to any applicable grace periods) or (2) relates to an obligation other than the obligation to pay principal of any such Indebtedness at its stated final maturity and results in the holder or holders of such Indebtedness causing such Indebtedness to become due prior to its stated maturity and (B) the principal amount of such Indebtedness, together with the principal amount of any other such Indebtedness in default for failure to pay principal at stated final maturity (after giving effect to any applicable grace periods), or the maturity

of which has been so accelerated, aggregate $25.0 million (or its foreign currency equivalent) or more at any one time outstanding;

(5) the Issuer or any Significant Subsidiary pursuant to or within the meaning of any Bankruptcy Law:

(A) commences a voluntary case,

(B) consents to the entry of an order for relief against it in an involuntary case,

(C) consents to the appointment of a Custodian of it or for all or substantially all of its property,

(D) makes a general assignment for the benefit of its creditors,

(E) takes any comparable action under any foreign laws relating to incolvency,

(F) generally is not able to pay its debts as they become due, or

(G) takes any corporate action to authorize or effect any of the foregoing;

(6) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(A) is for relief against the Issuer or any Significant Subsidiary in an involuntary case,

(B) appoints a Custodian of the Issuer or any Significant Subsidiary or for all or substantially all of the property of the Issuer or any Significant Subsidiary, or

(C) orders the liquidation of the Issuer or any Significant Subsidiary, and the order or decree remains unstayed and in effect for 60 days;

(7) the failure by the Issuer or any Significant Subsidiary to pay final judgments (other than any judgments covered by insurance policies issued by reputable and creditworthy insurance companies) aggregating in excess of $25.0 million, which final judgments remain unpaid, undischarged and unstayed for a period of more than 60 days after such judgment becomes final, and, with respect to any judgments

covered by insurance, an enforcement proceeding has been commenced by any creditor upon such judgment or decree which is not promptly stayed; or

(8) the Guarantee of a Significant Subsidiary ceases to be in full force and effect (except as contemplated by the terms thereof) or any Guarantor denies or disaffirms its obligations under this Indenture or any Guarantee and such Default continues for 10 days.

SECTION 6.02. Acceleration.

If an Event of Default specified in Sections 6.01(5) and (6) above occurs with respect to the Issuer and is continuing, then all unpaid principal of, and premium, if any, and accrued and unpaid interest on all of the outstanding Securities shall *ipso facto* become and be immediately due and payable without any declaration or other act on the part of each Trustee or any Holder.

If any other Event of Default shall occur and be continuing, the Trustee or the Holders of at least 25% in principal amount of outstanding Securities under this Indenture may declare the principal of and accrued interest on such Securities to be due and payable by notice in writing to the Issuer and the Trustee specifying the respective Event of Default and that it is a "notice of acceleration" (the **"Acceleration Notice"**), and the same:

(1) shall become immediately due and payable; or

(2) shall become immediately due and payable upon the first to occur of an acceleration under the Credit Agreement and five Business Days after receipt by the Issuer and the Representative under the Credit Agreement of such Acceleration Notice but only if such Event of Default is then continuing.

At any time after a declaration of acceleration with respect to the Securities as described in the two preceding paragraphs, the Holders of a majority in principal amount of the Securities may rescind and cancel such declaration and its consequences:

(1) if the rescission would not conflict with any judgment or decree;

(2) if all existing Events of Default have been cured or waived except nonpayment of principal or interest that has become due solely because of the acceleration;

(3) to the extent the payment of such interest is lawful, if interest on overdue installments of interest and overdue principal, which has become due otherwise than by such declaration of acceleration, has been paid;

(4) if the Issuer has paid the Trustee its reasonable compensation and reimbursed the Trustee for its expenses, disbursements and advances; and

(5) in the event of the cure or waiver of an Event of Default of the type described in Sections 6.01(5) and (6), if the Trustee shall have received an Officers' Certificate and an Opinion of Counsel that such Event of Default has been cured or waived.

No such rescission shall affect any subsequent Default or impair any right consequent thereto.

SECTION 6.03. Other Remedies.

(a) If a Default occurs and is continuing, the Trustee may pursue any available remedy by proceeding at law or in equity to collect the payment of principal of or interest on the Securities or to enforce the performance of any provision of the Securities or this Indenture.

(b) The Trustee may maintain a proceeding even if it does not possess any of the Securities or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Securityholder in exercising any right or remedy accruing upon a Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Default. No remedy is exclusive of any other remedy. All available remedies are cumulative to the extent permitted by law.

(c) In the event of any Event of Default specified in clause (4) of Section 6.01, such Event of Default and all consequences thereof (excluding, however, any resulting payment default) will be annulled, waived and rescinded, automatically and without any action by the Trustee or the Holders, if within 20 days after such Event of Default arose the Issuer delivers an Officers' Certificate to the Trustee stating that (x) the Indebtedness or guarantee that is the basis for such Event of Default has been discharged or (y) the holders thereof have rescinded or waived the acceleration, notice or action (as the case may be) giving rise to such Event of Default or (z) the default that is the basis for such Event of Default has been cured, it being understood that in no event shall an acceleration of the principal amount of the Securities as described above be annulled, waived or rescinded upon the happening of any such events.

(d) Holders may not enforce this Indenture or the Securities except as provided in this Indenture and under the TIA. Subject to the provisions of this Indenture relating to the duties of the Trustee, the Trustee is under no obligation to exercise any of its rights or powers under this Indenture

at the request, order or direction of any of the Holders, unless such Holders have offered to the Trustee reasonable indemnity. Subject to all provisions of this Indenture and applicable law, the Holders of a majority in aggregate principal amount of the then outstanding Securities issued under this Indenture have the right to direct the time,

method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee.

SECTION 6.04. Waiver of Defaults.

Provided the Securities are not then due and payable by reason of a declaration of acceleration, the Holders of a majority in aggregate principal amount of Securities at the time outstanding may on behalf of the Holders of all the Securities waive any Default with respect to such Securities and its consequences by providing written notice thereof to the Issuer and the Trustee, except a Default (1) in the payment of interest on or the principal of any Security or (2) in respect of a covenant or provision hereof which under this Indenture cannot be modified or amended without the consent of the Holder of each outstanding Security affected. In the case of any such waiver, the Issuers, the Trustee and the Holders will be restored to their former positions and rights under this Indenture, respectively; *provided* that no such waiver shall extend to any subsequent or other Default or impair any right consequent thereto. *provided, however,* that if any amendment, waiver or other modification will only affect the Dollar Securities or the Sterling Securities, only the consent of the Holders of at least a majority in principal amount of the then outstanding Dollar Securities or Sterling Securities (and not the consent of at least a majority of all Securities), as the case may be, shall be required.

SECTION 6.05. Control by Majority.

The Holders of not less than a majority in principal amount of the outstanding Securities may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on it. Subject to Section 7.01, however, the Trustee may refuse to follow any direction that conflicts with any law or this Indenture, that the Trustee determines may be unduly prejudicial to the rights of another Securityholder, or that may involve the Trustee in personal liability; *provided* that the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

In the event the Trustee takes any action or follows any direction pursuant to this Indenture, the Trustee shall be entitled to indemnification against any loss or expense caused by taking such action or following such direction.

SECTION 6.06. Limitation on Suits.

A Holder may not pursue any remedy with respect to this Indenture or the Securities unless:

(1) the Holder gives to the Trustee written notice of a continuing Event of Default;

(2) the Holder or Holders of at least 25% in principal amount of the outstanding Securities make a written request to the Trustee to pursue the remedy;

(3) such Holder or Holders offer and provide to the Trustee indemnity reasonably satisfactory to the Trustee against any loss, liability or expense;

(4) the Trustee does not comply with the request within 45 days after receipt of the request and the offer and the provision of indemnity; and

(5) during such 45-day period the Holder or Holders of a majority in principal amount of the outstanding Securities do not give the Trustee a direction which, in the opinion of the Trustee, is inconsistent with the request.

A Holder may not use this Indenture to prejudice the rights of another Holder or to obtain a preference or priority over such other Holder.

SECTION 6.07. Rights of Holders To Receive Payment.

Notwithstanding any other provision of this Indenture, the right of any Holder to receive payment of principal of and interest on a Security, on or after the respective due dates expressed in such Security, or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of the Holder.

SECTION 6.08. Collection Suit by Trustee.

If a Default in payment of principal or interest specified in Section 6.01(1) or (2) occurs and is continuing, the Trustee may recover judgment in its own name and as trustee of an express trust against the Issuer or any other obligor on the Securities for the whole amount of principal and accrued interest and fees remaining unpaid, together with interest on overdue principal and, to the extent that payment of such interest is lawful, interest on overdue installments of interest, in each case at the rate *per annum* borne by the Securities and such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

SECTION 6.09. Trustee May File Proofs of Claim.

The Trustee may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and the Holders allowed in any judicial proceedings relating to the Issuer, its creditors or its property and shall be entitled and empowered to collect and receive any monies or

other property payable or deliverable on any such claims and to distribute the same, and any Custodian in any such judicial proceedings is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the compensation, expenses, disbursements and advances of the Trustee, its agent and counsel, and any other amounts due the Trustee under Section 7.07. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding. The Trustee shall be entitled to participate as a member of any officer committee of creditors in the matters as it deems necessary or advisable.

SECTION 6.10. Priorities.

Subject to the provisions of Article Ten, if the Trustee collects any money or property pursuant to this Article Six, it shall pay out the money or property in the following order:

FIRST: to the Trustee for amounts due under Section 7.07;

SECOND: to Holders for interest accrued on the Securities, ratably, without preference or priority of any kind, according to the amounts due and payable on the Securities for interest;

THIRD: to Holders for principal amounts due and unpaid on the Securities, ratably, without preference or priority of any kind, according to the amounts due and payable on the Securities for principal; and

FOURTH: to the Issuer or, if applicable, the Guarantors, as their respective interests may appear.

The Trustee, upon prior notice to the Issuer, may fix a record date and payment date for any payment to Holders pursuant to this Section 6.10.

SECTION 6.11. Undertaking for Costs.

In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 does not apply to a suit by the Trustee, a suit by a Holder pursuant to Section 6.07, or a

suit by a Holder or Holders of more than 10% in principal amount of the outstanding Securities.

ARTICLE SEVEN

TRUSTEE

SECTION 7.01. Duties of Trustee.

(a) If a Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(b) Except during the continuance of a Default:

(1) The Trustee need perform only those duties as are specifically set forth herein or in the TIA and no duties, covenants, responsibilities or obligations shall be implied in this Indenture against the Trustee.

(2) In the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates (including Officers' Certificates) or opinions (including Opinions of Counsel) furnished to the Trustee and conforming to the requirements of this Indenture. However, in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture.

(c) Notwithstanding anything to the contrary herein, the Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(1) This paragraph does not limit the effect of paragraph (b) of this Section 7.01.

(2) The Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts.

(3) The Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05.

(d) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or to take or omit to take any action under this Indenture or take any action at the request or direction of Holders if it shall have reasonable grounds for believing that repayment of such funds is not assured to it.

(e) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to this Section 7.01.

(f) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Issuer. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

(g) In the absence of bad faith, negligence or willful misconduct on the part of the Trustee, the Trustee shall not be responsible for the application of any money by any Paying Agent other than the Trustee.

SECTION 7.02. Rights of Trustee.

Subject to Section 7.01:

(a) The Trustee may rely conclusively on any document believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, it may require an Officers' Certificate and an Opinion of Counsel, which shall conform to the provisions of Section 12.05. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such certificate or opinion.

(c) The Trustee may act through its attorneys and agents and shall not be responsible for the misconduct or negligence of any agent (other than an agent who is an employee of the Trustee) appointed with due care.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith which it reasonably believes to be authorized or within its rights or powers.

(e) The Trustee may consult with counsel of its selection and the advice or opinion of such counsel as to matters of law shall be full and complete authorization

and protection from liability in respect of any action taken, omitted or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel.

(f) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Holders pursuant to the provisions of this Indenture, unless such Holders shall have offered to the Trustee reasonable security or indemnity satisfactory to it against the costs, expenses and liabilities which may be incurred therein or thereby.

(g) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate (including any Officers' Certificate), statement, instrument, opinion (including any Opinion of Counsel), notice, request, direction, consent, order, bond, debenture, or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled, upon reasonable notice to the Issuer, to examine the books, records, and premises of the Issuer, personally or by agent or attorney at the sole cost of the Issuer.

(h) The Trustee shall not be required to give any bond or surety in respect of the performance of its powers and duties hereunder.

(i) The permissive rights of the Trustee to do things enumerated in this Indenture shall not be construed as duties.

(j) The Trustee shall not be deemed to have notice of any Default unless a Responsible Officer of the Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a default is received by the Trustee at the Corporate Trust Office of the Trustee, and such notice references the Securities and this Indenture.

(k) The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and to each agent, custodian and other Person employed to act hereunder.

SECTION 7.03. Individual Rights of Trustee.

The Trustee in its individual or any other capacity may become the owner or pledgee of Securities and may otherwise deal with the Issuer, its Subsidiaries or their respective Affiliates with the same rights it would have if it were not Trustee. Any Agent may do the same with like rights. However, the Trustee must comply with Sections 7.10 and 7.11.

SECTION 7.04. Trustee's Disclaimer.

The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture or the Securities, it shall not be accountable for the Issuer's use of the proceeds from the Securities, and it shall not be responsible for any statement of the Issuer in this Indenture or any document issued in connection with the sale of Securities or any statement in the Securities other than the Trustee's certificate of authentication. The Trustee makes no representations with respect to the effectiveness or adequacy of this Indenture.

SECTION 7.05. Notice of Default.

If a Default occurs and is continuing and the Trustee receives actual notice of such Default, the Trustee shall mail to each Holder notice of the uncured Default within 60 days after such Default occurs. Except in the case of a Default in payment of principal of, or interest on, any Security, including an accelerated payment and the failure to make payment on the Change of Control Payment Date pursuant to a Change of Control Offer or the Asset Sale Offer Payment Date pursuant to an Asset Sale Offer, the Trustee may withhold the notice if and so long as the Board of Directors, the executive committee, or a trust committee of directors and/or Responsible Officers, of the Trustee in good faith determines that withholding the notice is in the interest of the Holders.

SECTION 7.06. Reports by Trustee to Holders.

Within 60 days after each May 1, beginning with May 1, 2005, the Trustee shall, to the extent that any of the events described in TIA § 313(a) occurred within the previous twelve months, but not otherwise, mail to each Holder a brief report dated as of such date that complies with TIA § 313(a). The Trustee also shall comply with TIA §§ 313(b), 313(c) and 313(d).

A copy of each report at the time of its mailing to Holders shall be mailed to the Issuer and filed with the Commission and each securities exchange, if any, on which the Securities are listed.

The Issuer shall notify the Trustee if the Securities become listed on any securities exchange or of any delisting thereof and the Trustee shall comply with TIA § 313(d).

SECTION 7.07. Compensation and Indemnity.

The Issuer shall pay to the Trustee from time to time such compensation as the Issuer and the Trustee shall from time to time agree in writing for its services hereunder. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Issuer shall reimburse the Trustee upon request for all reasonable disbursements,

expenses and advances (including reasonable fees and expenses of counsel) incurred or made by it in addition to the compensation for its services, except any such disbursements, expenses and advances as may be attributable to the Trustee's negligence, bad faith or willful misconduct. Such expenses shall include the reasonable fees and expenses of the Trustee's agents and counsel.

The Issuer shall indemnify each of the Trustee or any predecessor Trustee and its agents, employees, officers, stockholders and directors for, and hold them harmless against, any and all loss, damage, claims including taxes (other than taxes based upon, measured by or determined by the income of the Trustee), liability or expense incurred by them except for such actions to the extent caused by any negligence, bad faith or willful misconduct on their part, arising out of or in connection with the acceptance or administration of this trust including the costs and expenses of enforcing this Indenture or a Guarantee against the Issuer or a Guarantor (including this Section 7.07) and the reasonable costs and expenses of defending themselves against or investigating any claim or liability in connection with the exercise or performance of any of the Trustee's rights, powers or duties hereunder (whether asserted by the Issuer, any Guarantor, any Holder or any other Person). The Trustee shall notify the Issuer promptly of any claim asserted against the Trustee or any of its agents, employees, officers, stockholders and directors for which it may seek indemnity. The Issuer may, subject to the approval of the Trustee (which approval shall not be unreasonably withheld), defend the claim and the Trustee shall cooperate in the defense. The Trustee and its agents, employees, officers, stockholders and directors subject to the claim may have separate counsel and the Issuer shall pay the reasonable fees and expenses of such counsel; *provided, however,* that the Issuer will not be required to pay such fees and expenses if, subject to the approval of the Trustee (which approval shall not be unreasonably withheld), it assumes the Trustee's defense and there is no conflict of interest between the Issuer and the Trustee and its agents, employees, officers, stockholders and directors subject to the claim in connection with such defense as reasonably determined by the Trustee. The Issuer need not pay for any settlement made without its written consent. The Issuer need not reimburse any expense or indemnify against any loss or liability to the extent incurred by the Trustee through its negligence, bad faith or willful misconduct.

To secure the Issuer's and the Guarantors' payment obligations in this Section 7.07, the Trustee shall have a Lien prior to the Securities against all money or property held or collected by the Trustee, in its capacity as Trustee. The obligations of the Issuer and the Guarantors under this Section shall not be subordinated to the payment of Senior Debt pursuant to Article Ten or Section 11.02 except assets or money held in trust to pay principal of or interest on particular Securities.

When the Trustee incurs expenses or renders services after a Default specified in Section 6.01(5) or (6) occurs, such expenses and the compensation for such services shall

be paid to the extent allowed under any Bankruptcy Law and are intended to constitute expenses of administration under any Bankruptcy Law.

Notwithstanding any other provision in this Indenture, the foregoing provisions of this Section 7.07 shall survive the satisfaction and discharge of this Indenture or the appointment of a successor Trustee.

SECTION 7.08. Replacement of Trustee.

The Trustee may resign at any time by so notifying the Issuer in writing. The Holders of a majority in principal amount of the outstanding Securities may remove the Trustee by so notifying the Issuer and the Trustee and may appoint a successor Trustee. The Issuer may remove the Trustee if:

(1) the Trustee fails to comply with Section 7.10;

(2) the Trustee is adjudged a bankrupt or an insolvent;

(3) a receiver or other public officer takes charge of the Trustee or its property; or

(4) the Trustee becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Issuer shall notify each Holder of such event and shall promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the Holders of a majority in principal amount of the Securities may appoint a successor Trustee to replace the successor Trustee appointed by the Issuer.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Issuer. Immediately after that, the retiring Trustee shall transfer, after payment of all sums then owing to the Trustee pursuant to Section 7.07, all property held by it as Trustee to the successor Trustee, subject to the Lien provided in Section 7.07, the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. A successor Trustee shall mail notice of its succession to each Holder.

If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Issuer or the Holders of at least 10% in principal amount of the outstanding Securities may petition any court of competent jurisdiction for the appointment of a successor Trustee at the expense of the Issuer.

If the Trustee fails to comply with Section 7.10, any Holder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

Notwithstanding replacement of the Trustee pursuant to this Section 7.08, the Issuer's obligations under Section 7.07 shall continue for the benefit of the retiring Trustee.

SECTION 7.09. Successor Trustee by Merger, Etc.

If the Trustee consolidates with, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation, the resulting, surviving or transferee corporation without any further act shall, if such resulting, surviving or transferee corporation is otherwise eligible hereunder, be the successor Trustee; *provided* that such corporation shall be otherwise qualified and eligible under this Article Seven.

SECTION 7.10. Eligibility; Disqualification.

This Indenture shall always have a Trustee who satisfies the requirement of TIA §§ 3l0(a)(1), 310(a)(2) and 310(a)(5). The Trustee shall have a combined capital and surplus of at least $150,000,000 as set forth in its most recent published annual report of condition. In addition, if the Trustee is a corporation included in a bank holding company system, the Trustee, independently of the bank holding company, shall meet the capital requirements of TIA § 310(a)(2). The Trustee shall comply with TIA § 310(b); *provided, however,* that there shall be excluded from the operation of TIA § 310(b)(1) any indenture or indentures under which other securities, or certificates of interest or participation in other securities, of the Issuer are outstanding, if the requirements for such exclusion set forth in TIA § 310(b)(1) are met. The provisions of TIA § 310 shall apply to the Issuer and any other obligor of the Securities.

SECTION 7.11. Preferential Collection of Claims Against the Issuer.

The Trustee, in its capacity as Trustee hereunder, shall comply with TIA § 311(a), excluding any creditor relationship listed in TIA § 311(b). A Trustee who has resigned or been removed shall be subject to TIA § 311(a) to the extent indicated.

ARTICLE EIGHT

DISCHARGE OF INDENTURE; DEFEASANCE

SECTION 8.01. Termination of the Issuer's Obligations.

The Issuer may terminate its obligations under the Securities and this Indenture, except those obligations referred to in the penultimate paragraph of this Section 8.01, if all Securities previously authenticated and delivered (other than destroyed, lost or stolen Securities which have been replaced or paid or Securities for whose payment U.S. Legal Tender or U.K. Legal Tender, as applicable, or U.S. Government Securities or U.K. Government Securities, as applicable, or a combination thereof, in such amount as is, in the opinion of a nationally recognized firm of independent public accountants, sufficient without consideration of reinvestment of such interest, to pay principal of, premium, if any, and interest on the outstanding Securities to maturity or redemption, has theretofore been deposited with the Trustee or the Paying Agent in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer, as provided in Section 8.05) have been delivered to the Trustee for cancellation and the Issuer has paid all sums payable by it hereunder, or if:

(a) either (i) pursuant to Article Three, the Issuer shall have given notice to the Trustee and mailed a notice of redemption to each Holder of the redemption of all of the Securities in accordance with the provisions hereof or (ii) all Securities have otherwise become or will become due and payable by reason of the mailing of a notice of redemption or otherwise within one (1) year hereunder;

(b) the Issuer shall have irrevocably deposited or caused to be deposited with the Trustee or a trustee satisfactory to the Trustee, under the terms of an irrevocable trust agreement in form and substance satisfactory to the Trustee, as trust funds in trust solely for the benefit of the Holders of that purpose, U.S. Legal Tender or U.K. Legal Tender, as applicable, or U.S. Government Securities or U.K. Government Securities, as applicable, or a combination thereof, in such amount as is, in the opinion of a nationally recognized firm of independent public accountants, sufficient without consideration of reinvestment of such interest, to pay principal of, premium, if any, and interest on the outstanding Securities to maturity or redemption; *provided* that the Trustee shall have been irrevocably instructed to apply such U.S. Legal Tender or U.K. Legal Tender, as applicable, or U.S. Government Securities or U.K. Government Securities, as applicable, or a combination thereof; to the payment of said principal, premium, if any, and interest with respect to the Securities; and *provided, further,* that from and after the time of deposit, the U.S. Legal Tender or U.K. Legal Tender, as applicable, or U.S. Government Securities or U.K. Securities, as applicable, or combination thereof; deposited shall not be subject to the rights of holders of Senior Debt pursuant to the provisions of Article Ten;

(c) no Default with respect to this Indenture or the Securities shall have occurred and be continuing on the date of such deposit or shall occur as a result of such deposit (other than a Default resulting from borrowing of funds to be applied to such deposit) and such deposit will not result in a breach or violation of, or constitute a default under, the Credit Agreement or any other material agreement or instrument to which the Issuer or any of its Subsidiaries is a party or by which it is bound;

(d) the Issuer shall have paid all other sums payable by it hereunder; and

(e) the Issuer shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent providing for or relating to the termination of the Issuer's obligations under the Securities and this Indenture have been complied with. Such Opinion of Counsel shall also state that such satisfaction and discharge does not result in a default under the Credit Agreement or any other material agreement or instrument then known to such counsel that binds or affects the Issuer.

Subject to the next sentence and notwithstanding the foregoing paragraph, the Issuer's obligations in Sections 2.06, 2.07, 2.08, 2.09, 4.01, 4.02, 7.07, 8.05 and 8.06 shall survive until the Securities are no longer outstanding pursuant to the last paragraph of Section 2.08. After the Securities are no longer outstanding, the Issuer's obligations in Sections 7.07, 8.05 and 8.06 shall survive.

After such delivery or irrevocable deposit, the Trustee upon request shall acknowledge in writing the discharge of the Issuer's obligations under the Securities and this Indenture except for those surviving obligations specified above.

SECTION 8.02. Legal Defeasance and Covenant Defeasance.

(a) The Issuer may, at its option and at any time, elect to have either paragraph (b) or (c) below applied to all outstanding Dollar Securities and/or Sterling Securities upon compliance with the conditions set forth in Section 8.03.

(b) Upon the Issuer's exercise under paragraph (a) hereof of the option applicable to this paragraph (b), the Issuer and the Guarantors shall, subject to the satisfaction of the conditions set forth in Section 8.03, be deemed to have been discharged from their obligations with respect to all outstanding Dollar Securities and/or Sterling Securities on the date the conditions set forth below are satisfied (hereinafter, **"Legal Defeasance"**). For this purpose, Legal Defeasance means that the Issuer shall be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Dollar Securities and/or Sterling Securities, which shall thereafter be deemed to be "outstanding" only for the purposes of Section 8.04 hereof and the other Sections of this Indenture (with respect to such Securities) referred to in (i) and (ii) below, and to have satisfied all its other obligations under such Dollar Securities

and/or Sterling Securities and this Indenture (with respect to such Securities) and the Guarantors shall be deemed to have satisfied all of their obligations under the Subsidiary Guarantees and this Indenture (and the Trustee, on demand of and at the expense of the Issuer, shall execute proper instruments acknowledging the same), except for the following provisions which shall survive until otherwise terminated or discharged hereunder:

(i) the rights of Holders of outstanding Securities issued hereunder to receive payments in respect of the principal of, or interest or premium and Additional Interest, if any, on such Securities when such payments are due from the trust referred to below;

(ii) the Issuer's obligations with respect to the Securities issued thereunder concerning issuing temporary Securities, registration of Securities, mutilated, destroyed, lost or stolen Securities and the maintenance of an office or agency for payment and money for security payments held in trust;

(iii) the rights, powers, trusts, duties and immunities of the Trustee, and the Issuer's obligations in connection therewith; and

(iv) this Article Eight.

Subject to compliance with this Article Eight, the Issuer may exercise its option under this Section 8.02(b) notwithstanding the prior exercise of its option under Section 8.02(c) hereof.

(c) Upon the Issuer's exercise under paragraph (a) hereof of the option applicable to this paragraph (c), the Issuer and the Guarantors shall, subject to the satisfaction of the conditions set forth in Section 8.03 hereof, be released from their obligations under the covenants contained in Sections 4.03 (with respect to Restricted Subsidiaries only), 4.04, 4.05, 4.06, 4.07 and 4.09 through 4.20 and clauses (3) and (4) of Section 5.01(a) hereof with respect to the outstanding Dollar Securities and/or Sterling Securities on and after the date the conditions set forth in Section 8.03 are satisfied (hereinafter, **"Covenant Defeasance"**), and the Dollar Securities and/or Sterling Securities shall thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but shall continue to be deemed "outstanding" for all other purposes hereunder (it being understood that such Securities shall not be deemed outstanding for accounting purposes). For this

purpose, Covenant Defeasance means that, with respect to the outstanding Dollar Securities and/or Sterling Securities, the Issuer may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any other covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply shall not constitute an Event of Default under Section 6.01 hereof, but, except as

specified above, the remainder of this Indenture and such Securities shall be unaffected thereby. In addition, upon the Issuer's exercise under paragraph (a) hereof of the option applicable to this paragraph (c), subject to the satisfaction of the conditions set forth in Section 8.03 hereof, clauses (3), (4), (5), (6) and (7) of Section 6.01 hereof shall not constitute Events of Default.

SECTION 8.03. Conditions to Legal Defeasance or Covenant Defeasance.

The following shall be the conditions to the application of either Section 8.02(b) or 8.02(c) hereof to the outstanding Securities:

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) the Issuer must irrevocably deposit with the Trustee, in trust, for the benefit of the holders of the applicable Securities issued thereunder, cash in U.S. Legal Tender or U.K. Legal Tender, as applicable, non-callable U.S. Government Securities or U.K. Government Securities, as applicable, or a combination of cash in U.S. Legal Tender or U.K. Legal Tender, as applicable, and non-callable U.S. Government Securities or U.K. Government Securities, as applicable, in amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of, or interest and premium and Additional Interest, if any, on the outstanding Securities issued thereunder on the stated maturity or on the applicable redemption date, as the case may be, and the Issuer must specify whether the Securities are being defeased to maturity or to a particular redemption date;

(2) in the case of an election under Section 8.02(b) hereof, the Issuer has delivered to the Trustee an Opinion of Counsel reasonably acceptable to the Trustee confirming that (a) the Issuer has received from, or there has been published by, the Internal Revenue Service a ruling or (b) since the date of this Indenture, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel will confirm that, the holders of the respective outstanding Securities will not recognize income, gain or loss for federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of an election under Section 8.02(c) hereof, the Issuer has delivered to the Trustee an Opinion of Counsel reasonably acceptable to the Trustee confirming that the holders of the respective outstanding Securities will not recognize income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Default or Event of Default has occurred and is continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit) or insofar as Events of Default resulting from the borrowing of funds or insolvency events are concerned, at any time in the period ending on the 91st day after the date of deposit;

(5) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under any material agreement or instrument (other than this Indenture) to which the Issuer or any of its Restricted Subsidiaries is a party or by which the Issuer or any of its Restricted Subsidiaries is bound;

(6) the Issuer must deliver to the Trustee an Officers' Certificate stating that the deposit was not made by the Issuer with the intent of preferring the Holders over the other creditors of the Issuer with the intent of defeating, hindering, delaying or defrauding creditors of the Issuer or others; and

(7) the Issuer must deliver to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

SECTION 8.04. Application of Trust Money.

The Trustee or Paying Agent shall hold in trust U.S. Legal Tender or U.K. Legal Tender, as applicable, and U.S. Government Securities or U.K. Government Securities, as applicable, deposited with it pursuant to this Article Eight, and shall apply the deposited U.S. Legal Tender or U.K. Legal Tender, as applicable and the money from U.S. Government Securities or U.K. Government Securities, as applicable, in accordance with this Indenture to the payment of principal of and interest on the Securities. The Trustee shall be under no obligation to invest said U.S. Legal Tender or U.K. Legal Tender, as applicable, and U.S. Government Securities or U.K. Government Securities, as applicable, except as it may agree with the Issuer.

The Issuer shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the U.S. Legal Tender or U.K. Legal Tender as applicable, and U.S. Government Securities or U.K. Government Securities, as applicable, deposited pursuant to Section 8.03 or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the outstanding Securities.

Anything in this Article Eight to the contrary notwithstanding, the Trustee shall deliver or pay to the Issuer from time to time upon the Issuer's request any U.S. Legal Tender or U.K. Legal Tender, as applicable, and U.S. Government Securities or U.K. Government Securities, as applicable, held by it as provided in Section 8.03 which, in the opinion

of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, are in excess of the amount thereof that would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

SECTION 8.05. Repayment to the Issuer.

Subject to this Article Eight, the Trustee and the Paying Agent shall promptly pay to the Issuer upon request any excess U.S. Legal Tender or U.K. Legal Tender, as applicable, and U.S. Government Securities or U.K. Government Securities, as applicable, held by them at any time and thereupon shall be relieved from all liability with respect to such money. The Trustee and the Paying Agent shall pay to the Issuer upon request any money held by them for the payment of principal or interest that remains unclaimed for two years; *provided* that the Trustee or such Paying Agent, before being required to make any payment, may at the expense of the Issuer cause to be published once in a newspaper of general circulation in the City of New York or mail to each Holder entitled to such money notice that such money remains unclaimed and that after a date specified therein which shall be at least 30 days from the date of such publication or mailing any unclaimed balance of such money then remaining will be repaid to the Issuer. After payment to the Issuer, Holders entitled to such money must look to the Issuer for payment as general creditors unless an applicable law designates another Person.

SECTION 8.06. Reinstatement.

If the Trustee or Paying Agent is unable to apply any U.S. Legal Tender or U.K. Legal Tender, as applicable, and U.S. Government Securities or U.K. Government Securities, as applicable, in accordance with this Article Eight by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Issuer's obligations under this Indenture and the Securities shall be revived and reinstated as though no deposit had occurred pursuant to this Article Eight until such time as the Trustee or Paying Agent is permitted to apply all such U.S. Legal Tender or U.K. Legal Tender, as applicable, and U.S. Government Securities or U.K. Government Securities, as applicable, in accordance with this Article Eight; *provided* that if the Issuer has made any payment of interest on or principal of any Securities because of the reinstatement of its obligations, the Issuer shall be subrogated to the rights of the Holders of such Securities to receive such payment from the U.S. Legal Tender or U.K. Legal Tender, as applicable, or U.S. Government Securities or U.K. Government Securities, as applicable, held by the Trustee or Paying Agent.

ARTICLE NINE

AMENDMENTS, SUPPLEMENTS AND WAIVERS

SECTION 9.01. Without Consent of Holders.

Subject to Section 9.03, the Issuer and the Trustee, together, may amend or supplement this Indenture, the Securities or the Guarantees without notice to or consent of any Holder:

(1) to cure any ambiguity, defect or inconsistency;

(2) to provide for uncertificated Securities in addition to or in place of certificated Securities;

(3) to provide for the assumption of the Issuer's obligations to Holders in the case of a merger or consolidation or sale of all or substantially all of the Issuer's assets;

(4) to make any change that would provide any additional rights or benefits to the Holders or that does not adversely affect the legal rights under this Indenture of any Holder;

(5) to comply with requirements of the Commission in order to effect or maintain the qualification of this Indenture under the TIA; or

(6) to add a Guarantee of the Securities, including, without limitation, by Holdco;

provided that the Issuer has delivered to the Trustee an Opinion of Counsel and an Officers' Certificate, each stating that such amendment or supplement complies with the provisions of this Section 9.01.

SECTION 9.02. With Consent of Holders.

(a) Subject to Sections 6.07 and 9.03, the Issuer and the Trustee, together, with the written consent of the Holder or Holders of a majority in aggregate principal amount of the outstanding Securities, may amend or supplement this Indenture or the Securities without notice to any other Holders. Subject to Sections 6.07 and 9.03, the Holder or Holders of a majority in aggregate principal amount of then outstanding Securities may waive compliance with any provision of this Indenture or the Securities without notice to any other Holders; *provided, however,* that if any amendment, waiver or other modification will only affect the Dollar Securities or the Sterling Securities, only the consent of the Holders of at least a majority

in principal amount of the then outstanding Dollar Securities or Sterling Securities (and not the consent of at least a majority of all Securities), as the case may be, shall be required.

(b) Notwithstanding Section 9.02(a), without the consent of each Holder affected, an amendment, supplement or waiver, including a waiver pursuant to Section 6.04, may not (with respect to any Securities held by a non-consenting Holder):

(1) reduce the principal amount of Securities whose Holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of or change the fixed maturity of any Security or alter the provisions with respect to the redemption of the Securities (other than provisions of Sections 4.09 and 4.13 and the optional redemption provisions contained in the Securities);

(3) reduce the rate of or change the time for payment of interest on any Security;

(4) waive a Default or Event of Default in the payment of principal, or interest or premium, or Additional Interest, if any, on the Securities (except a rescission of acceleration of the Securities by the Holders of at least a majority in aggregate principal amount of the Securities and a waiver of the payment default that resulted from such acceleration);

(5) make any Security payable in money other than that stated in the Securities other than to the extent the United Kingdom adopts the euro;

(6) make any change in the provisions of this Indenture relating to waivers of past Defaults or the rights of Holders to receive payments of principal of, or interest or premium or Additional Interest, if any, on the Securities;

(7) waive a redemption payment with respect to any Security (other than a payment required by one of the provisions of Section 4.09 or Section 4.13 and the optional redemption provisions contained in the Securities);

(8) make any change in the preceding amendment and waiver provisions; or

(9) modify the Guarantees in any manner adverse to the Holders.

(c) It shall not be necessary for the consent of the Holders under this Section to approve the particular form of any proposed amendment, supplement or waiver but it shall be sufficient if such consent approves the substance thereof.

(d) After an amendment, supplement or waiver under this Section 9.02 becomes effective, the Issuer shall mail to the Holders affected thereby a notice briefly describing the amendment, supplement or waiver. Any failure of the Issuer to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such amendment, supplement or waiver.

SECTION 9.03. Effect on Senior Debt.

No amendment of, or supplement or waiver to, this Indenture shall adversely affect the rights of any holder of Senior Debt under the subordination provisions of this Indenture (including without limitation the provisions of Article Ten and Section 11.02 hereof) and the defined terms as used therein without the consent of such holder or its Representative.

SECTION 9.04. Compliance with TIA.

From the date on which this Indenture is qualified under the TIA, every amendment, waiver or supplement of this Indenture, the Securities or the Subsidiary Guarantees shall comply with the TIA as then in effect.

SECTION 9.05. Revocation and Effect of Consents.

(a) Until an amendment, waiver or supplement becomes effective, a consent to it by a Holder is a continuing consent by the Holder and every subsequent Holder of a Security or portion of a Security that evidences the same debt as the consenting Holder's Security, even if notation of the consent is not made on any Security. However, any such Holder or subsequent Holder may revoke the consent as to his Security or portion of his Security by notice to the Trustee or the Issuer received before the date on which the Trustee receives an Officers' Certificate certifying that the Holders of the requisite principal amount of Securities have consented (and not theretofore revoked such consent) to the amendment, supplement or waiver.

(b) The Issuer may, but shall not be obligated to, fix a record date for the purpose of determining the Holders entitled to consent to any amendment, supplement or waiver which record date shall be at least 30 days prior to the first solicitation of such consent. If a record date is fixed, then notwithstanding the last sentence of the immediately preceding paragraph, those Persons who were Securityholders at such record date (or their duly designated proxies), and only those Persons, shall be entitled to revoke any consent previously given, whether or not such Persons continue to be Holders after such record date. No such consent shall be valid or effective for more than 90 days after such record date. The Issuer shall inform the Trustee in writing of the fixed record date if applicable.

(c) After an amendment, supplement or waiver becomes effective, it shall bind every Securityholder, unless it makes a change described in any of clauses (1) through

(8) of Section 9.02(b), in which case, the amendment, supplement or waiver shall bind only each Holder of a Security who has consented to it and every subsequent Holder of a Security or portion of a Security that evidences the same debt as the consenting Holder's Security; *provided* that any such waiver shall not impair or affect the right of any Holder to receive payment of principal of and interest on a Security, on or after the respective due dates expressed in such Security, or to bring suit for the enforcement of any such payment on or after such respective dates without the consent of such Holder.

SECTION 9.06. Notation on or Exchange of Securities.

If an amendment, supplement or waiver changes the terms of a Security, the Issuer may require the Holder of the Security to deliver it to the Trustee. The Issuer shall provide the Trustee with an appropriate notation on the Security about the changed terms and cause the Trustee to return it to the Holder at the Issuer's expense. Alternatively, if the Issuer or the Trustee so determines, the Issuer in exchange for the Security shall issue and the Trustee shall authenticate a new Security that reflects the changed terms. Failure to make the appropriate notation or issue a new Security shall not affect the validity and effect of such amendment, supplement or waiver.

SECTION 9.07. Trustee To Sign Amendments, Etc.

The Trustee shall execute any amendment, supplement or waiver authorized pursuant to this Article Nine; *provided* that the Trustee may, but shall not be obligated to, execute any such amendment, supplement or waiver which affects the Trustee's own rights, duties or immunities under this Indenture. The Trustee shall be entitled to receive, and shall be fully protected in relying upon, an Opinion of Counsel and an Officers' Certificate each stating that the execution of any amendment, supplement or waiver authorized pursuant to this Article Nine is authorized or permitted by this Indenture and constitutes the legal, valid and binding obligations of the Issuer enforceable in accordance with its terms. Such Opinion of Counsel shall be at the expense of the Issuer.

ARTICLE TEN

SUBORDINATION OF SECURITIES

SECTION 10.01. Securities Subordinated to Senior Debt.

Anything herein to the contrary notwithstanding, the Issuer, for itself and its successors, and each Holder, by his or her acceptance of Securities, agrees that the payment of all Obligations owing to the Holders in respect of the Securities is subordinated, to the extent and in the manner provided in this Article Ten, to the prior payment in full in cash or Cash

Equivalents, or such payment duly provided for to the satisfaction of the holders of Senior Debt, of all Obligations on Senior Debt (including the Obligations with respect to the Senior Credit Facility, whether outstanding on the Issue Date or thereafter incurred). Notwithstanding the foregoing, payments and distributions made relating to the Securities from the trust established pursuant to Article Eight shall not be so subordinated in right of payment, so long as (i) the conditions specified in Article Eight (without any waiver or modification of the requirement that the deposits pursuant thereto do not conflict with the teens of the Credit Agreement or any other Senior Debt) are satisfied on the date of any deposit pursuant to said trust and (ii) such payments and distributions did not violate the provisions of this Article Ten or Section 11.02 when made.

This Article Ten shall constitute a continuing offer to all Persons who become holders of, or continue to hold, Senior Debt, and such provisions are made for the benefit of the holders of Senior Debt and such holders are made obligees hereunder and any one or more of them may enforce such provisions.

SECTION 10.02. Suspension of Payment When Designated Senior Debt Is in Default.

(a) If any default occurs and is continuing beyond any applicable grace period and is continuing when payment is due, whether at maturity, upon any redemption, by declaration or otherwise, of any principal of, interest on, unpaid drawings for letters of credit issued in respect of, or regularly accruing fees with respect to, any Designated Senior Debt (a **"Payment Default"**), then no payment or distribution of any kind or character shall be made by or on behalf of the Issuer or any other Person on its or their behalf with respect to any Obligations on or relating to the Securities or to acquire any of the Securities for cash or assets or otherwise unless the default has been cured or waived; provided, however, that the Issuer may pay the Securities without regard to the foregoing if the Issuer and the Trustee receive written notice approving such payment from the representative of the holders of such Designated Senior Debt.

(b) If any other event of default (other than a Payment Default) occurs and is continuing with respect to any Designated Senior Debt (as such event of default is defined in the instrument creating or evidencing such Designated Senior Debt) permitting the holders of such Designated Senior Debt then outstanding to accelerate the maturity thereof (a **"Non-payment Default"**) and if the Representative for the respective issue of Designated Senior Debt gives notice of the event of default to the Trustee stating that such notice is a payment blockage notice (a **"Payment Blockage Notice"**), then during the period (the **"Payment Blockage Period"**) beginning upon the delivery of such Payment Blockage Notice and ending on the earlier of the 179th day after such delivery and the date on which (x) all events of default with respect to all Designated Senior Debt have been cured or waived or cease to exist, (y) all Designated Senior Debt with respect to which any such event of default has occurred and is continuing is discharged or paid in full in cash or cash equivalents, or (z) the Trustee

receives notice thereof from the Representative for the respective issue of Designated Senior Debt terminating the Payment Blockage Period, neither the Issuer nor any other Person on its behalf shall (x) make any payment of any kind or character with respect to any Obligations on or with respect to the Securities or (y) acquire any of the Securities for cash or assets or otherwise. Notwithstanding anything herein to the contrary, (x) in no event will a Payment Blockage Period extend beyond 179 days from the date the applicable Payment Blockage Notice is received by the Trustee and (y) only one such Payment Blockage Period may be commenced within any 360 consecutive days. For all purposes of this Section 10.02(b), no event of default which existed or was continuing on the date of the commencement of any Payment Blockage Period with respect to the Designated Senior Debt shall be, or be made, the basis for the commencement of a second Payment Blockage Period by the Representative of such Designated Senior Debt whether or not within a period of 360 consecutive days, unless such event of default shall have been cured or waived for a period of not less than 90 consecutive days (it being acknowledged that any subsequent action, or any breach of any financial covenants for a period ending after the date of commencement of such Payment Blockage Period that, in either case, would give rise to an event of default pursuant to any provisions under which an event of default previously existed or was continuing shall constitute a new event of default for this purpose).

(c) The foregoing Sections 10.02(a) and (b) shall not apply to payments and distributions made relating to the Securities from the trust established pursuant to Article Eight, so long as (i) the conditions specified in Article Eight (without any waiver or modification of the requirement that the deposits pursuant thereto do not conflict with the terms of the Credit Agreement or any other Senior Debt) are satisfied on the date of any deposit pursuant to said trust and (ii) such payments and distributions did not violate the provisions of this Article Ten when made. In addition, Holders may also receive and retain Permitted Junior Securities.

(d) In the event that, notwithstanding the foregoing, any payment shall be received by the Trustee or any Holder when such payment is prohibited by the foregoing provisions of this Section 10.02, such payment shall be held in trust for the benefit of, and shall be paid over or delivered to, the holders of Senior Debt *(pro rata* to such holders on the basis of the respective amount of Senior Debt held by such holders) or their respective Representatives, as their respective interests may appear. The Trustee shall be entitled to rely on information regarding amounts then due and owing on the Senior Debt, if any, received from the holders of Senior Debt (or their Representatives) or, if such information is not received from such holders or their Representatives, from the Issuer and only amounts included in the information provided to the Trustee shall be paid to the holders of Senior Debt.

Nothing contained in this Article Ten shall limit the right of the Trustee or the Holders of Securities to take any action to accelerate the maturity of the Securities pursuant to Section 6.02 or to pursue any rights or remedies hereunder; *provided* that all Senior Debt

thereafter due or declared to be due shall first be paid in full in cash or cash equivalents before the Holders are entitled to receive any payment of any kind or character with respect to Obligations on the Securities.

SECTION 10.03. Securities Subordinated to Prior Payment of All Senior Debt on Dissolution, Liquidation or Reorganization of the Issuer.

(a) Upon any payment or distribution of assets of the Issuer of any kind or character, whether in cash, assets or securities, to creditors upon any total or partial liquidation, dissolution, winding-up, reorganization, assignment for the benefit of creditors or marshaling of assets and liabilities of the Issuer or in a bankruptcy, reorganization, insolvency, receivership or other similar proceeding relating to the Issuer or its assets, whether voluntary or involuntary, all Obligations due or to become due upon all Senior Debt shall first be paid in full in cash or cash equivalents, or such payment duly provided for to the satisfaction of the holders of Senior Debt, before any payment or distribution of any kind or character is made on account of any Obligations on or relating to the Securities, or for the acquisition of any of the Securities for cash or assets or otherwise. Upon any such dissolution, winding-up, liquidation, reorganization, receivership or similar proceeding, any payment or distribution of assets of the Issuer of any kind or character, whether in cash, assets or securities, to which the Holders or the Trustee under this Indenture would be entitled, except for the provisions hereof, shall be paid by the Issuer or by any receiver, trustee in bankruptcy, liquidating trustee, agent or other Person making such payment or distribution, or by the Holders or by the Trustee under this Indenture if received by them, directly to the holders of Senior Debt *(pro rata* to such holders on the basis of the respective amounts of Senior Debt held by such holders) or their respective Representatives, or to the trustee or trustees under any indenture pursuant to which any of such Senior Debt may have been issued, as their respective interests may appear, for application to the payment of Senior Debt remaining unpaid until all such Senior Debt has been paid in full in cash or cash equivalents after giving effect to any concurrent payment, distribution or provision therefor to or for the holders of Senior Debt.

(b) To the extent any payment of Senior Debt (whether by or on behalf of the Issuer, as proceeds of security or enforcement of any right of setoff or otherwise) is declared to be fraudulent or preferential, set aside or required to be paid to any receiver, trustee in bankruptcy, liquidating trustee, agent or other similar Person under any bankruptcy, insolvency, receivership, fraudulent conveyance or similar law, then, if such payment is recovered by, or paid over to, such receiver, trustee in bankruptcy, liquidating trustee, agent or other similar Person, the Senior Debt or part thereof originally intended to be satisfied shall be deemed to be reinstated and outstanding as if such payment had not occurred.

It is further agreed that any diminution (whether pursuant to court decree or otherwise, including without limitation for any of the reasons described in the preceding sentence) of the Issuer’s obligation to make any distribution or payment pursuant to any Senior

Debt, except to the extent such diminution occurs by reason of the repayment (which has not been disgorged or returned) of such Senior Debt in cash or cash equivalents, shall have no force or effect for purposes of the subordination provisions contained in this Article Ten, with any turnover of payments as otherwise calculated pursuant to this Article Ten to be made as if no such diminution had occurred.

(c) In the event that, notwithstanding the foregoing, any payment or distribution of assets of the Issuer of any kind or character, whether in cash, assets or securities, shall be received by any Holder when such payment or distribution is prohibited by this Section 10.03, such payment or distribution shall be held in trust for the benefit of, and shall be paid over or delivered to, the holders of Senior Debt *(pro rata* to such holders on the basis of the respective amount of Senior Debt held by such holders) or their respective Representatives, or to the trustee or trustees under any indenture pursuant to which any of such Senior Debt may have been issued, as their respective interests may appear, for application to the payment of Senior Debt remaining unpaid until all such Senior Debt has been paid in full in cash or Cash Equivalents, after giving effect to any concurrent payment, distribution or provision therefor to or for the holders of such Senior Debt.

(d) The consolidation of the Issuer with, or the merger of the Issuer with or into, another corporation, partnership, trust or limited liability company or the liquidation or dissolution of the Issuer following the conveyance or transfer of all or substantially all of its assets, to another corporation, partnership, trust or limited liability company upon the terms and conditions provided in Article Five hereof and as long as permitted under the terms of the Senior Debt shall not be deemed a dissolution, winding-up, liquidation or reorganization for the purposes of this Section if such other corporation shall, as a part of such consolidation, merger, conveyance or transfer, assume the Issuer’s obligations hereunder in accordance with Article Five hereof.

SECTION 10.04. Payments May Be Made Prior to Dissolution.

Nothing contained in this Article Ten or elsewhere in this Indenture shall prevent (i) the Issuer, except under the conditions described in Sections 10.02 and 10.03, from making payments at any time for the purpose of making payments of principal of and interest on the Securities, or from

depositing with the Trustee any moneys for such payments, or (ii) in the absence of actual knowledge by the Trustee that a given payment would be prohibited by Section 10.02 or 10.03, the application by the Trustee of any moneys deposited with it for the purpose of making such payments of principal of, and interest on, the Securities to the Holders entitled thereto unless at least two Business Days prior to the date upon which such payment would otherwise become due and payable a Responsible Officer of the Trustee shall have actually received the written notice provided for in the first sentence of Section 10.02(b) or in Section 10.07 *(provided* that, notwithstanding the foregoing, the Holders receiving any payments made in contravention of Section 10.02 and/or 10.03 (and the respective such payments)

shall otherwise be subject to the provisions of Section 10.02 and Section 10.03). The Issuer shall give prompt written notice to the Trustee of any dissolution, winding-up, liquidation or reorganization of the Issuer, although any delay or failure to give any such notice shall have no effect on the subordination provisions contained herein.

SECTION 10.05. Holders To Be Subrogated to Rights of Holders of Senior Debt.

Subject to the payment in full in cash or cash equivalents of all Senior Debt, the Holders of the Securities shall be subrogated to the rights of the holders of Senior Debt to receive payments or distributions of cash, assets or securities of the Issuer applicable to the Senior Debt until the Securities shall be paid in full; and, for the purposes of such subrogation, no such payments or distributions to the holders of the Senior Debt by or on behalf of the Issuer, or by or on behalf of the Holders by virtue of this Article Ten, which otherwise would have been made to the Holders shall, as between the Issuer and the Holders, be deemed to be a payment by the Issuer to or on account of the Senior Debt, it being understood that the provisions of this Article Ten are and are intended solely for the purpose of defining the relative rights of the Holders, on the one hand, and the holders of Senior Debt, on the other hand.

SECTION 10.06. Obligations of the Issuer Unconditional.

Nothing contained in this Article Ten or elsewhere in this Indenture or in the Securities is intended to or shall impair, as among the Issuer, its creditors other than the holders of Senior Debt, and the Holders, the obligation of the Issuer, which is absolute and unconditional, to pay to the Holders the principal of and any interest on the Securities as and when the same shall become due and payable in accordance with their terms, or is intended to or shall affect the relative rights of the Holders and creditors of the Issuer other than the holders of the Senior Debt, nor shall anything herein or therein prevent the Holder of any Security or the Trustee on its behalf from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, in respect of cash, assets or securities of the Issuer received upon the exercise of any such remedy.

SECTION 10.07. Notice to Trustee.

The Issuer shall give prompt written notice to the Trustee of any fact known to the Issuer which would prohibit the making of any payment to or by the Trustee in respect of the Securities pursuant to the provisions of this Article Ten, although any delay or failure to give any such notice shall have no effect on the subordination provisions contained herein. Regardless of anything to the contrary contained in this Article Ten or elsewhere in this Indenture, the Trustee shall not be charged with knowledge of the existence of any default or event of default with respect to any Senior Debt or of any other facts which would prohibit the making of any payment to or by the Trustee unless and until the Trustee shall have received notice in writing from the Issuer, or from a holder of Senior Debt or a Representative therefor and, prior to the receipt of any such written notice, the Trustee shall be entitled to assume (in

the absence of actual knowledge to the contrary) that no such facts exist. The Trustee shall be entitled to rely on the delivery to it of any notice pursuant to this Section 10.07 to establish that such notice has been given by a holder of Senior Debt (or a trustee thereof).

In the event that the Trustee determines in good faith that any evidence is required with respect to the right of any Person as a holder of Senior Debt to participate in any payment or distribution pursuant to this Article Ten, the Trustee may request such Person to furnish evidence to the satisfaction of the Trustee as to the amounts of Senior Debt held by such Person, the extent to which such Person is entitled to participate in such payment or distribution and any other facts pertinent to the rights of such Person under this Article Ten, and if such evidence is not furnished the Trustee may defer any payment to such Person pending judicial determination as to the right of such Person to receive such payment.

SECTION 10.08. Reliance on Judicial Order or Certificate of Liquidating Agent.

Upon any payment or distribution of assets of the Issuer referred to in this Article Ten, the Trustee, subject to the provisions of Article Seven hereof, and the Holders of the Securities shall be entitled to rely upon any order or decree made by any court of competent jurisdiction in which any insolvency, bankruptcy, receivership, dissolution, winding-up, liquidation, reorganization or similar case or proceeding is pending, or upon a certificate of the receiver, trustee in bankruptcy, liquidating trustee, assignee for the benefit of creditors, agent or other person making such payment or distribution, delivered to the Trustee or the Holders, for the purpose of ascertaining the persons entitled to participate in such payment or distribution, the holders of the Senior Debt and other Indebtedness of the Issuer, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article Ten.

SECTION 10.09. Trustee’s Relation to Senior Debt.

The Trustee and any agent of the Issuer or the Trustee shall be entitled to all the rights set forth in this Article Ten with respect to any Senior Debt which may at any time be held by it in its individual or any other capacity to the same extent as any other holder of Senior Debt and nothing in this Indenture shall deprive the Trustee or any such agent of any of its rights as such holder.

With respect to the holders of Senior Debt, the Trustee undertakes to perform or to observe only such of its covenants and obligations as are specifically set forth in this Article Ten, and no implied covenants or obligations with respect to the holders of Senior Debt shall be read into this Indenture against the Trustee. The Trustee shall not be deemed to owe any fiduciary duty to the holders of Senior Debt.

Whenever a distribution is to be made or a notice given to holders or owners of Senior Debt, the distribution may be made and the notice may be given to their Representative, if any.

SECTION 10.10. Subordination Rights Not Impaired by Acts or Omissions of the Issuer or Holders of Senior Debt.

No right of any present or future holders of any Senior Debt to enforce subordination as provided herein shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the Issuer or by any act or failure to act, in good faith, by any such holder, or by any noncompliance by the Issuer with the terms of this Indenture, regardless of any knowledge thereof which any such holder may have or otherwise be charged with.

Without in any way limiting the generality of the foregoing paragraph, the holders of Senior Debt may, at any time and from time to time, without the consent of or notice to the Trustee, without incurring responsibility to the Trustee or the Holders and without impairing or releasing the subordination provided in this Article Ten or the obligations hereunder of the Holders to the holders of the Senior Debt, do any one or more of the following: (i) change the manner, place or terms of payment or extend the time of payment of, or renew or alter, Senior Debt, or otherwise amend or supplement in any manner Senior Debt, or any instrument evidencing the same or any agreement under which Senior Debt is outstanding; (ii) sell, exchange, release or otherwise deal with any property pledged, mortgaged or otherwise securing Senior Debt; (iii) release any Person liable in any manner for the payment or collection of Senior Debt; and (iv) exercise or refrain from exercising any rights against the Issuer and any other Person.

SECTION 10.11. Securityholders Authorize Trustee To Effectuate Subordination of Securities.

Each Holder by its acceptance of them authorizes and expressly directs the Trustee on its behalf to take such action as may be necessary or appropriate to effectuate, as between the holders of Senior Debt and the Holders, the subordination provided in this Article Ten, and appoints the Trustee its attorney-in-fact for such purposes, including, in the event of any dissolution, winding-up, liquidation or reorganization of the Issuer (whether in bankruptcy, insolvency, receivership, reorganization or similar proceedings or upon an assignment for the benefit of credits or otherwise) tending towards liquidation of the business and assets of the Issuer, the filing of a claim for the unpaid balance of its Securities and accrued interest in the form required in those proceedings.

If the Trustee does not file a proper claim or proof of debt in the form required in such proceeding prior to 30 days before the expiration of the time to file such claim or claims, then the holders of the Senior Debt or their Representative are or is hereby authorized to have the right to file and are or is hereby authorized to file an appropriate claim for and on

behalf of the Holders of said Securities. Nothing herein contained shall be deemed to authorize the Trustee or the holders of Senior Debt or their Representative to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof, or to authorize the Trustee or the holders of Senior Debt or their Representative to vote in respect of the claim of any Holder in any such proceeding.

SECTION 10.12. This Article Ten Not To Prevent Events of Default.

The failure to make a payment on account of principal of or interest on the Securities by reason of any provision of this Article Ten will not be construed as preventing the occurrence of an Event of Default.

SECTION 10.13. Trustee’s Compensation Not Prejudiced.

Nothing in this Article Ten will apply to amounts due to the Trustee (other than payments of Obligation owing to Holders in respect of Securities) pursuant to other sections of this Indenture.

ARTICLE ELEVEN

GUARANTEES

SECTION 11.01. Unconditional Guarantee.

Subject to the provisions of this Article Eleven, each of the Guarantors hereby, jointly and severally, unconditionally and irrevocably guarantees, on a senior subordinated basis to each Holder of a Security authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of this Indenture, the Securities or the obligations of the Issuer or any other Guarantors to the Holders or the Trustee hereunder or thereunder: (a) (x) the due and punctual payment of the principal of, premium, if any, and interest on the Securities when and as the same shall become due and payable, whether at maturity, upon redemption or repurchase, by acceleration or otherwise, (y) the due and punctual payment of interest on the overdue principal and (to the extent permitted by law) interest, if any, on the Securities and (z) the due and punctual payment and performance of all other obligations of the Issuer and all other obligations of the other Guarantors (including under the Guarantees), in each case, to the Holders or the Trustee hereunder or thereunder (including amounts due the Trustee under Section 7.07 hereof), all in accordance with the terms hereof and thereof (collectively, the “**Guarantee Obligations**”); and (b) in case of any extension of time of payment or renewal of any Securities or any of such other obligations, the due and punctual payment and performance of Guarantee Obligations in

accordance with the terms of the extension or renewal, whether at maturity, upon redemption or repurchase, by acceleration or otherwise. Failing payment when due of any amount so guaranteed, or failing performance of any other obligation of the Issuer to the Holders under this Indenture or under the Securities, for whatever reason, each Guarantor shall be obligated to pay, or to perform or cause the performance of, the same immediately. An Event of

Default under this Indenture or the Securities shall constitute an event of default under the Subsidiary Guarantees, and shall entitle the Holders to accelerate the obligations of the Guarantors thereunder in the same manner and to the same extent as the obligations of the Issuer.

Each of the Guarantors hereby agrees that its obligations hereunder shall be unconditional, irrespective of the validity, regularity or enforceability of the Securities or this Indenture, the absence of any action to enforce the same, any waiver or consent by any Holder with respect to any provisions hereof or thereof, any release of any other Guarantor, the recovery of any judgment against the Issuer, any action to enforce the same, whether or not a Guarantee is affixed to any particular Security, or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a Guarantor. Each of the Guarantors hereby waives the benefit of diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Issuer, any right to require a proceeding first against the Issuer, protest, notice and all demands whatsoever and covenants that its Subsidiary Guarantee shall not be discharged except by complete performance of the obligations contained in the Securities, this Indenture and the Guarantee. The Guarantee is a guarantee of payment and not of collection. If any Holder or the Trustee is required by any court or otherwise to return to the Issuer or to any Guarantor, or any custodian, trustee, liquidator or other similar official acting in relation to the Issuer or such Guarantor, any amount paid by the Issuer or such Guarantor to the Trustee or such Holder, the Guarantee, to the extent theretofore discharged, shall be reinstated in full force and effect. Each Guarantor further agrees that, as between it, on the one hand, and the Holders of Securities and the Trustee, on the other hand, (a) subject to this Article Eleven, the maturity of the obligations guaranteed hereby may be accelerated as provided in Article Six for the purposes of the Guarantee, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the obligations guaranteed hereby, and (b) in the event of any acceleration of such obligations as provided in Article Six hereof, such obligations (whether or not due and payable) shall forthwith become due and payable by the Guarantors for the purpose of the Guarantee.

SECTION 11.02. Subordination of Guarantee.

The obligations of each Guarantor under its Guarantee pursuant to this Article Eleven shall be junior and subordinated to the prior payment in full in cash or Cash Equivalents of the Senior Debt of such Guarantor on the same basis as the Securities are junior and subordinated to Senior Debt of the Issuer. For the purposes of the foregoing sentence, the Trustee and the Holders shall have the right to receive and/or retain payments by any of the

Guarantors only at such times as they may receive and/or retain payments in respect of the Securities pursuant to this Indenture, including Article Ten hereof.

SECTION 11.03. Limitation on Guarantor Liability.

Each Guarantor, and by its acceptance of Securities, each Holder, hereby confirms that it is the intention of all such parties that the Guarantee of such Guarantor not constitute a fraudulent transfer or conveyance for purposes of Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar federal or state law to the extent applicable to any Guarantee. To effectuate the foregoing intention, the Trustee, the Holders and the Guarantors hereby irrevocably agree that the obligations of such Guarantor under its Guarantee and this Article Eleven shall be limited to the maximum amount as will, after giving effect to such maximum amount and all other contingent and fixed liabilities of such Guarantor that are relevant under such laws, and after giving effect to any collections from, rights to receive contribution from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under this Article Eleven, result in the obligations of such Guarantor under its Guarantee not constituting a fraudulent transfer or conveyance.

SECTION 11.04. Execution and Delivery of Subsidiary Guarantee for Future Guarantors.

To further evidence its Guarantee set forth in Section 11.01, each Subsidiary and other Person that is required to become a Guarantor hereby agrees to execute a supplement to this Indenture or a Guarantee, substantially in the form of Exhibit H hereto, and deliver it to the Trustee. Such Guarantee or supplement to this Indenture shall be executed on behalf of each Guarantor by either manual or facsimile signature of one Officer or other person duly authorized by all necessary corporate action of each Guarantor who shall have been duly authorized to so execute by all requisite corporate action. The validity and enforceability of any Guarantee shall not be affected by the fact that it is not affixed to any particular Security.

Each of the Guarantors hereby agrees that its Guarantee set forth in Section 11.01 shall remain in full force and effect notwithstanding any failure to endorse on each Security a notation of such Guarantee.

If an Officer of a Guarantor whose signature is on this Indenture or a Guarantee no longer holds that office at the time the Trustee authenticates the Security on which such Guarantee is endorsed or at any time thereafter, such Guarantor's Guarantee of such Security shall nevertheless be valid.

The delivery of any Security by the Trustee, after the authentication thereof hereunder, shall constitute due delivery of any Guarantee set forth in this Indenture on behalf of each Guarantor.

SECTION 11.05. Release of a Guarantor.

The Guarantee of a Guarantor will be released:

(1) (a) upon the sale, disposition or other transfer (including through merger or consolidation) of all of the Capital Stock (or any sale, disposition or other transfer of Capital Stock following which the applicable Guarantor is no longer a Restricted Subsidiary), or all or substantially all the assets, of the applicable Guarantor if such sale, disposition or other transfer is made in compliance with the applicable provisions of this Indenture,

(b) if the Issuer designates any Restricted Subsidiary that is a Guarantor as an Unrestricted Subsidiary in accordance with Section 4.11 and the definition of "Unrestricted Subsidiary," or

(c) in the case of any Restricted Subsidiary which after the Issue Date is required to guarantee the Securities pursuant to Section 4.16, upon the release or discharge of the guarantee by such Restricted Subsidiary of Indebtedness of the Issuer or any Restricted Subsidiary of the Issuer or *such* Restricted Subsidiary or the repayment of the Indebtedness or Disqualified Stock, in each case, which resulted in the obligation to guarantee the Securities; and

(2) in the case of clause (1)(a) above, if such Guarantor is released from its guarantee, if any, of, and all pledges and security, if any, granted in connection with, the Credit Agreement and any other Indebtedness of the Issuer or any Restricted Subsidiary;

provided, *however*, in any case that any such termination shall occur only to the extent that all obligations of such Guarantor under all of its Guarantees of any Indebtedness of the Issuer or any Indebtedness of any other Guarantor shall also terminate upon such release and none of its Equity Interests are pledged for the benefit of any holder of any Indebtedness of the Issuer or any Indebtedness of any Restricted Subsidiary of the Issuer.

The Trustee shall execute an appropriate instrument prepared by the Issuer evidencing the release of a Guarantor from its obligations under its Guarantee upon receipt of a request by the Issuer or such Guarantor accompanied by an Officers' Certificate and an Opinion of Counsel certifying as to the compliance with this Section 11.05; *provided*, *however*, that the legal counsel delivering such Opinion of Counsel may rely as to matters of fact on one or more Officers' Certificates of the Issuer.

Except as set forth in Articles Four and Five and this Section 11.05, nothing contained in this Indenture or in any of the Securities shall prevent any consolidation or merger of a Guarantor with or into the Issuer or another Guarantor or shall prevent any sale or

conveyance of the property of a Guarantor as an entirety or substantially as an entirety to the Issuer or another Guarantor.

SECTION 11.06. Waiver of Subrogation.

Until this Indenture is discharged and all of the Securities are discharged and paid in full, each Guarantor hereby irrevocably waives and agrees not to exercise any claim or other rights which it may now or hereafter acquire against the Issuer that arise from the existence, payment, performance or enforcement of the Issuer's obligations under the Securities or this Indenture and such Guarantor's obligations under the Guarantee and this Indenture, in any such instance including, without limitation, any right of subrogation, reimbursement, exoneration, contribution, indemnification, and any right to participate in any claim or remedy of the Holders against the Issuer, whether or not such claim, remedy or right arises in equity, or under contract, statute or common law, including, without limitation, the right to take or receive from the Issuer, directly or indirectly, in cash or other assets or by set-off or in any other manner, payment or security on account of such claim or other rights. If any amount shall be paid to any Guarantor in violation of the preceding sentence and any amounts owing to the Trustee or the Holders under the Securities, this Indenture, or any other document or instrument delivered under or in connection with such agreements or instruments, shall not have been paid in full, such amount shall have been deemed to have been paid to such Guarantor for the benefit of, and held in trust for the benefit of, the Trustee or the Holders and shall forthwith be paid to the Trustee for the benefit of itself or such Holders to be credited and applied to the obligations in favor of the Trustee or the Holders, as the case may be, whether matured or unmatured, in accordance with the terms of this Indenture. Each Guarantor acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated by this Indenture and that the waiver set forth in this Section 11.06 is knowingly made in contemplation of such benefits.

SECTION 11.07. Immediate Payment.

Each Guarantor agrees to make immediate payment to the Trustee on behalf of the Holders of all Guarantee Obligations owing or payable to the respective Holders upon receipt of a demand for payment therefor by the Trustee to such Guarantor in writing.

SECTION 11.08. No Setoff.

Each payment to be made by a Guarantor hereunder in respect of the Guarantee Obligations shall be payable in the currency or currencies in which such Guarantee Obligations are denominated, and shall be made without set-off, counterclaim, reduction or diminution of any kind or nature.

SECTION 11.09. Guarantee Obligations Absolute.

Subject to the provisions of Section 11.02, the obligations of each Guarantor hereunder are and shall be absolute and unconditional and any monies or amounts expressed to be owing or payable by each Guarantor hereunder which may not be recoverable from such Guarantor on the basis of a Guarantee shall be recoverable from such Guarantor as a primary obligor and principal debtor in respect thereof.

SECTION 11.10. Guarantee Obligations Continuing.

The obligations of each Guarantor hereunder shall be continuing and shall remain in full force and effect until all such obligations have been paid and satisfied in full. Each Guarantor agrees with the Trustee that it will from time to time deliver to the Trustee suitable acknowledgments of this continued liability hereunder and under any other instrument or instruments in such form as counsel to the Trustee may advise and as will prevent any action brought against it in respect of any default hereunder being barred by any statute of limitations now or hereafter in force and, in the event of the failure of a Guarantor so to do, it hereby irrevocably appoints the Trustee the attorney and agent of such Guarantor to make, execute and deliver such written acknowledgment or acknowledgments or other instruments as may from time to time become necessary or advisable, in the judgment of the Trustee on the advice of counsel, to fully maintain and keep in force the liability of such Guarantor hereunder.

SECTION 11.11. Guarantee Obligations Not Reduced.

The obligations of each Guarantor hereunder shall not be satisfied, reduced or discharged solely by the payment of such principal, premium, if any, interest, fees and other monies or amounts as may at any time prior to discharge of this Indenture pursuant to Article Eight be or become owing or

payable under or by virtue of or otherwise in connection with the Securities or this Indenture.

SECTION 11.12. Guarantee Obligations Reinstated.

The obligations of each Guarantor hereunder shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment which would otherwise have reduced the obligations of any Guarantor hereunder (whether such payment shall have been made by or on behalf of the Issuer or by or on behalf of a Guarantor) is rescinded or reclaimed from any of the Holders upon the insolvency, bankruptcy, liquidation or reorganization of the Issuer or any Guarantor or otherwise, all as though such payment had not been made. If demand for, or acceleration of the time for, payment by the Issuer or any other Guarantor is stayed upon the insolvency, bankruptcy, liquidation or reorganization of the Issuer or such Guarantor, all such Indebtedness otherwise subject to demand for payment or acceleration shall nonetheless be payable by each Guarantor as provided herein.

SECTION 11.13. Guarantee Obligations Not Affected.

The obligations of each Guarantor hereunder shall not be affected, impaired or diminished in any way by any act, omission, matter or thing whatsoever, occurring before, upon or after any demand for payment hereunder (and whether or not known or consented to by any Guarantor or any of the Holders) which, but for this provision, might constitute a whole or partial defense to a claim against any Guarantor hereunder or might operate to release or otherwise exonerate any Guarantor from any of its obligations hereunder or otherwise affect such obligations, whether occasioned by default of any of the Holders or otherwise, including, without limitation:

(a) any limitation of status or power, disability, incapacity or other circumstance relating to the Issuer or any other Person, including any insolvency, bankruptcy, liquidation, reorganization, readjustment, composition, dissolution, winding-up or other proceeding involving or affecting the Issuer or any other Person;

(b) any irregularity, defect, unenforceability or invalidity in respect of any indebtedness or other obligation of the Issuer or any other Person under this Indenture, the Securities or any other document or instrument;

(c) any failure of the Issuer or any other Guarantor, whether or not without fault on its part, to perform or comply with any of the provisions of this Indenture, the Securities or any Guarantee, or to give notice thereof to a Guarantor;

(d) the taking or enforcing or exercising or the refusal or neglect to take or enforce or exercise any right or remedy from or against the Issuer or any other Person or their respective assets or the release or discharge of any such right or remedy;

(e) the granting of time, renewals, extensions, compromises, concessions, waivers, releases, discharges and other indulgences to the Issuer or any other Person;

(f) any change in the time, manner or place of payment of, or in any other term of, any of the Securities, or any other amendment, variation, supplement, replacement or waiver of, or any consent to departure from, any of the Securities or this Indenture, including, without limitation, any increase or decrease in the principal amount of or premium, if any, or interest on any of the Securities;

(g) any change in the ownership, control, name, objects, businesses, assets, capital structure or constitution of the Issuer or a Guarantor;

(h) any merger or amalgamation of the Issuer or a Guarantor with any Person or Persons;

(i) the occurrence of any change in the laws, rules, regulations or ordinances of any jurisdiction by any present or future action of any governmental authority or court amending, varying, reducing or otherwise affecting, or purporting to amend, vary, reduce or otherwise affect, any of the Guarantee Obligations or the obligations of a Guarantor under its Guarantee; and

(j) any other circumstance, including release of the Guarantor pursuant to Section 11.05 (other than by complete, irrevocable payment) that might otherwise constitute a legal or equitable discharge or defense of the Issuer under this Indenture or the Securities or of a Guarantor in respect of its Guarantee hereunder.

SECTION 11.14. Waiver.

Without in any way limiting the provisions of Section 11.01, each Guarantor hereby waives notice of acceptance hereof, notice of any liability of any Guarantor hereunder, notice or proof of reliance by the Holders upon the obligations of any Guarantor hereunder, and diligence, presentment, demand for payment on the Issuer, protest, notice of dishonor or non-payment of any of the Guarantee Obligations, or other notice or formalities to the Issuer or any Guarantor of any kind whatsoever.

SECTION 11.15. No Obligation To Take Action Against the Issuer.

Neither the Trustee nor any other Person shall have any obligation to enforce or exhaust any rights or remedies against the Issuer or any other Person or any property of the Issuer or any other Person before the Trustee is entitled to demand payment and performance by any or all Guarantors of their liabilities and obligations under their Guarantees or under this Indenture.

SECTION 11.16. Dealing with the Issuer and Others.

The Holders, without releasing, discharging, limiting or otherwise affecting in whole or in part the obligations and liabilities of any Guarantor hereunder and without the consent of or notice to any Guarantor, may

(a) grant time, renewals, extensions, compromises, concessions, waivers, releases, discharges and other indulgences to the Issuer or any other Person;

(b) take or abstain from taking security or collateral from the Issuer or from perfecting security or collateral of the Issuer;

(c) release, discharge, compromise, realize, enforce or otherwise deal with or do any act or thing in respect of (with or without consideration) any and all collateral,

mortgages or other security given by the Issuer or any third party with respect to the obligations or matters contemplated by this Indenture or the Securities;

(d) accept compromises or arrangements from the Issuer;

(e) apply all monies at any time received from the Issuer or from any security upon such part of the Guarantee Obligations as the Holders may see fit or change any such application in whole or in part from time to time as the Holders may see fit; and

(f) otherwise deal with, or waive or modify their right to deal with, the Issuer and all other Persons and any security as the Holders or the Trustee may see fit.

SECTION 11.17. Default and Enforcement.

If any Guarantor fails to pay in accordance with Section 11.07 hereof, the Trustee may proceed in its name as trustee hereunder in the enforcement of the Subsidiary Guarantee of any such Guarantor and such Guarantor's obligations thereunder and hereunder by any remedy provided by law, whether by legal proceedings or otherwise, and to recover from such Guarantor the obligations.

SECTION 11.18. Amendment, Etc.

No amendment, modification or waiver of any provision of this Indenture relating to any Guarantor or consent to any departure by any Guarantor or any other Person from any such provision will in any event be effective unless it is signed by such Guarantor and the Trustee.

SECTION 11.19. Acknowledgment.

Each Guarantor, if any, hereby acknowledges communication of the terms of this Indenture and the Securities and consents to and approves of the same.

SECTION 11.20. Costs and Expenses.

Each Guarantor shall pay on demand by the Trustee any and all costs, fees and expenses (including, without limitation, legal fees on a solicitor and client basis) incurred by the Trustee, its agents, advisors and counsel or any of the Holders in enforcing any of their rights under any Guarantee.

SECTION 11.21. No Merger or Waiver; Cumulative Remedies.

No Guarantee shall operate by way of merger of any of the obligations of a Guarantor under any other agreement, including, without limitation, this Indenture. No failure

to exercise and no delay in exercising, on the part of the Trustee or the Holders, any right, remedy, power or privilege hereunder or under this Indenture or the Securities, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder or under this Indenture or the Securities preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges in the Guarantee and under this Indenture, the Securities and any other document or instrument between a Guarantor and/or the Issuer and the Trustee are cumulative and not exclusive of any rights, remedies, powers and privilege provided by law.

SECTION 11.22. Survival of Guarantee Obligations.

Without prejudice to the survival of any of the other obligations of each Guarantor hereunder, the obligations of each Guarantor under Section 11.01 shall survive the payment in full of the Guarantee Obligations and shall be enforceable against such Guarantor without regard to and without giving effect to any defense, right of offset or counterclaim available to or which may be asserted by the Issuer or any Guarantor.

SECTION 11.23. Guarantee in Addition to Other Guarantee Obligations.

The obligations of each Guarantor under its Guarantee and this Indenture are in addition to and not in substitution for any other obligations to the Trustee or to any of the Holders in relation to this Indenture or the Securities and any guarantees or security at any time held by or for the benefit of any of them.

SECTION 11.24. Severability.

Any provision of this Article Eleven which is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction unless its removal would substantially defeat the basic intent, spirit and purpose of this Indenture and this Article Eleven.

SECTION 11.25. Successors and Assigns.

Each Guarantee shall be binding upon and inure to the benefit of each Guarantor and the Trustee and the other Holders and their respective successors and permitted assigns, except that no Guarantor may assign any of its obligations hereunder or thereunder.

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MISCELLANEOUS

SECTION 12.01. TIA Controls.

If any provision of this Indenture limits, qualifies, or conflicts with another provision which is required or deemed to be included in this Indenture by the TIA, such required or deemed provision shall control.

SECTION 12.02. Notices.

Any notices or other communications required or permitted hereunder shall be in writing, and shall be sufficiently given if made by hand delivery, by telex, by nationally recognized overnight courier service, by telecopier or registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

if to the Issuer:

WMG Acquisition Corp.
c/o Warner Music Group, Inc.
75 Rockefeller Plaza,
New York, NY 10019
Attention: General Counsel

Telephone: (212) 275-2030
Facsimile: (212) 258-3092

with a copy to:

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, NY 10017
Attention: Edward P. Tolley III

Telephone: (212) 455-2000
Facsimile: (212) 455-2502

if to the Trustee:

Wells Fargo Bank, National Association
Corporate Trust Department
Sixth Street and Marquette Avenue
N9303-120
Minneapolis, MN 55179
Attention: Jeffery Rose

Telephone: (612) 667-0337
Facsimile: (612) 667-9825

Each of the Issuer and the Trustee by written notice to each other such Person may designate additional or different addresses for notices to such Person. Any notice or communication to the Issuer and the Trustee, shall be deemed to have been given or made as of the date so delivered if personally delivered; when answered back; when receipt is acknowledged, if telecopied; five (5) calendar days after mailing if sent by registered or certified mail, postage prepaid (except that a notice of change of address shall not be deemed to have been given until actually received by the addressee); and next Business Day if by nationally recognized overnight courier service.

Any notice or communication mailed to a Securityholder shall be mailed to him by first class mail or other equivalent means at his address as it appears on the registration books of the Registrar and shall be sufficiently given to him if so mailed within the time prescribed.

Failure to mail a notice or communication to a Securityholder or any defect in it shall not affect its sufficiency with respect to other Securityholders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

SECTION 12.03. Communications by Holders with Other Holders.

Securityholders may communicate pursuant to TIA § 312(b) with other Securityholders with respect to their rights under this Indenture, the Securities or the Subsidiary Guarantees. The Issuer, the Trustee, the Registrar and any other Person shall have the protection of TIA § 312(c).

SECTION 12.04. Certificate and Opinion as to Conditions Precedent.

Upon any request or application by the Issuer to the Trustee to take any action under this Indenture, the Issuer shall furnish to the Trustee at the request of the Trustee:

(1) an Officers' Certificate, in form and substance satisfactory to the Trustee, stating that, in the opinion of the signers, all conditions precedent to be performed or effected by the Issuer, if any, provided for in this Indenture relating to the proposed action have been complied with; and

(2) an Opinion of Counsel stating that, in the opinion of such counsel, any and all such conditions precedent have been complied with.

SECTION 12.05. Statements Required in Certificate or Opinion.

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture, other than the Officers' Certificate required by Section 4.06, shall include:

(1) a statement that the Person making such certificate or opinion has read such covenant or condition;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of such Person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with or satisfied; and

(4) a statement as to whether or not, in the opinion of each such Person, such condition or covenant has been complied with; *provided, however,* that with respect to matters of fact an Opinion of Counsel may rely on an Officers' Certificate or certificates of public officials.

SECTION 12.06. Rules by Trustee, Paying Agent, Registrar.

The Trustee, Paying Agent or Registrar may make reasonable rules for its functions.

SECTION 12.07. Legal Holidays.

If a payment date is not a Business Day, payment may be made on the next succeeding day that is a Business Day.

SECTION 12.08. Governing Law.

This Indenture, the Securities and the Guarantees, if any, will be governed by and construed in accordance with the laws of the State of New York.

SECTION 12.09. No Adverse Interpretation of Other Agreements.

This Indenture may not be used to interpret another indenture, loan or debt agreement of the Issuer or any of its Subsidiaries. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

SECTION 12.10. No Recourse Against Others.

No director, officer, employee, incorporator or stockholder of the Issuer or any direct or indirect parent corporation or of any Guarantor, as such, shall have any liability for any obligations of the Issuer or the Guarantors under the Securities or this Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Security waives and releases all such liability. Such waiver and release are part of the consideration for issuance of the Securities.

SECTION 12.11. Successors.

All agreements of the Issuer in this Indenture and the Securities shall bind its successors. All agreements of the Trustee in this Indenture shall bind its successor.

SECTION 12.12. Duplicate Originals.

All parties may sign any number of copies of this Indenture. Each signed copy or counterpart shall be an original, but all of them together shall represent the same agreement.

SECTION 12.13. Severability.

In case any one or more of the provisions in this Indenture or in the Securities shall be held invalid, illegal or unenforceable, in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions shall not in any way be affected or impaired thereby, it being intended that all of the provisions hereof shall be enforceable to the full extent permitted by law.

SECTION 12.14. Currency of Account; Conversion of Currency; Foreign Exchange Restrictions.

(a) U.S. Dollars are the sole currency of account and payment for all sums payable by the Issuer and the Guarantors under or in connection with the Dollar Securities,

the Guarantees of the Dollar Securities or this Indenture to the extent it relates to the Dollar Securities, including damages related thereto, and pounds sterling are the sole currency of account and payment for all sums payable by the Issuer and the Guarantors under or in connection with the Sterling Securities, the Guarantees of the Sterling Securities or this Indenture to the extent it relates to the Sterling Securities, including damages related thereto. Any amount received or recovered in a currency other than U.S. Dollars by a Holder of Dollar Securities or pounds sterling by a Holder of Sterling Securities (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer or otherwise) in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the U.S. Dollar or pounds sterling amount, as the case may be, which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that U.S. Dollar or pounds sterling amount is less than the U.S. Dollar or pounds sterling amount expressed to be due to the recipient under the applicable Securities, the Issuer shall indemnify it against any loss sustained by it as a result as set forth in Section 12.14(b). In any event, the Issuer and the Guarantors shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Section 12.14, it will be sufficient for the Holder of a Security to certify in a satisfactory manner (indicating sources of information used) that it would have suffered a loss had an actual purchase of U.S. Dollars or pounds sterling, as the case may be, been made with the amount so received in that other currency on the date of receipt or recovery (or, if a purchase of U.S. Dollars or pounds sterling, as applicable, on such date had not been practicable, on the first date on which it would have been practicable, it being required that the need for a change of date be certified in the manner mentioned above). The indemnities set forth in this Section 12.14 constitute separate and independent obligations from other obligations of the Issuer and the Guarantors, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Holder of the Securities and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under the Securities.

(b) The Issuer and the Guarantors, jointly and severally, covenant and agree that the following provisions shall apply to conversion of currency in the case of the Securities, the Guarantees and this Indenture:

(1) (A) If for the purpose of obtaining judgment in, or enforcing the judgment of, any court in any country, it becomes necessary to convert into a currency (the "**Judgment Currency**") an amount due in any other currency (the "**Base Currency**"), then the conversion shall be made at the rate of exchange prevailing on the Business Day before the day on which the judgment is given or the order of enforcement is made, as the case may be (unless a court shall otherwise determine).

(B) If there is a change in the rate of exchange prevailing between the Business Day before the day on which the judgment is given or an order of enforcement is made, as the case may be (or such other date as a court shall determine), and the date of receipt of the amount due, the Issuer and the Guarantors will pay such additional (or, as the case may be, such lesser) amount, if any, as may be necessary so that the amount paid in the Judgment Currency when converted at the rate of exchange prevailing on the date of receipt will produce the amount in the Base Currency originally due.

(2) In the event of the winding-up of the Issuer or any Guarantor at any time while any amount or damages owing under the Securities, the Guarantees and this Indenture, or any judgment or order rendered in respect thereof, shall remain outstanding, the Issuer and the Guarantors shall indemnify and hold the Holders and the Trustee harmless against any deficiency arising or resulting from any variation in rates of exchange between (i) the date as of which the U.S. Dollar Equivalent or equivalent amount in pounds sterling, as applicable, of the amount due or contingently due under the Securities, the Guarantees and this Indenture (other than under this subsection (b)(2)) is calculated for the purposes of such winding-up and (ii) the final date for the filing of proofs of claim in such winding-up. For the purpose of this subsection (b)(2), the final date for the filing of proofs of claim in the winding-up of the Issuer or any Guarantor shall be the date fixed by the liquidator or otherwise in accordance with the relevant provisions of applicable law as being the latest practicable date as at which liabilities of the Issuer or such Guarantor may be ascertained for such winding-up prior to payment by the liquidator or otherwise in respect thereto.

(c) The obligations contained in subsections (a), (b)(1)(B) and (b)(2) of this Section 12.14 shall constitute separate and independent obligations from the other obligations of the Issuer and the Guarantors under this Indenture, shall give rise to separate and independent causes of action against the Issuer and the Guarantors, shall apply irrespective of any waiver or extension granted by any Holder or the Trustee or either of them from time to time and shall continue in full force and effect notwithstanding any judgment or order or the filing of any proof of claim in the winding-up of the Issuer or any Guarantor for a liquidated sum in respect of amounts due hereunder (other than under subsection (b)(2) above) or under any such judgment or order. Any such deficiency as aforesaid shall be deemed to constitute a loss suffered by the Holders or the Trustee, as the case may be, and no proof or evidence of any actual loss shall be required by the Issuer or any Guarantor or the liquidator or otherwise or any of them. In the case of subsection (b)(2) above, the amount of such deficiency shall not be deemed to be reduced by any variation in rates of exchange occurring between the said final date and the date of any liquidating distribution.

(d) The term "**rate(s) of exchange**" shall mean the rate of exchange quoted by Reuters at 10:00 a.m. (New York time) for spot purchases of the Base Currency with the

Judgment Currency other than the Base Currency referred to in subsections (b)(1) and (b)(2) above and includes any premiums and costs of exchange payable.

SIGNATURES

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed all as of the date first written above.

WMG ACQUISITION CORP.,
as the Issuer

By: /s/ Paul Robinson
Name: Paul Robinson
Title: Vice President

By each of the Subsidiaries listed on Schedule I hereto:

By: /s/ Paul Robinson
Name: Paul Robinson
Title: Vice President

WELLS FARGO BANK,
NATIONAL ASSOCIATION,
as Trustee

By: /s/ Frank McDonald
Name: Frank McDonald
Title: Vice President

EXHIBIT A

[FORM OF INITIAL DOLLAR SECURITY]

WMG ACQUISITION CORP.
7 3/8% Senior Subordinated Notes due 2014

CUSIP No.
ISIN No.

No. $[ ]

WMG ACQUISITION CORP., a Delaware corporation (the "Company," which term includes any successor corporation), for value received promises to pay to CEDE & CO. or its registered assigns, the principal sum of [ ] dollars ($[ ]) on April 15, 2014.

Interest Payment Dates: April 15 and October 15, commencing October 15, 2004.

Record Dates: April 1 and October 1.

Reference is made to the further provisions of this Dollar Security contained herein, which will for all purposes have the same effect as if set forth at this place.

IN WITNESS WHEREOF, the Company has caused this Security to be signed manually or by facsimile by its duly authorized officers.

WMG ACQUISITION CORP.

By: _____

Name:
Title:

CERTIFICATE OF AUTHENTICATION

This is one of the 7 3/8% Senior Subordinated Notes due 2014 described in the within-mentioned Indenture.

Dated:

WELLS FARGO BANK,
NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Signatory

(Reverse of Dollar Security)
WMG Acquisition Corp.

7 3/8% Senior Subordinated Notes due 2014

[Insert the Global Security Legend, if applicable pursuant to the provisions of the Indenture]

[Insert the Private Placement Legend, if applicable pursuant to the provisions of the Indenture]

Capitalized terms used herein shall have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

SECTION 1. Interest. WMG Acquisition Corp., a Delaware corporation (the **"Company**"), promises to pay interest on the principal amount of this Dollar Security at 7 3/8% per annum from April 8, 2004 until maturity. The Company will pay interest semiannually on April 15 and October 15 of each year, or if any such day is not a Business Day, on the next succeeding Business Day (each an **"Interest Payment Date**"). Interest on the Dollar Securities will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of original issuance; *provided* that if there is no existing Default in the payment of interest, and if this Dollar Security is authenticated between a record date referred to on the face hereof and the next succeeding Interest Payment Date, interest shall accrue from such next succeeding Interest Payment Date; *provided, further,* that the first Interest Payment Date shall be October 15, 2004. The Company shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal and premium, if any, from time to time on demand to the extent lawful at the interest rate applicable to the Dollar Securities; it shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest (without regard to any applicable grace periods) from time to time on demand at the same rate to the extent lawful. Interest will be computed on the basis of a 360-day year of twelve 30 day months.

SECTION 2. Method of Payment. The Company will pay interest on the Dollar Securities (except defaulted interest) to the Persons who are registered Holders of Dollar Securities at the close of business on the April 1 or October 1 next preceding the Interest Payment Date, even if such Dollar Securities are canceled after such record date and on or before such Interest Payment Date, except as provided in Section 2.13 of the Indenture with respect to defaulted interest. The Dollar Securities will be issued in denominations of $5,000 and integral multiples of $1,000. The Company shall pay principal, premium, if any and interest on the Dollar Securities in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts (**"U.S. Legal Tender"**). Principal, premium, if any, and interest on the Dollar Securities will be payable at the office or agency of the Company maintained for such purpose or, at the option of the

Company, payment of interest may be made by check mailed to the Holders at their respective addresses set forth in the register of Holders; *provided* that all payments of principal, premium and interest with respect to Dollar Securities the Holders of which have given wire transfer instructions to the Company prior to the Record Date will be required to be made by wire transfer of immediately available funds to the accounts specified by the Holders thereof. Until otherwise designated by the Company, the Company's office or agency in New York will be the office of the Trustee maintained for such purpose.

SECTION 3. Paying Agent and Registrar. Initially, Wells Fargo Bank, National Association, the Trustee under the Indenture, will act as Paying Agent and Registrar. The Company may change any Paying Agent or Registrar without notice to any Holder. The Company or any Affiliate may act in any such capacity.

SECTION 4. Indenture and Subordination. The Company issued the Securities under an Indenture dated as of April 8, 2004 ("**Indenture**") between the Company and the Trustee. The terms of the Securities include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (15 U.S. Code §§ 77aaa-77bbbb) (the **"TIA"**). The Securities are subject to all such terms, and Holders are referred to the Indenture and the TIA for a statement of such terms. To the extent any provision of this Security conflicts with the express provisions of the Indenture, the provisions of the Indenture shall govern and be controlling. The payment of the Securities will, to the extent set forth in the Indenture, be subordinated in right of payment to the prior payment in full in cash or Cash Equivalents of all Senior Debt.

SECTION 5. Optional Redemption. (a) The Securities may be redeemed, in whole or in part, at any time prior to April 15, 2009, at the option of the Company upon not less than 30 nor more than 60 days' prior notice mailed by first-class mail to each Holder's registered address, at a

redemption price equal to 100% of the principal amount of the Securities redeemed plus the Applicable Premium as of, and accrued and unpaid interest and Additional Interest, if any, to, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

For purposes of the preceding paragraph, the following terms will have the following definitions:

"Applicable Premium" means, with respect to any Security on any applicable redemption date, the greater of:

(1) 1.0% of the then outstanding principal amount of the Security; and

(2) the excess of:

(a) the present value at such redemption date of (i) the redemption price of the Security at April 15, 2009, as applicable (such redemption price being set forth in the table appearing under paragraph (b)) plus (ii) all required

interest payments due on the Dollar Security through April 15, 2009, as applicable (excluding accrued but unpaid interest), computed using a discount rate equal to the Treasury Rate as of such redemption date plus 50 basis points; over

(b) the then outstanding principal amount of the Security.

"Treasury Rate" means, as of the applicable redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days prior to such redemption date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from such redemption date to April 15, 2009; *provided, however,* that if the period from such redemption date to April 15, 2009 is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

(b) On or after April 15, 2009, the Dollar Securities will be subject to redemption at any time at the option of the Company, in whole or in part, upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest and Additional Interest thereon, if any, to the applicable redemption date, if redeemed during the twelve-month period beginning *on* April 15 of the years indicated below:

Year	Percentage
2009	103.688%
2010	102.458%
2011	101.229%
2012 and thereafter	100.000%

SECTION 6. Optional Redemption upon Equity Offering. At any time on or prior to April 15, 2007, the Company may on any one or more occasions redeem up to 35% of the aggregate principal amount of Dollar Securities issued under the Indenture (calculated after giving effect to the issuance of Additional Dollar Securities) at a redemption price equal to 107.375% of the principal amount thereof, plus accrued and unpaid interest and Additional Interest thereon, if any, to the redemption date, with the net cash proceeds of Equity Offerings; *provided* that (i) at least 65% of the aggregate principal amount of Dollar Securities issued under the Indenture (calculated after giving effect to the issuance of Additional Dollar Securities) remains outstanding immediately after the occurrence of such redemption (exclud*ing* Dollar Securities held by the Company and its Subsidiaries) and (ii) such redemption shall occur within 90 days of the date of the closing of such Equity Offering (disregarding the date of the closing of any over-allotment option with respect thereto).

SECTION 7. Mandatory Redemption. For the avoidance of doubt, an offer to purchase pursuant to Section 8 hereof shall not be deemed a redemption. The Company shall not be required to make mandatory redemption or sinking fund payments with respect to the Securities.

SECTION 8. Offers To Purchase. The Indenture provides that upon the occurrence of a Change of Control or an Asset Sale and subject to further limitations contained therein, the Company shall make an offer to purchase outstanding Securities in accordance with the procedures set forth in the Indenture.

SECTION 9. Notice of Redemption. Notice of redemption will be mailed by first class mail at least 30 days but not more than 60 days before the redemption date to each Holder of Securities to be redeemed at its registered address. Dollar Securities in denominations larger than $5,000 may be redeemed in part. If any Security is to be redeemed in part only, the notice of redemption that relates to such Security shall state the portion of the principal amount thereof to be redeemed. A new Security in principal amount equal to the unredeemed portion thereof will be issued in the name of the Holder thereof upon cancellation of the original Security. On and after the redemption date interest ceases to accrue on Securities or portions thereof called for redemption.

SECTION 10. Denominations, Transfer, Exchange. The Dollar Securities are in registered form without coupons in denominations of $5,000 and integral multiples of $1,000. The transfer of Securities may be registered and Securities may be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and the Company may require a Holder to pay any taxes and fees required by law or permitted by the Indenture. The Company or the Registrar is not required to transfer or exchange any Security selected for redemption. Also, the Company or the Registrar is not required to transfer or exchange any Securities for a period of 15 days before a selection of Securities to be redeemed.

SECTION 11. Persons Deemed Owners. The registered Holder of a Security may be treated as its owner for all purposes.

SECTION 12. Amendment, Supplement and Waiver. Subject to certain exceptions, the Indenture and the Securities may be amended or supplemented with the written consent of the Holders of at least a majority in aggregate principal amount of the Securities then outstanding, and any existing Default or compliance with any provision may be waived with the consent of the Holders of a majority in aggregate principal amount of the Securities then outstanding. Without notice to or consent of any Holder, the parties thereto may amend or supplement the Indenture and the Securities to, among other things, cure any ambiguity, defect or inconsistency in the Indenture, provide for uncertificated Securities in addition to certificated Securities, comply with any requirements of the Commission in connection with the qualification of the Indenture under the TIA, or make any change that does not adversely affect the rights of any Holder of a Security; *provided, however,* that if any amendment,

waiver or other modification will only affect the Dollar Securities or the Sterling Securities, only the consent of the Holders of at least a majority in principal amount of the then outstanding Dollar Securities or Sterling Securities (and not the consent of at least a majority of all Securities), as the case may be, shall be required.

SECTION 13. Defaults and Remedies. If a Default occurs and is continuing, the Trustee or the Holders of at least 25% in aggregate principal amount of the then outstanding Securities generally may declare all the Securities to be due and payable immediately. Notwithstanding the foregoing, in the case of a Default arising from certain events of bankruptcy or insolvency as set forth in the Indenture, with respect to the Company, all outstanding Securities will become due and payable without further action or notice. Holders of the Securities may not enforce the Indenture or the Securities except as provided in the Indenture. Subject to certain limitations, Holders of a majority in aggregate principal amount of the then outstanding Securities may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders notice of any continuing Default (except a Default relating to the payment of principal or interest) if it determines that withholding notice is in their interest. The Holders of a majority in aggregate principal amount of the Securities then outstanding by notice to the Trustee may on behalf of the Holders of all of the Securities waive any Default and its consequences under the Indenture except a continuing Default in the payment of interest on, or the principal of the Securities or in respect of certain covenants set forth in the Indenture.

SECTION 14. Restrictive Covenants. The Indenture contains certain covenants that, among other things, limit the ability of the Company and its Restricted Subsidiaries to make restricted payments, to incur indebtedness, to create liens, to sell assets, to permit restrictions on dividends and other payments by Restricted Subsidiaries of the Company, to consolidate, merge or sell all or substantially all of its assets or to engage in transactions with affiliates. The limitations are subject to a number of important qualifications and exceptions. The Company must annually report to the Trustee on compliance with such limitations.

SECTION 15. No Recourse Against Others. No director, officer, employee, incorporator or stockholder of the Company or any direct or indirect parent corporation or any Guarantor, as such, shall have any liability for any obligations of the Company or the Guarantors under the Securities, the Indenture, the Guarantors' Subsidiary Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Securities by accepting a Security waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Securities.

SECTION 16. Trustee Dealings with the Company. The Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with the Company, its Subsidiaries or their respective Affiliates as if it were not the Trustee.

SECTION 17. Authentication. This Security shall not be valid until authenticated by the manual signature of the Trustee or an authenticating agent.

SECTION 18. Abbreviations. Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entirety), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

SECTION 19. Additional Rights of Holders of Restricted Global Securities and Restricted Definitive Securities. Pursuant to, but subject to the exceptions in, the Registration Rights Agreement, the Company and the Guarantors, if any, will be obligated to consummate an exchange offer pursuant to which the Holder of this Security shall have the right to exchange this Initial Security for a 7 3/8% Senior Subordinated Note due 2014 of the Company which shall have been registered under the Securities Act, in like principal amount and having terms identical in all material respects to this Initial Security (except that such note shall not be entitled to Additional Interest). The Holders shall be entitled to receive certain Additional Interest in the event such exchange offer is not consummated or the Securities are not offered for resale and upon certain other conditions, all pursuant to and in accordance with the terms of the Registration Rights Agreement.(a)

(a) This Section not to appear on Exchange Securities.

SECTION 20. Guarantees. The Securities will be entitled to the benefits of certain Guarantees made for the benefit of the Holders. Reference is hereby made to the Indenture for a statement of the respective rights, limitations of rights, duties and obligations thereunder of the Guarantors, the Trustee and the Holders.

SECTION 21. CUSIP Numbers. Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP numbers to be printed on the Securities and the Trustee may use CUSIP numbers in notices of redemption as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Securities or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

SECTION 22. Governing Law. **This Security shall be governed by, and construed in accordance with, the laws of the State of New York**

The Company will furnish to any Holder upon written request and without charge a copy of the Indenture.

ASSIGNMENT FORM

I or we assign and transfer this Security to:

_____

(Insert assignee's social security or tax I.D. number)

_____

(Print or type name, address and zip code of assignee)

and irrevocably appoint:

Agent to transfer this Security on the books of the Company. The Agent may substitute another to act for him.

Date: _____ Your Signature: _____

(Sign exactly as your name appears on the other side of this Security)

Signature Guarantee: _____

SIGNATURE GUARANTEE

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Security purchased by the Company pursuant to Section 4.09 or Section 4.13 of the Indenture, check the appropriate box:

Section 4.09 o Section 4.13 o

If you want to elect to have only part of this Security purchased by the Company pursuant to Section 4.09 or Section 4.13 of the Indenture, state the amount: $

Dated: _____ Signed: _____

(Sign exactly as your name appears on the other side of this Security)

Signature Guarantee: _____

Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor program reasonably acceptable to the Trustee)

EXHIBIT B

[FORM OF INITIAL STERLING SECURITY]

WMG ACQUISITION CORP.
8 1/8% Senior Subordinated Notes due 2014

CUSIP No.
ISIN No.
Common Code

No. £ [ ]

WMG ACQUISITION CORP., a Delaware corporation (the "Company," which term includes any successor corporation), for value received promises to pay to HSBC ISSUER SERVICES COMMON DEPOSITARY NOMINEE (UK) LIMITED or its registered assigns, the principal sum of [ ] pounds sterling (£[ ]) on April 15, 2014.

Interest Payment Dates: April 15 and October 15 commencing October 15, 2004.

Record Dates: April 1 and October 1.

Reference is made to the further provisions of this Sterling Security contained herein, which will for all purposes have the same effect as if set forth at this place.

IN WITNESS WHEREOF, the Company has caused this Security to be signed manually or by facsimile by its duly authorized officers.

WMG ACQUISITION CORP.

By: _____
Name:
Title:

CERTIFICATE OF AUTHENTICATION

This is one of the 8 1/8% Senior Subordinated Notes due 2014 described in the within-mentioned Indenture.

Dated:

WELLS FARGO BANK,
NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Signatory

(Reverse of Sterling Security)
WMG Acquisition Corp.

8 1/8% Senior Subordinated Notes due 2014

[Insert the Global Security Legend, if applicable pursuant to the provisions of the Indenture]

[Insert the Private Placement Legend, if applicable pursuant to the provisions of the Indenture]

Capitalized terms used herein shall have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

SECTION 1. Interest. WMG Acquisition Corp., a Delaware corporation (the **"Company"**), promises to pay interest on the principal amount of this Sterling Security at 8 1/8% per annum from April 8, 2004 until maturity. The Company will pay interest semiannually on April 15 and October 15 of each year, or if any such day is not a Business Day, on the next succeeding Business Day (each an "**Interest Payment Date**"). Interest on the Sterling Securities will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of original issuance; *provided* that if there is no existing Default in the payment of interest, and if this Sterling Security is authenticated between a record date referred to on the face hereof and the next succeeding Interest Payment Date, interest shall accrue from such next succeeding Interest Payment Date; *provided, further,* that the first Interest Payment Date shall be October 15, 2004. The Company shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal and premium, if any, from time to time on demand to the extent lawful at the interest rate applicable to the Sterling Securities; it shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest (without regard to any applicable grace periods) from time to time on demand at the same rate to the extent lawful. Interest will be computed on the basis of a 360-day year of twelve 30 day months.

SECTION 2. Method of Payment. The Company will pay interest on the Sterling Securities (except defaulted interest) to the Persons who are registered Holders of Sterling Securities at the close of business on the April 1 or October 1 next preceding the Interest Payment Date, even if such Securities are canceled after such record date and on or before such Interest Payment Date, except as provided in Section 2.13 of the Indenture with respect to defaulted interest. The Sterling Securities will be issued in denominations of £5,000 and integral multiples of £1,000. The Company shall pay principal, premium, if any and interest on the Sterling Securities in such coin or currency of the United Kingdom as at the time of payment is legal tender for payment of public and private debts ("**U.K. Legal Tender**"). Principal, premium, if any, and interest on the Sterling Securities will be payable at the office or agency of the Company maintained for such purpose or, at the option of the Company, payment of interest may be made by check mailed to the Holders at their respective addresses set

forth in the register of Holders; *provided* that all payments of principal, premium and interest with respect to Securities the Holders of which have given wire transfer instructions to the Company prior to the Record Date will be required to be made by wire transfer of immediately available funds to the accounts specified by the Holders thereof. Until otherwise designated by the Company, the Company's office or agency in New York will be the office of the Trustee maintained for such purpose.

SECTION 3. PayingAgent and Registrar. Initially, HSBC Bank plc will act as Paying Agent and Registrar. The Company may change any Paying Agent or Registrar without notice to any Holder. The Company or any Affiliate may act in any such capacity.

SECTION 4. Indenture and Subordination. The Company issued the Securities under an Indenture dated as of April 8, 2004 ("**Indenture**") between the Company and the Trustee. The terms of the Securities include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (15 U.S. Code §§ 77aaa-77bbbb) (the "**TIA**"). The Securities are subject to all such terms, and Holders are referred to the Indenture and the TIA for a statement of such terms. To the extent any provision of this Security conflicts with the express provisions of the Indenture, the provisions of the Indenture shall govern and be controlling. The payment of the Securities will, to the extent set forth in the Indenture, be subordinated in right of payment to the prior payment in full in cash or Cash Equivalents of all Senior Debt.

SECTION 5. Optional Redemption. (a) The Securities may be redeemed, in whole or in part, at any time prior to April 15, 2009, at the option of the Company upon not less than 30 nor more than 60 days' prior notice mailed by first-class mail to each Holder's registered address, at a redemption price equal to 100% of the principal amount of the Securities redeemed plus the Applicable Premium as of, and accrued and unpaid interest and Additional Interest, if any, to, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

For purposes of the preceding paragraph, the following terms will have the following definitions:

"Applicable Premium" means, with respect to any Security on any applicable redemption date, the greater of:

(1) 1.0% of the then outstanding principal amount of the Security; and

(2) the excess of:

(a) the present value at such redemption date of (i) the redemption price of the Security at April 15, 2009, as applicable (such redemption price being set forth in the table appearing under paragraph (b)) plus (ii) all required interest payments due on the Security through April 15, 2009, as applicable (excluding accrued but unpaid interest), computed using a discount rate equal to the Treasury Rate as of such redemption date plus 50 basis points; over

(b) the then outstanding principal amount of the Security.

"Treasury Rate" means the yield to maturity as of such redemption date of U.K. Government Securities with a constant maturity (as compiled by the Office for National Statistics and published in the most recent financial statistics that have become publicly available at least two business days in London prior to such redemption date (or, if such financial statistics are no longer published, any publicly available source of similar market data)) most nearly equal to the period from such redemption date to April 15, 2009; *provided, however,* that if the period from such redemption date to April 15, 2009 is less than one year, the weekly average yield on actually traded U.K. Government Securities adjusted to a constant maturity of one year shall be used.

(b) On or after April 15, 2009, the Sterling Securities will be subject to redemption at any time at the option of the Company, in whole or in part, upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest and Additional Interest thereon, if any, to the applicable redemption date, if redeemed during the twelve-month period beginning on April 15 of the years indicated below:

Year	Percentage
2009	104.063%
2010	102.708%
2011	101.354%
2012 and thereafter	100.000%

SECTION 6. Optional Redemption upon Equity Offering. At any time on or prior to April 15, 2007, the Company may on any one or more occasions redeem up to 35% of the aggregate principal amount of Sterling Securities issued under the Indenture (calculated after giving effect to the issuance of Additional Sterling Securities) at a redemption price equal to 108.125% of the principal amount thereof, plus accrued and unpaid interest and Additional Interest thereon, if any, to the redemption date, with the net cash proceeds of Equity Offerings; *provided* that (i) at least 65% of the aggregate principal amount of Sterling Securities issued under the Indenture (calculated after giving effect to the issuance of Additional Sterling Securities) remains outstanding

immediately after the occurrence of such redemption (excluding Sterling Securities held by the Company and its Subsidiaries) and (ii) such redemption shall occur within 90 days of the date of the closing of such Equity Offering (disregarding the date of the closing of any over-allotment option with respect thereto).

SECTION 7. Mandatory Redemption. For the avoidance of doubt, an offer to purchase pursuant to Section 8 hereof shall not be deemed a redemption. The Company shall not be required to make mandatory redemption or sinking fund payments with respect to the Securities.

SECTION 8. Offers To Purchase. The Indenture provides that upon the occurrence of a Change of Control or an Asset Sale and subject to further limitations contained therein, the Company shall make an offer to purchase outstanding Securities in accordance with the procedures set forth in the Indenture.

SECTION 9. Notice of Redemption. Notice of redemption will be mailed by first class mail at least 30 days but not more than 60 days before the redemption date to each Holder of Securities to be redeemed at its registered address. Sterling Securities in denominations larger than £5,000 may be redeemed in part. If any Security is to be redeemed in part only, the notice of redemption that relates to such Security shall state the portion of the principal amount thereof to be redeemed. A new Security in principal amount equal to the unredeemed portion thereof will be issued in the name of the Holder thereof upon cancellation of the original Security. On and after the redemption date interest ceases to accrue on Securities or portions thereof called for redemption.

SECTION 10. Denominations, Transfer, Exchange. The Sterling Securities are in registered form without coupons in denominations of £5,000 and integral multiples of £1,000. The transfer of Securities may be registered and Securities may be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and the Company may require a Holder to pay any taxes and fees required by law or permitted by the Indenture. The Company or the Registrar is not required to transfer or exchange any Security selected for redemption. Also, the Company or the Registrar is not required to transfer or exchange any Securities for a period of 15 days before a selection of Securities to be redeemed.

SECTION 11. Persons Deemed Owners. The registered Holder of a Security may be treated as its owner for all purposes.

SECTION 12. Amendment, Supplement and Waiver. Subject to certain exceptions, the Indenture and the Securities may be amended or supplemented with the written consent of the Holders of at least a majority in aggregate principal amount of the Securities then outstanding, and any existing Default or compliance with any provision may be waived with the consent of the Holders of a majority in aggregate principal amount of the Securities then outstanding. Without notice to or consent of any Holder, the parties thereto may amend or supplement the Indenture and the Securities to, among other things, cure any ambiguity, defect or inconsistency in the Indenture, provide for uncertificated Securities in addition to certificated Securities, comply with any requirements of the Commission in connection with the qualification of the Indenture under the TIA, or make any change that does not adversely affect the rights of any Holder of a Security; *provided, however,* that if any amendment, waiver or other modification will only affect the Dollar Securities or the Sterling Securities, only the consent of the Holders of at least a majority in principal amount of the then outstanding Dollar Securities or Sterling Securities (and not the consent of at least a majority of all Securities), as the case may be, shall be required.

SECTION 13. Defaults and Remedies. If a Default occurs and is continuing, the Trustee or the Holders of at least 25% in aggregate principal amount of the then outstanding Securities generally may declare all the Securities to be due and payable immediately. Notwithstanding the foregoing, in the case of a Default arising from certain events of bankruptcy or insolvency as set forth in the Indenture, with respect to the Company, all outstanding Securities will become due and payable without further action or notice. Holders of the Securities may not enforce the Indenture or the Securities except as provided in the Indenture. Subject to certain limitations, Holders of a majority in aggregate principal amount of the then outstanding Securities may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders notice of any continuing Default (except a Default relating to the payment of principal or interest) if it determines that withholding notice is in their interest. The Holders of a majority in aggregate principal amount of the Securities then outstanding by notice to the Trustee may on behalf of the Holders of all of the Securities waive any Default and its consequences under the Indenture except a continuing Default in the payment of interest on, or the principal of the Securities or in respect of certain covenants set forth in the Indenture.

SECTION 14. Restrictive Covenants. The Indenture contains certain covenants that, among other things, limit the ability of the Company and its Restricted Subsidiaries to make restricted payments, to incur indebtedness, to create liens, to sell assets, to permit restrictions on dividends and other payments by Restricted Subsidiaries of the Company, to consolidate, merge or sell all or substantially all of its assets or to engage in transactions with affiliates. The limitations are subject to a number of important qualifications and exceptions. The Company must annually report to the Trustee on compliance with such limitations.

SECTION 15. No Recourse Against Others. No director, officer, employee, incorporator or stockholder of the Company or any direct or indirect parent corporation or any Guarantor, as such, shall have any liability for any obligations of the Company or the Guarantors under the Securities, the Indenture, the Guarantors' Subsidiary Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Securities by accepting a Security waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Securities.

SECTION 16. Trustee Dealings with the Company. The Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with the Company, its Subsidiaries or their respective Affiliates as if it were not the Trustee.

SECTION 17. Authentication. This Security shall not be valid until authenticated by the manual signature of the Trustee or an authenticating agent.

SECTION 18. Abbreviations. Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entirety), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

SECTION 19. Additional Rights of Holders of Restricted Global Securities and Restricted Definitive Securities. Pursuant to, but subject to the exceptions in, the Registration Rights Agreement, the Company and the Guarantors, if any, will be obligated to consummate an exchange offer pursuant to which the Holder of this Security shall have the right to exchange this Initial Security for a 8 1/8% Senior Subordinated Note due 2014 of the Company which shall have been registered under the Securities Act, in like principal amount and having terms identical in all material respects to this Initial Security (except that such note shall not be entitled to Additional Interest). The Holders shall be entitled to receive certain Additional Interest in the event such exchange offer is not consummated or the Securities are not offered for resale and upon certain other conditions, all pursuant to and in accordance with the terms of the Registration Rights Agreement. (a)

(a) This Section not to appear on Exchange Securities.

SECTION 20. Guarantees. The Securities will be entitled to the benefits of certain Guarantees made for the benefit of the Holders. Reference is hereby made to the Indenture for a statement of the respective rights, limitations of rights, duties and obligations thereunder of the Guarantors, the Trustee and the Holders.

SECTION 21. CUSIP Numbers, ISINs and Common Codes. The Company has caused CUSIP numbers and ISINs and, in the case of the Sterling Securities, Common Codes to be printed on the Securities and has directed the Trustee to use CUSIP numbers and ISINs and, in the case of the Sterling Securities, Common Codes in notices of redemption as a convenience to the Holders. No representation is made as to the accuracy of such numbers either as printed on the Securities or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

SECTION 22. Governing Law. **This Security shall be governed by, and construed in accordance with, the laws of the State of New York.**

The Company will furnish to any Holder upon written request and without charge a copy of the Indenture.

ASSIGNMENT FORM

I or we assign and transfer this Security to:

(Insert assignee's social security or tax I.D. number)

(Print or type name, address and zip code of assignee)

and irrevocably appoint:

Agent to transfer this Security on the books of the Company. The Agent may substitute another to act for him.

Date: _____ Your Signature: _____
(Sign exactly as your name appears on the other side of this Security)

Signature Guarantee: _____

SIGNATURE GUARANTEE

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Security purchased by the Company pursuant to Section 4.09 or Section 4.13 of the Indenture, check the appropriate box:

Section 4.09 o Section 4.13 o

If you want to elect to have only part of this Security purchased by the Company pursuant to Section 4.09 or Section 4.13 of the Indenture, state the amount: £

Dated: _____ Signed: _____

(Sign exactly as name appears on the other side of this Security)

Signature Guarantee: _____

Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor program reasonably acceptable to the Trustee)

EXHIBIT C-1

[FORM OF LEGEND FOR DOLLAR 144A SECURITIES AND
OTHER DOLLAR SECURITIES THAT ARE RESTRICTED SECURITIES]

The Securities evidenced hereby have not been registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and may not be offered, sold, pledged or otherwise transferred except (a) (1) to a person who the seller reasonably believes is a qualified institutional buyer within the meaning of Rule 144A under the Securities Act purchasing for its own account or for the account of a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, (2) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the Securities Act, (3) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), (4) to an institutional accredited investor in a transaction exempt from the registration requirements of the Securities Act or (5) pursuant to an effective registration statement under the Securities Act and (b) in accordance with all applicable securities laws of the United States and other jurisdictions.

EXHIBIT C-2

[FORM OF LEGEND FOR STERLING 144A SECURITIES AND
OTHER STERLING SECURITIES THAT ARE RESTRICTED SECURITIES]

THIS SECURITY (OR ITS PREDECESSOR) HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING FOR ITS OWN ACCOUNT OR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A OR (B) IT IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT, (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") THAT IS *[IN THE CASE OF RULE 144A SECURITIES:* TWO YEARS] *[IN THE CASE OF REGULATION S SECURITIES:* 40 DAYS] AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE COMPANY OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY), ONLY (A) TO THE COMPANY OR ANY OF ITS SUBSIDIARIES, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, (E) TO AN INSTITUTIONAL "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501(a)(1), (2), (3) OR (7) OF REGULATION D UNDER THE SECURITIES ACT THAT IS AN INSTITUTIONAL ACCREDITED INVESTOR ACQUIRING THE SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF SUCH AN INSTITUTIONAL ACCREDITED INVESTOR, IN EACH CASE IN A MINIMUM

PRINCIPAL AMOUNT OF THE SECURITIES OF THE POUNDS STERLING EQUIVALENT OF $250,000, FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO OR FOR OFFER OR SALE IN CONNECTION WITH ANY DISTRIBUTION IN VIOLATION OF THE SECURITIES ACT, OR (F) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE COMPANY'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (D), (E) OR (F) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR

OTHER INFORMATION SATISFACTORY TO EACH OF THEM, AND (3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY OR AN INTEREST HEREIN IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.

Each Definitive Sterling Security shall bear the following additional legend:

IN CONNECTION WITH ANY TRANSFER, THE HOLDER WILL DELIVER TO THE REGISTRAR AND TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AS SUCH TRANSFER AGENT MAY REASONABLY REQUIRE TO CONFIRM THAT THE TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS.

[FORM OF ASSIGNMENT FOR 144A SECURITIES
AND OTHER SECURITIES THAT ARE RESTRICTED SECURITIES]

I or we assign and transfer this Security to:

_____

(Insert assignee's social security or tax I.D. number)

_____

(Print or type name, address and zip code of assignee)

and irrevocably appoint:

Agent to transfer this Security on the books of the Issuers. The Agent may substitute another to act for him.

[Check One]

o (a) this Security is being transferred in compliance with the exemption from registration under the Securities Act provided by Rule 144A thereunder.

or

o (b) this Security is being transferred other than in accordance with (a) above and documents are being furnished which comply with the conditions of transfer set forth in this Security and the Indenture.

If none of the foregoing boxes is checked, the Trustee or Registrar shall not be obligated to register this Security in the name of any person other than the Holder hereof unless and until the conditions to any such transfer of registration set forth herein and in Sections 2.16 and 2.17 of the Indenture shall have been satisfied.

Date: _____ Your Signature: _____

(Sign exactly as your name
appears on the face of this Security)

Signature Guarantee: _____

SIGNATURE GUARANTEE

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

TO BE COMPLETED BY TRANSFEROR IF (a) ABOVE IS CHECKED

The Transfer is being effected pursuant to and in accordance with Rule 144A under the Securities Act, and, accordingly, the Transferor hereby further certifies that the beneficial interest or certificated Security is being Transferred to a Person that the Transferor reasonably believed and believes is purchasing the beneficial interest or certificated Security for its own account, or for one or more accounts with respect to which such Person exercises sole investment discretion, and such Person and each such account is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and such Transfer is in compliance with any applicable securities laws of any state of the United States. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the Transferred beneficial interest or certificated Security will be subject to the restrictions on transfer enumerated on the Rule 144A Securities and/or the certificated Security and in the Indenture and the Securities Act.

Dated: _____ _____

NOTICE: To be executed by an executive officer

[FORM OF LEGEND FOR REGULATION S SECURITY]

This Security has not been registered under the U.S. Securities Act of 1933, as amended (the "Act"), and, unless so registered, may not be offered, sold or otherwise transferred within the United States or to, or for the account or benefit of, U.S. Persons unless registered under the Act or except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Act.

In connection with any transfer, the holder will deliver to the Registrar and Transfer Agent such certificates and other information as such Transfer Agent may reasonably require to confirm that the transfer complies with the foregoing restrictions.

[FORM OF ASSIGNMENT FOR REGULATION S SECURITY]

I or we assign and transfer this Security to:

_____

(Insert assignee's social security or tax I.D. number)

_____

(Print or type name, address and zip code of assignee)

and irrevocably appoint:

Agent to transfer this Security on the books of the Issuers. The Agent may substitute another to act for him.

[Check One]

o (a) this Security is being transferred in compliance with the exemption from registration under the Securities Act provided by Regulation S thereunder.

or

o (b) this Security is being transferred other than in accordance with (a) above and documents are being furnished which comply with the conditions of transfer set forth in this Security and the Indenture.

If none of the foregoing boxes is checked, the Trustee or Registrar shall not be obligated to register this Security in the name of any person other than the Holder hereof unless and until the conditions to any such transfer of registration set forth herein and in Sections 2.16 and 2.17 of the Indenture shall have been satisfied.

Date: _____ Your Signature: _____

(Sign exactly as your name appears on the face of this Security)

Signature Guarantee: _____

SIGNATURE GUARANTEE

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

TO BE COMPLETED BY TRANSFEROR IF (a) ABOVE IS CHECKED

The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and, accordingly, the Transferor hereby further certifies that (i) the Transfer is not being made to a person in the United States and (x) at the time the buy order was originated, the Transferee was outside the United States or such Transferor and any Person acting on its behalf reasonably believed and believes that the Transferee was outside the United States or (y) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither such Transferor nor any Person acting on its behalf knows that the transaction was prearranged with a buyer in the United States, (ii) no directed selling efforts have been made in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S under the Securities Act, (iii) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act and (iv) if the proposed Transfer is being made prior to the expiration of the restricted period under Regulation S, the Transfer is not being made to a U.S. Person or for the account or benefit of a U.S. Person (other than an initial purchaser). Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the Transferred beneficial interest or certificated Security will be subject to the restrictions on Transfer enumerated on the Regulation S Securities and/or the certificated Security and in the Indenture and the Securities Act.

Dated: _____ _____

NOTICE: To be executed by an executive officer

EXHIBIT E-1

[FORM OF LEGEND FOR GLOBAL DOLLAR SECURITY]

Any Global Security authenticated and delivered hereunder shall bear a legend (which would be in addition to any other legends required in the case of a Restricted Security) in substantially the following form:

This Security is a Global Security within the meaning of the Indenture hereinafter referred to and is registered in the name of a Depository or a nominee of a Depository. This Security is not exchangeable for Securities registered in the name of a person other than the Depository or its nominee except in the limited circumstances described in the Indenture, and no transfer of this Security (other than a transfer of this Security as a whole by the Depository to a nominee of the Depository or by a nominee of the Depository to the Depository or another nominee of the Depository) may be registered except in the limited circumstances described in the Indenture.

Unless this Certificate is presented by an authorized representative of The Depository Trust Company (a New York corporation) ("DTC") to the issuer or its agent for registration of transfer, exchange, or payment, and any Certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or such other entity as is requested by an authorized representative of DTC), any transfer, pledge or other use hereof for value or otherwise by or to any person is wrongful inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

EXHIBIT E-2

[FORM OF LEGEND FOR GLOBAL STERLING SECURITY]

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF [ ] TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN A NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF [ ] (AND ANY PAYMENT IS MADE TO SUCH ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF [ ]), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO THE COMMON DEPOSITORY, TO NOMINEES OF THE COMMON DEPOSITORY OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO ON THE REVERSE HEREOF.

EXHIBIT F

Form of Certificate To Be
Delivered in Connection with
Transfers to Non-01B Accredited Investors

[ ], [ ]

Wells Fargo Bank, National Association
Sixth Street and Marquette Avenue
N9303-120
Minneapolis, MN 55179

Ladies and Gentlemen:

In connection with our proposed purchase of U.S. Dollar-denominated 7 3/8% Senior Subordinated Notes due 2014 and Sterling-denominated 8 1/8% Senior Subordinated Notes due 2014 (the "Securities") of WMG ACQUISITION CORP., a Delaware corporation ("the Issuer"), we confirm that:

1. We have received a copy of the Offering Memorandum (the "Offering Memorandum"), dated April 1, 2004, relating to the Securities and such other information as we deem necessary in order to make our investment decision. We acknowledge that we have read and agreed to the matters stated in the section entitled "Notice to Investors" of such Offering Memorandum, including the restrictions on duplication and circulation of the Offering Memorandum.

2. We understand that any subsequent transfer of the Securities is subject to certain restrictions and conditions set forth in the Indenture relating to the Securities (the "Indenture") as described in the Offering Memorandum and the undersigned agrees to be bound by, and not to resell,

pledge or otherwise transfer the Securities except in compliance with, such restrictions and conditions and the Securities Act of 1933, as amended (the "Securities Act"), and all applicable State securities laws.

3. We understand that the offer and sale of the Securities have not been registered under the Securities Act, and that the Securities may not be offered or sold except as permitted in the following sentence. We agree, on our own behalf and on behalf of any accounts for which we are acting as hereinafter stated, that if we should sell any Securities, we will do so only (i) to the Issuer or any of its subsidiaries, (ii) inside the United States in accordance with Rule 144A under the Securities Act to a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act), (iii) inside the United States to an institutional

"accredited investor" (as defined below) that, prior to such transfer, furnishes (or has furnished on its behalf by a U.S. broker-dealer) to the Trustee (as defined in the Indenture) a signed letter containing certain representations and agreements relating to the restrictions on transfer of the Securities (the form of which letter can be obtained from the Trustee), (iv) outside the United States in accordance with Regulation S promulgated under the Securities Act to non-U.S. persons, (v) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available), (vi) in accordance with another exemption from the registration requirements of the Securities Act (and based upon an opinion of counsel if the Issuer so requests) or (vii) pursuant to an effective registration statement under the Securities Act, and we further agree to provide to any person purchasing any of the Securities from us a notice advising such purchaser that resales of the Securities are restricted as stated herein.

4. We are not acquiring the Securities for or on behalf of, and will not transfer the Securities to, any pension or welfare plan (as defined in Section 3 of the Employee Retirement Income Security Act of 1974, as amended) or plan (as defined in Section 4975 of the Internal Revenue Code of 1986, as amended), except as permitted in the section entitled "Notice to Investors" of the Offering Circular.

5. We understand that, on any proposed resale of any Securities, we will be required to furnish to the Trustee and the Issuer such certification, legal opinions and other information as the Trustee and the Issuer may reasonably require to confirm that the proposed sale complies with the foregoing restrictions. We further understand that the Securities purchased by us will bear a legend to the foregoing effect.

6. We are an institutional "accredited investor" (as defined in Rule 501(a)(l), (2), (3) or (7) of Regulation D under the Securities Act) and have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of our investment in the Securities, and we and any accounts for which we are acting are each able to bear the economic risk of our or their investment, as the case may be.

7. We are acquiring the Securities purchased by us for our account or for one or more accounts (each of which is an institutional "accredited investor") as to each of which we exercise sole investment discretion.

You, the Issuer, the Trustee and others are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.

Very truly yours,

[Name of Transferee]

By: _____
Name:
Title:

EXHIBIT G

Form of Certificate To Be Delivered
in Connection with Transfers
Pursuant to Regulation S

Wells Fargo Bank, National Association
Sixth Street and Marquette Avenue
N9303-120
Minneapolis, MN 55179

Re: WMG Acquisition Corp. ("the Issuer") U.S. Dollar-denominated 7 3/8% Senior Subordinated Notes due 2014 and Sterling-denominated 8 1/8% Senior Subordinated Notes due 2014 (the "Securities")

Ladies and Gentlemen:

In connection with our proposed sale of $[ ] or £[ ] aggregate principal amount of the Securities, we confirm that such sale has been effected pursuant to and in accordance with Regulation S under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and, accordingly, we represent that:

(1) the offer of the Securities was not made to a person in the United States;

(2) either (a) at the time the buy offer was originated, the transferee was outside the United States or we and any person acting on our behalf reasonably believed that the transferee was outside the United States, or (b) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither we nor any person acting on our behalf knows that the transaction has been prearranged with a buyer in the United States;

(3) no directed selling efforts have been made in the United States in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S, as applicable;

(4) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act; and

(5) we have advised the transferee of the transfer restrictions applicable to the Securities.

You, the Issuer and counsel for the Issuer are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby. Terms used in this certificate have the meanings set forth in Regulation S.

Very truly yours,

[Name of Transferor]

By: _____
Authorized Signature

EXHIBIT H

GUARANTEE

Each of the undersigned (the "Guarantors") hereby jointly and severally unconditionally guarantees, to the extent set forth in the Indenture dated as of April 8, 2004 by and among WMG Acquisition Corp., a Delaware corporation, as issuer (the "Company"), the Guarantors, as guarantors, and Wells Fargo Bank, National Association, as Trustee (as amended, restated or supplemented from time to time, the "Indenture"), and subject to the provisions of the Indenture, (a) the due and punctual payment of the principal of, and premium, if any, and interest on the Securities, when and as the same shall become due and payable, whether at maturity, by acceleration or otherwise, the due and punctual payment of interest on overdue principal of, and premium and, to the extent permitted by law, interest, and the due and punctual performance of all other obligations of the Issuer to the Holders or the Trustee, all in accordance with the terms set forth in Article Eleven of the Indenture, and (b) in case of any extension of time of payment or renewal of any Securities or any of such other obligations, that the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise.

The obligations of the Guarantors to the Holders and to the Trustee pursuant to this Guarantee and the Indenture are expressly set forth in Article Eleven of the Indenture, and reference is hereby made to the Indenture for the precise terms and limitations of this Guarantee. Each Holder of the Security to which this Guarantee is endorsed, by accepting such Security, agrees to and shall be bound by such provisions.

[Signatures on Following Pages]

IN WITNESS WHEREOF, each of the Guarantors has caused this Guarantee to be signed by a duly authorized officer.

[ ]

By: _____
Name:
Title:

WMG ACQUISITION CORP.
Issuer

THE SUBSIDIARY GUARANTORS PARTIES HERETO

And

WELLS FARGO BANK, NATIONAL ASSOCIATION,

Trustee

FIRST SUPPLEMENTAL INDENTURE

Dated as of November 16, 2004

TO

INDENTURE

Dated as of April 8, 2004

U.S. Dollar-denominated $7^{3}/_{8}$% Senior Subordinated Notes due 2014

Sterling-denominated $8^{1}/_{8}$% Senior Subordinated Notes due 2014

This FIRST SUPPLEMENTAL INDENTURE is dated as of this 16th day of November, 2004 (the "First Supplemental Indenture"), among WMG ACQUISITION CORP., a Delaware corporation (the "Issuer"), the Subsidiary Guarantors parties hereto (as listed below) and WELLS FARGO BANK, NATIONAL ASSOCIATION, as indenture trustee (the "Trustee").

WHEREAS, the Issuer, the Subsidiary Guarantors and the Trustee entered into an Indenture dated as of April 8, 2004 (the "Indenture") for the benefit of each other and for the equal and ratable benefit of the Holders of the U.S. Dollar-denominated $7^{3}/_{8}$% Senior Subordinated Notes due 2014 and the Sterling-denominated $8^{1}/_{8}$% Senior Subordinated Notes due 2014 (the "Notes"). Capitalized terms used herein without definition have the meanings ascribed to such terms in the Indenture.

WHEREAS, Section 4.16 of the Indenture requires the Issuer to cause certain Restricted Subsidiaries to execute and deliver a supplemental indenture to the Indenture providing for issuance by such Restricted Subsidiary of a Subsidiary Guarantee of payment of the Notes.

WHEREAS, the foregoing amendment is permitted under Section 9.01(6) of the Indenture.

WHEREAS, the Issuer and the Subsidiary Guarantors desire and have requested the Trustee to join with it in the execution and delivery of this First Supplemental Indenture,

NOW, THEREFORE, in consideration of the addition of the Subsidiary Guarantors named below as Subsidiary Guarantors hereunder, the Issuer and the Guarantors named below covenant and agree with the Trustee as follows:

1. The following Subsidiary Guarantors shall become Subsidiary Guarantors as of the date of this First Supplemental Indenture by execution and delivery of this First Supplemental Indenture:

WEA Rock LLC
WEA Urban LLC

2. The Indenture, as supplemented and amended by this First Supplemental Indenture, is in all respects ratified and confirmed, and the Indenture and this First Supplemental Indenture shall be read, taken and construed as one and the same instrument.

3. If any provision hereof limits, qualifies or conflicts with another provision hereof which is required to be included in this First Supplemental Indenture by any of the provisions of the Trust Indenture Act, such required provision shall control.

4. All covenants and agreements in this First Supplemental Indenture by the Company and the Guarantors shall bind their respective successors and assigns, whether so expressed or not.

5. In case any provision in this First Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

6. Nothing in this First Supplemental Indenture, expressed or implied, shall give to any Person, other than the parties hereto and their successors hereunder, and the Holders any benefit or any legal or equitable right, remedy or claim under this First Supplemental Indenture.

7. THIS FIRST SUPPLEMENTAL INDENTURE AND THE SECURITIES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

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8. All terms used in this First Supplemental Indenture not otherwise defined herein that are defined in the Indenture shall have the meanings set forth therein.

9. This First Supplemental Indenture may be executed in any number of counterparts, each of which shall be an original; but such counterparts shall together constitute but one and the same instrument.

10. The recitals contained herein shall be taken as statements of the Issuer and the Subsidiary Guarantors, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of the Indenture, this First Supplemental Indenture or of the Notes and shall not be accountable for the use or application by the Company of the Notes or the proceeds thereof.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the parties have executed this First Supplemental Indenture as of the date first written above.

WMG ACQUISITION CORP.

By: /s/ Paul M. Robinson
Name: Paul M. Robinson
Title: Sr. Vice President, Deputy General Counsel

WEA ROCK LLC

By: /s/ Paul M. Robinson
Name: Paul M. Robinson
Title: Vice President

WEA URBAN LLC

By: /s/ Paul M. Robinson
Name: Paul M. Robinson
Title: Vice President

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Indenture Trustee

By:
Name:
Title:

REGISTRATION RIGHTS AGREEMENT

Dated as of April 8, 2004

Among

WMG ACQUISITION CORP.

and

THE GUARANTORS NAMED HEREIN

as Issuers,

and

DEUTSCHE BANK SECURITIES INC.,
BANC OF AMERICA SECURITIES LLC,
LEHMAN BROTHERS INC.
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

as Dollar Initial Purchasers

DEUTSCHE BANK AG LONDON
BANC OF AMERICA SECURITIES LIMITED
LEHMAN BROTHERS INTERNATIONAL
MERRILL LYNCH INTERNATIONAL

as the Sterling Initial Purchasers

$465,000,000 $7^{3}/_{8}$% Senior Subordinated Notes due 2014

£100,000,000 $8^{1}/_{8}$ % Senior Subordinated Notes due 2014

TABLE OF CONTENTS

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this "Agreement") is dated as of April 8, 2004, among WMG ACQUISITION CORP., a Delaware corporation (the "Company"), and the subsidiaries of the Company listed on the signature pages hereto (collectively, and together with any entity that in the future executes a supplemental indenture pursuant to which such entity agrees to guarantee the Notes (as hereinafter defined), the "Guarantors," and together with the Company, the "Issuers"), DEUTSCHE BANK SECURITIES INC, BANC OF AMERICA SECURITIES LLC, LEHMAN BROTHERS INC. and MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED (the "Dollar Initial Purchasers") and DEUTSCHE BANK AG LONDON, BANC OF AMERICA SECURITIES LIMITED, LEHMAN BROTHERS INTERNATIONAL and MERRILL LYNCH INTERNATIONAL (the "Sterling Initial Purchasers" and, together with the Dollar Initial Purchasers, the "Initial Purchasers") as initial purchasers.

This Agreement is entered into in connection with the Purchase Agreement by and among the Issuers and the Initial Purchasers, dated as of April 1, 2004 (the "Purchase Agreement"), which provides for, among other things, the sale by the Company to the Initial Purchasers of (i) $465,000,000 aggregate principal amount of the Company's 7 3/8% Senior Subordinated Notes due 2014 (the "Dollar Notes") and (ii) £100,000,000 aggregate principal amount of the Company's 8 1/8% Senior Subordinated Notes due 2014 (the "Sterling Notes" and, together with the Dollar Notes, the "Notes") each guaranteed on an unsecured senior subordinated basis by the Guarantors (the "Guarantees"). References herein to the "Securities" refer to the Notes and the Guarantees, collectively. In order to induce the Initial Purchasers to enter into the Purchase Agreement, the Issuers have agreed to provide the registration rights set forth in this Agreement for the benefit of the Initial Purchasers and any subsequent holder or holders of the Notes. The execution and delivery of this Agreement is a condition to the Initial Purchasers' obligation to purchase the Notes under the Purchase Agreement.

The parties hereby agree as follows:

1. Definitions

As used in this Agreement, the following terms shall have the following meanings:

Additional Interest: See Section 4(a) hereof.

Advice: See the last paragraph of Section 5 hereof.

Agreement: See the introductory paragraphs hereto.

Applicable Period: See Section 2(b) hereof.

Business Day: Any day that is not a Saturday, Sunday or a day on which banking institutions in New York are authorized or required by law to be closed.

Company: See the introductory paragraphs hereto.

Dollar Initial Purchasers: Shall have the meaning set forth in the preamble hereto.

Dollar Notes: Shall have the meaning set forth in the preamble hereto.

Effectiveness Period: See Section 3(a) hereof.

Event Date: See Section 4(b) hereof.

Exchange Act: The Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

Exchange Notes: See Section 2(a) hereof.

Exchange Offer: See Section 2(a) hereof.

Exchange Offer Registration Statement: See Section 2(a) hereof.

Exchange Securities: shall mean the Exchange Notes together with the unconditional guarantees of the Exchange Notes made by the Guarantors.

Guarantees: See the introductory paragraphs hereto.

Guarantors: See the introductory paragraphs hereto.

Holder: Any holder of a Registrable Note or Registrable Securities.

Indenture: The Indenture, dated as of April 8, 2004, by and among the Company, the Guarantors, and Wells Fargo Bank, National Association, as Trustee, pursuant to which the Notes are being issued, as amended or supplemented from time to time in accordance with the terms thereof.

Information: See Section 5(o) hereof.

Initial Purchasers: See the introductory paragraphs hereto.

Initial Shelf Registration: See Section 3(a) hereof.

Inspectors: See Section 5(o) hereof.

Issue Date: April 8, 2004, the date of original issuance of the Notes.

Issuers: See the introductory paragraphs hereto.

Company: See the introductory paragraphs hereto.

NASD: See Section 5(s) hereof.

Notes: See the introductory paragraphs hereto.

Participant: See Section 7(a) hereof.

Participating Broker-Dealer: See Section 2(b) hereof.

Person: An individual, trustee, corporation, partnership, limited liability company, joint stock company, trust, unincorporated association, union, business association, firm or other legal entity.

Prospectus: The prospectus included in any Registration Statement (including, without limitation, any prospectus subject to completion and a prospectus that includes any information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A under the Securities Act and any term sheet filed pursuant to Rule 434 under the Securities Act), as amended or supplemented by any prospectus supplement, and all other amendments and supplements to the Prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such Prospectus.

Purchase Agreement: See the introductory paragraphs hereof.

Records: See Section 5(o) hereof.

Registrable Securities: shall mean each Security, upon its original issuance and at all times subsequent thereto and each Exchange Security as to which Section 2(c)(iv) hereof is applicable upon original issuance and at all times subsequent thereto; provided, however, that the Securities and Exchange Securities shall cease to be Registrable Securities (i) when, in the case of a Holder of such Securities who was entitled to participate in the Exchange Offer, an Exchange Offer Registration Statement with respect to the Securities shall have been declared effective under the 1933 Act and either (a) such Securities shall have been exchanged pursuant to the Exchange Offer for Exchange Securities or (b) the Securities were not tendered by the Holder thereof in the Exchange Offer, (ii) when a Shelf Registration Statement with respect to the Securities shall have been declared effective under the 1933 Act and the Securities shall have been disposed of pursuant to such Shelf Registration Statement,

(iii) when the Securities are able to be sold to the public pursuant to Rule 144(k) (or any similar provision then in force, but not Rule 144A) under the 1933 Act, (iv) such Securities are sold pursuant to Rule 144 under circumstances in which any legend borne by such Securities relating to restrictions on transferability thereof, under the Securities Act or otherwise, is removed by the Company or pursuant to the Indenture or (v) when the Securities shall have ceased to be outstanding.

Registration Statement: Any registration statement of the Company that covers any of the Notes or the Exchange Notes (and the related Guarantees) filed with the SEC under the Securities Act, including the Prospectus, amendments and supplements to such registration statement, including post-effective amendments, all exhibits, and all material incorporated by reference or deemed to be incorporated by reference in such registration statement.

Rule 144: Rule 144 under the Securities Act.

Rule 144A: Rule 144A under the Securities Act.

Rule 405: Rule 405 under the Securities Act.

Rule 415: Rule 415 under the Securities Act.

Rule 424: Rule 424 under the Securities Act.

SEC: The U.S. Securities and Exchange Commission.

Securities: Shall have the meaning set forth in the preamble hereto.

Securities Act: The Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

Shelf Notice: See Section 2(c) hereof.

Shelf Registration: See Section 3(b) hereof.

Shelf Registration Statement: Any Registration Statement relating to a Shelf Registration.

Shelf Suspension Period: See Section 3(a) hereof.

Sterling Initial Purchasers: Shall have the meaning set forth in the preamble hereto.

Sterling Notes: Shall have the meaning set forth in the preamble hereto.

Subsequent Shelf Registration: See Section 3(b) hereof.

TIA: The Trust Indenture Act of 1939, as amended.

Trustee: The trustee under the Indenture and the trustee (if any) under any in-denture governing the Exchange Notes (and the related Guarantees).

Underwritten registration or underwritten offering: A registration in which securities of the Company is sold to an underwriter for reoffering to the public.

Except as otherwise specifically provided, all references in this Agreement to acts, laws, statutes, rules, regulations, releases, forms, no-action letters and other regulatory requirements (collectively, "Regulatory Requirements") shall be deemed to refer also to any amendments thereto and all subsequent Regulatory Requirements adopted as a replacement thereto having substantially the same effect therewith; provided that Rule 144 shall not be deemed to amend or replace Rule 144A.

2. Exchange Offer

(a) Unless the Exchange Offer would violate applicable law or any applicable interpretation of the staff of the SEC, the Issuers shall use their reasonable best efforts to file with the SEC a Registration Statement (the "Exchange Offer Registration Statement") on an appropriate registration form with respect to a registered offer (the "Exchange Offer") to exchange any and all of the Registrable Securities for a like aggregate principal amount of debt securities of the Company (the "Exchange Notes"), guaranteed on an unsecured senior subordinated basis by the Guarantors, that are identical in all material respects to the Securities, except that (i) the Exchange Securities shall contain no restrictive legend thereon and (ii) interest thereon shall accrue from the last date on which interest was paid on the Securities or, if no such interest has been paid, from the Issue Date, and which are entitled to the benefits of the Indenture or a trust indenture which is identical in all material respects to the Indenture (other than such changes to the Indenture or any such identical trust indenture as are necessary to comply with the TIA) and which, in either case, has been qualified under the TIA. The Exchange Offer shall comply with all applicable tender offer rules and regulations under the Exchange Act and other applicable laws. The Issuers shall (x) use their reasonable best efforts to cause the Exchange Offer Registration Statement to be declared effective under the Securities Act; (y) keep the Exchange Offer open for at least 20 Business Days (or longer if required by applicable law) after the date that notice of the Exchange Offer is mailed to Holders; and (z) consummate the Exchange Offer on or prior to the 360th day following the Issue Date.

Each Holder (including, without limitation, each Participating Broker-Dealer) who participates in the Exchange Offer will be required to represent to the Issuers in writing (which may be contained in the applicable letter of transmittal) that: (i) any Exchange Securities acquired in exchange for Registrable Securities tendered are being acquired in the ordinary

course of business of the Person receiving such Exchange Securities, whether or not such recipient is such Holder itself; (ii) at the time of the commencement or consummation of the, Exchange Offer neither such Holder nor, to the actual knowledge of such Holder, any other Person receiving Exchange Securities from such Holder has an arrangement or understanding with any Person to participate in the distribution of the Exchange Securities in violation of the provisions of the Securities Act; (iii) neither the Holder nor, to the actual knowledge of such Holder, any other Person receiving Exchange Securities from such Holder is an "affiliate" (as defined in Rule 405) of the Company or, if it is an affiliate of the Company, it will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable and will provide information to be included in the Shelf Registration Statement in accordance with Section 5 hereof in order to have their Securities included in the Shelf Registration Statement and benefit from the provisions regarding Additional Interest in Section 4 hereof; (iv) neither such Holder nor, to the actual knowledge of such Holder, any other Person receiving Exchange Securities from such Holder is engaging in or intends to engage in a distribution of the Exchange Securities; and (v) if such Holder is a Participating Broker-Dealer, such Holder has acquired the Registrable Securities as a result of market-making activities or other trading activities and that it will comply with the applicable provisions of the Securities Act (including, but not limited to, the prospectus delivery requirements thereunder).

Upon consummation of the Exchange Offer in accordance with this Section 2, the provisions of this Agreement shall continue to apply, mutatis mutandis, solely with respect to Registrable Securities that are Exchange Securities as to which Section 2(c)(iv) is applicable and Exchange Securities held by Participating Broker-Dealers, and the Company shall have no further obligation to register Registrable Securities (other than Exchange Securities as to which clause 2(c)(iv) hereof applies) pursuant to Section 3 hereof.

No securities other than the Exchange Securities shall be included in the Ex-change Offer Registration Statement.

(b) The Issuers shall include within the Prospectus contained in the Exchange Offer Registration Statement a section entitled "Plan of Distribution," which shall contain a summary statement of the positions taken or policies made by the staff of the SEC with respect to the potential "underwriter" status of any broker-dealer that is the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) of Exchange Securities received by such broker-dealer in the Exchange Offer (a "Participating Broker-Dealer"), whether such positions or policies have been publicly disseminated by the staff of the SEC or such positions or policies represent the prevailing views of the staff of the SEC. Such "Plan of Distribution" section shall also expressly permit, to the extent permitted by applicable policies and regulations of the SEC, the use of the Prospectus by all Persons subject to the prospectus delivery requirements of the Securities Act, including, to the extent permitted by applicable policies and regulations of the SEC, all Participating Broker-Dealers, and include a statement

describing the means by which Participating Broker-Dealers may resell the Exchange Securities in compliance with the Securities Act.

The Issuers shall use their reasonable best efforts to keep the Exchange Offer Registration Statement effective and to amend and supplement the Prospectus contained therein in order to permit such Prospectus to be lawfully delivered by all Persons subject to the prospectus delivery requirements of the Securities Act for such period of time as is necessary to comply with applicable law in connection with any resale of the Exchange Securities; provided, however, that such period shall not be required to exceed 90 days or such longer period if extended pursuant to the last paragraph of Section 5 hereof or such time as such Participating Broker-Dealer no longer owns any Registrable Securities (the "Applicable Period").

If any Initial Purchaser determines that it is not eligible to participate in the Exchange Offer with respect to the exchange of Securities constituting any portion of an unsold allotment, at the request of such Initial Purchaser prior to the commencement of the Exchange Offer, the Issuers shall issue and deliver to such Initial Purchaser or the person purchasing Securities registered under a Shelf Registration Statement as contemplated by Section 3 hereof from such Initial Purchaser, in exchange for such Securities, a like principal amount of Registrable Securities or Exchange Securities, as applicable. The Issuers shall use their commercially reasonable efforts to cause the CUSIP Service Bureau to issue the same CUSIP number and International Securities Identification Number ("ISIN") for such Securities as for any Exchange Securities issued pursuant to the Exchange Offer.

In connection with the Exchange Offer, the Issuers shall:

(1) mail, or cause to be mailed, to each Holder of record entitled to participate in the Exchange Offer a copy of the Prospectus forming part of the Exchange Offer Registration Statement, together with an appropriate letter of transmittal and related documents;

(2) use their respective reasonable best efforts to keep the Exchange Offer open for not less than 20 Business Days after the date that notice of the Exchange Offer is mailed to Holders (or longer if required by applicable law);

(3) utilize the services of a depositary for the Exchange Offer with an address in the Borough of Manhattan, The City of New York or, in the case of the Sterling Notes, Amsterdam, London or Luxembourg, which may be the Trustee or an Affiliate of the Trustee;

(4) permit Holders to withdraw tendered Notes at any time prior to the close of business, New York time, on the last Business Day on which the Exchange Offer remains open; and

(5) otherwise comply in all material respects with all applicable laws, rules and regulations.

As soon as practicable after the close of the Exchange Offer, the Issuers shall:

(1) accept for exchange all Registrable Securities validly tendered and not validly withdrawn pursuant to the Exchange Offer;

(2) deliver to the Trustee for cancellation all Registrable Securities so accepted for exchange; and

(3) cause the Trustee to authenticate and deliver promptly to each Holder of Securities or Exchange Securities, as the case may be, equal in principal amount to the Securities of such Holder so accepted for exchange; provided that, in the case of any Securities held in global form by a depositary, authentication and delivery to such depositary of one or more replacement Securities in global form in an equivalent principal amount thereto for the account of such Holders in accordance with the Indenture shall satisfy such authentication and delivery requirement.

The Exchange Offer shall not be subject to any conditions, other than that (i) the Exchange Offer does not violate applicable law or any applicable interpretation of the staff of the SEC; (ii) no action or proceeding shall have been instituted or threatened in any court or by any governmental agency which might materially impair the ability of the Issuers to proceed with the Exchange Offer, and no material adverse development shall have occurred in any existing action or proceeding with respect to the Issuers; and (iii) all governmental approvals shall have been obtained, which approvals the Issuers deem necessary for the consummation of the Exchange Offer.

The Exchange Securities shall be issued under (i) the Indenture or (ii) an indenture identical in all material respects to the Indenture and which, in either case, has been qualified under the TIA or is exempt from such qualification and shall provide that the Exchange Securities shall not be subject to the transfer restrictions set forth in the Indenture. The Indenture or such indenture shall provide that the Exchange Securities and the Securities shall vote and consent together on all matters as one class and that none of the Exchange Securities or the Securities will have the right to vote or consent as a separate class on any matter.

(c) If, (i) because of any change in law or in currently prevailing interpretations of the staff of the SEC, the Issuers are not permitted to effect the Exchange Offer, (ii) the Exchange Offer is not consummated within 360 days of the Issue Date, (iii) the Initial Purchasers or any other holder of Securities not able to participate in the Exchange Offer due to applicable law so requests in writing to the Company at any time prior to the commencement of the Exchange Offer, or (iv) in the case of any Holder that participates in the Exchange

Offer, such Holder does not receive Exchange Securities on the date of the exchange that may be sold without restriction under state and federal securities laws (other than due solely to the status of such Holder as an affiliate of the Company within the meaning of the Securities Act) and so notifies the Company within 15 days after such Holder first becomes aware of such restrictions, in the case of each of clauses (i) to and including (iv) of this sentence, then the Issuers shall promptly deliver to the Trustee (to deliver to the Holders) written notice thereof (the "Shelf Notice") and shall file a Shelf Registration pursuant to Section 3 hereof.

3. Shelf Registration

If at any time a Shelf Notice is delivered as contemplated by Section 2(c) hereof, then:

(a) Shelf Registration. The Issuers shall as promptly as practicable file with the SEC a Registration Statement for an offering to be made on a continuous basis pursuant to Rule 415 covering all of the Registrable Securities (the "Initial Shelf Registration"). The Issuers shall use their reasonable best efforts to file with the SEC the Initial Shelf Registration. The Initial Shelf Registration shall be on Form S-1 or another appropriate form permitting registration of such Registrable Securities for resale by Holders in the manner or manners designated by them (including, without limitation, one underwritten offering).

The Issuers shall use their respective reasonable best efforts to cause the Shelf Registration to be declared effective under the Securities Act within 360 days of the Issue Date and to keep the Initial Shelf Registration continuously effective under the Securities Act until the date that is two years from the Issue Date or such shorter period ending when all Registrable Securities covered by the Initial Shelf Registration have been sold in the manner set forth and as contemplated in the Initial Shelf Registration or, if applicable, a Subsequent Shelf Registration (the "Effectiveness Period"); provided, however, that the Effectiveness Period in respect of the Initial Shelf Registration shall be extended to the extent required to permit dealers to comply with the applicable prospectus delivery requirements of Rule 174 under the Securities Act and as otherwise provided herein and shall be subject to reduction to the extent that the applicable provisions of Rule 144(k) are amended or revised to reduce the two year holding period set forth therein. Notwithstanding anything to the contrary in this Agreement, at any time, the Company may delay the filing of any Initial Shelf Registration Statement or delay or suspend the effectiveness thereof, for a reasonable period of time, but not in excess of an aggregate of 60 consecutive days, three (3) times during any calendar year (each, a "Shelf Suspension Period"), if the Board of Directors of the Company determines reasonably and in good faith that the filing of any such Initial Shelf Registration Statement or the continuing effectiveness thereof would require the disclosure of non-public material information that, in the reasonable judgment of the

Board of Directors of the Company, would be detrimental to the Company if so disclosed or would otherwise materially adversely affect a financing, acquisition, disposition, merger or other material transaction or such action is required by applicable law; provided, however, that any Shelf Registration Suspension Period shall extend the number of days the Shelf Registration Statement or Prospectus is available by an amount equal to the number of days in such Shelf Suspension Period.

(b) Withdrawal of Stop Orders; Subsequent Shelf Registrations. If the Initial Shelf Registration or any Subsequent Shelf Registration ceases to be effective for any reason at any time during the Effectiveness Period (other than because of the sale of all of the Notes registered thereunder), the Issuers shall use their respective reasonable best efforts to obtain the prompt withdrawal of any order suspending the effectiveness thereof, and in any event shall within 60 days of such cessation of effectiveness amend such Shelf Registration Statement in a manner to obtain the withdrawal of the order suspending the effectiveness thereof, or file an additional Shelf Registration Statement pursuant to Rule 415 covering all of the Registrable Securities covered by and not sold under the Initial Shelf Registration or an earlier Subsequent Shelf Registration (each, a "Subsequent Shelf Registration"). If a Subsequent Shelf Registration is filed, the Issuers shall use their respective reasonable best efforts to cause the Subsequent Shelf Registration to be declared effective under the Securities Act as soon as practicable after such filing and to keep such subsequent Shelf Registration continuously effective for a period equal to the number of days in the Effectiveness Period less the aggregate number of days during which the Initial Shelf Registration or any Subsequent Shelf Registration was previously continuously effective. As used herein the term "Shelf Registration" means the Initial Shelf Registration and any Subsequent Shelf Registration.

(c) Supplements and Amendments. The Issuers shall promptly supplement and amend the Shelf Registration if required by the rules, regulations or instructions applicable to the registration form used for such Shelf Registration, if required by the Securities Act, or if reasonably requested by the Holders of a majority in aggregate principal amount of the Registrable Securities (or their counsel) covered by such Registration Statement with respect to the information included therein with respect to one or more of such Holders, or if reasonably requested by any underwriter of such Registrable Securities with respect to the information included therein with respect to such underwriter.

4. Additional Interest

(a) The Issuers and the Initial Purchasers agree that the Holders will suffer damages if the Issuers fail to fulfill their obligations under Section 2 or Section 3 hereof and that it would not be feasible to ascertain the extent of such damages with precision.

Accordingly, the Issuers agree to pay, jointly and severally, as liquidated damages, additional interest on the Notes ("Additional Interest") under the circumstances and to the extent set forth below (each of which shall be given independent effect):

(i) if (a) neither (x) the Exchange Offer is completed, nor (y) if required, the Shelf Registration Statement is declared effective, within, in each case, 360 days of the Issue Date, then Additional Interest shall accrue on the Notes at a rate of 0.25% per annum on the principal amount of such Notes for the first 90 days from and including such specified date and increasing by an additional 0.25% per annum at the beginning of each subsequent 90-day period thereafter; provided that Additional Interest in the aggregate under this Section 4 may not exceed 1.00% per annum of the principal amount of such Notes; or

(ii) notwithstanding that the Issuers have consummated or will consummate an Exchange Offer, if the Issuers are required to file a Shelf Registration Statement and such Shelf Registration Statement is not declared effective on or prior to the 360th day following the date the filing of such Shelf Registration Statement is required or requested pursuant to Section 3(a), then Additional Interest shall accrue on the Notes at a rate of 0.25% per annum of the principal amount of such Notes for the first 90 days from and including such specified date and increasing by an additional 0.25% per annum at the beginning of each subsequent 90-day period thereafter; provided that Additional Interest in the aggregate under this Section 4 may not exceed 1.00% per annum of the principal amount of such Notes; or

(iii) if the Shelf Registration Statement required by Section 3(a) of this Agreement has been declared effective but thereafter ceases to be effective at any time at which it is required to be effective under this Agreement and such failure to remain effective exists for more than the number of days permitted by the second paragraph of Section 3(a), then commencing on the applicable day, following the date on which such Shelf Registration Statement ceases to be effective, Additional Interest shall accrue on the Notes at a rate of 0.25% per annum of the principal amount of such Notes for the first 90 days from and including such day, as applicable, following the date on which such Shelf Registration Statement ceases to be effective and increasing by an additional 0.25% per annum at the beginning of each subsequent 90-day period thereafter; provided that Additional Interest in the aggregate under this Section 4 may not exceed 1.00% per annum of the principal amount of such Notes.

(b) The Issuers shall notify the Trustee within one business day after each and every date on which an event occurs in respect of which Additional Interest is required to be paid (an "Event Date"). Any amounts of Additional Interest due pursuant to (a)(i), (a)(ii) or (a)(iii) of this Section 4 will be payable in cash semiannually on each April 15 and October 15 (to the holders of record on the April 1 and October 1 immediately preceding such

dates), commencing with the first such date occurring after any such Additional Interest commences to accrue. The amount of Additional Interest will be determined by multiplying the applicable Additional Interest rate by the principal amount of the Registrable Securities, multiplied by a fraction, the numerator of which is the number of days such Additional Interest rate was applicable during such period (determined on the basis of a 360 day year comprised of twelve 30 day months and, in the case of a partial month, the actual number of days elapsed), and the denominator of which is 360.

5. Registration Procedures

In connection with the filing of any Registration Statement pursuant to Section 2 or 3 hereof, the Issuers shall effect such registrations to permit the sale of the securities covered thereby in accordance with the intended method or methods of disposition thereof, and pursuant thereto and in connection with any Registration Statement filed by the Company hereunder each of the Issuers shall:

(a) Prepare and file with the SEC a Registration Statement or Registration Statements as prescribed by Section 2 or 3 hereof, and use their respective reasonable best efforts to cause each such Registration Statement to become effective and remain effective as provided herein; provided, however, that if (1) such filing is pursuant to Section 3 hereof or (2) a Prospectus contained in the Exchange Offer Registration Statement filed pursuant to Section 2 hereof is required to be delivered under the Securities Act by any Participating Broker-Dealer who seeks to sell Exchange Notes during the Applicable Period relating thereto from whom the Company has received prior written notice that it will be a Participating Broker-Dealer in the Exchange Offer, before filing any Registration Statement or Prospectus or any amendments or supplements thereto, the Issuers shall furnish to and afford the Holders of the Registrable Securities covered by such Registration Statement (with respect to a Registration Statement filed pursuant to Section 3 hereof) or each such Participating Broker-Dealer (with respect to any such Registration Statement), as the case may be, their counsel and the managing underwriters, if any, a reasonable opportunity to review copies of all such documents (including copies of any documents to be incorporated by reference therein and all exhibits thereto) proposed to be filed (in each case at least two business days prior to such filing).

(b) Prepare and file with the SEC such amendments and post-effective amendments to each Shelf Registration Statement or Exchange Offer Registration Statement, as the case may be, as may be necessary to keep such Registration Statement continuously effective for the Effectiveness Period, the Applicable Period or until consummation of the Exchange Offer, as the case may be; cause the related Prospectus to be supplemented by any Prospectus supplement required by applicable law, and as so supplemented to be filed pursuant to Rule 424; and comply with the

provisions of the Securities Act and the Exchange Act applicable to it with respect to the disposition of all securities covered by such Registration Statement as so amended or in such Prospectus as so supplemented and with respect to the subsequent resale of any securities being sold by an Participating Broker-Dealer covered by any such Prospectus. The Company shall be deemed not to have used its reasonable best efforts to keep a Registration Statement effective if such Issuer voluntarily takes any action that would result in selling Holders of the Registrable Securities covered thereby or Participating Broker-Dealers seeking to sell Exchange Notes not being able to sell such Registrable Securities or such Exchange Notes during that period unless such action is required by applicable law or permitted by this Agreement.

(c) If (1) a Shelf Registration is filed pursuant to Section 3 hereof, or (2) a Prospectus contained in the Exchange Offer Registration Statement filed pursuant to Section 2 hereof is required to be delivered under the Securities Act by any Participating Broker-Dealer who seeks to sell Exchange Notes during the Applicable Period relating thereto from whom the Company has received written notice that it will be a Participating Broker-Dealer in the Exchange Offer, notify the selling Holders of Registrable Securities (with respect to a Registration Statement filed pursuant to Section 3 hereof), or each such Participating Broker-Dealer (with respect to any such Registration Statement), as the case may be, their counsel and the managing underwriters, if any, promptly (but in any event within one business day), and confirm such notice in writing, (i) when a Prospectus or any Prospectus supplement or post-effective amendment has been filed, and, with respect to a Registration Statement or any post-effective amendment, when the same has become effective under the Securities Act (including in such notice a written statement that any Holder may, upon request, obtain, at the sole expense of the Company, one conformed copy of such Registration Statement or post-effective amendment including financial statements and schedules, documents incorporated or deemed to be incorporated by reference and exhibits), (ii) of the issuance by the SEC of any stop order suspending the effectiveness of a Registration Statement or of any order preventing or suspending the use of any preliminary prospectus or the initiation of any proceedings for that purpose, (iii) if at any time when a prospectus is required by the Securities Act to be delivered in connection with sales of the Registrable Securities or resales of Exchange Notes by Participating Broker-Dealers the representations and warranties of the Issuers contained in any agreement (including any underwriting agreement) contemplated by Section 5(n) hereof cease to be true and correct, (iv) of the receipt by any Issuer of any notification with respect to the suspension of the qualification or exemption from qualification of a Registration Statement or any of the Registrable Securities or the Exchange Notes to be sold by any Participating Broker-Dealer for offer or sale in any jurisdiction, or the initiation or threatening of any proceeding for such purpose, (v) of the happening of any event, the existence of any condition or any information becoming known that makes any statement made in such Registration Statement or related Prospectus or any document incorporated

or deemed to be incorporated therein by reference untrue in any material respect or that requires the making of any changes in or amendments or supplements to such Registration Statement, Prospectus or documents so that, in the case of the Registration Statement, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and that in the case of the Prospectus, it will not contain any untrue statement of a material fact or omit to state any 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, and (vi) of the Issuers' determination that a post-effective amendment to a Registration Statement would be appropriate.

(d) Use their respective reasonable best efforts to prevent the issuance of any order suspending the effectiveness of a Registration Statement or of any order preventing or suspending the use of a Prospectus or suspending the qualification (or exemption from qualification) of any of the Registrable Securities or the Exchange Notes to be sold by any Participating Broker-Dealer, for sale in any jurisdiction, and, if any such order is issued, to use their respective reasonable best efforts to obtain the withdrawal of any such order at the earliest practicable moment.

(e) If a Shelf Registration is filed pursuant to Section 3 and if requested during the Effectiveness Period by the managing underwriter or underwriters (if any), the Holders of a majority in aggregate principal amount of the Registrable Securities being sold in connection with an underwritten offering or any Participating Broker-Dealer, (i) as promptly as practicable incorporate in a prospectus supplement or post-effective amendment such information as the managing underwriter or underwriters (if any), such Holders, any Participating Broker-Dealer or counsel for any of them reasonably request to be included therein, (ii) make all required filings of such prospectus supplement or such post-effective amendment as soon as practicable after the Company has received notification of the matters to be incorporated in such prospectus supplement or post-effective amendment, and (iii) supplement or make amendments to such Registration Statement.

(f) If (1) a Shelf Registration is filed pursuant to Section 3 hereof, or (2) a Prospectus contained in the Exchange Offer Registration Statement filed pursuant to Section 2 hereof is required to be delivered under the Securities Act by any Participating Broker-Dealer who seeks to sell Exchange Notes during the Applicable Period, furnish to each selling Holder of Registrable Securities (with respect to a Registration Statement filed pursuant to Section 3 hereof) and to each such Participating Broker-Dealer who so requests in writing (with respect to any such Registration Statement) and to their respective counsel and each managing underwriter, if any, at the sole expense of the Company, one conformed copy of the Registration Statement or Registration

Statements and each post-effective amendment thereto, including financial statements and schedules, and, if requested, all documents incorporated or deemed to be incorporated therein by reference and all exhibits.

(g) If (1) a Shelf Registration is filed pursuant to Section 3 hereof, or (2) a Prospectus contained in the Exchange Offer Registration Statement filed pursuant to Section 2 hereof is required to be delivered under the Securities Act by any Participating Broker-Dealer who seeks to sell Exchange Notes during the Applicable Period, deliver to each selling Holder of Registrable Securities (with respect to a Registration Statement filed pursuant to Section 3 hereof), or each such Participating Broker-Dealer (with respect to any such Registration Statement), as the case may be, their respective counsel, and the underwriters, if any, at the sole expense of the Company, as many copies of the Prospectus or Prospectuses (including each form of preliminary prospectus) and each amendment or supplement thereto and any documents incorporated by reference therein as such Persons may reasonably request in writing; and, subject to the last paragraph of this Section 5, the Issuers hereby consent to the use of such Prospectus and each amendment or supplement thereto by each of the selling Holders of Registrable Securities or each such Participating Broker-Dealer, as the case may be, and the underwriters or agents, if any, and dealers, if any, in connection with the offering and sale of the Registrable Securities covered by, or the sale by Participating Broker-Dealers of the Exchange Notes pursuant to, such Prospectus and any amendment or supplement thereto.

(h) Prior to any public offering of Registrable Securities or any delivery of a Prospectus contained in the Exchange Offer Registration Statement by any Participating Broker-Dealer who seeks to sell Exchange Notes during the Applicable Period, use their respective reasonable best efforts to register or qualify, and to cooperate with the selling Holders of Registrable Securities or each such Participating Broker-Dealer, as the case may be, the managing underwriter or underwriters, if any, and their respective counsel in connection with the registration or qualification (or exemption from such registration or qualification) of such Registrable Securities for offer and sale under the securities or Blue Sky laws of such jurisdictions within the United States as any selling Holder, Participating Broker-Dealer, or the managing underwriter or underwriters reasonably request in writing; provided, however, that where Exchange Notes held by Participating Broker-Dealers or Registrable Securities are offered other than through an underwritten offering, the Issuers agree to cause their counsel to perform Blue Sky investigations and file registrations and qualifications required to be filed pursuant to this Section 5(h), 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 or things necessary or advisable to enable the disposition in such jurisdictions of the Exchange Notes held by Participating Broker-Dealers or the Registrable Securities covered by the applicable Registration

Statement; provided, however, that no Issuer shall be required to (A) qualify generally to do business in any jurisdiction where it is not then so qualified, (B) take any action that would subject it to general service of process in any such jurisdiction where it is not then so subject or (C) subject itself to taxation in excess of a nominal dollar amount in any such jurisdiction where it is not then so subject.

(i) If a Shelf Registration is filed pursuant to Section 3 hereof, cooperate with the selling Holders of Registrable Securities and the managing underwriter or underwriters, if any, to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold, which certificates shall not bear any restrictive legends and shall be in a form eligible for deposit with The Depository Trust Company and, in the case of the Sterling Notes, the common depositary for Euroclear and Clearstream Banking; and enable such Registrable Securities to be in such denominations (subject to applicable requirements contained in the Indenture) and registered in such names as the managing underwriter or underwriters, if any, or Holders may request.

(j) Use their respective commercially reasonable efforts to cause the Registrable Securities denominated in pounds sterling covered by the Registration Statement to be registered with or approved by the Luxembourg Stock Exchange and such other governmental agencies or authorities as may be required in connection with such approval.

(k) If (1) a Shelf Registration is filed pursuant to Section 3 hereof, or (2) a Prospectus contained in the Exchange Offer Registration Statement filed pursuant to Section 2 hereof is required to be delivered under the Securities Act by any Participating Broker-Dealer who seeks to sell Exchange Notes during the Applicable Period, upon the occurrence of any event contemplated by paragraph 5(c)(v) or 5(c)(vi) hereof, as promptly as practicable prepare and (subject to Section 5(a) hereof) file with the SEC, at the sole expense of the Company, 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 (with respect to a Registration Statement filed pursuant to Section 3 hereof) or to the purchasers of the Exchange Notes to whom such Prospectus will be delivered by a Participating Broker-Dealer (with respect to any such Registration Statement), any 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.

(l) Use their respective reasonable best efforts to cause the Registrable Securities covered by a Registration Statement or the Exchange Notes, as the case may be, to be rated with the appropriate rating agencies, if so requested by the Holders of a majority in aggregate principal amount of Registrable Securities covered by such Registration Statement or the Exchange Notes, as the case may be, or the managing underwriter or underwriters, if any.

(m) Prior to the effective date of the first Registration Statement relating to the Registrable Securities, (i) provide the Trustee with certificates for the Registrable Securities in a form eligible for deposit with The Depository Trust Company and, in the case of the Sterling Notes, the common depositary for Euroclear and Clearstream Banking and (ii) provide a CUSIP number for the Registrable Securities.

(n) In connection with any underwritten offering of Registrable Securities pursuant to a Shelf Registration, enter into an underwriting agreement as is customary in underwritten offerings of debt securities similar to the Securities, and take all such other actions as are reasonably requested by the managing underwriter or underwriters in order to expedite or facilitate the registration or the disposition of such Registrable Securities and, in such connection, (i) make such representations and warranties to, and covenants with, the underwriters with respect to the business of the Issuers (including any acquired business, properties or entity, if applicable), and the Registration Statement, Prospectus and documents, if any, incorporated or deemed to be incorporated by reference therein, in each case, as are customarily made by issuers to underwriters in underwritten offerings of debt securities similar to the Securities, and confirm the same in writing if and when requested; (ii) obtain the written opinions of counsel to the Issuers, and written updates thereof in form, scope and substance reasonably satisfactory to the managing underwriter or underwriters, addressed to the underwriters covering the matters customarily covered in opinions reasonably requested in underwritten offerings; (iii) obtain "cold comfort" letters and updates thereof in form, scope and substance reasonably satisfactory to the managing underwriter or underwriters from the independent certified public accountants of the Issuers (and, if necessary, any other independent certified public accountants of the Issuers, or of any business acquired by the Issuers, for which financial statements and financial data are, or are required to be, included or incorporated by reference in the Registration Statement), addressed to each of the underwriters, such letters to be in customary form and covering matters of the type customarily covered in "cold comfort" letters in connection with underwritten offerings of debt securities similar to the Securities; and (iv) if an underwriting agreement is entered into, the same shall contain indemnification provisions and procedures no less favorable to the sellers and underwriters, if any, than those set forth in Section 7 hereof (or such other provisions and procedures reasonably acceptable to Holders of a majority in aggregate principal amount of Registrable Securities covered by such Registration Statement and the managing underwriter or underwriters

or agents, if any). The above shall be done at each closing under such under-writing agreement, or as and to the extent required thereunder.

(o) If (1) a Shelf Registration is filed pursuant to Section 3 hereof, or (2) a Prospectus contained in the Exchange Offer Registration Statement filed pursuant to Section 2 hereof is required to be delivered under the Securities Act by any Participating Broker-Dealer who seeks to sell Exchange Notes during the Applicable Period, make available for inspection by any Initial Purchaser, any selling Holder of such Registrable Securities being sold (with respect to a Registration Statement filed pursuant to Section 3 hereof), or each such Participating Broker-Dealer, as the case may be, any underwriter participating in any such disposition of Registrable Securities, if any, and any attorney, accountant or other agent retained by any such selling Holder or each such Participating Broker-Dealer (with respect to any such Registration Statement), as the case may be, or underwriter (any such Initial Purchasers, Holders, Participating Broker-Dealers, underwriters, attorneys, accountants or agents, collectively, the "Inspectors"), upon written request, at the offices where normally kept, during reasonable business hours, all pertinent financial and other records, pertinent corporate documents and instruments of the Company and subsidiaries of the Company (collectively, the "Records"), as shall be reasonably necessary to enable them to exercise any applicable due diligence responsibilities, and cause the officers, directors and employees of the Company and any of its subsidiaries to supply all information ("Information") reasonably requested by any such Inspector in connection with such due diligence responsibilities. Each Inspector shall agree in writing that it will keep the Records and Information confidential and that it will not disclose any of the Records or Information that the Company determines, in good faith, to be confidential and notifies the Inspectors in writing are confidential unless (i) the disclosure of such Records or Information is necessary to avoid or correct a misstatement or omission in such Registration Statement or Prospectus, (ii) the release of such Records or Information is ordered pursuant to a subpoena or other order from a court of competent jurisdiction, (iii) disclosure of such Records or Information is necessary or advisable, in the opinion of counsel for any Inspector, in connection with any action, claim, suit or proceeding, directly or indirectly, involving or potentially involving such Inspector and arising out of, based upon, relating to, or involving this Agreement or the Purchase Agreement, or any transactions contemplated hereby or thereby or arising hereunder or thereunder, or (iv) the information in such Records or Information has been made generally available to the public other than by an Inspector or an "affiliate" (as defined in Rule 405) thereof; provided, however, that prior notice shall be provided as soon as practicable to the Company of the potential disclosure of any information by such Inspector pursuant to clauses (i) or (ii) of this sentence to permit the Company to obtain a protective order (or waive the provisions of this paragraph (o)) and that such Inspector shall take such actions as are reasonably necessary to protect the confidentiality of such information (if practicable) to the extent such action is otherwise not inconsistent

with, an impairment of or in derogation of the rights and interests of the Holder or any Inspector.

(p) Provide an indenture trustee for the Registrable Securities or the Exchange Notes, as the case may be, and cause the Indenture or the trust indenture provided for in Section 2(a) hereof, as the case may be, to be qualified under the TIA not later than the effective date of the first Registration Statement relating to the Registrable Securities; and in connection therewith, cooperate with the trustee under any such indenture and

the Holders of the Registrable Securities, to effect such changes (if any) to such indenture as may be required for such indenture to be so qualified in accordance with the terms of the TIA; and execute, and use its reasonable best efforts to cause such trustee to execute, all documents as may be required to effect such changes, and all other forms and documents required to be filed with the SEC to enable such indenture to be so qualified in a timely manner.

(q) Comply with all applicable rules and regulations of the SEC and make generally available to its securityholders with regard to any applicable Registration Statement, a consolidated earning statement satisfying the provisions of Section 11 (a) of the Securities Act and Rule 158 thereunder (or any similar rule promulgated under the Securities Act) no later than 45 days after the end of any fiscal quarter (or 90 days after the end of any 12-month period if such period is a fiscal year) (i) commencing at the end of any fiscal quarter in which Registrable Securities are sold to underwriters in a firm commitment or best efforts underwritten offering and (ii) if not sold to underwriters in such an offering, commencing on the first day of the first fiscal quarter of the Company, after the effective date of a Registration Statement, which statements shall cover said 12-month periods.

(r) Upon consummation of the Exchange Offer, obtain an opinion of counsel to the Issuers, in a form customary for underwritten transactions, addressed to the Trustee for the benefit of all Holders of Registrable Securities participating in the Exchange Offer that the Exchange Notes, the related guarantee and the related indenture constitute legal, valid and binding obligations of the Issuers, enforceable against the Issuers in accordance with their respective terms, subject to customary exceptions and qualifications. If the Exchange Offer is to be consummated, upon delivery of the Registrable Securities by Holders to the Company (or to such other Person as directed by the Company), in exchange for the Exchange Notes, the Issuers shall mark, or cause to be marked, on such Registrable Securities that such Registrable Securities are being cancelled in exchange for the Exchange Notes; in no event shall such Registrable Securities be marked as paid or otherwise satisfied.

(s) Cooperate with each seller of Registrable Securities covered by any Registration Statement and each underwriter, if any, participating in the disposition of

such Registrable Securities and their respective counsel in connection with any filings required to be made with the National Association of Securities Dealers, Inc. (the "NASD").

(t) Use their respective reasonable best efforts to take all other steps necessary to effect the registration of the Exchange Notes and/or Registrable Securities covered by a Registration Statement contemplated hereby.

The Company may require each seller of Registrable Securities as to which any registration is being effected to furnish to the Company such information regarding such seller and the distribution of such Registrable Securities as the Company may, from time to time, reasonably request. The Company may exclude from such registration the Registrable Securities of any seller so long as such seller fails to furnish such information within a reasonable time after receiving such request and no penalty (including any Additional Interest) shall be payable by the Issuers as a result of such exclusion. Each seller as to which any Shelf Registration is being effected agrees to furnish promptly to the Company all information required to be disclosed in order to make the information previously furnished to the Company by such seller not materially misleading.

If any such Registration Statement refers to any Holder by name or otherwise as the holder of any securities of any Issuer, then such Holder shall have the right to require (i) the insertion therein of language, in form and substance reasonably satisfactory to such Holder, to the effect that the holding by such Holder of such securities is not to be construed as a recommendation by such Holder of the investment quality of the securities covered thereby and that such holding does not imply that such Holder will assist in meeting any future financial requirements of the Issuers, or (ii) in the event that such reference to such Holder by name or otherwise is not required by the Securities Act or any similar federal statute then in force, the deletion of the reference to such Holder in any amendment or supplement to the Registration Statement filed or prepared subsequent to the time that such reference ceases to be required.

Each Holder of Registrable Securities and each Participating Broker-Dealer agrees by its acquisition of such Registrable Securities or Exchange Notes to be sold by such Participating Broker-Dealer, as the case may be, that, upon actual receipt of any notice from the Company of the happening of any event of the kind described in Section 5(c)(ii), 5(c)(iv), 5(c)(v), or 5(c)(vi) hereof, such Holder will forthwith discontinue disposition of such Registrable Securities covered by such Registration Statement or Prospectus or Exchange Notes to be sold by such Holder or Participating Broker-Dealer, as the case may be, until such Holder's or Participating Broker-Dealer's receipt of the copies of the supplemented or amended Prospectus contemplated by Section 5(k) hereof, or until it is advised in writing (the "Advice") by the Company that the use of the applicable Prospectus may be resumed, and has received copies of any amendments or supplements thereto. In the event that the Issuers shall give any

such notice, each of the Applicable Period and the Effectiveness Period shall be extended by the number of days during such periods from and including the date of the giving of such notice to and including the date when each seller of Registrable Securities covered by such Registration Statement or Exchange Notes to be sold by such Participating Broker-Dealer, as the case may be, shall have received (x) the copies of the supplemented or amended Prospectus contemplated by Section 5(k) hereof or (y) the Advice.

6. Registration Expenses

All fees and expenses incident to the performance of or compliance with this Agreement by the Issuers shall be borne by the Company, whether or not the Exchange Offer Registration Statement or any Shelf Registration Statement is filed or becomes effective or the Exchange Offer is consummated, including, without limitation, (i) all registration and filing fees (including, without limitation, (A) fees with respect to filings required to be made with the NASD in connection with an underwritten offering and (B) fees and expenses of compliance with state securities or Blue Sky laws (including, without limitation, fees and disbursements of counsel in connection with Blue Sky qualifications of the Registrable Securities or Exchange Notes and determination of the eligibility of the Registrable Securities or Exchange Notes for investment under the laws of such jurisdictions (x) where the holders of Registrable Securities are located, in the case of the Exchange Notes, or (y) as provided in Section 5(h) hereof, in the case of Registrable Securities or Exchange Notes to be sold by a Participating Broker-Dealer during the Applicable Period)), (ii) printing expenses, including, without limitation, expenses of printing certificates for Registrable Securities or Exchange Notes in a form eligible for deposit with The Depository Trust Company and, in the case of the

Sterling Notes, the common depositary for Euroclear and Clearstream Banking and of printing prospectuses if the printing of prospectuses is requested by the managing underwriter or underwriters, if any, by the Holders of a majority in aggregate principal amount of the Registrable Securities included in any Registration Statement or in respect of Registrable Securities or Exchange Notes to be sold by any Participating Broker-Dealer during the Applicable Period, as the case may be, (iii) messenger, telephone and delivery expenses, (iv) fees and disbursements of counsel for the Issuers and, in the case of a Shelf Registration, reasonable fees and disbursements of one special counsel for all of the sellers of Registrable Securities selected by the Holder of a majority in aggregate principal amount of Registrable Securities covered by such Shelf Registration retained in connection with such Shelf Registration (which counsel shall be reasonably satisfactory to the Company) (exclusive of any counsel retained pursuant to Section 7 hereof), (v) fees and disbursements of all independent certified public accountants referred to in Section 5(n)(iii) hereof (including, without limitation, the expenses of any "cold comfort" letters required by or incident to such performance), (vi) Securities Act liability insurance, if the Issuers desire such insurance, (vii) fees and expenses of all other Persons retained by the Issuers, (viii) internal expenses of the Issuers (including, without limitation, all salaries and expenses of officers and employees of the Issuers performing legal or accounting duties), (ix) the expense of any annual audit, (x) any fees and expenses incurred in connection

with the listing of the securities to be registered on any securities exchange, and the obtaining of a rating of the securities, in each case, if applicable and (xi) the expenses relating to printing, word processing and distributing all Registration Statements, underwriting agreements, indentures and any other documents necessary in order to comply with this Agreement.

7. Indemnification and Contribution.

(a) Each of the Issuers agree jointly and severally, to indemnify and hold harmless each Holder of Registrable Securities and each Participating Broker-Dealer selling Exchange Notes during the Applicable Period, and each Person, if any, who controls such Person or its affiliates within the meaning of Section 15 of the Act or Section 20 of the Exchange Act (each, a **"Participant")** against any losses, claims, damages or liabilities to which any Participant may become subject under the Securities Act, the Exchange Act or otherwise, insofar as any such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon:

(i) any untrue statement or alleged untrue statement of any material fact contained in any Registration Statement (or any amendment thereto) or Prospectus (as amended or supplemented if any of the Issuers shall have furnished any amendments or supplements thereto) or any preliminary prospectus; or

(ii) the omission or alleged omission to state, in any Registration Statement (or any amendment thereto) or Prospectus (as amended or supplemented if any of the Issuers shall have furnished any amendments or supplements thereto) or any preliminary prospectus or any amendment or supplement thereto, a material fact required to be stated therein or necessary to make the statements therein not misleading;

and will reimburse, as incurred, the Participant for any reasonable legal or other expenses incurred by the Participant in connection with investigating, defending against or appearing as a third-party witness in connection with any such loss, claim, damage, liability or action; provided, however, none of the Issuers will be liable in any such case to the extent that any such loss, claim, damage, or liability arises out of or is based upon any untrue statement or alleged untrue statement or omission or alleged omission made in any Registration Statement (or any amendment thereto) or Prospectus (as amended or supplemented if any of the Issuers shall have furnished any amendments or supplements thereto) or any preliminary prospectus or any amendment or supplement thereto in reliance upon and in conformity with information relating to any Participant furnished to the Issuers by such Participant specifically for use therein; provided, further, that with respect to any untrue statement or omission from any preliminary prospectus, the indemnity agreement contained in this paragraph (a) shall not inure to the benefit of any Participant to the extent that the sale to the person asserting any such loss, claim, damage or liability was an initial resale by such Participant and any such loss, claim, damage or liability of or with respect to such Participant results from the fact that both (i) a copy of the Prospectus was not sent or given to such person at or prior to the written

confirmation of the sale of such Securities to such person and (ii) the untrue statement in or omission from such preliminary prospectus was corrected in the Prospectus unless, in either case, such failure to deliver the Prospectus was a result of non-compliance by the Issuer with its obligations under this Agreement. The indemnity provided for in this Section 7 will be in addition to any liability that the Issuers may otherwise have to the indemnified parties. The Issuers shall not be liable under this Section 7 for any settlement of any claim or action effected without their prior written consent, which shall not be unreasonably withheld.

(b) Each Participant, severally and not jointly, agrees to indemnify and hold harmless the Issuers, their directors, their officers and each person, if any, who controls the Issuers within the meaning of Section 15 of the Act or Section 20 of the Exchange Act against any losses, claims, damages or liabilities to which the Issuers or any such director, officer or controlling person may become subject under the Act, the Exchange Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon (i) any untrue statement or alleged untrue statement of any material fact contained in any Registration Statement or Prospectus, any amendment or supplement thereto, or any preliminary prospectus, or (ii) the omission or the alleged omission to state therein a material fact necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information concerning such Participant, furnished to the Issuers by the Participant, specifically for use therein; and subject to the limitation set forth immediately preceding this clause, will reimburse, as incurred, any reasonable legal or other expenses incurred by the Issuers or any such director, officer or controlling person in connection with investigating or defending against or appearing as a third party witness in connection with any such loss, claim, damage, liability or action in respect thereof. The indemnity provided for in this Section 7 will be in addition to any liability that the Participants may otherwise have to the indemnified parties. The Participants shall not be liable under this Section 7 for any settlement of any claim or action effected without their consent, which shall not be unreasonably withheld. The Issuers shall not, without the prior written consent of such Participant, effect any settlement or compromise of any pending or threatened proceeding in respect of which such Participant is or could have been a party, or indemnity could have been sought hereunder by such Participant, unless such settlement (A) includes an unconditional written release of such Participant, in form and substance reasonably satisfactory to such Participant, from all liability on claims that are the subject matter of such proceeding and (B) does not include any statement as to an admission of fault, culpability or failure to act by or on behalf of such Participant.

(c) Promptly after receipt by an indemnified party under this Section 7 of notice of the commencement of any action for which such indemnified party is entitled to indemnification under this Section 7, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this Section 7, notify the indemnifying party of the commencement thereof in writing; but the omission to so notify the indemnifying party

(i) will not relieve it from any liability under paragraph (a) or (b) above unless and to the extent such failure results in the forfeiture by the indemnifying party of material rights and defenses and (ii) will not, in any event, relieve the indemnifying party from any obligations to any indemnified party other than the indemnification obligation provided in paragraphs (a) and (b) above. In case any such action is brought against any indemnified party, and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party; provided, however, that if (i) the use of counsel chosen by the indemnifying party to represent the indemnified party would present such counsel with a conflict of interest, (ii) the defendants in any such action include both the indemnified party and the indemnifying party and the indemnified party shall have been advised by counsel that there may be one or more legal defenses available to it and/or other indemnified parties that are different from or additional to those available to the indemnifying party, or (iii) the indemnifying party shall not have employed counsel reasonably satisfactory to the indemnified party to represent the indemnified party within a reasonable time after receipt by the indemnifying party of notice of the institution of such action, then, in each such case, the indemnifying party shall not have the right to direct the defense of such action on behalf of such indemnified party or parties and such indemnified party or parties shall have the right to select separate counsel to defend such action on behalf of such indemnified party or parties. After notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof and approval by such indemnified party of counsel appointed to defend such action, the indemnifying party will not be liable to such indemnified party under this Section 7 for any legal or other expenses, other than reasonable costs of investigation, subsequently incurred by such indemnified party in connection with the defense thereof, unless (i) the indemnified party shall have employed separate counsel in accordance with the proviso to the immediately preceding sentence (it being understood, however, that in connection with such action the indemnifying party shall not be liable for the expenses of more than one separate counsel in any one action or separate but substantially similar actions arising out of the same general allegations or circumstances, designated by Participants who sold a majority in interest of the Registrable Securities and Exchange Securities sold by all such Participants in the case of paragraph (a) of this Section 7 or the Issuers in the case of paragraph (b) of this Section 7, representing the indemnified parties under such paragraph (a) or paragraph (b), as the case may be, who are parties to such action or actions) or (ii) the indemnifying party has authorized in writing the employment of counsel for the indemnified party at the expense of the indemnifying party. All fees and expenses reimbursed pursuant to this paragraph (c) shall be reimbursed as they are incurred. After such notice from the indemnifying party to such indemnified party, the indemnifying party will not be liable for the costs and expenses of any settlement of such action effected by such indemnified party without the prior written consent of the indemnifying party (which consent shall not be unreasonably withheld), unless such indemnified party waived in writing its rights under this Section 7, in which case the indemnified party may effect such a settlement without such consent.

(d) In circumstances in which the indemnity agreement provided for in the preceding paragraphs of this Section 7 is unavailable to, or insufficient to hold harmless, an indemnified party in respect of any losses, claims, damages or liabilities (or actions in respect thereof), each indemnifying party, in order to provide for just and equitable contribution, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect (i) the relative benefits received by the indemnifying party or parties on the one hand and the indemnified party on the other from the offering of the Notes or (ii) if the allocation provided by the foregoing clause (i) is not permitted by applicable law, not only such relative benefits but also the relative fault of the indemnifying party or parties on the one hand and the indemnified party on the other in connection with the statements or omissions or alleged statements or omissions that resulted in such losses, claims, damages or liabilities (or actions in respect thereof). The relative benefits received by the Company on the one hand and such Participant on the other shall be deemed to be in the same proportion as the total proceeds from the offering (before deducting expenses) of the Notes received by the Company bear to the proceeds (which shall include any expenses paid by the Issuers) received by such Participant in connection with the sale of the Notes. The relative fault of the parties shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand, or the Participants on the other, the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission or alleged statement or omission, and any other equitable considerations appropriate in the circumstances. The parties agree that it would not be equitable if the amount of such contribution were determined by pro rata or per capita allocation or by any other method of allocation that does not take into account the equitable considerations referred to in the first sentence of this paragraph (d). Notwithstanding any other provision of this paragraph (d), no Participant shall be obligated to make contributions hereunder that in the aggregate exceed the proceeds (which shall include any expenses paid by the Issuers) received by such Participant in connection with the sale of the Notes, less the aggregate amount of any damages that such Participant has otherwise been required to pay by reason of the untrue or alleged untrue statements or the omissions or alleged omissions to state a material fact, and no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this paragraph (d), each person, if any, who controls a Participant within the meaning of Section 15 of the Act or Section 20 of the Exchange Act shall have the same rights to contribution as the Participants, and each director of the Issuers, each officer of the Issuers and each person, if any, who controls the Issuers within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, shall have the same rights to contribution as the Issuers.

8. Rules 144 and 144A

The Issuers covenant and agree that they will file the reports required to be filed by them under the Securities Act and the Exchange Act and the rules and regulations adopted by the SEC thereunder in a timely manner in accordance with the requirements of the Securities Act and the Exchange Act and, if at any time the Company or any Guarantor is not required to file such reports, the Company or such Guarantor, as the case may be, will, upon the request of any Holder or beneficial owner of Registrable Securities, make available such information necessary to permit sales pursuant to Rule 144A. The Issuers further covenant and agree, for so long as any Registrable Securities remain outstanding that they will take such further action as any Holder of Registrable Securities may reasonably request, all to the extent required from time to time to enable such holder to sell Registrable Securities without registration under the Securities Act within the limitation of the exemptions provided by Rule 144(k) under the Securities Act and Rule 144A.

9. Underwritten Registrations

If any of the Registrable Securities covered by any Shelf Registration are to be sold in an underwritten offering, the investment banker or investment bankers and manager or managers that will manage the offering will be selected by the Holders of a majority in aggregate principal amount of such Registrable Securities included in such offering; provided that such investment banker or investment bankers and manager or managers is or are reasonably acceptable to the Company.

No Holder of Registrable Securities may participate in any underwritten registration hereunder unless such Holder (a) agrees to sell such Holder's Registrable Securities on the basis provided in any underwriting arrangements approved by the Persons entitled hereunder to approve such arrangements and (b) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements, custody agreements, lock-up agreements and other documents required under the terms of such underwriting arrangements.

10. Miscellaneous

(a) No Inconsistent Agreements. None of the Issuers has, as of the date hereof, and none of the Issuers shall, after the date of this Agreement, enter into any agreement with respect to any of its securities that is inconsistent with the rights granted to the Holders of Registrable Securities in this Agreement or otherwise conflicts with the provisions hereof. The rights granted to the Holders hereunder do not in any way conflict with and are not inconsistent with the rights granted to the holders of the Issuers' other issued and outstanding securities under any such agreements. None of the Issuers will enter into any agreement with respect to any of their securities which will grant to any Person piggy-back registration rights with respect to any Exchange Offer Registration Statement.

(b) Adjustments Affecting Registrable Securities. The Issuers shall not, directly or indirectly, take any action with respect to the Registrable Securities as a class that would adversely affect the ability of the Holders of Registrable Securities to include such Registrable Securities in a registration undertaken pursuant to this Agreement.

(c) Amendments and Waivers. The provisions of this Agreement may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, otherwise than with the prior written consent of (I) the Issuers, and (II) (A) the Holders of not less than a majority in aggregate principal amount of the then outstanding Registrable Securities and (B) in circumstances that would adversely affect the Participating Broker-Dealers, the Participating Broker-Dealers holding not less than a majority in aggregate principal amount of the Exchange Notes held by all Participating Broker-Dealers; provided, however, that Section 7 and this Section 10(c) may not be amended, modified or supplemented without the prior written consent of each Holder and each Participating Broker-Dealer (including any person who was a Holder or Participating Broker-Dealer of Registrable Securities or Exchange Notes, as the case maybe, disposed of pursuant to any Registration Statement) affected by any such amendment, modification or supplement. Notwithstanding the foregoing, a waiver or consent to depart from the provisions hereof with respect to a matter that relates exclusively to the rights of Holders of Registrable Securities whose securities are being sold pursuant to a Registration Statement and that does not directly or indirectly affect, impair, limit or compromise the rights of other Holders of Registrable Securities may be given by Holders of at least a majority in aggregate principal amount of the Registrable Securities being sold pursuant to such Registration Statement.

(d) Notices. All notices and other communications (including, without limitation, any notices or other communications to the Trustee) provided for or permitted hereunder shall be made in writing by hand-delivery, registered first-class mail, next-day air courier or facsimile:

(i) if to a Holder of the Registrable Securities or any Participating Broker-Dealer, at the most current address of such Holder or Participating Broker-Dealer, as the case maybe, set forth on the records of the registrar under the Indenture, with a copy in like manner to the Initial Purchasers as follows:

Deutsche Bank Securities Inc.
60 Wall Street
New York, New York 10005
Facsimile No.: (646) 324-7467
Attention: Corporate Finance Department

with a copy to:

Cahill Gordon & Reindel LLP
80 Pine Street
New York, New York 10005
Facsimile No.: (212) 269-5420
Attention: William M. Hartnett, Esq.

(ii) if to the Initial Purchasers, at the address specified in Section 10(d)(i);

(iii) if to the Issuers, at the address as follows:

WMG Acquisition Corp.
75 Rockefeller Plaza
New York, New York 10019
Attention: General Counsel

with a copy to:

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017
Facsimile No.: (212) 455-2502
Attention: Edward P. Tolley III, Esq.

All such notices and communications shall be deemed to have been duly given: when delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed; one Business Day after being timely delivered to a next-day air courier; and upon written confirmation, if sent by facsimile.

Copies of all such notices, demands or other communications shall be concurrently delivered by the Person giving the same to the Trustee at the address and in the manner specified in such Indenture.

(e) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties hereto, the Holders and the Participating Broker-Dealers; provided, however, that nothing herein shall be deemed to permit any assignment, transfer or other disposition of Registrable Securities in violation of the terms of the Purchase Agreement or the Indenture.

(f) Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so

executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(g) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(h) Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

(i) Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their best efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

(j) Notes Held by the Issuers or Their Affiliates. Whenever the consent or approval of Holders of a specified percentage of Registrable Securities is required hereunder, Registrable Securities held by the Issuers or their affiliates (as such term is defined in Rule 405 under the Securities Act) shall not be counted in determining whether such consent or approval was given by the Holders of such required percentage.

(k) Third-Party Beneficiaries. Holders of Registrable Securities and Participating Broker-Dealers are intended third-party beneficiaries of this Agreement, and this Agreement may be enforced by such Persons.

(1) Entire Agreement. This Agreement, together with the Purchase Agreement and the Indenture, is intended by the parties as a final and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein and therein and any and all prior oral or written agreements, representations, or warranties, contracts, understandings, correspondence, conversations and memoranda between the Holders on the one hand and the Issuers on the other, or between or among any agents, representatives, parents, subsidiaries, affiliates, predecessors in interest or successors in interest with respect to the subject matter hereof and thereof are merged herein and replaced hereby.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

WMG ACQUISITION CORP.

By: /s/ Paul Robinson
Name: Paul Robinson
Title: Vice President

By each of the Subsidiaries listed on Schedule I hereto:

By: /s/ Paul Robinson
Name: Paul Robinson
Title: Vice President

The foregoing Agreement is hereby
confirmed and accepted as of the date
first above written.

By: DEUTSCHE BANK SECURITIES INC.,
on its own behalf and on behalf of the Dollar
Initial Purchasers

DEUTSCHE BANK SECURITIES INC.

By: /s/ David Flannery
Name: David Flannery
Title: Managing Director

By: /s/ Thomas Cole
Name: Thomas Cole
Title: Managing Director

By: DEUTSCHE BANK AG LONDON, on
its own behalf and on behalf of the Sterling
Initial Purchasers

DEUTSCHE BANK AG LONDON

By: /s/ R. Thomas
Name: R. Thomas
Title: Director

By: /s/ Karen Donohue
Name: Karen Donohue
Title: VP & Legal Counsel

SCHEDULE I

Subsidiaries of the Company

A.P. SCHMIDT CO.
ATLANTIC/143 L.L.C.
ATLANTIC/MR VENTURES INC.
ATLANTIC/MR II INC.
ATLANTIC RECORDING CORPORATION
BERNA MUSIC, INC.
BIG BEAT RECORDS INC.
BIG TREE RECORDING CORPORATION
BUTE SOUND LLC
CAFE AMERICANA INC.
CHAPPELL & INTERSONG MUSIC GROUP (AUSTRALIA) LIMITED
CHAPPELL AND INTERSONG MUSIC GROUP (GERMANY) INC.
CHAPPELL MUSIC COMPANY, INC.
COTA MUSIC, INC.
COTILLION MUSIC, INC. CPP/BELWIN, INC.
CRK MUSIC, INC.
E/A MUSIC, INC.
ELEKSYLUM MUSIC, INC.
ELEKTRA/CHAMELEON VENTURES INC.
ELEKTRA ENTERTAINMENT GROUP INC.
ELEKTRA GROUP VENTURES INC.
FHK, INC.
FIDDELBACK MUSIC PUBLISHING COMPANY, INC.
FOSTER FREES MUSIC, INC.
FOZ MAN MUSIC LLC
INSIDE JOB, INC.
INTERSONG U.S.A., INC.
JADAR MUSIC CORP.
LAVA TRADEMARK HOLDING COMPANY LLC
LEM AMERICA, INC.

LONDON-SIRE RECORDS INC.
MCGUFFIN MUSIC INC.
MIXED BAG MUSIC, INC.
NC HUNGARY HOLDINGS INC.

NEW CHAPPELL INC.
NONESUCH RECORDS INC.
NVC INTERNATIONAL INC.
OCTA MUSIC, INC.
PENALTY RECORDS, L.L.C.
PEPAMAR MUSIC CORP.
REVELATION MUSIC PUBLISHING CORPORATION
RHINO ENTERTAINMENT COMPANY
RICK'S MUSIC INC.
RIGHTSONG MUSIC INC.
RODRA MUSIC, INC.
SEA CHIME MUSIC, INC.
SR/MDM VENTURE INC.
SUMMY-BIRCHARD, INC.
SUPER HYPE PUBLISHING, INC.
T-BOY MUSIC, L.L.C.
T-GIRL MUSIC, L.L.C.
THE RHYTHM METHOD INC.
TOMMY BOY MUSIC, INC.
TOMMY VALANDO PUBLISHING GROUP, INC.
TRI-CHAPPELL MUSIC INC.
TW MUSIC HOLDINGS INC.
UNICHAPPELL MUSIC INC.
W.B.M. MUSIC CORP.
WALDEN MUSIC INC.
WARNER ALLIANCE MUSIC INC.
WARNER BRETHREN INC.
WARNER BROS. MUSIC INTERNATIONAL INC.
WARNER BROS. PUBLICATIONS U.S. INC.
WARNER BROS. RECORDS INC.
WARNER/CHAPPELL MUSIC, INC.
WARNER/CHAPPELL MUSIC (SERVICES), INC.
WARNER CUSTOM MUSIC CORP.
WARNER DOMAIN MUSIC INC.
WARNER-ELEKTRA-ATLANTIC CORPORATION
WARNER MUSIC BLUESKY HOLDING INC.
WARNER MUSIC DISCOVERY INC.
WARNER MUSIC DISTRIBUTION INC.
WARNER MUSIC GROUP INC.
WARNER MUSIC LATINA INC.
WARNER SOJOURNER MUSIC INC.
WARNERSONGS, INC.

WARNER MUSIC SP INC.
WARNER SPECIAL PRODUCTS INC.
WARNER STRATEGIC MARKETING INC.
WARNER-TAMERLANE PUBLISHING CORP.
WARPRISE MUSIC INC.
WB GOLD MUSIC CORP.
WB MUSIC CORP.
WBM/HOUSE OF GOLD MUSIC, INC.
WBPI HOLDINGS LLC
WBR MANAGEMENT SERVICES INC.
WBR/QRI VENTURE, INC.
WBR/RUFFNATION VENTURES, INC.
WBR/SIRE VENTURES INC.
WE ARE MUSICA INC.
WEA EUROPE INC.
WEA INC.
WEA INTERNATIONAL INC.
WEA LATINA MUSICA INC.
WEA MANAGEMENT SERVICES INC.
WIDE MUSIC, INC.

Exhibit 5.1

January 21, 2005

WMG Acquisition Corp.
75 Rockefeller Plaza
New York, NY 10019

Ladies and Gentlemen:

We have acted as counsel to WMG Acquisition Corp., a Delaware corporation (the "Company"), and to the guarantors listed on Schedule 1 hereto (individually, a "Covered Guarantor" and collectively, the "Covered Guarantors") and the guarantor listed on Schedule II hereto (the "Excluded Guarantor" and together with the Covered Guarantors, the "Guarantors") in connection with the Registration Statement on Form S-4 (the "Registration Statement") filed by the Company and the Guarantors with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended, relating to the issuance by the Company of $465,000,000 aggregate principal amount of $7^3/_8$% Senior Subordinated Notes due 2014 and £100,000,000 aggregate principal amount of $8^1/_8$% Senior Subordinated Notes due 2014 (the "Exchange Securities") and the issuance by the Guarantors of guarantees (the "Guarantees") with respect to the Exchange Securities. The Exchange Securities and the Guarantees will be issued under an indenture dated as of April 8, 2004 (the "Indenture") among the Company, the Guarantors and Wells Fargo Bank, National Association, as trustee (the "Trustee"). The Exchange Securities will be offered by the Company in exchange for $465,000,000 aggregate principal amount of its outstanding $7^3/_8$% Senior Subordinated Notes due 2014 and £100,000,000 aggregate principal amount of its outstanding $8^1/_8$% Senior Subordinated Notes due 2014 (the "Securities").

We have examined the Registration Statement and the Indenture, which has been filed with the Commission as an exhibit to the Registration Statement. We also have examined the originals, or duplicates or certified or conformed copies, of such corporate records, agreements, documents and other instruments and have made such other investigations as we have deemed relevant and necessary in connection with the opinions hereinafter set forth. As to questions of fact material to this opinion, we have relied upon certificates or comparable documents of public officials and of officers and representatives of the Company and the Guarantors.

In rendering the opinions set forth below, we have assumed the genuineness of all signatures, the legal capacity of natural persons, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as duplicates

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or certified or conformed copies and the authenticity of the originals of such latter documents. We also have assumed that the Indenture is the valid and legally binding obligation of the Trustee.

Based upon the foregoing, and subject to the qualifications, assumptions and limitations stated herein, we are of the opinion that:

1. When the Exchange Securities have been duly executed, authenticated, issued and delivered in accordance with the provisions of the Indenture upon the exchange, the Exchange Securities will constitute valid and legally binding obligations of the Company enforceable against the Company in accordance with their terms.

2. When (a) the Exchange Securities have been duly executed, authenticated, issued and delivered in accordance with the provisions of the Indenture upon the exchange and (b) the Guarantees have been duly issued, the Guarantees will constitute valid and legally binding obligations of the Covered Guarantors enforceable against the Covered Guarantors in accordance with their terms.

Our opinions set forth above are subject to (i) the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, (ii) general equitable principles (whether considered in a proceeding in equity or at law) and (iii) an implied covenant of good faith and fair dealing.

Insofar as the opinions expressed herein relate to or are dependent upon matters governed by (1) the law of the State of California, (2) the law of the State of Wyoming and (3) the law of the State of Tennessee, we have relied upon (x) the opinion of Gelfand Stein & Wasson LLP, (y) the opinion of Holland & Hart LLP and (z) Baker, Donelson, Bearman, Caldwell & Berkowitz, PC, respectively, each dated the date hereof.

We do not express any opinion herein concerning any law other than the law of the State of New York, the federal law of the United States, and the Delaware General Corporation Law (including the statutory provisions, all applicable provisions of the Delaware Constitution and reported judicial decisions interpreting the foregoing), and to the extent set forth herein the laws of the State of California, Wyoming and Tennessee.

We hereby consent to the filing of this opinion letter as Exhibit 5 to the Registration Statement and to the use of our name under the caption "Legal Matters" in the Prospectus included in the Registration Statement.

Very truly yours,

SIMPSON THACHER & BARTLETT LLP

Schedule 1

Covered Guarantors

Subsidiary	Jurisdiction
A.P. Schmidt Company	Delaware
Atlantic Recording Corporation	Delaware
Atlantic/143 L.L.C.	Delaware
Atlantic/MR II INC.	Delaware
Atlantic/MR Ventures Inc.	Delaware
Big Beat Records Inc.	Delaware
Big Tree Recording Corporation	Delaware
Bute Sound LLC	Delaware
Cafe Americana Inc.	Delaware
Chappell & Intersong Music Group (Australia) Limited	Delaware
Chappell And Intersong Music Group (Germany) Inc.	Delaware
Chappell Music Company, Inc.	Delaware
Cota Music, Inc.	New York
Cotillion Music, Inc.	Delaware
CPP/Belwin, Inc.	Delaware
CRK Music Inc.	Delaware
E/A Music, Inc.	Delaware
Eleksylum Music, Inc.	Delaware
Elektra Entertainment Group Inc.	Delaware
Elektra Group Ventures Inc.	Delaware
Elektra/Chameleon Ventures Inc.	Delaware
Fiddleback Music Publishing Company, Inc.	Delaware
Foz Man Music LLC	Delaware
Inside Job, Inc.	New York
Intersong U.S.A., INC.	Delaware
Jadar Music Corp.	Delaware
Lava Trademark Holding Company LLC	Delaware
LEM America, INC.	Delaware
London-Sire Records Inc.	Delaware
McGuffin Music Inc.	Delaware
Mixed Bag Music, Inc.	New York
MM Investment Inc. (fka Warner Music Bluesky Holdings Inc.)	Delaware
NC Hungary Holdings Inc.	Delaware
New Chappell Inc.	Delaware
Nonesuch Records Inc.	Delaware
NVC International Inc.	Delaware
Octa Music, Inc.	New York
Penalty Records L.L.C.	New York
Pepamar Music Corp.	New York
Revelation Music Publishing Corporation	New York
Rhino Entertainment Company	Delaware
Rick’s Music Inc.	Delaware
Rightsong Music Inc.	Delaware
SR/MDM Venture Inc.	Delaware
Super Hype Publishing, Inc.	New York
T-Boy Music L.L.C.	New York
T-Girl Music L.L.C.	New York
The Rhythm Method Inc.	Delaware
Tommy Boy Music, Inc.	New York
Tommy Valando Publishing Group, Inc.	Delaware
Tri-Chappell Music Inc.	Delaware
TW Music Holdings Inc.	Delaware
Unichappell Music Inc.	Delaware
W.B.M. Music Corp.	Delaware
Walden Music, Inc.	New York
Warner Alliance Music Inc.	Delaware
Warner Brethren Inc.	Delaware
Warner Bros. Music International Inc.	Delaware

Warner Bros. Publications U.S. Inc.	New York
Warner Bros. Records Inc.	Delaware
Warner Domain Music Inc.	Delaware
Warner Music Discovery Inc.	Delaware
Warner Music Distribution Inc.	Delaware
Warner Music Group Inc.	Delaware
Warner Music Latina Inc.	Delaware
Warner Music SP Inc.	Delaware
Warner Sojourner Music Inc.	Delaware
Warner Special Products Inc.	Delaware
WarnerSongs Inc.	Delaware
Warner Strategic Marketing Inc.	Delaware
Warner-Elektra-Atlantic Corporation	New York
Warner/Chappell Music, Inc.	Delaware
Warprise Music Inc.	Delaware
WB Gold Music Corp.	Delaware
WBM/House of Gold Music, Inc.	Delaware
WBPI Holdings LLC	Delaware
WBR Management Services Inc.	Delaware
WBR/QRI Venture, Inc.	Delaware
WBR/Ruffnation Ventures, Inc.	Delaware
WBR/Sire Ventures Inc.	Delaware
We Are Musica Inc.	Delaware
WEA Europe Inc.	Delaware

WEA Inc.	Delaware
WEA International Inc.	Delaware
WEA Latina Musica Inc.	Delaware
WEA Management Services Inc.	Delaware
WEA Rock LLC	Delaware
WEA Urban LLC	Delaware
WMG Management Services Inc.	Delaware
WMG Trademark Holding Company LLC	Delaware
Berna Music, Inc.	California
FHK, INC.	Tennessee
Foster Frees Music, Inc.	California
Rodra Music, Inc.	California
Sea Chime Music, Inc.	California
Summy-Birchard, Inc.	Wyoming
Warner Custom Music Corp.	California
Warner-Tamerlane Publishing Corp.	California
WB Music Corp.	California
Wide Music, Inc.	California

Schedule 2

Excluded Guarantors

Subsidiary	**Jurisdiction**
Warner/Chappell Music (Services), Inc.	New Jersey

GELFAND STEIN & WASSON LLP

A LIMITED LIABILITY PARTNERSHIIP
INCLUDING PROFESSIONAL CORPORATIONS

11755 WILSHIRE BOULEVARD, SUITE 1230
LOS ANGELES, CALIFORNIA 90025-1518
TELEPHONE: (310) 479-0044
FACSIMILE: (310) 477-7663
E-MAIL: EGELFAND@GSWLLP.COM
HTTP://WWW.GSWLLP.COM

January 21, 2005

WMG Acquisition Corp.
Berna Music, Inc.
Foster Frees Music, Inc.
Rodra Music, Inc.
Sea Chime Music, Inc.
Warner Custom Music Corp.
Warner Tamerlane Publishing Corp.
WB Music Corp.
Wide Music, Inc.
75 Rockefeller Plaza
New York, NY 10019

Ladies and Gentlemen:

We have acted as counsel to the guarantors listed on Schedule I hereto (individually, a "Represented Guarantor" and collectively, the "Represented Guarantors") in connection with the Registration Statement on Form S-4 (the "Registration Statement") filed by WMG Acquisition Corp. (the "Company"), the Represented Guarantors, and additional guarantors (the "Additional Guarantors") with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended, relating to the issuance by the Company of $465,000,000 aggregate principal amount of $7^3/_8$% Senior Subordinated Notes due 2014 and £100,000,000 aggregate principal amount of $8^1/_2$% Senior Subordinated Notes due 2014 (the "Exchange Securities") and the issuance by the Represented Guarantors and the Additional Guarantors of guarantees (the "Guarantees") with respect to the Exchange Securities. The Exchange Securities and the Guarantees will be issued under an indenture dated as of April 8, 2004 (the "Indenture") among the Company, the Represented Guarantors, the Additional Guarantors and Wells Fargo Bank, National Association, as trustee (the "Trustee"). The Exchange Securities will be offered by the Company in exchange for $465,000,000 aggregate principal amount of its outstanding $7^3/_8$% Senior Subordinated Notes due 2014 and £100,000,000 aggregate principal amount of its outstanding $8^1/_2$% Senior Subordinated Notes due 2014 (the "Securities").

We have examined the Registration Statement and the Indenture, which has been filed with the Commission as an exhibit to the Registration Statement. We also have examined the originals, or duplicates or certified or conformed copies, of such corporate records, agreements, documents and other instruments pertaining to the Represented Guarantors and have made such other investigations as we have deemed relevant and necessary in connection with the opinions hereinafter set forth. As to questions of fact material to this opinion, we have relied upon certificates or comparable documents of public officials and of officers and representatives of the Company and of the Represented Guarantors.

GELFAND STEIN & WASSON LLP

A LIMITED LIABILITY PARTNERSHIIP
INCLUDING PROFESSIONAL CORPORATIONS

In rendering the opinions set forth below, we have assumed the genuineness of all signatures, the legal capacity of natural persons, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as duplicates or certified or conformed copies and the authenticity of the originals of such latter documents. We also have assumed that the Indenture is the valid and legally binding obligation of the Trustee.

Based upon the foregoing, and subject to the qualifications, assumptions and limitations stated herein, we are of the opinion that:

1. When (a) the Exchange Securities have been duly executed, authenticated, issued and delivered in accordance with the provisions of the Indenture upon the exchange and (b) the Guarantees have been duly issued, the Guarantees will constitute valid and legally binding obligations of the Represented Guarantors enforceable against the Represented Guarantors in accordance with their terms.

2. The Represented Guarantors have duly authorized, executed and delivered the Indenture.

3. The execution, delivery and performance by the Represented Guarantors of the Indenture and the Guarantees do not and will not violate the law of the State of California.

Our opinion set forth above is subject to (i) the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, (ii) general equitable principles (whether considered in a proceeding in equity or at law) and (iii) an implied covenant of good faith and fair dealing.

We do not express any opinion herein concerning any law other than the law of the State of California and the federal law of the United States (including the statutory provisions and reported judicial decisions interpreting the foregoing). Our opinion set forth above is limited to the Represented Guarantors listed on Schedule I and their Guarantees and does not include the obligations of any Additional Guarantors.

We hereby consent to the filing of this opinion letter as Exhibit 5 to the Registration Statement and to the use of our name under the caption "Legal Matters" in the Prospectus included in the Registration Statement.

Very truly yours,

GELFAND, STEIN & WASSON LLP

SCHEDULE I
REPRESENTED GUARANTORS

Berna Music, Inc.
Foster Frees Music, Inc.
Rodra Music, Inc.
Sea Chime Music, Inc.
Warner Custom Music Corp.
Warner Tamerlane Publishing Corp.
WB Music Corp.
Wide Music, Inc.

Exhibit 5.3

January 21, 2005

WMG Acquisition Corp.
75 Rockefeller Plaza
New York, New York 10019

Ladies and Gentlemen:

We have acted as special counsel for Warner/Chappell Music (Services), Inc., a New Jersey corporation (the "Covered Guarantor"), in connection with the registration statement on Form S-4 (No. 333-121322-90) (the "Registration Statement") filed by WMG Acquisition Corp., a Delaware corporation (the "Company"), and the guarantors listed on Schedule I hereto (collectively, the "Guarantors"), under the Securities Act of 1933 with respect to (i) the issuance by the Company of $465,000,000 aggregate principal amount of $7\frac{3}{8}\%$ Senior Subordinated Notes due 2014, and £100,000,000 aggregate principal amount of $8\frac{1}{8}\%$ Senior Subordinated Notes due 2014 (collectively, the "Exchange Securities") and (ii) the issuance by the Guarantors of guarantees (the "Guarantees") with respect to the Exchange Securities. The Exchange Securities and the Guarantees will be issued under an indenture dated as of April 8, 2004 (the "Indenture") among the Company, the Guarantors and Wells Fargo Bank, National Association, as trustee (the "Trustee"). The Exchange Securities will be offered by the Company in exchange for $465,000,000 aggregate principal amount of its outstanding $7\frac{3}{8}\%$ Senior Subordinated Notes due 2014 and £100,000,000 aggregate principal amount of its outstanding $8\frac{1}{8}\%$ Senior Subordinated Notes due 2014.

In connection with the Registration Statement, we have examined originals or copies, certified or otherwise identified to our satisfaction, of such corporate records, documents and such questions of law as we have deemed necessary or appropriate for purposes of this opinion. On the basis of such examination, we advise you that, in our opinion, when (a) the Exchange Securities have been duly executed, authenticated, issued and delivered in accordance with the provisions of the Indenture upon the exchange and (b) the Guarantees of the Covered Guarantor have been duly issued, such Guarantees will constitute the valid and legally binding obligations of the Covered Guarantor enforceable against the Covered Guarantor in accordance with their respective terms.

This opinion is not rendered with respect to any laws other than the laws of the State of New Jersey and New York and the federal laws of the United States.

We express no opinion herein as to the applicability or effect of (i) any bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, or (ii) general principles of equity, including, without limitation, concepts of reasonableness, materiality, good faith and fair dealing and the possible unavailability of specific performance, injunctive relief or other equitable remedies, regardless of whether enforceability is considered in a proceeding in equity or at law.

To the extent that matters of fact are involved in the conclusions expressed in the opinions set forth above, such opinions are based upon certificates and statements of public officials and of officers of the Covered Guarantor, without independent investigation by us. In rendering the foregoing opinions, we have also assumed the genuineness of all signatures on documents not signed in our presence, the authenticity of all documents submitted to us as originals, the conformity with the originals submitted to us as copies, and the due authorization, execution and delivery of the Indenture by the Trustee.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement. We also consent to the reference to our firm under the heading "Legal Matters" in the Registration Statement.

Very truly yours,

Exhibit 5.4

January 21, 2005

WMG Acquisition Corp.
75 Rockefeller Plaza
New York, NY 10019

Ladies and Gentlemen:

We have acted as special Wyoming counsel to WMG Acquisition Corp., a Delaware corporation (the "Company"), and to Summy-Birchard, Inc., a Wyoming corporation, a wholly-owned subsidiary of the Company and one of the guarantors listed on Schedule I hereto (individually, a "Covered Guarantor" and collectively with all of the guarantors listed on Schedule I hereto, the "Covered Guarantors"). The Covered Guarantors along with the guarantors listed on Schedule II hereto (the "Excluded Guarantors") are, together with the Covered Guarantors, referred to herein as the "Guarantors". Summy-Birchard, Inc. is sometimes referred to herein as the "Guarantor". This opinion is rendered in connection with the Registration Statement on Form S-4 (the "Registration Statement") filed by the Company and the Guarantors with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933 (the "Act"), as amended, relating to the issuance by the Company of $465,000,000 aggregate principal amount of $7^{3}/_{8}$% Senior Subordinated Notes due 2014 and £100,000,000 aggregate principal amount of $8^{1}/_{8}$% Senior Subordinated Notes due 2014 (the "Exchange Securities") and the issuance by the Guarantors of guarantees (the "Guarantees"), including without limitation by the Guarantor of its Guarantee of even date with the Indenture described below (the "Guarantee"), with respect to the Exchange Securities. The Exchange Securities and the Guarantees will be issued under an indenture dated as of April 8, 2004 (the "Indenture") among the Company, the Guarantors and Wells Fargo Bank, National Association, as trustee (the "Trustee"). The Exchange Securities will be offered by the Company in exchange for $465,000,000 aggregate principal amount of its outstanding $7^{3}/_{8}$% Senior Subordinated Notes due 2014 and £100,000,000 aggregate principal amount of its outstanding $8^{1}/_{8}$% Senior Subordinated Notes due 2014 (the "Securities").

We have examined the Guarantee, as well as the Registration Statement and the Indenture, which has been filed with the Commission as an exhibit to the Registration Statement. We also have examined the originals, or duplicates or certified or conformed copies, of such corporate records, agreements, documents and other instruments and have made such other investigations as we have deemed relevant and necessary in connection with the opinions hereinafter set forth. As to questions of fact

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material to this opinion, we have relied upon certificates or comparable documents of public officials and of officers and representatives of the Company and the Guarantor, including without limitation the organizational documents of the Guarantor on file with the Wyoming Secretary of State's Office or which have been provided to us by the Company or the Guarantor and authorizing resolutions of the Guarantor dated March 31, 2004 as to its execution, delivery, issuance and performance of the Guarantee and the Indenture (the "Resolutions").

In rendering the opinions set forth below, we have assumed the genuineness of all signatures, the legal capacity of natural persons, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as duplicates or certified or conformed copies and the authenticity of the originals of such latter documents. We also have assumed that the Indenture is the valid and legally binding obligation of the Trustee and the other parties thereto, enforceable in accordance with its terms, that the Trustee has required that the Guarantee be issued by the Guarantor as a condition to the Trustee's entry into the Indenture, that the Guarantee would be governed by Wyoming law, and that the Exchange Securities constitute the valid and legally binding obligation of the Company, enforceable in accordance with their respective terms.

Based upon the foregoing, and subject to the qualifications, assumptions and limitations stated herein, we are of the opinion that:

1. The Guarantor has duly authorized, executed and delivered the Guarantee and the Indenture.

2. When (a) the Exchange Securities have been duly executed, authenticated, issued and delivered in accordance with the provisions of the Indenture upon the exchange, and (b) the Guarantee has been duly executed, issued and delivered by the Guarantor, the Guarantee will constitute a valid and legally binding obligation of the Guarantor, enforceable against the Guarantor in accordance with its terms.

3. Execution, delivery and performance by the Guarantor of the Indenture and the Guarantee do not and will not violate the laws of the State of Wyoming.

Our opinions set forth above are subject to (i) the effects of bankruptcy, avoidance, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally (including such limitations as may deny giving effect to waivers of a debtor's or guarantor's rights, (ii) general equitable principles (whether considered in a proceeding in equity or at law), (iii) an implied covenant of good faith and fair dealing, and (iv) certain applicable

laws and judicial rulings that may limit, impair or delay the enforcement of certain remedies, waivers or other provisions of the Guarantee and the Indenture, but which will not in our opinion substantially interfere with the practical realization of the benefits intended to be conferred by the Guarantee.

Our opinions are based on the laws of the State of Wyoming as of the date hereof and upon facts now known to us, and we expressly disavow any obligation to advise you with respect to future changes in law or in our knowledge or with respect to any event or change of condition occurring subsequent to the date of this letter. This letter is limited to the matters expressed herein and no other opinions may be implied. Specifically, no opinion is expressed herein regarding the effect of or compliance with securities laws. This opinion is provided as a legal opinion only, effective as of the date of this letter, and does not constitute an opinion as to matters of fact or as a guaranty or warranty of the matters discussed herein.

This opinion is furnished for the benefit of the addressee and its counsel, Simpson, Thacher & Bartlett LLP and may not be used or relied upon by any other person or entity or in connection with any other transaction without our prior written consent, provided that we hereby consent to the filing of this opinion letter as Exhibit 5 to the Registration Statement and to the use of our name under the caption Legal Matters in the Prospectus included in the Registration Statement. In giving this opinion and our consent, we do not hereby admit that we are acting within the category of person whose consent is required under Section 7 of the Act or the rules or regulations of the Securities and Exchange Commission thereunder.

Very truly yours,

Holland & Hart LLP

Exhibit 5.5

January 21, 2005

WMG Acquisition Corp.
75 Rockefeller Plaza
New York, NY 10019

Ladies and Gentlemen:

We have acted as counsel to FHK, Inc., a Tennessee corporation (the "Guarantor") in connection with the Registration Statement on Form S-4 (the "Registration Statement") filed by WMG Acquisition Corp. (the "Company") and the Guarantors named therein with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended, relating to the issuance by the Company of $465,000,000 aggregate principal amount of $7^{3}/_{8}$% Senior Subordinated Notes due 2014 and £100,000,000 aggregate principal amount of $8^{1}/_{8}$% Senior Subordinated Notes due 2014 (the "Exchange Securities") and the issuance by the Guarantors of guarantees (the "Guarantees") with respect to the Exchange Securities. The Exchange Securities and the Guarantees will be issued under an indenture dated as of April 8, 2004 (the "Indenture") among the Company, the Guarantors and Wells Fargo Bank, National Association, as trustee (the "Trustee"). The Exchange Securities will be offered by the Company in exchange for $465,000,000 aggregate principal amount of its outstanding $7^{3}/_{8}$% Senior Subordinated Notes due 2014 and £100,000,000 aggregate principal amount of its outstanding $8^{1}/_{8}$% Senior Subordinated Notes due 2014 (the "Securities").

We have examined Section 11 of the Indenture, which has been filed with the Commission as an exhibit to the Registration Statement. We also have examined the originals, or duplicates or certified or conformed copies, of such corporate records, agreements, documents and other instruments and have made such other investigations as we have deemed relevant and necessary in connection with the opinions hereinafter set forth, including, the Officer's

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Certificate, dated January 21, 2005 (the "Officer's Certificate"), and have relied as to matters of fact upon the Officer's Certificate.

In rendering the opinions set forth below, we have assumed the genuineness of all signatures, the legal capacity of natural persons, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as duplicates or certified or conformed copies and the authenticity of the originals of such latter documents. We also have assumed that the Indenture is the valid and legally binding obligation of the Trustee.

Based upon the foregoing, and subject to the qualifications, assumptions and limitations stated herein, we are of the opinion that:

(1) the Guarantor has duly authorized, executed and delivered the Indenture; and

(2) the execution, delivery and performance by the Guarantor of the Indenture and the Guarantee do not and will not violate the laws of the State of Tennessee, the state of its incorporation.

Our opinions set forth above are subject to (i) the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, (ii) general equitable principles (whether considered in a proceeding in equity or at law) and (iii) an implied covenant of good faith and fair dealing.

We do not express any opinion herein concerning any law other than the law of the State of Tennessee (including the statutory provisions, all applicable provisions of the Tennessee Constitution and reported judicial decisions interpreting the foregoing).

This letter is furnished by us solely for your benefit in connection with the transactions referred to in the Indenture and may not be otherwise reproduced, quoted in whole or in part, filed publicly (except as noted below), or circulated to, or relied upon by, any other person, other than the law firm of Simpson Thacher & Bartlett LLP, nor used in connection with any other transaction. This letter addresses the law as of the date hereof and we undertake no obligation to inform you of any changes in the law occurring after the date hereof. We hereby consent to the filing of this opinion letter as Exhibit 5 to the Registration Statement and to the use of our name as it relates to the particular opinion provided herein, relating to the Guarantee

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under the laws of the State of Tennessee, under the caption "Legal Matters" in the Prospectus included in the Registration Statement.

Very truly yours,

Baker, Donelson, Bearman,
Caldwell & Berkowitz, PC

Exhibit 10.1

AMENDED AND RESTATED CREDIT AGREEMENT

Dated as of April 8, 2004

among

WMG ACQUISITION CORP.
THE OVERSEAS BORROWERS PARTY HERETO
as Borrowers

WMG HOLDINGS CORP.

BANK OF AMERICA, N.A.
as Administrative Agent, Swing Line Lender and L/C Issuer

THE OTHER LENDERS PARTY HERETO

BANC OF AMERICA SECURITIES LLC
DEUTSCHE BANK SECURITIES INC.
as Joint Lead Arrangers and Joint Book Managers

LEHMAN BROTHERS INC.
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED
as Co-Arrangers and Joint Book Managers

DEUTSCHE BANK SECURITIES INC.
LEHMAN COMMERCIAL PAPER INC.
as Co-Syndication Agents

and

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED
as Documentation Agent

TABLE OF CONTENTS

SIGNATURES

SCHEDULES

EXHIBITS

Form of

AMENDED AND RESTATED CREDIT AGREEMENT

This AMENDED AND RESTATED CREDIT AGREEMENT (**"Agreement"**) is entered into as of April 8, 2004, among WMG ACQUISITION CORP., a Delaware corporation (the **"Company"**), the Overseas Borrowers from time to time party hereto, WMG HOLDINGS CORP., a Delaware corporation (**"Holdings"**), each lender from time to time party hereto (collectively, the **"Lenders"** and individually, a **"Lender"**), BANC OF AMERICA SECURITIES LLC and DEUTSCHE BANK SECURITIES INC., as Joint Lead Arrangers and Joint Book Managers, LEHMAN BROTHERS INC. and MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED, as Co-Arrangers and Joint Book Managers, DEUTSCHE BANK SECURITIES INC. and LEHMAN COMMERCIAL PAPER INC., as Co-Syndication Agents, MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED, as Documentation Agent, and BANK OF AMERICA, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer.

PRELIMINARY STATEMENTS

Pursuant to the Purchase Agreement (as this and other capitalized terms used in these Preliminary Statements are defined in the Section 1.01 below), the Company agreed to purchase, directly or indirectly, the securities and assets comprising the Warner Recorded Music Business and the Warner Music Publishing Business from the Seller and its subsidiaries. The Acquisition was consummated on March 1, 2004.

Certain of the parties hereto have heretofore entered into a Credit Agreement dated as of February 29, 2004 (as amended prior to the ARCA Effective Date, the **"Existing Credit Agreement"**) pursuant to which, (a) simultaneously with the consummation of the Acquisition, the Initial Lenders made term loans to the Borrowers in an aggregate Dollar Amount of $1,150,000,000 to pay, among other things, the cash consideration for the Acquisition, to pre-fund certain restructuring charges and to pay fees and expenses incurred in connection with the Transaction and (b) the Initial Lenders agreed, from time to time, to lend to the Borrowers and the L/C Issuer agreed, from time to time, to issue Letters of Credit for the account of the Borrowers under a $250,000,000 multi-currency revolving credit facility for the Company and its Subsidiaries. Certain of the parties hereto have also heretofore entered into the Bridge Loan Agreement, pursuant to which the Initial Lenders agreed to make Bridge Loans in an aggregate principal amount of $500,000,000 to finance the Acquisition and to pay related fees, costs and expenses.

On the ARCA Effective Date, the Company shall (a) consummate the issuance of Senior Subordinated Notes, (b) prepay in full the Tranche B Term Loans outstanding under the Existing Credit Agreement, (c) prepay in full the Bridge Loans and (d) make certain Restricted Payments to Equity Investors (the **"Refinancing"**).

The parties hereto wish to modify the Existing Credit Agreement in a number of respects, including to reflect the Refinancing.

In consideration of the mutual covenants and agreements herein contained, the parties hereto hereby agree that, on and as of the ARCA Effective Date, the Existing Credit Agreement is hereby amended and restated in its entirety as follows:

ARTICLE 1
DEFINITIONS AND ACCOUNTING TERMS

Section 1.01. *Defined Terms.* As used in this Agreement, the following terms shall have the meanings set forth below:

"Acquisition" means the acquisition by the Company of the Warner Business from the Seller, pursuant to, and in accordance with, the Purchase Agreement.

"Adjusted Consolidated Funded Indebtedness" means, on any day, the sum of (a) with respect to Consolidated Funded Indebtedness consisting of revolving borrowings, the average daily outstanding amount of such Consolidated Funded Indebtedness for the four fiscal quarters most recently ended on or prior to such day (or, if fewer than four full fiscal quarters have elapsed since the Closing Date, for the period commencing on the Closing Date and ending on the last day of the fiscal quarter most recently ended on or prior to such day) *plus* (b) with respect to all other Consolidated Funded Indebtedness, the outstanding amount thereof on such day.

"Administrative Agent" means Bank of America in its capacity as administrative agent under any of the Loan Documents, or any successor administrative agent.

"Administrative Agent's Office" means, with respect to any currency, the Administrative Agent's address and, as appropriate, account as set forth on Schedule 10.02 with respect to such currency, or such other address or account with respect to such currency as the Administrative Agent may from time to time notify the Company and the Lenders.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"Affiliate" means, with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified. **"Control"** means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. **"Controlling"** and **"Controlled"** have meanings correlative thereto. In no event shall any Lender or Agent be deemed to be an "Affiliate" of any Loan Party.

"Agent-Related Persons" means the Administrative Agent, together with its Affiliates, and the officers, directors, employees, agents and attorneys-in-fact of such Persons and Affiliates.

"Agents" means, collectively, the Administrative Agent, the Co-Syndication Agents, the Documentation Agent and the Supplemental Administrative Agents (if any).

"Aggregate Commitments" means the Commitments of all the Lenders.

"Alternative Currency" means Sterling, Yen or Euros.

"Alternative Currency Loan" means a Loan that is a Eurodollar Rate Loan and that is made in an Alternative Currency pursuant to the applicable Committed Loan Notice.

"Applicable Rate" means a percentage per annum equal to:

(a) with respect to Term Loans, the following percentages per annum, based upon the Leverage Ratio as set forth in the most recent Compliance Certificate received by the Administrative Agent pursuant to Section 6.02(b):

	Applicable Rate		
Pricing Level	Leverage Ratio	Eurodollar Rate	Base Rate
1	≤3.75:1	2.50%	1.50%
2	>3.75:1	2.75%	1.75%

(b) with respect to the Revolving Credit Loans, unused Revolving Credit Commitments and Letter of Credit fees, (i) until July 20, 2004, (A) for Eurodollar Rate Loans, 2.75%, (B) for Base Rate Loans, 1.75%, (C) for Letter of Credit fees, 2.75% and (D) for commitment fees, 0.50% and (ii) thereafter, the following percentages per annum, based upon the Leverage Ratio as set forth in the most recent Compliance Certificate received by the Administrative Agent pursuant to Section 6.02(b):

	Applicable Rate			
Pricing Level	Leverage Ratio	Eurodollar Rate and Letter of Credit Fees	Base Rate	Commitment Fee Rate

1	≤3.25:1	1.75%	0.75%	0.25%
2	>3.25:1 but ≤3.75:1	2.00%	1.00%	0.375%
3	>3.75:1 but ≤4.25:1	2.25%	1.25%	0.375%
4	>4.25:1 but ≤4.75:1	2.50%	1.50%	0.50%

Pricing Level	Leverage Ratio	Eurodollar Rate and Letter of Credit Fees	Base Rate	Commitment Fee Rate
5	>4.75:1	2.75%	1.75%	0.50%

Any increase or decrease in the Applicable Rate resulting from a change in the Leverage Ratio shall become effective as of the first Business Day immediately following the date a Compliance Certificate is delivered pursuant to Section 6.02(b); *provided* that at the option of the Administrative Agent or the Required Lenders, Pricing Level 5 shall apply (x) as of the first Business Day after the date on which a Compliance Certificate was required to have been delivered but was not delivered, and shall continue to so apply to and including the date on which such Compliance Certificate is so delivered (and thereafter the Pricing Level otherwise determined in accordance with this definition shall apply) and (y) as of the first Business Day after an Event of Default shall have occurred and be continuing, and shall continue to so apply to but excluding the date on which such Event of Default is cured or waived (and thereafter the Pricing Level otherwise determined in accordance with this definition shall apply).

"Applicable Time" means, with respect to any Borrowings and payments in any Alternative Currency, the local time in the place of settlement for such Alternative Currency as may be reasonably determined by the Administrative Agent or the L/C Issuer, as the case may be, to be necessary for timely settlement on the relevant date in accordance with normal banking procedures in the place of payment.

"Appropriate Lender" means, at any time, (a) with respect to Loans of any Class, the Lenders of such Class, (b) with respect to the Letter of Credit Sublimit, (i) the L/C Issuer and (ii) if any Letters of Credit have been issued pursuant to Section 2.03(a), the Revolving Credit Lenders and (c) with respect to the Swing Line Facility, (i) the Swing Line Lender and (ii) if any Swing Line Loans are outstanding pursuant to Section 2.04(a), the Revolving Credit Lenders.

"Approved Domestic Bank" has the meaning specified in clause (b) of the definition of "Cash Equivalents".

"Approved Foreign Bank" has the meaning specified in clause (f) of the definition of "Cash Equivalents".

"Approved Fund" means any Fund that is administered, advised or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers, advises or manages a Lender.

"ARCA Effective Date" means the first date on which all of the conditions precedent in Section 4.01 are satisfied or waived in accordance with Section 10.01.

"Arrangers" means, collectively, the Joint Lead Arrangers and the Co-Arrangers.

"Assignment and Assumption" means an Assignment and Assumption substantially in the form of Exhibit E.

"Attorney Costs" means and includes all reasonable fees, expenses and disbursements of any law firm or other external counsel.

"Attributable Indebtedness" means, on any date, in respect of any Capitalized Lease of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP.

"Audited Financial Statements" means, collectively, the Warner Recorded Music Audited Financial Statements and the Warner Music Publishing Audited Financial Statements.

"Auto-Renewal Letter of Credit" has the meaning specified in Section 2.03(b)(iii).

"Average Cash on Hand" means, on any day, the sum of the amounts of cash and Cash Equivalents on hand on the last day of each calendar month ending during the four fiscal quarters most recently ended on or prior to such day, divided by twelve (12); *provided* that the Company may, by notice in writing to the Administrative Agent, elect to determine Average Cash on Hand on a (a) weekly basis, in which case **"Average Cash on Hand"** shall mean the sum of the amounts of cash and Cash Equivalents on hand on the last Business Day of each week ending during the four fiscal quarters most recently ended on or prior to such day, divided by the number of weeks ending during such period (*provided* that no election shall be made pursuant to this clause (a) if an election shall previously have been made pursuant to clause (b) of this definition); or (b) daily basis, in which case **"Average Cash on Hand"** shall mean the average daily outstanding amount of cash and Cash Equivalents on hand for the four fiscal quarters most recently ended on or prior to such date; *provided further* that if fewer than four full fiscal quarters have elapsed since the Closing Date, Average Cash on Hand shall be determined as set forth above with reference to the period commencing on (and including) the Closing Date and ending on the last day of the fiscal quarter most recently ended on or prior to such day.

"Bank of America" means Bank of America, N.A. and its successors.

"Base Rate" means for any day a fluctuating rate per annum equal to the higher of (a) the Federal Funds Rate plus 1/2 of 1% and (b) the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its "prime rate." The "prime rate" is a rate set by Bank of America based upon various factors including Bank of America's costs and desired return, general economic conditions and other factors, and is used as a

reference point for pricing some loans, which may be priced at, above, of below such announced rate. Any change in such rate announced by Bank of America shall take effect at the opening of business on the day specified in the public announcement of such change.

"Base Rate Loan" means a Loan that bears interest based on the Base Rate.

"Borrower Parties" means the collective reference to the Company and its Restricted Subsidiaries, and "Borrower Party" means any one of them.

"Borrowers" means the Company and the Overseas Borrowers.

"Borrowing" means a Revolving Credit Borrowing, a Swing Line Borrowing or a Term Borrowing, as the context may require.

"Bridge Loan Agreement" means the Senior Subordinated Bridge Loan Agreement dated as of the Closing Date among the Company, Holdings, Deutsche Bank AG Cayman Island Branch, as administrative agent, and the other agents and lenders party thereto.

"Bridge Loans" means (i) the senior subordinated unsecured term loans of the Company in an aggregate principal amount of $500,000,000 made on the Closing Date under the Bridge Loan Agreement and (ii) any "Term Loans" or "Exchange Notes" referred to therein for which or into which such loans may be converted, replaced or exchanged at the option of the Company or the holders thereof pursuant to the terms of the Bridge Loan Agreement.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, the state where the Administrative Agent's Office with respect to Obligations denominated in Dollars is located and:

(a) if such day relates to any interest rate settings as to a Eurodollar Rate Loan denominated in Dollars, any fundings, disbursements, settlements and payments in Dollars in respect of any such Eurodollar Rate Loan, or any other dealings in Dollars to be carried out pursuant to this Agreement in respect of any such Eurodollar Rate Loan, means any such day on which dealings in deposits in Dollars are conducted by and between banks in the London interbank eurodollar market;

(b) if such day relates to any interest rate settings as to a Eurodollar Rate Loan denominated in Euro, any fundings, disbursements, settlements and payments in Euro in respect of any such Eurodollar Rate Loan, or any other dealings in Euro to be carried out pursuant to this Agreement in respect of any such Eurodollar Rate Loan, means a TARGET Day;

(c) if such day relates to any interest rate settings as to a Eurodollar Rate Loan denominated in a currency other than Dollars or Euro, means any such day on which dealings in deposits in the relevant currency are conducted by and between banks in the London or other applicable offshore interbank market for such currency; and

(d) if such day relates to any fundings, disbursements, settlements and payments in a currency other than Dollars or Euro in respect of a Eurodollar Rate Loan denominated in a currency other than Dollars or Euro, or any other dealings in any currency other than Dollars or Euro to be carried out pursuant to this Agreement in respect of any such Eurodollar Rate Loan (other than any interest rate settings), means any such day on which banks are open for foreign exchange business in the principal financial center of the country of such currency.

"Capital Expenditures" means, as of any date for the applicable period then ended, all capital expenditures of the Borrower Parties on a consolidated basis for such period, as determined in accordance with GAAP; *provided* that Capital Expenditures shall not include any such expenditures which constitute (a) a Permitted Acquisition, (b) capital expenditures relating to the construction or acquisition of any property which has been transferred to a Person that is not a Borrower Party pursuant to a sale-leaseback transaction permitted under Section 7.05(f), (c) to the extent permitted by this Agreement, a reinvestment of the Net Cash Proceeds of any Disposition in accordance with Section 2.05(b)(ii), Casualty Event or Equity Issuance by any Consolidated Party, (d) expenditures of proceeds of insurance settlements, condemnation awards and other settlements in respect of lost, destroyed, damaged or condemned assets, equipment or other property to the extent such expenditures are made to replace or repair such lost, destroyed, damaged or condemned assets, equipment or other property or otherwise to acquire, maintain, develop, construct, improve, upgrade or repair assets or properties useful in the business of the Company and the Restricted Subsidiaries within 12 months of receipt of such proceeds, (e) interest capitalized during such period, (f) expenditures that are accounted for as capital expenditures of such person and that actually are paid for by a third party (excluding Holdings, the Company or any Restricted Subsidiary thereof) and for which neither Holdings, the Company nor any Restricted Subsidiary thereof has provided or is required to provide or incur, directly or indirectly, any consideration or obligation to such third party or any other person (whether before, during or after such period), (g) the book value of any asset owned by such person prior to or during such period to the extent that such book value is included as a capital expenditure during such period as a result of such person reusing or beginning to reuse such asset during such period without a corresponding expenditure actually having been made in such period; *provided* that (i) any expenditure necessary in order to permit such asset to be reused shall be included as a Capital Expenditure during the period that such expenditure actually is made and (ii) such book value shall have been included in Capital Expenditures when such asset was originally acquired, (h) the purchase price of equipment purchased during such period to the extent the consideration therefor consists of any combination of (i) used or surplus equipment traded in at the time of such purchase and (ii) the proceeds of a concurrent sale of used or surplus equipment, in each case, in the ordinary course of business, or (i) the purchase price of equipment that is purchased substantially contemporaneously with the trade-in of existing equipment to the extent that the gross amount of such purchase price is reduced by the credit granted by the seller of such equipment for the equipment being traded in at such time.

"Capitalized Leases" means all leases that have been or should be, in accordance with GAAP, recorded as capitalized leases.

"Cash Collateral" has the meaning specified in Section 2.03(g).

"Cash Collateral Account" means a blocked, non-interest bearing deposit account at Bank of America (or another commercial bank selected in compliance with Section 9.09) in the name of the Administrative Agent and under the sole dominion and control of the Administrative Agent, and otherwise established in a manner satisfactory to the Administrative Agent.

"Cash Collateralize" has the meaning specified in Section 2.03(g).

"Cash Equivalents" means any of the following types of Investments, to the extent owned by the Company or any of its Restricted Subsidiaries free and clear of all Liens:

(a) readily marketable obligations issued or directly and fully guaranteed or insured by the United States or any agency or instrumentality thereof having maturities of not more than three hundred and sixty (360) days from the date of acquisition thereof; *provided* that the full faith and credit of the United States is pledged in support thereof;

(b) time deposits with, or insured certificates of deposit or bankers' acceptances of, any commercial bank that (i) (A) is a Lender or (B) is organized under the laws of the United States, any state thereof or the District of Columbia or is the principal banking subsidiary of a bank holding company organized under the laws of the United States, any state thereof or the District of Columbia, and is a member of the Federal Reserve System, (ii) issues (or the parent of which issues) commercial paper rated at least P 1 (or the then equivalent grade) by Moody's or at least "A 1" (or the then equivalent grade) by S&P, and (iii) has combined capital and surplus of at least $500,000,000 (any such bank being an **"Approved Domestic Bank"),** in each case with maturities of not more than three hundred and sixty (360) days from the date of acquisition thereof;

(c) commercial paper and variable or fixed rate notes issued by an Approved Domestic Bank (or by the parent company thereof) or any variable rate note issued by, or guaranteed by a domestic corporation rated A 1 (or the equivalent thereof) or better by S&P or P 1 (or the equivalent thereof) or better by Moody's, in each case with maturities of not more than three hundred and sixty (360) days from the date of acquisition thereof;

(d) repurchase agreements entered into by any Person with a bank or trust company (including any of the Lenders) or recognized securities dealer having capital and surplus in excess of $500,000,000 for direct obligations issued by or fully guaranteed by the United States in which such Person shall have a perfected first priority security interest (subject to no other Liens) and having, on the date of purchase thereof, a fair market value of at least 100% of the amount of the repurchase obligations;

(e) Investments, classified in accordance with GAAP as Current Assets of the Company or any of its Restricted Subsidiaries, in money market investment programs registered under the Investment Company Act of 1940, which are administered by financial institutions having capital of at least $500,000,000, and the portfolios of which are limited such that 95% of such investments are of the character, quality and maturity described in clauses (a), (b), (c) and (d) of this definition; and

(f) solely with respect to any Foreign Subsidiary, non-Dollar denominated (i) certificates of deposit of, bankers acceptances of, or time deposits with, any commercial bank which is organized and existing under the laws of the country in which such Foreign Subsidiary maintains its chief executive office and principal place of business provided such country is a member of the Organization for Economic

Cooperation and Development, and whose short-term commercial paper rating from S&P is at least A-1 or the equivalent thereof or from Moody's is at least P-1 or the equivalent thereof (any such bank being an **"Approved Foreign Bank"**) and maturing within twelve (12) months of the date of acquisition and (ii) equivalents of demand deposit accounts which are maintained with an Approved Foreign Bank.

"Cash Management Obligations" means obligations owed by Holdings, the Company or any of its Restricted Subsidiary to any Lender or any Affiliate of a Lender in respect of any overdraft and related liabilities arising from treasury, depository and cash management services or any automated clearing house transfers of funds.

"Casualty Event" means any event that gives rise to the receipt by Holdings, the Company or any of its Restricted Subsidiaries of any insurance proceeds or condemnation awards in respect of any equipment, fixed assets or real property (including any improvements thereon) to replace or repair such equipment, fixed assets or real property.

"CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980.

"CERCLIS" means the Comprehensive Environmental Response, Compensation and Liability Information System maintained by the U.S. Environmental Protection Agency.

"Change of Control" means the earlier to occur of (a) the Permitted Holders ceasing to have the power, directly or indirectly, to vote or direct the voting of securities having a majority of the ordinary voting power for the election of directors of Holdings; *provided* that the occurrence of the foregoing event shall not be deemed a Change of Control if,

(i) any time prior to the consummation of a Qualifying IPO, and for any reason whatever, (A) the Permitted Holders otherwise have the right, directly or indirectly, to designate (and do so designate) a majority of the board of directors of Holdings or (B) the Permitted Holders own, directly or indirectly, of record and beneficially an amount of common stock of Holdings equal to an amount more than fifty percent (50%) of the amount of common stock of Holdings owned, directly or indirectly, by the Permitted Holders of record and beneficially as of the Closing Date and such ownership by the Permitted Holders represents the largest single block of voting securities of Holdings held by any Person or related group for purposes of Section 13(d) of the Securities and Exchange Act of 1934, as amended, or

(ii) at any time after the consummation of a Qualifying IPO, and for any reason whatsoever, (A) no "person" or "group" (as such terms are used in sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended, but excluding any employee benefit plan of such person and its subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan), excluding the Permitted Holders, shall become the "beneficial owner" (as defined in Rules 13(d)-3 and 13(d)-5 under such Act), directly or indirectly, of more than the greater

of (x) thirty-five percent (35%) of the shares outstanding of Holdings and (y) the percentage of the then outstanding voting stock of Holdings owned, directly or indirectly, beneficially by the Permitted Holders, and (B) during any period of twelve (12) consecutive months, the board of directors of Holdings shall consist of a majority of the Continuing Directors; or

(b) any "Change of Control" (or any comparable term) in any document pertaining to any Junior Financing with an aggregate outstanding principal amount in excess of the Threshold Amount; or

(c) at any time prior to a Qualifying IPO of the Company, the Company ceasing to be a directly or indirectly wholly owned Subsidiary of Holdings.

"Cinram Disposition" means the Disposition by the Warner Business of its DVD and CD manufacturing, printing, packaging, physical distribution and merchandising businesses to Cinram International, Inc., which was consummated on October 24, 2003.

"Class" (a) when used with respect to Lenders, refers to whether such Lenders are Tranche A Revolving Credit Lenders, Tranche B Revolving Credit Lenders or Term Lenders, (b) when used with respect to Commitments, refers to whether such Commitments are Tranche A Revolving Credit Commitments, Tranche B Revolving Credit Commitments or Term Commitments, (c) when used with respect to Loans or a Borrowing, refers to whether such Loans, or the Loans comprising such Borrowing, are Tranche A Revolving Credit Loans, Tranche B Revolving Credit Loans or Term Loans and (d) when used with respect to Letters of Credit, refers to whether such Letters of Credit are Tranche A Letters of Credit or Tranche B Letters of Credit.

"Closing Date" means the first date all the conditions precedent in Section 4.01 of the Existing Credit Agreement were satisfied or waived in accordance with Section 10.01.(1)

"Co-Arrangers" means Lehman Brothers Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Co-Arrangers under this Agreement.

"Co-Syndication Agents" means Deutsche Bank Securities Inc. and Lehman Commercial Paper Inc., as Co-Syndication Agents under the Loan Documents.

"Code" means the U.S. Internal Revenue Code of 1986.

"Collateral" means all of the "Collateral" referred to in the Collateral Documents and all of the other property and assets that are or are required under the terms hereof or of the Collateral Documents to be subject to Liens in favor of the Administrative Agent for the benefit of the Secured Parties.

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(1) March 1, 2004.

"Collateral Documents" means, collectively, the Security Agreement, the Intellectual Property Security Agreement, the Mortgages, each of the mortgages, collateral assignments, Security Agreement Supplements, security agreements, pledge agreements or other similar agreements delivered to the Administrative Agent and the Lenders pursuant to Section 6.12, and each of the other agreements, instruments or documents that creates or purports to create a Lien in favor of the Administrative Agent for the benefit of the Secured Parties.

"Commitment" means a Term Commitment or a Revolving Credit Commitment, as the context may require.

"Committed Loan Notice" means a notice of (a) a Term Borrowing, (b) a Revolving Credit Borrowing, (c) a conversion of Loans from one Type to the other, or (d) a continuation of Eurodollar Rate Loans, pursuant to Section 2.02(a), which, if in writing, shall be substantially in the form of Exhibit A.

"Company" has the meaning specified in the introductory paragraph to this Agreement.

"Company Guaranty" means the Company Guaranty made by the Company in favor of the Administrative Agent on behalf of the Lenders, substantially in the form of Exhibit F-3.

"Compensation Period" has the meaning specified in Section 2.12(c)(ii).

"Compliance Certificate" means a certificate substantially in the form of Exhibit D.

"Consolidated Cash Taxes" means, as of any date for the applicable period ending on such date with respect to the Borrower Parties on a consolidated basis, the aggregate of all income, franchise and similar taxes, as determined in accordance with GAAP, to the extent the same are payable in cash with respect to such period.

"Consolidated EBITDA" means, as of any date for the applicable period ending on such date with respect to any Person and its Subsidiaries on a consolidated basis, the sum of (a) Consolidated Net Income, *plus* (b) an amount which, in the determination of Consolidated Net Income for such period, has been deducted for, without duplication,

(i) total interest expense,

(ii) income, franchise and similar taxes and any tax distributions permitted to be made pursuant to Section 7.06(h)(i) and (iii),

(iii) depreciation and amortization expense,

(iv) letter of credit fees,

(v) non-cash expenses resulting from any employee benefit or management compensation plan or the grant of stock and stock options to employees of Holdings, the

Company or any of their respective Subsidiaries pursuant to a written plan or agreement or the treatment of such options under variable plan accounting,

(vi) all extraordinary charges,

(vii) non-cash amortization of financing costs of such Person and its Subsidiaries,

(viii) cash expenses incurred in connection with the Transaction or, to the extent permitted hereunder, any Investment permitted under Section 7.02, Equity Issuance or Debt Issuance (in each case, whether or not consummated),

(ix) any losses (or minus any gains) realized upon the disposition of property or assets outside of the ordinary course of business,

(x) to the extent actually reimbursed, expenses incurred to the extent covered by indemnification provisions in any agreement in connection with a Permitted Acquisition,

(xi) to the extent covered by insurance, expenses with respect to liability or casualty events, business interruption,

(xii) management fees permitted under Section 7.08(d),

(xiii) any non-cash purchase accounting adjustment and any step-ups with respect to re-valuing assets and liabilities in connection with the Transaction or any Investment permitted under Section 7.02,

(xiv) non-cash losses from Joint Ventures and non-cash minority interest reductions,

(xv) fees and expenses in connection with the issuance of the Senior Subordinated Notes or exchanges or refinancings permitted by Section 7.14,

(xvi) (A) non-cash, non-recurring charges with respect to employee severance and (B) other non-cash, non-recurring charges so long as such charges described in this clause (B) do not result in a cash charge in a future period,

(xvii) non-recurring cash charges of the types set forth in Schedule 1.01A incurred in an amount not greater than the applicable amount set forth in Schedule 1.01A,

(xviii) (A) non-recurring cash restructuring charges incurred after the Closing Date and on or prior to the date which is 30 months after the Closing Date in connection with the implementation of the Company's business plan, in an aggregate amount not to exceed $325,000,000 and (B) other non-recurring cash charges incurred after the Closing Date and on or prior to the date which is 30 months after the Closing Date in connection

with the restructuring of the Company's artist portfolio, in an aggregate amount not to exceed $50,000,000,

(xix) other expenses of such Person and its Subsidiaries reducing Consolidated Net Income which do not represent a cash item in such period or any future period,

(xx) with respect to any Event of Default under any covenant set forth in Section 7.11, the Net Cash Proceeds of any Permitted Equity Issuance to the Equity Investors solely to the extent that such Net Cash Proceeds (A) are actually received by the Borrowers (including through capital contribution of such Net Cash Proceeds by Holdings to the Company) no later than fifteen (15) Business Days after the delivery of a Notice of Intent to Cure, (B) are Not Otherwise Applied and (C) do not exceed the aggregate amount necessary to cure such Event of Default under Section 7.11 for any applicable period; *provided* that in each period of four fiscal quarters, there shall be at least two (2) fiscal quarters in which no such cure is made; it being understood that this clause (xx) may not be relied on for purposes of calculating any financial ratios other than as applicable to Section 7.11,

(xxi) Securitization Fees to the extent deducted in calculating Consolidated Net Income for such period, and

(xxii) without duplication, pension curtailment expenses, transaction costs and executive contract expenses incurred by Affiliates of Holdings (other than Holdings and its Subsidiaries) on behalf of Holdings or any of its Subsidiaries and reflected in the combined financial statements of Holdings and its Subsidiaries as capital contributions; *minus*

(c) an amount which, in the determination of Consolidated Net Income, has been included for

(i) (x) non-cash income during such period (other than with respect to cash actually received) and (y) all extraordinary gains, and

(ii) any gains realized upon the disposition of property outside of the ordinary course of business, *plus/minus*

(d) unrealized losses/gains in respect of Swap Contracts, all as determined in accordance with GAAP;

provided that, notwithstanding any other provision to the contrary contained in this Agreement, for purposes of any calculation made under the financial covenants set forth in Section 7.11 (including for purposes of the definition of "Pro Forma Basis", but excluding for purposes of the definition of "Applicable Rate"), (1) Consolidated EBITDA for any period shall be calculated after giving Pro Forma Effect to the Cinram Disposition and (2) to the extent the receipt of any Net Cash Proceeds of any Permitted Equity Issuance are an effective addition to Consolidated EBITDA as contemplated by, and in accordance with, the provisions of clause (b)(xx) above and,

as a result thereof, any Event of Default of the covenants set forth in Section 7.11 shall have been cured for any applicable period, such cure shall be deemed to be effective as of the last day of such applicable period.

"Consolidated Funded Indebtedness" means, with respect to any Person and its Subsidiaries on a consolidated basis, without duplication,

(a) all obligations of such Person for borrowed money,

(b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments,

(c) all obligations of such Person under conditional sale or other title retention agreements relating to property purchased by such Person (other than customary reservations or retentions of title under agreements with suppliers entered into in the ordinary course of business),

(d) all obligations of such Person issued or assumed as the deferred purchase price of property or services purchased by such Person (other than accrued expenses and trade debt incurred in the ordinary course of business) which would appear as liabilities on a balance sheet of such Person and to the extent constituting contingent obligations,

(e) all Consolidated Funded Indebtedness of others secured by (or for which the holder of such Consolidated Funded Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on, or payable out of the proceeds of production from, property owned or acquired by such Person, whether or not the obligations secured thereby have been assumed,

(f) all Guarantees of such Person with respect to Consolidated Funded Indebtedness of another Person,

(g) the implied principal component of all obligations of such Person under Capitalized Leases,

(h) all drafts drawn (to the extent unreimbursed) under standby letters of credit issued or bankers' acceptances facilities created for the account of such Person,

(i) unless the holder thereof is a Loan Party or, if the issuer thereof is a Subsidiary of Holdings which is not a Loan Party, any other Subsidiary of Holdings, all Disqualified Equity Interests issued by such Person, and

(j) the Consolidated Funded Indebtedness of any partnership or unincorporated joint venture in which such Person is a general partner or a joint venturer to the extent such Consolidated Funded Indebtedness is recourse to such Person.

Notwithstanding any other provision of this Agreement to the contrary, (i) the term "Consolidated Funded Indebtedness" shall not be deemed to include (x) any earn-out obligation until such obligation becomes a liability on the balance sheet of the applicable Person, (y) any deferred compensation arrangements or (z) any non compete or consulting obligations incurred in connection with Permitted Acquisitions and (ii) the amount of Consolidated Funded Indebtedness for which recourse is limited either to a specified amount or to an identified asset of such Person shall be deemed to be equal to such specified amount or the fair market value of such identified asset, as the case may be.

"Consolidated Interest Charges" means, as of any date for the applicable period ending on such date with respect to any Person and its Subsidiaries on a consolidated basis, the amount by which (x) interest expense (including the amortization of debt discount and premium, the interest component under Capitalized Leases, but excluding, to the extent included in interest expense, (i) fees and expenses associated with the consummation of the Transaction, (ii) annual agency fees paid to the Administrative Agent, (iii) costs associated with obtaining Swap Contracts, (iv) fees and expenses associated with any Investment permitted under Section 7.02, Equity Issuance or Debt Issuance (whether or not consummated), (v) pay-in-kind interest expense or other noncash interest expense (including as a result of the effects of purchase accounting) and (vi) commissions, discounts, yield and other fees and charges incurred in connection with any Qualified Securitization Financing which are payable to any Person other than Holdings or a Subsidiary), exceeds (y) interest income, in each case as determined in accordance with GAAP, to the extent the same are payable (or receivable) in cash with respect to such period.

"Consolidated Net Income" means, as of any date for the applicable period ending on such date with respect to any Person and its Subsidiaries on a consolidated basis, net income (excluding, without duplication, (i) extraordinary items and (ii) any amounts attributable to Investments in any Joint Venture to the extent that either (x) such amounts have not been distributed in cash to such Person and its Subsidiaries during the applicable period, (y) such amounts were not earned by such Joint Venture during the applicable period or (z) there exists in respect of any future period any encumbrance or restriction on the ability of such Joint Venture to pay dividends or make any other distributions in cash on the Equity Interests of such Joint Venture held by such Person and its Subsidiaries), as determined in accordance with GAAP; *provided* that Consolidated Net Income for any such period shall not include (A) the cumulative effect of a change in accounting principles during such period, (B) any net after-tax income or loss (less all fees and expenses or charges relating thereto) attributable to the early extinguishment of indebtedness, (C) any non-cash charges resulting from mark-to-market accounting relating to warrants and (D) any non-cash impairment charges resulting from the application of Statement of Financial Accounting Standards No. 142 – Goodwill and Other Intangibles and No. 144 – Accounting for the Impairment or Disposal of Long-Lived Assets and the amortization of intangibles including arising pursuant to Statement of Financial Accounting Standards No. 141 – Business Combinations.

"Consolidated Parties" means the collective reference to Holdings, the Company and its Restricted Subsidiaries, and **"Consolidated Party"** means any one of them.

"Consolidated Scheduled Funded Debt Payments" means, as of any date for the applicable period ending on such date with respect to the Borrower Parties on a consolidated basis, the sum of all scheduled payments of principal on Consolidated Funded Indebtedness made during such period (including the implied principal component of payments made on Capitalized Leases during such period) as determined in accordance with GAAP.

"Continuing Directors" shall mean the directors of Holdings on the Closing Date, after giving effect to the Acquisition and the other transactions contemplated hereby, and each other director, if, in each case, such other directors' nomination for election to the board of directors of Holdings (or the Company after a Qualifying IPO of the Company) is recommended by a majority of the then Continuing Directors or such other director receives the vote of the Permitted Holders in his or her election by the stockholders of Holdings (or the Company after a Qualifying IPO of the Company).

"Contractual Obligation" means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

"Control" has the meaning specified in the definition of "Affiliate."

"Credit Extension" means each of the following: (a) a Borrowing and (b) an L/C Credit Extension.

"Current Assets" means, with respect to any Person, all assets of such Person that, in accordance with GAAP, would be classified as current assets on the balance sheet of a company conducting a business the same as or similar to that of such Person, after deducting appropriate and adequate reserves therefrom in each case in which a reserve is proper in accordance with GAAP.

"Debt Issuance" means the issuance by any Person and its Subsidiaries of any Indebtedness for borrowed money.

"Debtor Relief Laws" means the Bankruptcy Code of the United States, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally (including, in the case of Loan Parties incorporated or organized in England or Wales, administration, administrative receivership, voluntary arrangement and schemes of arrangement).

"Default" means any event or condition that constitutes an Event of Default or that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

"Default Rate" means an interest rate equal to (a) the Base Rate plus (b) the Applicable Rate, if any, applicable to Base Rate Loans plus (c) 2.0% per annum; *provided* that with respect to a Eurodollar Rate Loan, the Default Rate shall be an interest rate equal to the interest rate

(including any Applicable Rate and any Mandatory Cost) otherwise applicable to such Loan plus 2.0% per annum, in each case, to the fullest extent permitted by applicable Laws.

"Defaulting Lender" means any Lender that (a) has failed to fund any portion of the Term Loans, Revolving Credit Loans, participations in L/C Obligations or participations in Swing Line Loans required to be funded by it hereunder within one (1) Business Day of the date required to be funded by it hereunder, (b) has otherwise failed to pay over to the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within one (1) Business Day of the date when due, unless the subject of a good faith dispute, or (c) has been deemed insolvent or become the subject of a bankruptcy or insolvency proceeding.

"Disposition" or **"Dispose"** means the sale, transfer, license, lease or other disposition (including any sale and leaseback transaction and any sale of Equity Interests) of any property by any Person, including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith; *provided* that "Disposition" and "Dispose" shall not be deemed to include any issuance by Holdings of any of its Equity Interests to another Person.

"Disqualified Equity Interests" means any Equity Interest which, by its terms (or by the terms of any security or other Equity Interests into which it is convertible or for which it is exchangeable), or upon the happening of any event or condition (a) matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, (b) is redeemable at the option of the holder thereof, in whole or in part, (c) provides for the scheduled payments of dividends in cash, or (d) is or becomes convertible into or exchangeable for Indebtedness or any other Equity Interests that would constitute Disqualified Equity Interests, in each case, prior to the date that is ninety-one (91) days after the Maturity Date (determined in accordance with clause (b)(i) of the definition thereof) of the Term Loans.

"Documentation Agent" means Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Documentation Agent under this Agreement.

"Dollar" and "**$**" mean lawful money of the United States.

"Dollar Amount" means, at any time:

(a) with respect to any Loan denominated in Dollars (including, with respect to any Swing Line Loan, any funded participation therein), the principal amount thereof then outstanding (or in which such participation is held);

(b) with respect to any Alternative Currency Loan, the principal amount thereof then outstanding in the relevant Alternative Currency, converted to Dollars in accordance with Section 2.17(a); and

(c) with respect to any L/C Obligation (or any risk participation therein), (A) if denominated in Dollars, the amount thereof and (B) if denominated in an Alternative Currency, the amount thereof converted to Dollars in accordance with Section 2.17(b).

"Domestic Subsidiary" means any Subsidiary that is organized under the laws of the United States, any state thereof or the District of Columbia and any other Subsidiary that is not a "controlled foreign corporation" under Section 957 of the Code.

"Election to Participate" means an Election to Participate substantially in the form of Exhibit J hereto.

"Election to Terminate" means an Election to Terminate substantially in the form of Exhibit K hereto.

"Eligible Assignee" means (a) a Lender; (b) an Affiliate of a Lender; (c) an Approved Fund; and (d) any other Person (other than a natural person) approved by (i) the Administrative Agent, (ii) in the case of any assignment of a Revolving Commitment, the L/C Issuer and the Swing Line Lender, and (iii) unless an Event of Default has occurred and is continuing under Section 8.01(a) or 8.01(f), the Company (each such approval not to be unreasonably withheld or delayed).

"EMU" means the economic and monetary union in accordance with the Treaty of Rome 1957, as amended by the Single European Act 1986, the Maastricht Treaty of 1992 and the Amsterdam Treaty of 1998.

"EMU Legislation" means the legislative measures of the European Council for the introduction of, changeover to or operation of a single or unified European currency.

"Environmental Laws" means any and all Federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Company, any other Loan Party or any of their respective Subsidiaries directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"Environmental Permit" means any permit, approval, identification number, license or other authorization required under any Environmental Law.

"Equity Contributions" means, collectively, (a) the contribution by the Equity Investors on the Closing Date of an aggregate amount of cash not less than $1,250,000,000 to Holdings,

and (b) the further contribution by Holdings on the Closing Date of all such cash contribution proceeds to the Company in order to consummate the Acquisition.

"Equity Interests" means, with respect to any Person, all of the shares, interests, rights, participations or other equivalents (however designated) of capital stock of (or other ownership or profit interests or units in) such Person and all of the warrants, options or other rights for the purchase, acquisition or exchange from such Person of any of the foregoing (including through convertible securities).

"Equity Investors" means the Sponsors, Edgar Bronfman Jr., the Seller and the Management Shareholders.

"Equity Issuance" means any issuance for cash by any Person and its Subsidiaries to any other Person of (a) its Equity Interests, (b) any of its Equity Interests pursuant to the exercise of options or warrants, (c) any of its Equity Interests pursuant to the conversion of any debt securities to equity or (d) any options or warrants relating to its Equity Interests. A Disposition shall not be deemed to be an Equity Issuance.

"ERISA" means the Employee Retirement Income Security Act of 1974.

"ERISA Affiliate" means any trade or business (whether or not incorporated) under common control with any Borrower within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

"ERISA Event" means (a) a Reportable Event with respect to a Pension Plan; (b) a withdrawal by any Borrower or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by any Borrower or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization; (d) the filing of a notice of intent to terminate, the treatment of a Plan amendment as a termination under Sections 4041 or 4041A of ERISA, or the commencement of proceedings by the PBGC to terminate a Pension Plan or Multiemployer Plan; (e) an event or condition which constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan or Multiemployer Plan; or (f) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon any Borrower or any ERISA Affiliate.

"Euro" and **"EUR"** means the lawful currency of the Participating Member States introduced in accordance with EMU Legislation.

"Eurodollar Rate" means, for any Interest Period with respect to any Eurodollar Rate Loan:

(a) the rate per annum equal to the rate determined by the Administrative Agent to be the offered rate that appears on the page of the Telerate screen (or any successor thereto) that displays an average British Bankers Association Interest Settlement Rate for deposits in Dollars or the relevant Alternative Currency (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period, determined as of approximately 11:00 a.m. (London time) two (2) Business Days prior to the first day of such Interest Period, or

(b) if the rate referenced in the preceding clause (a) does not appear on such page or service or such page or service shall not be available, the rate per annum equal to the rate determined by the Administrative Agent to be the offered rate on such other page or other service that displays an average British Bankers Association Interest Settlement Rate for deposits in Dollars or the relevant Alternative Currency (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period, determined as of approximately 11:00 a.m. (London time) two (2) Business Days prior to the first day of such Interest Period, or

(c) if the rates referenced in the preceding clauses (a) and (b) are not available, the rate per annum determined by the Administrative Agent as the rate of interest at which deposits in Dollars or the relevant Alternative Currency for delivery on the first day of such Interest Period in Same Day Funds in the approximate amount of the Eurodollar Rate Loan being made, continued or converted by Bank of America and with a term equivalent to such Interest Period would be offered by Bank of America's London Branch to major banks in the London interbank eurodollar market at their request at approximately 4:00 p.m. (London time) two (2) Business Days prior to the first day of such Interest Period.

"Eurodollar Rate Loan" means a Loan, whether denominated in Dollars or in an Alternative Currency, that bears interest at a rate based on the Eurodollar Rate.

"Event of Default" has the meaning specified in Section 8.01.

"Excess Cash Flow" means, with respect to any fiscal year period of the Borrower Parties on a consolidated basis, an amount equal to (a) Consolidated EBITDA *minus* (b) without duplication,

(i) Capital Expenditures permitted to be made under Section 7.19 to the extent not financed with the proceeds of long-term Indebtedness other than the Obligations,

(ii) Consolidated Interest Charges with respect to Indebtedness permitted under Section 7.03,

(iii) Consolidated Cash Taxes, including cash payments for Federal, state and other income tax liabilities incurred prior to the Closing Date,

(iv) Consolidated Scheduled Funded Debt Payments with respect to Indebtedness permitted under Section 7.03,

(v) Restricted Payments made by the Borrower Parties to the extent that such Restricted Payments are permitted to be made under Section 7.06(h),

(vi) voluntary prepayments of any Indebtedness; *provided* that (1) such prepayments are otherwise permitted hereunder and (2) if such Indebtedness consists of a revolving line of credit, the commitments under such line of credit are permanently reduced by the amount of such prepayment,

(vii) letter of credit fees,

(viii) proceeds received by the Borrower Parties from insurance claims with respect to casualty events, business interruption or product recalls which reimburse prior business expenses,

(ix) all extraordinary cash charges,

(x) cash payments made in satisfaction of non current liabilities,

(xi) cash expenses incurred in connection with the Transaction or, to the extent permitted hereunder, any Investment permitted under Section 7.02, Equity Issuance or Debt Issuance (whether or not consummated),

(xii) fees and expenses in connection with the issuance of Senior Subordinated Notes or exchanges or refinancings permitted by Section 7.14,

(xiii) cash indemnity payments received pursuant to indemnification provisions in any agreement in connection with the Acquisition, any Permitted Acquisition or any other Investment permitted hereunder (or in any similar agreement related to any other Acquisition consummated prior to the Closing Date),

(xiv) non-recurring cash charges to the extent included in determining Consolidated EBITDA,

(xv) other non-recurring cash charges in an aggregate amount not to exceed $20,000,000 during any four (4) consecutive fiscal quarter period,

(xvi) expenses incurred in connection with deferred compensation arrangements in connection with the Transaction,

(xvii) management fees permitted to be made under Section 7.08(d),

(xviii) cash from operations used to consummate a Permitted Acquisition,

(xix) to the extent added to Consolidated Net Income in determining Consolidated EBITDA, losses from discontinued operations for such period,

(xx) to the extent added to Consolidated Net Income in determining Consolidated EBITDA, Net Cash Proceeds of Permitted Equity Issuances,

(xxi) cash expenditures made in respect of Swap Contracts during such fiscal year to the extent not reflected in the computation of Consolidated EBITDA or Consolidated Interest Charges,

(xxii) to the extent not deducted in the computation of Net Proceeds in respect of any asset disposition or condemnation giving rise thereto, the amount of any mandatory prepayment of Indebtedness (other than Indebtedness hereunder or under any other Loan Document), together with any interest, premium or penalties required to be paid (and actually paid) in connection therewith, an

(xxiii) payments with respect to contingent contractual obligations required to be paid in the six (6) months after the end of such fiscal year (which payments would have been deducted in calculating Excess Cash Flow for such fiscal year had they been made during such fiscal year); *provided* that (x) the Company shall deliver a certificate to the Administrative Agent not later than 90 days after the end of such fiscal year, signed by a Responsible Officer of the Company, describing the nature and amount of such contingent contractual obligation and certifying that such contingent contractual obligation will be paid within six (6) months after the end of such fiscal year, (y) if such payment is not made within six (6) months after the close of such fiscal year, then the Borrowers shall promptly make an optional prepayment of Term Loans in accordance with Section 2.05(a) in an amount, if positive, equal to (A) the amount that would have been paid pursuant to Section 2.05(b)(i) with respect to such fiscal year but for this clause (xxiii) *minus* (B) the amount of the payment made pursuant to Section 2.05(b)(i) with respect to such fiscal period and (z) any deduction from Excess Cash Flow made with respect to contingent contractual obligations pursuant to this clause (xxiii) in such fiscal year shall not be deducted in computing Excess Cash Flow for the fiscal year in which such contingent obligations are paid; *plus (or minus)*

(c) changes in working capital.

"Excluded Consideration" means consideration consisting of (a) any Equity Interests (other than Disqualified Equity Interests) of Holdings issued to the seller of the Equity Interests, property or assets acquired in such Permitted Acquisition and (b) consideration in an amount equal to the sum of (i) the Net Cash Proceeds of (w) any Permitted Equity Issuance consummated subsequent to the Closing Date, (x) any Disposition by Holdings, the Company or any of its Restricted Subsidiaries of the type described in Section 7.05(a), (c), (f), (j), (k) and (m), (y) any Casualty Event that occurs subsequent to the Closing Date and (z) the incurrence or issuance of any Permitted Subordinated Indebtedness permitted by Section 7.03(a)(iii) plus (ii) the amount of Excess Cash Flow for any fiscal year (commencing with the fiscal year ended

November 30, 2004, which fiscal year shall be for the period from the Closing Date through November 30, 2004), but only to the extent the amounts described in clauses (i) and (ii) above are Not Otherwise Applied.

"Existing Credit Agreement" has the meaning set forth in the Preliminary Statements.

"Facility" means the Term Loans, the Revolving Credit Commitments, the Swing Line Sublimit or the Letter of Credit Sublimit, as the context may require.

"Federal Funds Rate" means, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank on the Business Day next succeeding such day; *provided* that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to Bank of America on such day on such transactions as determined by the Administrative Agent.

"Fee Letter" means the letter agreement, dated November 23, 2003, among Holdings, the Initial Lenders and the Arrangers.

"Foreign Lender" has the meaning specified in Section 10.15(a)(i).

"Foreign Subsidiary" means any direct or indirect Restricted Subsidiary of the Company which is not a Domestic Subsidiary.

"FRB" means the Board of Governors of the Federal Reserve System of the United States.

"Fund" means any Person (other than a natural person) that is engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

"Funded Debt" of any Person means Indebtedness of such Person that by its terms matures more than one (1) year after the date of its creation or matures within one (1) year from any date of determination but is renewable or extendible, at the option of such Person, to a date more than one (1) year after such date or arises under a revolving credit or similar agreement that obligates the lender or lenders to extend credit during a period of more than one (1) year after such date.

"GAAP" means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or such other principles as may be approved by a significant segment of the

accounting profession in the United States, that are applicable to the circumstances as of the date of determination, consistently applied.

"Governmental Authority" means any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, administrative tribunal, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Granting Lender" has the meaning specified in Section 10.07(g).

"Guarantee" means, as to any Person, without duplication, (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation payable or performable by another Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness or other obligation of the payment or performance of such Indebtedness or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation, or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Indebtedness or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of such Person securing any Indebtedness or other obligation of any other Person, whether or not such Indebtedness or other obligation is assumed by such Person (or any right, contingent or otherwise, of any holder of such Indebtedness to obtain any such Lien); *provided* that the term "Guarantee" shall not include indorsements for collection or deposit, in either case in the ordinary course of business, or customary and reasonable indemnity obligations in effect on the Closing Date or entered into in connection with any acquisition or disposition of assets permitted under this Agreement (other than such obligations with respect to Indebtedness). The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term "Guarantee" as a verb has a corresponding meaning.

"Guarantors" means, collectively, Holdings, the Company in its capacity as a guarantor under the Company Guaranty and the Restricted Subsidiaries of the Company listed on Schedule I and each other Restricted Subsidiary of the Company that shall be required to execute and deliver a guaranty or guaranty supplement pursuant to Section 6.12.

"Guaranty" means, collectively, the Parent Guaranty, the Company Guaranty and the Subsidiary Guaranty.

"Hazardous Materials" means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

"Hedge Bank" means any Person that is a Lender or an Affiliate of a Lender, in its capacity as a party to a Secured Hedge Agreement.

"Holdings" has the meaning specified in the introductory paragraph to this Agreement.

"Holdings Consolidated Leverage Ratio" means, with respect to the Consolidated Parties on a consolidated basis, as of the end of any fiscal quarter of Holdings for the four (4) fiscal quarter period ending on such date, the ratio of (a) the sum, without duplication, of (i) Adjusted Consolidated Funded Indebtedness (net of Average Cash on Hand) of the Consolidated Parties and (ii) Total Securitization Financing, in each case on the last day of such period to (b) Consolidated EBITDA of the Consolidated Parties for such period.

"Honor Date" has the meaning specified in Section 2.03(c)(i).

"ICC" has the meaning specified in Section 2.03(h).

"Indebtedness" means, as to any Person at a particular time, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with GAAP:

(a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments;

(b) the maximum amount of all letters of credit (including standby and commercial), bankers' acceptances, bank guaranties, surety bonds, performance bonds and similar instruments issued or created by or for the account of such Person;

(c) net obligations of such Person under any Swap Contract;

(d) all obligations of such Person to pay the deferred purchase price of property or services (other than (i) trade accounts payable in the ordinary course of business and (ii) any earn-out obligation until such obligation becomes a liability on the balance sheet of such Person);

(e) indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements and mortgage, industrial revenue bond, industrial

development bond and similar financings), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse;

(f) all Attributable Indebtedness;

(g) all obligations of such Person in respect of Disqualified Equity Interests; and

(h) all Guarantees of such Person in respect of any of the foregoing. For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or a joint venturer, unless such Indebtedness is expressly made non-recourse to such Person. The amount of any net obligation under any Swap Contract on any date shall be deemed to be the Swap Termination Value thereof as of such date. The amount of Indebtedness of any Person for purposes of clause (e) shall be deemed to be equal to the lesser of (i) the aggregate unpaid amount of such Indebtedness and (ii) the fair market value of the property encumbered thereby as determined by such Person in good faith.

"Indemnified Liabilities" has the meaning set forth in Section 10.05.

"Indemnitees" has the meaning set forth in Section 10.05.

"Information" has the meaning specified in Section 10.08.

"Initial Lenders" means, at any date, collectively, Bank of America, Deutsche Bank Trust Company Americas, Lehman Commercial Paper Inc. and Merrill Lynch Capital Corporation, each in its capacity as, and so long as it is, a "Lender" hereunder.

"Intellectual Property Security Agreement" means, collectively, the Copyright Security Agreement, the Trademark Security Agreement and the Patent Security Agreement, substantially in the forms attached to the Security Agreement together with each other intellectual property security agreement executed and delivered pursuant to Section 6.12 or the Security Agreement.

"Interest Coverage Ratio" means, with respect to the Borrower Parties on a consolidated basis, as of the end of any fiscal quarter of the Company for the four (4) fiscal quarter period ending on such date with respect to the Borrower Parties on a consolidated basis, the ratio of (a) Consolidated EBITDA of the Borrower Parties to (b) Consolidated Interest Charges of the Borrower Parties; *provided* that for the purpose of calculating the Interest Coverage Ratio on any day prior to the expiration of four full fiscal quarters since the Closing Date, Consolidated Interest Charges shall be determined for the period commencing on the Closing Date and ending on the last day of the most recently ended fiscal quarter, annualized on a simple arithmetic basis.

"Interest Payment Date" means, (a) as to any Loan other than a Base Rate Loan, the last day of each Interest Period applicable to such Loan and the Maturity Date of the applicable Facility; *provided* that if any Interest Period for a Eurodollar Rate Loan exceeds three months, the respective dates that fall every three months after the beginning of such Interest Period shall

also be Interest Payment Dates; and (b) as to any Base Rate Loan (including a Swing Line Loan), the last Business Day of each March, June, September and December and the Maturity Date of the applicable Facility.

"Interest Period" means, as to each Eurodollar Rate Loan, the period commencing on the date such Eurodollar Rate Loan is disbursed or converted to or continued as a Eurodollar Rate Loan and ending on the date one, two, three or six months thereafter, or to the extent available to each applicable Lender, nine or twelve months thereafter, as selected by the relevant Borrower in its Committed Loan Notice; *provided* that:

(a) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day;

(b) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(c) no Interest Period shall extend beyond the Maturity Date of the applicable Facility.

"Investment" means, as to any Person, any direct or indirect acquisition or investment by such Person, whether by means of (a) the purchase or other acquisition of Equity Interests or debt or other securities of another Person, (b) a loan, advance or capital contribution to, Guarantee or assumption of debt of, or purchase or other acquisition of any other debt or equity participation or interest in, another Person, including any partnership or joint venture interest in such other Person and any arrangement pursuant to which the investor incurs debt of the type referred to in clause (h) of the definition of "Indebtedness" set forth in this Section 1.01 in respect of such Person or (c) the purchase or other acquisition (in one transaction or a series of transactions) of all or substantially all of the property and assets or business of another Person or assets constituting a business unit, line of business or division of such Person. For purposes of covenant compliance, the amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment.

"IP Collateral" means all "Intellectual Property Collateral" referred to in the Collateral Documents and all of the other IP Rights that are or are required by the terms hereof or of the Collateral Documents to be subject to Liens in favor of the Administrative Agent for the benefit of the Secured Parties.

"IP Rights" has the meaning set forth in Section 5.15.

"IRS" means the United States Internal Revenue Service.

"Joint Lead Arrangers" means Banc of America Securities LLC and Deutsche Bank Securities Inc, each in its capacity as a Joint Lead Arranger under this Agreement.

"Joint Venture" means (a) any Person which would constitute an "equity method investee" of the Company or any of its Subsidiaries, (b) any other Person designated by the Company in writing to the Administrative Agent (which designation shall be irrevocable) as a "Joint Venture" for purposes of this Credit Agreement and at least 50% but less than 100% of whose Equity Interests are directly owned by the Company or any of its Subsidiaries, and (c) any Person in whom the Company or any of its Subsidiaries beneficially owns any Equity Interest that is not a Subsidiary.

"Junior Financing" has the meaning specified in Section 7.14.

"Junior Financing Documentation" means any documentation governing any Junior Financing.

"Laws" means, collectively, all international, foreign, Federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

"L/C Advance means a Tranche A L/C Advance or a Tranche B L/C Advance (as the context requires).

"L/C Borrowing" means a Tranche A L/C Borrowing or a Tranche B L/C Borrowing (as the context requires).

"L/C Credit Extension" means a Tranche A L/C Credit Extension or a Tranche B L/C Credit Extension (as the context requires).

"L/C Issuer" means Bank of America in its capacity as issuer of Letters of Credit hereunder, or any successor issuer of Letters of Credit hereunder.

"L/C Obligations" means Tranche A L/C Obligations or Tranche B L/C Obligations, or any combination thereof (as the context requires).

"Lender" has the meaning specified in the introductory paragraph to this Agreement and, as the context requires, includes the L/C Issuer and the Swing Line Lender.

"Lending Office" means, as to any Lender, the office or offices of such Lender described as such in such Lender's Administrative Questionnaire, or such other office or offices as a Lender may from time to time notify the Company and the Administrative Agent.

"Letter of Credit" means a Tranche A Letter of Credit or a Tranche B Letter of Credit (as the context requires).

"Letter of Credit Application" means an application and agreement for the issuance or amendment of a Letter of Credit in the form from time to time in use by the L/C Issuer.

"Letter of Credit Expiration Date" means, with respect to a Letter of Credit of any Class, the day that is five (5) days prior to the scheduled Maturity Date then in effect for the Revolving Credit Commitments of such Class (or, if such day is not a Business Day, the next preceding Business Day).

"Letter of Credit Sublimit" means an amount equal to $100,000,000. The Letter of Credit Sublimit is part of, and not in addition to, the Revolving Credit Commitments.

"Leverage Ratio" means, with respect to the Borrower Parties on a consolidated basis, as of the end of any fiscal quarter of the Company for the four (4) fiscal quarter period ending on such date, the ratio of (a) the sum, without duplication, of (i) Adjusted Consolidated Funded Indebtedness (net of Average Cash on Hand) of the Borrower Parties and (ii) Total Securitization Financing, in each case on the last day of such period to (b) Consolidated EBITDA of the Borrower Parties for such period.

"Lien" means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any Capitalized Lease having substantially the same economic effect as any of the foregoing).

"Loan" means an extension of credit by a Lender to a Borrower under Article 2 in the form of a Term Loan, a Revolving Credit Loan or a Swing Line Loan.

"Loan Documents" means, collectively, (i) this Agreement, (ii) the Notes, (iii) the Guaranty, (iv) the Collateral Documents, (v) the Fee Letter and (vi) each Letter of Credit Application.

"Loan Parties" means, collectively, each Borrower and each Guarantor.

"Management Shareholders" means the members of management of the Company or its Subsidiaries who are investors in Holdings.

"Mandatory Cost" means, with respect to any period, the percentage rate per annum determined in accordance with Schedule 1.01D.

"Master Agreement" has the meaning specified in the definition of "Swap Contract."

"Material Adverse Effect" means (a) a material adverse effect on the business, operations, assets, liabilities (actual or contingent) or condition (financial or otherwise) of the Company and its Subsidiaries, taken as a whole, (b) a material adverse effect on the ability of the Borrowers or the Loan Parties (taken as a whole) to perform their respective obligations under any Loan Document to which any Borrower or any of the Loan Parties is a party or (c) a material adverse effect on the rights and remedies of the Lenders under any Loan Document.

"Maturity Date" means (a) with respect to the Revolving Credit Commitments of either Class, the earlier of (i) February 28, 2010 and (ii) the date of termination in whole of the Revolving Credit Commitments of such Class pursuant to Section 2.06(a) or 8.02 and (b) with respect to the Term Loans, the earlier of (i) February 28, 2011 and (ii) the date of termination in whole of the Term Commitments pursuant to Section 2.06(a) or 8.02.

"Maximum Rate" has the meaning specified in Section 10.10.

"Moody's" means Moody's Investors Service, Inc. and any successor thereto.

"Mortgage" means, collectively, the deeds of trust, trust deeds and mortgages made by the Loan Parties in favor or for the benefit of the Administrative Agent on behalf of the Lenders substantially in the form of Exhibit H (with such changes as may be customary to account for local law matters), together with each other mortgage executed and delivered pursuant to Section 6.12.

"Mortgage Policies" has the meaning specified in Section 6.14(b)(ii).

"Multiemployer Plan" means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which any Borrower or any ERISA Affiliate makes or is obligated to make contributions, or during the preceding five plan years, has made or been obligated to make contributions.

"Net Cash Proceeds" means:

(a) with respect to the Disposition of any asset by Holdings or any of its Subsidiaries or any Casualty Event, the excess, if any, of (i) the sum of cash and Cash Equivalents received in connection with such Disposition or Casualty Event (including any cash or Cash Equivalents received by way of deferred payment pursuant to, or by monetization of, a note receivable or otherwise, but only as and when so received and, with respect to any Casualty Event, any insurance proceeds or condemnation awards in respect of such Casualty Event actually received by or paid to or for the account of Holdings or any of its Subsidiaries) over (ii) the sum of (A) the principal amount of any Indebtedness that is secured by the asset subject to such Disposition or Casualty Event and that is repaid in connection with such Disposition or Casualty Event (other than Indebtedness under the Loan Documents), (B) the out-of-pocket expenses (including, without limitation, attorneys' fees, investment banking fees, survey costs, title insurance premiums, and related search and recording charges, transfer taxes, deed or mortgage recording taxes, other customary expenses and brokerage, consultant and other customary fees) actually

incurred by Holdings or such Subsidiary in connection with such Disposition or Casualty Event, (C) taxes paid or reasonably estimated to be actually payable, and (D) any reserve for adjustment in respect of (x) the sale price of such asset or assets established in accordance with GAAP and (y) any liabilities associated with such asset or assets and retained by the Company or any of its Subsidiaries after such sale or other disposition thereof, including, without limitation, pension and other post-employment benefit liabilities and liabilities related to environmental matters or against any indemnification obligations associated with such transaction and it being understood that "Net Cash Proceeds" shall include, without limitation, any cash or Cash Equivalents (i) received upon the Disposition of any non-cash consideration received by the Company or any of its Subsidiaries in any such Disposition and (ii) upon the reversal (without the satisfaction of any applicable liabilities in cash in a corresponding amount) of any reserve described in clause (D) of the preceding sentence or, if such liabilities have not been satisfied in cash and such reserve not reversed within three hundred and sixty-five (365) days after such Disposition or Casualty Event, the amount of such reserve; *provided* that (x) no proceeds realized in a single transaction or series of related transactions shall constitute Net Cash Proceeds unless such proceeds shall exceed $5,000,000 and (y) no proceeds shall constitute Net Cash Proceeds under this clause (a) in any fiscal year until the aggregate amount of all such proceeds in such fiscal year shall exceed $15,000,000 (and thereafter only proceeds in excess of such amount shall constitute Net Cash Proceeds under this clause (a)).

(b) with respect to the issuance of any Equity Interest by Holdings or any of its Subsidiaries, the excess of (i) the sum of the cash and Cash Equivalents received in connection with such issuance over (ii) all taxes and fees (including investment banking fees, underwriting discounts, commissions, costs and other out-of-pocket expenses and other customary expenses) incurred by Holdings or such Subsidiary in connection with such issuance; and

(c) with respect to the incurrence or issuance of any Indebtedness by Holdings or any of its Subsidiaries, the excess, if any, of (i) the sum of the cash received in connection with such sale over (ii) the investment banking fees, underwriting discounts, commissions, costs and other out-of-pocket expenses and other customary expenses, incurred by Holdings or such Subsidiary in connection with such incurrence or issuance.

"Non-Consenting Lender" has the meaning specified in Section 3.07(d).

"Non-Recourse Acquisition Financing Indebtedness" means any Indebtedness incurred by the Company or any Restricted Subsidiary to finance the acquisition, exploitation or development of assets (including directly or through the acquisition of entities holding such assets) not owned by the Company or any of its Restricted Subsidiaries prior to such acquisition, exploitation or development, which assets are used for the creation or development of Product for the benefit of the Company, and in respect of which the Person to whom such Indebtedness is owed has no recourse whatsoever to the Company or any of its Restricted Subsidiaries for the repayment of or payment of such Indebtedness other than recourse to the acquired assets or assets that are the subject of such exploitation or development for the purpose of enforcing any Lien given by the Company or such Restricted Subsidiary over such assets, including the

receivables, inventory, intangibles and other rights associated with such assets and the proceeds thereof.

"Non-Recourse Product Financing Indebtedness" means any Indebtedness incurred by any Restricted Subsidiary solely for the purpose of financing (whether directly or through a partially-owned joint venture) the production, acquisition, exploitation, creation or development of items of Product produced, acquired, exploited, created or developed after the Closing Date (including any Indebtedness assumed in connection with the production, acquisition, creation or development of any such items of Product or secured by a Lien on any such items of Product prior to the production, acquisition, creation or development thereof) where the recourse of the creditor in respect of that Indebtedness is limited to Product revenues generated by such items of Product or any rights pertaining thereto and where the Indebtedness is unsecured save for Liens over such items of Product or revenues and such rights, and any extension, renewal, replacement or refinancing of such Indebtedness but excluding, for the avoidance of doubt, any Indebtedness raised or secured against Products where the proceeds are used for any other purposes.

"Nonrenewal Notice Date" has the meaning specified in Section 2.03(b)(iii).

"Note" means a Term Note or a Revolving Credit Note, as the context may require.

"Notice of Intent to Cure" has the meaning specified in Section 6.02(b).

"Not Otherwise Applied" means, with reference to any amount of Net Cash Proceeds of any transaction or event or of Excess Cash Flow, that such amount (a) was not required to be applied to prepay the Loans pursuant to Section 2.05(b), (b) was not previously included in a calculation of "Consolidated EBITDA" pursuant to clause (b)(xx) of the definition thereof and (c) was not previously applied in determining the permissibility of a transaction under the Loan Documents where such permissibility was (or may have been) contingent on receipt of such amount. The Company shall promptly notify the Administrative Agent of any application of such amount as contemplated by (c) above.

"NPL" means the National Priorities List under CERCLA.

"Obligations" means all (x) advances to, and debts, liabilities, obligations, covenants and duties of, any Loan Party arising under any Loan Document or otherwise with respect to any Loan or Letter of Credit, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against any Loan Party of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding, (y) obligations of any Loan Party arising under any Secured Hedge Agreement and (z) Cash Management Obligations. Without limiting the generality of the foregoing, the Obligations of the Loan Parties under the Loan Documents include (a) the obligation to pay principal, interest, Letter of Credit commissions, charges, expenses, fees, Attorney Costs, indemnities and other amounts payable by any Loan Party under any Loan Document and (b) the obligation of any

Loan Party to reimburse any amount in respect of any of the foregoing that any Lender, in its sole discretion, may elect to pay or advance on behalf of such Loan Party.

"Organization Documents" means, (a) with respect to any corporation, the certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction); (b) with respect to any limited liability company, the certificate or articles of formation or organization and operating agreement; and (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

"Other Taxes" has the meaning specified in Section 3.01(b).

"Outstanding Amount" means (a) with respect to the Term Loans, Revolving Credit Loans and Swing Line Loans on any date, the Dollar Amount thereof after giving effect to any borrowings and prepayments or repayments of Term Loans, Revolving Credit Loans (including any refinancing of outstanding unpaid drawings under Letters of Credit or L/C Credit Extensions as a Revolving Credit Borrowing) and Swing Line Loans, as the case may be, occurring on such date; and (b) with respect to any L/C Obligations on any date, the Dollar Amount thereof on such date after giving effect to any L/C Credit Extension occurring on such date and any other changes thereto as of such date, including as a result of any reimbursements of outstanding unpaid drawings under any Letters of Credit (including any refinancing of outstanding unpaid drawings under Letters of Credit or L/C Credit Extensions as a Revolving Credit Borrowing) or any reductions in the maximum amount available for drawing under Letters of Credit taking effect on such date.

"Overnight Rate" means, for any day, (a) with respect to any amount denominated in Dollars, the Federal Funds Rate, and (b) with respect to any amount denominated in an Alternative Currency, the rate of interest per annum at which overnight deposits in the applicable Alternative Currency, in an amount approximately equal to the amount with respect to which such rate is being determined, would be offered for such day by a branch or Affiliate of Bank of America in the applicable offshore interbank market for such currency to major banks in such interbank market.

"Overseas Borrowers" means any Qualified Foreign Subsidiary as to which an Election to Participate shall have been delivered to the Administrative Agent in accordance with Section 2.14; *provided* that the status of any of the foregoing as an Overseas Borrower shall terminate if and when an Election to Terminate is delivered to the Administrative Agent in accordance with Section 2.14.

"Parent Guaranty" means the Parent Guaranty made by Holdings in favor of the Administrative Agent on behalf of the Lenders, substantially in the form of Exhibit F-1.

"Participant" has the meaning specified in Section 10.07(d).

"Participating Member State" means each state so described in any EMU Legislation.

"PBGC" means the Pension Benefit Guaranty Corporation.

"Pension Plan" means any "employee pension benefit plan" (as such term is defined in Section 3(2) of ERISA), other than a Multiemployer Plan, that is subject to Title IV of ERISA and is sponsored or maintained by any Borrower or any ERISA Affiliate or to which any Borrower or any ERISA Affiliate contributes or has an obligation to contribute, or in the case of a multiple employer or other plan described in Section 4064(a) of ERISA, has made contributions at any time during the immediately preceding five (5) plan years.

"Permitted Acquisition" has the meaning specified in Section 7.02(i).

"Permitted Encumbrances" has the meaning specified in the Mortgages.

"Permitted Equity Issuance" means any sale or issuance of any Equity Interests (other than Disqualified Equity Interests) of Holdings (and, after a Qualifying IPO, of the Company) to the extent (a) permitted hereunder and (b) the Net Cash Proceeds of which are not required to be applied to the prepayment of the Loans pursuant to Section 2.05(b).

"Permitted Holdco Debt" has the meaning specified in Section 7.03(c)(iii).

"Permitted Holders" means the Equity Investors other than (a) any portfolio company of the Sponsors, (b) Management Shareholders to the extent that such Management Shareholders in the aggregate own beneficially or of record more than five percent (5%) of the outstanding voting stock of Holdings and (c) the Seller if, at such time as the Seller owns 50% or more of the total voting power of the Equity Interests of the Company or any direct or indirect parent company of the Company and after giving pro forma effect to the acquisition of such Equity Interests and the incurrence of any Indebtedness used to finance the acquisition thereof, (x) the Seller has a rating of less than "investment grade" status from S&P or Moody's or (y) either S&P, Moody's or any other nationally recognized rating agency shall have downgraded, or indicated an intention to downgrade, the corporate rating of the Seller to a level below its then existing corporate rating by any such agency.

"Permitted Refinancing" means, with respect to any Person, any modification, refinancing, refunding, renewal or extension of any Indebtedness of such Person; *provided* that (a) the principal amount (or accreted value, if applicable) thereof does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness so modified, refinanced, refunded, renewed or extended except by an amount equal to unpaid accrued interest and premium thereon plus other reasonable amount paid, and fees and expenses reasonably incurred, in connection with such modification, refinancing, refunding, renewal or extension and by an amount equal to any existing commitments unutilized thereunder or as otherwise permitted pursuant to Section 7.03, (b) such modification, refinancing, refunding, renewal or extension has a final maturity date equal to or later than the final maturity date of, and has a Weighted Average Life to

Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being modified, refinanced, refunded, renewed or extended, (c) if the Indebtedness being modified, refinanced, refunded, renewed or extended is subordinated in right of payment to the Obligations, such modification, refinancing, refunding, renewal or extension is subordinated in right of payment to the Obligations on terms at least as favorable to the Lenders as those contained in the documentation governing the Indebtedness being modified, refinanced, refunded, renewed or extended, (d) the terms and conditions (including, if applicable, as to collateral) of any such modified, refinanced, refunded, renewed or extended Indebtedness are not materially less favorable to the Loan Parties or the Lenders than the terms and conditions of the Indebtedness being modified, refinanced, refunded, renewed or extended, (e) such modification, refinancing, refunding, renewal or extension is incurred by the Person who is the obligor on the Indebtedness being modified, refinanced, refunded, renewed or extended, and (f) at the time thereof, no Event of Default shall have occurred and be continuing.

"Permitted Subordinated Indebtedness" means any unsecured Indebtedness of the Company that (a) is expressly subordinated to the prior payment in full in cash of the Obligations on terms and conditions no less favorable to the Lenders than the terms and conditions set forth in the Senior Subordinated Notes Indenture, (b) will not mature prior to the date that is ninety-one (91) days after the Maturity Date of the Term Loans, (c) has no scheduled amortization or payments of principal prior to the date which is ninety-one (91) days after the Maturity Date of the Term Loans, and (d) has covenant, default and remedy provisions no more restrictive, or mandatory prepayment, repurchase or redemption provisions no more onerous or expansive in scope, taken as a whole, than those set forth in the Senior Subordinated Notes Indenture.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Plan" means any "employee benefit plan" (as such term is defined in Section 3(3) of ERISA) established by any Borrower or, with respect to any such plan that is subject to Section 412 of the Code or Title IV of ERISA, any ERISA Affiliate.

"Pledged Debt" has the meaning specified in the Security Agreement.

"Pledged Equity" has the meaning specified in the Security Agreement.

"Post-Increase Revolving Lenders" has the meaning specified in Section 2.15(b).

"Pre-Increase Revolving Lenders" has the meaning specified in Section 2.15(b).

"Pro Forma Basis", "Pro Forma Compliance" and **"Pro Forma Effect"** means, for purposes of calculating compliance with each of the financial covenants set forth in Section 7.11 in respect of a Specified Transaction, that such Specified Transaction and the following transactions in connection therewith shall be deemed to have occurred as of the first day of the applicable period of measurement in such covenant: (a) income statement items (whether positive or negative) attributable to the property or Person subject to such Specified Transaction,

(i) in the case of the Cinram Disposition or a Disposition of all or substantially all Equity Interests in any Subsidiary of the Company or any division, product line, or facility used for operations of the Company or any of its Subsidiaries, shall be excluded, and (ii) in the case of a Permitted Acquisition or Investment described in the definition of "Specified Transaction", shall be included, (b) any retirement of Indebtedness, and (c) any Indebtedness incurred or assumed by the Company or any of its Restricted Subsidiaries in connection therewith and if such Indebtedness has a floating or formula rate, shall have an implied rate of interest for the applicable period for purposes of this definition determined by utilizing the rate which is or would be in effect with respect to such Indebtedness as at the relevant date of determination; *provided* that the foregoing pro forma adjustments may be applied to the financial covenants set forth in Section 7.11 solely to the extent that such adjustments are consistent with the definition of Consolidated EBITDA and give effect to events that are (x) directly attributable to such transaction, (y) expected to have a continuing impact on the Company and its Restricted Subsidiaries and (z) factually supportable.

"Pro Rata Share" means, with respect to each Lender of each Class at any time, a fraction (expressed as a percentage, carried out to the ninth decimal place), the numerator of which is the amount of such Lender's Commitments of such Class at such time and the denominator of which is the aggregate amount of all Lenders' Commitments of such Class at such time; *provided* that if the Commitments of such Class have been terminated, then the Pro Rata Share of each Lender of such Class shall be determined based on the Pro Rata Share of such Lender immediately prior to such termination and after giving effect to any subsequent assignments made pursuant to the terms hereof.

"Product" means any music (including musical and audio visual recordings, musical performance, songs and compositions and also includes mail order music and activities relating or incidental to music such as touring, merchandising and artist management), music copyright, motion picture, television programming, film, videotape, digital file, video clubs, DVD manufactured or distributed or any other product produced for theatrical, non-theatrical or television release or for release in any other medium in each case whether recorded on film, videotape, cassette, cartridge, disc or on or by any other means, method, process or device, whether now known or hereafter developed, with respect to which the Company or any Restricted Subsidiary (a) is an initial copyright owner or (b) acquires (or will acquire upon delivery) an equity interest, license, sublicense or administration or distribution right.

"Purchase Agreement" means the Purchase Agreement dated as of November 24, 2003 between Holdings and the Seller, as modified from time to time in accordance with Section 7.15.

"Purchase Money Note" means a promissory note of a Securitization Subsidiary evidencing a line of credit, which may be irrevocable, from Holdings or any Subsidiary of Holdings to such Securitization Subsidiary in connection with a Qualified Securitization Financing, which note is intended to finance that portion of the purchase price that is not paid in cash or a contribution of equity and which (a) shall be repaid from cash available to the Securitization Subsidiary, other than (i) amounts required to be established as reserves, (ii) amounts paid to investors in respect of interest, (iii) principal and other amounts owing to such

investors and (iv) amounts paid in connection with the purchase of newly generated receivables and (b) may be subordinated to the payments described in clause (a).

"Qualified Foreign Subsidiary" means any Restricted Subsidiary of the Company that satisfies the following criteria: (a) the principal place of business and jurisdiction of organization or incorporation of such Subsidiary is located outside the United States, and (b) all of the shares of capital stock or other ownership interests of such Subsidiary (except directors' qualifying shares) are at the time directly or indirectly owned by the Company.

"Qualified Securitization Financing" means any Securitization Financing of a Securitization Subsidiary that meets the following conditions: (i) the board of directors of Holdings shall have determined in good faith that such Securitization Financing (including financing terms, covenants, termination events and other provisions) is in the aggregate economically fair and reasonable to the Company and the Securitization Subsidiary, (ii) all sales of Securitization Assets and related assets to the Securitization Subsidiary are made at fair market value (as determined in good faith by the Company) and (iii) the financing terms, covenants, termination events and other provisions thereof shall be market terms (as determined in good faith by the Company) and may include Standard Securitization Undertakings.

"Qualifying IPO" means the issuance by Holdings or the Company of its common Equity Interests in an underwritten primary public offering (other than a public offering pursuant to a registration statement on Form S-8) pursuant to an effective registration statement filed with the SEC in accordance with the United States Securities Act of 1933 (whether alone or in connection with a secondary public offering).

"Real Properties" means those properties listed on Schedule 1.01B hereto.

"Register" has the meaning set forth in Section 10.07(c).

"Reportable Event" means any of the events set forth in Section 4043(c) of ERISA, other than events for which the thirty (30) day notice period has been waived.

"Request for Credit Extension" means (a) with respect to a Borrowing, conversion or continuation of Term Loans or Revolving Credit Loans, a Committed Loan Notice, (b) with respect to an L/C Credit Extension, a Letter of Credit Application, and (c) with respect to a Swing Line Loan, a Swing Line Loan Notice.

"Required Lenders" means, as of any date of determination, Lenders having more than 50% of the sum of the (a) Total Outstandings (with the aggregate Dollar Amount of each Lender's risk participation and funded participation in L/C Obligations and Swing Line Loans being deemed "held" by such Lender for purposes of this definition), (b) aggregate unused Term Commitments and (c) aggregate unused Revolving Credit Commitments; *provided* that the unused Term Commitment, unused Revolving Credit Commitment of, and the portion of the Total Outstandings held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Required Lenders.

"Responsible Officer" means the chief executive officer, president, vice president, chief financial officer, treasurer or assistant treasurer or other similar officer of a Loan Party and, as to any document delivered on the Closing Date, any vice president, secretary or assistant secretary. Any document delivered hereunder that is signed by a Responsible Officer of a Loan Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Loan Party and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Loan Party.

"Restricted Payment" means any dividend or other distribution (whether in cash, securities or other property) with respect to any Equity Interest of Holdings, the Company or any Restricted Subsidiary, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, defeasance, acquisition, cancellation or termination of any such Equity Interest, or on account of any return of capital to Holdings or the Company's stockholders, partners or members (or the equivalent Persons thereof).

"Restricted Subsidiary" means any Subsidiary of the Company other than an Unrestricted Subsidiary.

"Revolving Credit Borrowing" means a Tranche A Revolving Credit Borrowing or a Tranche B Revolving Credit Borrowing (as the context requires).

"Revolving Credit Commitment" means a Tranche A Revolving Credit Commitment or a Tranche B Revolving Credit Commitment (as the context requires).

"Revolving Credit Commitments Increase Effective Date" has the meaning specified in Section 2.15(b).

"Revolving Credit Lender" means a Tranche A Revolving Credit Lender or a Tranche B Revolving Credit Lender (as the context requires).

"Revolving Credit Loan" means a Tranche A Revolving Credit Loan or a Tranche B Revolving Credit Loan (as the context requires).

"Revolving Credit Note" means a Tranche A Revolving Credit Note or a Tranche B Revolving Credit Note (as the context requires).

"Rollover Amount" has the meaning set forth in Section 7.19(b).

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and any successor thereto.

"Same Day Funds" means (a) with respect to disbursements and payments in Dollars, immediately available funds, and (b) with respect to disbursements and payments in an Alternative Currency, same day or other funds as may be determined by the Administrative Agent or the L/C Issuer, as the case may be, to be customary in the place of disbursement or

payment for the settlement of international banking transactions in the relevant Alternative Currency.

"**SEC**" means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

"Secured Hedge Agreement" means any Swap Contract required or permitted under Article 6 or 7 that is entered into by and between any Loan Party and any Hedge Bank.

"Secured Obligations" has the meaning specified in the Security Agreement.

"Secured Parties" means, collectively, the Administrative Agent, the Lenders, the Hedge Banks, the Supplemental Administrative Agent and each co-agent or sub-agent appointed by the Administrative Agent from time to time pursuant to Section 9.01(c).

"Securitization Assets" means any accounts receivable, royalty or revenue streams from sales of Product subject to a Qualified Securitization Financing.

"Securitization Fees" means reasonable distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other reasonable and customary fees paid to a Person that is not a Securitization Subsidiary in connection with, any Qualified Securitization Financing.

"Securitization Financing" means any transaction or series of transactions that may be entered into by the Company or any of its Subsidiaries pursuant to which the Company or any of its Subsidiaries may sell, convey or otherwise transfer to (a) a Securitization Subsidiary (in the case of a transfer by the Company or any of its Subsidiaries) and (b) any other Person (in the case of a transfer by a Securitization Subsidiary), or may grant a security interest in, any Securitization Assets (whether now existing or arising in the future) of the Company or any of its Subsidiaries, and any assets related thereto including, without limitation, all collateral securing such Securitization Assets, all contracts and guarantees or other obligations in respect of such Securitization Assets, proceeds of such Securitization Assets and other assets which are customarily transferred or in respect of which security interests are customarily granted in connection with asset securitization transactions involving Securitization Assets and any Swap Contracts entered into by the Company or any such Subsidiary in connection with such Securitization Assets.

"Securitization Repurchase Obligation" means any obligation of a seller of Securitization Assets in a Qualified Securitization Financing to repurchase Securitization Assets arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, off-set or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"Securitization Subsidiary" means a wholly owned Subsidiary of the Company (or another Person formed for the purposes of engaging in a Qualified Securitization Financing in

which the Company or any Subsidiary of the Company makes an Investment and to which Holdings or any Subsidiary of Holdings transfers Securitization Assets and related assets) which engages in no activities other than in connection with the financing of Securitization Assets of the Company or its Subsidiaries, all proceeds thereof and all rights (contractual and other), collateral and other assets relating thereto, and any business or activities incidental or related to such business, and which is designated as a Securitization Subsidiary by the Company in a written notice delivered to the Administrative Agent (as described below) and (a) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (i) is guaranteed by Holdings, the Company or any Restricted Subsidiary (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings), (ii) is recourse to or obligates Holdings, the Company or any Restricted Subsidiary in any way other than pursuant to Standard Securitization Undertakings or (iii) subjects any property or asset of Holdings, the Company or any Restricted Subsidiary directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings, (b) with which neither Holdings, the Company nor any Restricted Subsidiary has any material contract, agreement, arrangement or understanding other than on terms which Holdings reasonably believes to be no less favorable to Holdings, the Company or such Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of Holdings and (c) to which neither Holdings, the Company nor any Restricted Subsidiary has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operation results. Any such written designation by the Company shall (x) be accompanied by a certified copy of the resolutions of the board of directors of Holdings setting forth the board's approval of such designation and (y) certify that such designation complies with the foregoing conditions.

"Security Agreement" means, collectively, the Security Agreement executed by the Loan Parties, substantially in the form of Exhibit G, together with each other security agreement supplement executed and delivered pursuant to Section 6.12.

"Security Agreement Supplement" has the meaning specified in the Security Agreement.

"**Seller"** means Time Warner Inc., a Delaware corporation.

"Senior Subordinated Notes" means (a) the 8.125% unsecured Sterling-denominated senior subordinated notes of the Company due 2014 and (b) the 7.375% unsecured Dollar-denominated senior subordinated notes of the Company due 2014.

"Senior Subordinated Notes Indenture" means the Indenture dated as of the ARCA Effective Date among Wells Fargo Bank, National Bank, as trustee, the Company, as issuer, and the Guarantors, together with all instruments and other agreements in connection therewith.

"Solvent" and **"Solvency"** mean, with respect to any Person on any date of determination, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including, without limitation, contingent liabilities, of such Person, (b) the present

fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay such debts and liabilities as they mature and (d) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute an unreasonably small capital. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"SPC" has the meaning specified in Section 10.07(g).

"Specified Equity Issuances" means the sale or issuance by Holdings, the Company or any of its Restricted Subsidiaries of any of its Equity Interests in a public offering or in a private placement or sale that is underwritten, managed, arranged, placed or initially purchased by an investment bank (it being understood that no Sponsor is an investment bank), which, for the avoidance of doubt, does not include the sale or issuance of any such Equity Interests (a) to the Equity Investors, their Affiliates, related funds and limited partners (b) to other Persons making additional equity investments together with the Equity Investors after the Closing Date, (c) the proceeds of which are used to fund Investments permitted by Section 7.02, (d) issued as compensation to employees of Holdings, the Company or any of its Subsidiaries or to management of Holdings or any of its Subsidiaries in the ordinary course of business or (e) used to cure Events of Default as contemplated by clause (b)(xx) of the definition of Consolidated EBITDA.

"Specified Transaction" means, any Disposition, Investment or incurrence of Indebtedness in respect of which compliance with the financial covenants set forth in Section 7.11 is by the terms of this Agreement required to be calculated on a Pro Forma Basis.

"Sponsors" means, collectively, Thomas H. Lee Equity Fund V, L.P., Music Capital Partners, L.P., Bain Capital Fund VII, L.P., Providence Equity Partners IV, L.P. and their respective Affiliates (including, as applicable, related funds and general partners thereof).

"Sponsor Management Agreement" means the Management Agreement between the Sponsors and the Company.

"Spot Rate" means, for any Alternative Currency on any day, the average of the Administrative Agent's spot buying and selling rates for the exchange of such Alternative Currency and Dollars as of approximately 11:00 a.m. (London, England time) two (2) Business Days prior to such day.

"Sterling" and "**£**" means the lawful currency of the United Kingdom.

"Standard Securitization Undertakings" means representations, warranties, covenants and indemnities entered into by the Company or any Subsidiary of Holdings which the Company

has determined in good faith to be customary in a Securitization Financing, including, without limitation, those relating to the servicing of the assets of a Securitization Subsidiary, it being understood that any Securitization Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking.

"Subsidiary" of a Person means a corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the shares of securities or other interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise specified, all references herein to a "Subsidiary" or to "Subsidiaries" shall refer to a Subsidiary or Subsidiaries of Holdings.

"Subsidiary Guarantor" means, collectively, the Subsidiaries of the Company that are Guarantors.

"Subsidiary Guaranty" means, collectively, the Subsidiary Guaranty made by the Subsidiary Guarantors in favor of the Administrative Agent on behalf of the Lenders, substantially in the form of Exhibit F-2, together with each other guaranty and guaranty supplement delivered pursuant to Section 6.12.

"Supplemental Administrative Agent" has the meaning specified in Section 9.13 and "Supplemental Administrative Agents" shall have the corresponding meaning.

"Swap Contract" means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "Master Agreement"), including any such obligations or liabilities under any Master Agreement.

"Swap Termination Value" means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for

any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include a Lender or any Affiliate of a Lender).

"Swing Line Borrowing" means a borrowing of a Swing Line Loan pursuant to Section 2.04.

"Swing Line Facility" means the revolving credit facility made available by the Swing Line Lender pursuant to Section 2.04.

"Swing Line Lender" means Bank of America in its capacity as provider of Swing Line Loans, or any successor swing line lender hereunder.

"Swing Line Loan" has the meaning specified in Section 2.04(a).

"Swing Line Loan Notice" means a notice of a Swing Line Borrowing pursuant to Section 2.04(b), which, if in writing, shall be substantially in the form of Exhibit B.

"Swing Line Sublimit" means an amount equal to the lesser of (a) $10,000,000 and (b) the Tranche A Revolving Credit Commitments. The Swing Line Sublimit is part of, and not in addition to, the Tranche A Revolving Credit Commitments.

"Syndication Date" means the earlier of (i) April 30, 2004 and (ii) the date of completion of the primary syndication of the Facilities, as specified by the Joint Lead Arrangers in a written notice to the Company.

"TARGET Day" means any day on which the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET) payment system (or, if such payment system ceases to be operative, such other payment system (if any) determined by the Administrative Agent to be a suitable replacement) is open for the settlement of payments in Euro.

"Taxes" has the meaning specified in Section 3.01(a).

"Term Borrowing" means a borrowing consisting of simultaneous Term Loans of the same Type and, in the case of Eurodollar Rate Loans, having the same Interest Period made by each of the Term Lenders pursuant to Section 2.01(a).

"Term Commitment" means, as to each Term Lender, its obligation to make a Term Loan to the Company pursuant to Section 2.01(a) in an aggregate Dollar Amount not to exceed the amount set forth opposite such Lender's name on Schedule 2.01 under the caption "Term Commitment" or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement. On the ARCA Effective Date, the aggregate amount of the Term Commitments is $1,200,000,000.

"Term Lender" means, at any time, any Lender that has a Term Commitment or a Term Loan at such time.

"Term Loan" means a Loan made pursuant to Section 2.01(a).

"Term Note" means a promissory note of the Company payable to any Term Lender or its registered assigns, in substantially the form of Exhibit C-1 hereto, evidencing the aggregate indebtedness of the Company to such Term Lender resulting from the Term Loans made by such Term Lender.

"Threshold Amount" means $25,000,000.

"Total Outstandings" means the aggregate Outstanding Amount of all Loans and all L/C Obligations.

"Total Securitization Financing" means, at any date, the aggregate principal (or equivalent) amount of financing raised through Securitization Financings by the Company and its Restricted Subsidiaries and outstanding on such date to the extent the same does not give rise to Indebtedness of a Restricted Subsidiary.

"Tranche A L/C Advance" means, with respect to each Tranche A Revolving Credit Lender, such Lender's funding of its participation in any Tranche A L/C Borrowing in accordance with its Pro Rata Share.

"Tranche A L/C Borrowing" means an extension of credit resulting from a drawing under any Tranche A Letter of Credit which has not been reimbursed on the date when made or refinanced as a Tranche A Revolving Credit Borrowing.

"Tranche A L/C Credit Extension" means, with respect to any Tranche A Letter of Credit, the issuance thereof or extension of the expiry date thereof, or the renewal or increase of the amount thereof.

"Tranche A L/C Obligations" means, as at any date of determination, the aggregate undrawn amount of all outstanding Tranche A Letters of Credit plus the aggregate of all Unreimbursed Amounts with respect to Tranche A Letters of Credit, including all Tranche A L/C Borrowings.

"Tranche A Letter of Credit" means any letter of credit issued pursuant to Section 2.03 and designated as a Tranche A Letter of Credit in the applicable Letter of Credit Application. A Tranche A Letter of Credit may be a commercial letter of credit or a standby letter of credit; *provided* that a Tranche A Letter of Credit issued for the account of any Overseas Borrower may only be a standby letter of credit unless otherwise agreed by the L/C Issuer in its sole discretion.

"Tranche A Revolving Credit Borrowing" means a borrowing consisting of simultaneous Tranche A Revolving Credit Loans of the same Type and, in the case of Eurodollar

Rate Loans, having the same Interest Period made by each of the Tranche A Revolving Credit Lenders pursuant to 2.01(b)(i).

"Tranche A Revolving Credit Commitment" means, as to each Tranche A Revolving Credit Lender, its obligation to (a) make Tranche A Revolving Credit Loans to the Borrowers pursuant to 2.01(b)(i), (b) purchase participations in Tranche A L/C Obligations, and (c) purchase participations in Swing Line Loans, in an aggregate principal amount at any one time outstanding not to exceed the amount set forth opposite such Lender's name on Schedule 2.01 under the caption "Tranche A Revolving Credit Commitment" or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement. The aggregate Tranche A Revolving Credit Commitments of all Tranche A Revolving Credit Lenders shall be $100,000,000 on the ARCA Effective Date, as such amount may be adjusted from time to time in accordance with the terms of this Agreement.

"Tranche A Revolving Credit Lender" means, at any time, any Lender that has a Tranche A Revolving Credit Commitment at such time.

"Tranche A Revolving Credit Loan" has the meaning specified in 2.01(b)(i).

"Tranche A Revolving Credit Note" means a promissory note of a Borrower payable to any Tranche A Revolving Credit Lender or its registered assigns, in substantially the form of Exhibit C-2 hereto, evidencing the aggregate indebtedness of such Borrower to such Tranche A Revolving Credit Lender resulting from the Tranche A Revolving Credit Loans made by such Tranche A Revolving Credit Lender.

"Tranche A Term Loan" means a Loan made pursuant to Section 2.01(a)(i) of the Existing Credit Agreement.

"Tranche B L/C Advance" means, with respect to each Tranche B Revolving Credit Lender, such Lender's funding of its participation in any Tranche B L/C Borrowing in accordance with its Pro Rata Share.

"Tranche B L/C Borrowing" means an extension of credit resulting from a drawing under any Tranche B Letter of Credit which has not been reimbursed on the date when made or refinanced as a Tranche B Revolving Credit Borrowing.

"Tranche B L/C Credit Extension" means, with respect to any Tranche B Letter of Credit, the issuance thereof or extension of the expiry date thereof, or the renewal or increase of the amount thereof.

"Tranche B L/C Obligations" means, as at any date of determination, the aggregate undrawn amount of all outstanding Tranche B Letters of Credit plus the aggregate of all Unreimbursed Amounts with respect to Tranche B Letters of Credit, including all Tranche B L/C Borrowings.

"Tranche B Letter of Credit" means any letter of credit issued pursuant to Section 2.03 and designated as a Tranche B Letter of Credit in the applicable Letter of Credit Application. A Tranche B Letter of Credit may be a commercial letter of credit or a standby letter of credit; *provided* that a

Tranche B Letter of Credit issued for the account of any Overseas Borrower may only be a standby letter of credit unless otherwise agreed by the L/C Issuer in its sole discretion.

"Tranche B Revolving Credit Borrowing" means a borrowing consisting of simultaneous Tranche B Revolving Credit Loans of the same Type and, in the case of Eurodollar Rate Loans, having the same Interest Period made by each of the Tranche B Revolving Credit Lenders pursuant to Section 2.01(b)(ii).

"Tranche B Revolving Credit Commitment" means, as to each Tranche B Revolving Credit Lender, its obligation to (a) make Tranche B Revolving Credit Loans to the Borrowers pursuant to Section 2.01(b)(ii) and (b) purchase participations in Tranche B L/C Obligations, in an aggregate principal amount at any one time outstanding not to exceed the amount set forth opposite such Lender's name on Schedule 2.01 under the caption "Tranche B Revolving Credit Commitment" or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement. The aggregate Tranche B Revolving Credit Commitments of all Tranche B Revolving Credit Lenders shall be $150,000,000 on the ARCA Effective Date, as such amount may be adjusted from time to time in accordance with the terms of this Agreement.

"Tranche B Revolving Credit Lender" means, at any time, any Lender that has a Tranche B Revolving Credit Commitment at such time.

"Tranche B Revolving Credit Loan" has the meaning specified in 2.01(b)(ii).

"Tranche B Revolving Credit Note" means a promissory note of a Borrower payable to any Tranche B Revolving Credit Lender or its registered assigns, in substantially the form of Exhibit C-3 hereto, evidencing the aggregate indebtedness of such Borrower to such Tranche B Revolving Credit Lender resulting from the Tranche B Revolving Credit Loans made by such Tranche B Revolving Credit Lender.

"Tranche B Term Loan" means a Loan made pursuant to Section 2.01(a)(i) of the Existing Credit Agreement.

"Transaction" means, collectively, (a) the Equity Contributions, (b) the Acquisition, (c) the funding of the Bridge Loans, (d) the funding of the Term Loans, (e) the consummation of any other transactions in connection with the foregoing, and (f) the payment of the fees and expenses incurred in connection with any of the foregoing.

"Type" means, with respect to a Loan denominated in Dollars, its character as a Base Rate Loan or a Eurodollar Rate Loan.

"Uniform Commercial Code" means the Uniform Commercial Code as the same may from time to time be in effect in the State of New York or the Uniform Commercial Code (or

similar code or statute) of another jurisdiction, to the extent it may be required to apply to any item or items of Collateral.

"United States" and "U.S." mean the United States of America.

"Unreimbursed Amount" has the meaning set forth in Section 2.03(c)(i).

"Unrestricted Subsidiary" means (i) each Subsidiary of the Company listed on Schedule 1.01C, (ii) each Securitization Subsidiary and (iii) any Subsidiary of the Company designated by the board of directors of Holdings as an Unrestricted Subsidiary pursuant to Section 6.17 subsequent to the date hereof.

"U.S. Lender" has the meaning set forth in Section 10.15(b).

"Warner Business" means, collectively, the Warner Music Publishing Business and the Warner Recorded Music Business.

"Warner Music Publishing Audited Financial Statements" the audited combined balance sheets of the Warner Music Publishing Business as of November 30, 2002, and the related audited combined statements of income and cash flows for the Warner Music Publishing Business for the fiscal year ended November 30, 2002.

"Warner Music Publishing Business" means the Music Publishing Business conducted by the Seller and its Subsidiaries prior to the Acquisition under the overall divisional name "Warner Music Group," which is the Music Business the financial performance of which is summarized under the line items and captions "Warner Music Group", "Music Group" and "Music" in the Seller's most recent Form 10-K and 10-Q's filed by the Seller with the SEC.

"Warner Recorded Music Audited Financial Statements" means the audited combined balance sheets of the Warner Recorded Music Business as of November 30, 2002, and the related audited combined statements of income and cash flows for the Warner Recorded Music Business for the fiscal year ended November 30, 2002.

"Warner Recorded Music Business" means the Recorded Music Business conducted by the Seller and its Subsidiaries prior to the Acquisition under the overall divisional name "Warner Music Group", which is the Music Business the financial performance of which is summarized under the line items and captions "Warner Music Group", "Music Group" and "Music" in the Seller's most recent Form 10-K and 10-Q's filed by the Seller with the SEC.

"Weighted Average Life to Maturity" means, when applied to any Indebtedness at any date, the number of years obtained by dividing: (i) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by (ii) the then outstanding principal amount of such Indebtedness.

"Yen" and "**¥**" means the lawful currency of Japan.

Section 1.02. *Other Interpretive Provisions.* With reference to this Agreement and each other Loan Document, unless otherwise specified herein or in such other Loan Document:

(a) The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms.

(b) (i) The words "herein," "hereto," "hereof' and "hereunder" and words of similar import when used in any Loan Document shall refer to such Loan Document as a whole and not to any particular provision thereof.

(ii) Article, Section, Exhibit and Schedule references are to the Loan Document in which such reference appears.

(iii) The term "including" is by way of example and not limitation.

(iv) The term "documents" includes any and all instruments, documents, agreements, certificates, notices, reports, financial statements and other writings, however evidenced, whether in physical or electronic form.

(c) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including;" the words "to" and "until" each mean "to but excluding;" and the word "through" means "to and including."

(d) Section headings herein and in the other Loan Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Loan Document.

Section 1.03. *Accounting Terms.* (a) All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP, as in effect from time to time, applied in a manner consistent with that used in preparing the Audited Financial Statements, except as otherwise specifically prescribed herein.

(b) If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either the Company or the Required Lenders shall so request, the Administrative Agent and the Company shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders); *provided* that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) the Company shall provide to the Administrative Agent and the Lenders a written reconciliation in form and substance reasonably satisfactory to the Administrative Agent, between calculations of such ratio or requirement made before and after giving effect to such change in GAAP.

Section 1.04. *Rounding.* Any financial ratios required to be maintained by the Company pursuant to this Agreement (or required to be satisfied in order for a specific action to be permitted under this Agreement) shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

Section 1.05. *References to Agreements And Laws.* Unless otherwise expressly provided herein, (a) references to Organization Documents, agreements (including the Loan Documents) and other contractual instruments shall be deemed to include all subsequent amendments, restatements, extensions, supplements and other modifications thereto, but only to the extent that such amendments, restatements, extensions, supplements and other modifications are permitted by any Loan Document; and (b) references to any Law shall include all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting such Law.

Section 1.06. *Times of Day.* Unless otherwise specified, all references herein to times of day shall be references to Eastern time (daylight or standard, as applicable).

Section 1.07. *Timing of Payment of Performance.* When the payment of any obligation or the performance of any covenant, duty or obligation is stated to be due or performance required on a day which is not a Business Day, the date of such payment (other than as described in the definition of Interest Period) or performance shall extend to the immediately succeeding Business Day.

Section 1.08. *Currency Equivalents Generally.* Any amount specified in this Agreement (other than in Articles 2, 9 and 10) or any of the other Loan Documents to be in Dollars shall also include the equivalent of such amount in any currency other than Dollars, such equivalent amount to be determined at the rate of exchange quoted by Bank of America in Charlotte, North Carolina at the close of business on the Business Day immediately preceding any date of determination thereof, to prime banks in New York, New York for the spot purchase in the New York foreign exchange market of such amount in Dollars with such other currency; *provided* that the determination of any Dollar Amount shall be made in accordance with Section 2.17.

Section 1.09. *Change Of Currency.* (a) Each obligation of the Borrowers to make a payment denominated in the national currency unit of any member state of the European Union that adopts the Euro as its lawful currency after the date hereof shall be redenominated into Euro at the time of such adoption (in accordance with the EMU Legislation). If, in relation to the currency of any such member state, the basis of accrual of interest expressed in this Agreement in respect of that currency shall be inconsistent with any convention or practice in the London interbank market for the basis of accrual of interest in respect of the Euro, such expressed basis shall be replaced by such convention or practice with effect from the date on which such member state adopts the Euro as its lawful currency; *provided* that if any Borrowing in the currency of such member state is outstanding immediately prior to such date, such replacement shall take effect, with respect to such Borrowing, at the end of the then current Interest Period.

(b) Each provision of this Agreement shall be subject to such reasonable changes of construction as the Administrative Agent may from time to time after consultation with the Company specify to be appropriate to reflect the adoption of the Euro by any member state of the European Union and any relevant market conventions or practices relating to the Euro.

(c) Each provision of this Agreement also shall be subject to such reasonable changes of construction as the Administrative Agent may from time to time specify after consultation with the Company to be appropriate to reflect a change in currency of any other country and any relevant market conventions or practices relating to such change in currency.

ARTICLE 2
THE COMMITMENTS AND CREDIT EXTENSIONS

Section 2.01. *The Loans. (a) The Term Borrowings.* Subject to the terms and conditions set forth herein, each Term Lender severally agrees to make to the Company a single loan denominated in Dollars in a Dollar Amount equal to such Term Lender's Term Commitment on the ARCA Effective Date. Amounts borrowed under this Section 2.01(a) and repaid or prepaid may not be reborrowed. Term Loans may be Base Rate Loans or Eurodollar Rate Loans, as further provided herein.

(b) *The Revolving Credit Borrowings.* Subject to the terms and conditions set forth herein:

(i) Each Tranche A Revolving Credit Lender severally agrees to make loans to any Borrower denominated in Dollars or (each such loan, a **"Tranche A Revolving Credit Loan"**) from time to time, on any Business Day until the Maturity Date, in an aggregate Dollar Amount not to exceed at any time outstanding the amount of such Lender's Tranche A Revolving Credit Commitment; and

(ii) each Tranche B Revolving Credit Lender severally agrees to make loans to any Borrower denominated in Dollars or in an Alternative Currency as elected by such Borrower pursuant to Section 2.02 (each such loan, a **"Tranche B Revolving Credit Loan"**) from time to time, on any Business Day until the Maturity Date, in an aggregate Dollar Amount not to exceed at any time outstanding the amount of such Lender's Tranche B Revolving Credit Commitment;

provided that (A) after giving effect to any Tranche A Revolving Credit Borrowing, the aggregate Outstanding Amount of the Tranche A Revolving Credit Loans of any Tranche A Revolving Credit Lender, plus such Lender's Pro Rata Share of the Outstanding Amount of all Tranche A L/C Obligations, plus such Lender's Pro Rata Share of the Outstanding Amount of all Swing Line Loans shall not exceed such Lender's Tranche A Revolving Credit Commitment, (B) after giving effect to any Tranche B Revolving Credit Borrowing, the aggregate Outstanding Amount of the Tranche B Revolving Credit Loans of any Tranche B Revolving Credit Lender, plus such Lender's Pro Rata Share of the Outstanding Amount of all Tranche B L/C Obligations

shall not exceed such Lender's Tranche B Revolving Credit Commitment and (C) after giving effect to any Tranche B Revolving Credit Borrowing denominated in Dollars, the aggregate Outstanding Amount of the Tranche A Revolving Credit Loans of all Tranche A Revolving Credit Lenders, plus the Outstanding Amount of all Tranche A L/C Obligations, plus the Outstanding Amount of all Swing Line Loans is equal to the aggregate amount of Tranche A Revolving Credit Commitments for all Lenders. Within the limits of each Lender's Revolving Credit Commitment, and subject to the other terms and conditions hereof, the Borrowers may borrow under this Section 2.01(b), prepay under Section 2.05, and reborrow under this Section 2.01(b). Revolving Credit Loans denominated in Dollars may be Base Rate Loans or Eurodollar Rate Loans, as further provided herein.

Section 2.02. *Borrowings, Conversions and Continuations of Loans.* (a) Each Term Borrowing, each Revolving Credit Borrowing, each conversion of Term Loans or Revolving Credit Loans from one Type to the other, and each continuation of Eurodollar Rate Loans shall be made upon the relevant Borrower's irrevocable notice to the Administrative Agent, which may be given by telephone. Each such notice must be received by the Administrative Agent not later than 12:30 p.m. (Charlotte, North Carolina time, or London, England time in the case of any Borrowing denominated in an Alternative Currency) (i) three (3) Business Days prior to the requested date of any Borrowing of, continuation of Eurodollar Rate Loans or any conversion of Base Rate Loans to Eurodollar Rate Loans, and (ii) one (1) Business Day before the requested date of any Borrowing of Base Rate Loans. Each telephonic notice by the relevant Borrower pursuant to this Section 2.02(a) must be confirmed promptly by delivery to the Administrative Agent of a written Committed Loan Notice, appropriately completed and signed by a Responsible Officer of such Borrower. Each Borrowing of, conversion to or continuation of Eurodollar Rate Loans shall be in a principal amount of $2,000,000 or a whole multiple of $1,000,000 in excess thereof (or comparable amounts determined by the Administrative Agent in the case of Alternative Currency Loans). Except as provided in Section 2.03(c) and 2.04(c), each Borrowing of or conversion to Base Rate Loans shall be in a principal amount of $500,000 or a whole multiple of $100,000 in excess thereof. Each Committed Loan Notice (whether telephonic or written) shall specify (i) whether the relevant Borrower is requesting a Term Borrowing, a Tranche A Revolving Credit Borrowing, a Tranche B Revolving Credit Borrowing, a conversion of Term Loans or Revolving Credit Loans from one Type to the other, or a continuation of Eurodollar Rate Loans, (ii) the requested date of the Borrowing, conversion or continuation, as the case may be (which shall be a Business Day), (iii) the principal amount of Loans to be borrowed, converted or continued, (iv) the currency in which the Loans to be borrowed are to be denominated, (v) the Type of Loans to be borrowed or to which existing Term Loans or Revolving Credit Loans are to be converted, and (vi) if applicable, the duration of the Interest Period with respect thereto; *provided* that prior to the Syndication Date, the Borrower may only select 1 month Interest Periods. If with respect to Loans denominated in Dollars the relevant Borrower fails to specify a Type of Loan in a Committed Loan Notice or fails to give a timely notice requesting a conversion or continuation, then the applicable Term Loans or Revolving Credit Loans shall be made as, or converted to, Base Rate Loans. Any such automatic conversion to Base Rate Loans shall be effective as of the last day of the Interest Period then in effect with respect to the applicable Eurodollar Rate Loans. If the relevant Borrower requests a

Borrowing of, conversion to, or continuation of Eurodollar Rate Loans in any such Committed Loan Notice, but fails to specify an Interest Period (or fails to give a timely notice requesting a continuation of Eurodollar Rate Loans denominated in an Alternative Currency), it will be deemed to have specified an Interest Period of one (1) month. If no currency is specified, the requested Borrowing shall be in Dollars.

(b) Following receipt of a Committed Loan Notice, the Administrative Agent shall promptly notify each Lender of the amount of its Pro Rata Share of the applicable Class of Loans, and if no timely notice of a conversion or continuation is provided by the relevant Borrower, the Administrative Agent shall notify each Lender of the details of any automatic conversion to Base Rate Loans or continuation described in Section 2.02(a). In the case of each

Borrowing, each Appropriate Lender shall make the amount of its Loan available to the Administrative Agent in Same Day Funds at the Administrative Agent's Office for the applicable currency not later than 1:00 p.m., in the case of any Loan denominated in Dollars, and not later than the Applicable Time specified by the Administrative Agent in the case of any Loan in an Alternative Currency, in each case on the Business Day specified in the applicable Committed Loan Notice. Upon satisfaction of the applicable conditions set forth in Section 4.03 (and, if such Borrowing is the initial Credit Extension, Section 4.01), the Administrative Agent shall make all funds so received available to the relevant Borrower in like funds as received by the Administrative Agent either by (i) crediting the account of such Borrower on the books of Bank of America with the amount of such funds or (ii) wire transfer of such funds, in each case in accordance with instructions provided to (and reasonably acceptable to) the Administrative Agent by such Borrower; *provided* that if, on the date the Committed Loan Notice with respect to such Borrowing is given by the relevant Borrower, there are Swing Line Loans or L/C Borrowings outstanding, then the proceeds of such Borrowing shall be applied, first, to the payment in full of any such L/C Borrowings, second, to the payment in full of any such Swing Line Loans, and third, to the relevant Borrower as provided above.

(c) Except as otherwise provided herein, a Eurodollar Rate Loan may be continued or converted only on the last day of an Interest Period for such Eurodollar Rate Loan unless the Company pays the amount due, if any, under Section 3.05 in connection therewith. During the existence of an Event of Default, the Administrative Agent or the Required Lenders may require that no Loans denominated in Dollars may be converted to or continued as Eurodollar Rate Loans.

(d) The Administrative Agent shall promptly notify the relevant Borrower and the Lenders of the interest rate applicable to any Interest Period for Eurodollar Rate Loans upon determination of such interest rate. The determination of the Eurodollar Rate by the Administrative Agent shall be conclusive in the absence of manifest error. At any time that Base Rate Loans are outstanding, the Administrative Agent shall notify the relevant Borrower and the Lenders of any change in Bank of America's prime rate used in determining the Base Rate promptly following the public announcement of such change.

(e) After giving effect to all Term Borrowings, all Revolving Credit Borrowings, all conversions of Term Loans or Revolving Credit Loans from one Type to the other, and all

continuations of Term Loans or Revolving Credit Loans as the same Type, there shall not be more than twenty (20) Interest Periods in effect.

(f) The failure of any Lender to make the Loan to be made by it as part of any Borrowing shall not relieve any other Lender of its obligation, if any, hereunder to make its Loan on the date of such Borrowing, but no Lender shall be responsible for the failure of any other Lender to make the Loan to be made by such other Lender on the date of any Borrowing.

Section 2.03. *Letters of Credit.* (a) *The Letter of Credit Commitment.* (i) Subject to the terms and conditions set forth herein, (A) the L/C Issuer agrees, in reliance upon the agreements of the other Revolving Credit Lenders set forth in this Section 2.03, (1) from time to time on any Business Day during the period from the Closing Date until the applicable Letter of Credit Expiration Date, to issue (x) Tranche A Letters of Credit denominated in Dollars and (y) Tranche B Letters of Credit denominated in Dollars or in an Alternative Currency, in each case for the account of any Borrower and to amend or renew Letters of Credit previously issued by it, in accordance with Section 2.03(b), and (2) to honor drafts under the Letters of Credit; and (B) the Revolving Credit Lenders of each Class severally agree to participate in Letters of Credit of such Class issued for the account of any Borrower; *provided* that (A) after giving effect to any Tranche A L/C Credit Extension, the aggregate Outstanding Amount of the Tranche A Revolving Credit Loans of any Tranche A Revolving Credit Lender, plus such Lender's Pro Rata Share of the Outstanding Amount of all Tranche A L/C Obligations, plus such Lender's Pro Rata Share of the Outstanding Amount of all Swing Line Loans shall not exceed such Lender's Tranche A Revolving Credit Commitment, (B) after giving effect to any Tranche B L/C Credit Extension, the aggregate Outstanding Amount of the Tranche B Revolving Credit Loans of any Tranche B Revolving Credit Lender, plus such Lender's Pro Rata Share of the Outstanding Amount of all Tranche B L/C Obligations shall not exceed such Lender's Tranche B Revolving Credit Commitment, (C) after giving effect to any Tranche B L/C Credit Extension denominated in Dollars, the aggregate Outstanding Amount of the Tranche A Revolving Credit Loans of all Tranche A Revolving Credit Lenders, plus the Outstanding Amount of all Tranche A L/C Obligations, plus the Outstanding Amount of all Swing Line Loans is equal to the aggregate amount of Tranche A Revolving Credit Commitments for all Lenders and (D) after giving effect to any L/C Credit Extension, the Outstanding Amount of the L/C Obligations shall not exceed the Letter of Credit Sublimit. Within the foregoing limits, and subject to the terms and conditions hereof, each Borrower's ability to obtain Letters of Credit shall be fully revolving, and accordingly each Borrower may, during the foregoing period, obtain Letters of Credit to replace Letters of Credit that have expired or that have been drawn upon and reimbursed.

(ii) The L/C Issuer shall be under no obligation to issue any Letter of Credit if:

(A) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain the L/C Issuer from issuing such Letter of Credit, or any Law applicable to the L/C Issuer or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over the L/C Issuer shall prohibit, or request that the L/C Issuer refrain from, the issuance of letters of credit generally

or such Letter of Credit in particular or shall impose upon the L/C Issuer with respect to such Letter of Credit any restriction, reserve or capital requirement (for which the L/C Issuer is not otherwise compensated hereunder) not in effect on the Closing Date, or shall impose upon the L/C Issuer any unreimbursed loss, cost or expense which was not applicable on the Closing Date and which, in each case, the L/C Issuer in good faith deems material to it;

(B) subject to Section 2.03(b)(iii), the expiry date of such requested Letter of Credit would occur more than twelve months after the date of issuance or last renewal, unless the Required Lenders have approved such expiry date;

(C) the expiry date of such requested Letter of Credit would occur after the Letter of Credit Expiration Date;

(D) the issuance of such Letter of Credit would violate any Laws or one or more policies of the L/C Issuer;

(E) such Letter of Credit is in an initial amount less than $50,000, in the case of a commercial Letter of Credit, or $50,000, in the case of a standby Letter of Credit; or

(F) the L/C Issuer does not, as of the issuance date of such requested Letter of Credit, issue Letters of Credit in the requested currency.

(iii) The L/C Issuer shall be under no obligation to amend any Letter of Credit if (A) the L/C Issuer would have no obligation at such time to issue such Letter of Credit in its amended form under the terms hereof, or (B) the beneficiary of such Letter of Credit does not accept the proposed amendment to such Letter of Credit.

(b) *Procedures for Issuance and Amendment of Letters of Credit; Auto-Renewal Letters of Credit.* (i) Each Letter of Credit shall be issued or amended, as the case may be, upon the request of the relevant Borrower delivered to the L/C Issuer (with a copy to the Administrative Agent) in the form of a Letter of Credit Application, appropriately completed and signed by a Responsible Officer of such Borrower. Such Letter of Credit Application must be received by the L/C Issuer and the Administrative Agent (A) not later than 12:30 p.m. at least two (2) Business Days prior to the proposed issuance date or date of amendment, as the case may be, of any Letter of Credit denominated in Dollars, and (B) not later than 11:00 a.m. at least three (3) Business Days prior to the proposed issuance date or date of amendment, as the case may be, of any Letter of Credit denominated in an Alternative Currency; or, in each case, such later date and time as the L/C Issuer may agree in a particular instance in its sole discretion. In the case of a request for an initial issuance of a Letter of Credit, such Letter of Credit Application shall specify in form and detail reasonably satisfactory to the L/C Issuer: (A) whether the relevant Borrower is requesting a Tranche A Letter of Credit or a Tranche B Letter of Credit; (B) the proposed issuance date of the requested Letter of Credit (which shall be a Business Day); (C) the amount and currency thereof; (D) the expiry date thereof; (E) the name and address of the

beneficiary thereof; (F) the documents to be presented by such beneficiary in case of any drawing thereunder; (G) the full text of any certificate to be presented by such beneficiary in case of any drawing thereunder; and (H) such other matters as the L/C Issuer may reasonably request. In the case of a request for an amendment of any outstanding Letter of Credit, such Letter of Credit Application shall specify in form and detail reasonably satisfactory to the L/C Issuer (A) the Letter of Credit to be amended; (B) the proposed date of amendment thereof (which shall be a Business Day); (C) the nature of the proposed amendment; and (D) such other matters as the L/C Issuer may reasonably request.

(ii) Promptly after receipt of any Letter of Credit Application, the L/C Issuer will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has received a copy of such Letter of Credit Application from the relevant Borrower and, if not, the L/C Issuer will provide the Administrative Agent with a copy thereof. Upon receipt by the L/C Issuer of confirmation from the Administrative Agent that the requested issuance or amendment is permitted in accordance with the terms hereof, then, subject to the terms and conditions hereof, the L/C Issuer shall, on the requested date, issue a Letter of Credit for the account of the relevant Borrower or enter into the applicable amendment, as the case may be. Immediately upon the issuance of (A) each Tranche A Letter of Credit, each Tranche A Revolving Credit Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the L/C Issuer a risk participation in such Tranche A Letter of Credit in an amount equal to the product of such Tranche A Revolving Credit Lenders' Pro Rata Share times the amount of such Tranche A Letter of Credit and (B) each Tranche B Letter of Credit, each Tranche B Revolving Credit Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the L/C Issuer a risk participation in such Tranche B Letter of Credit in an amount equal to the product of such Tranche B Revolving Credit Lenders' Pro Rata Share times the amount of such Tranche B Letter of Credit.

(iii) If the relevant Borrower so requests in any applicable Letter of Credit Application, the L/C Issuer may, in its sole and absolute discretion, agree to issue a Letter of Credit that has automatic renewal provisions (each, an **"Auto-Renewal Letter of Credit"**); *provided* that any such Auto-Renewal Letter of Credit must permit the L/C Issuer to prevent any such renewal at least once in each twelve month period (commencing with the date of issuance of such Letter of Credit) by giving prior notice to the beneficiary thereof not later than a day (the **"Nonrenewal Notice Date"**) in each such twelve month period to be agreed upon at the time such Letter of Credit is issued. Unless otherwise directed by the L/C Issuer, no Borrower shall be required to make a specific request to the L/C Issuer for any such renewal. Once an Auto-Renewal Letter of Credit has been issued, the Lenders shall be deemed to have authorized (but may not require) the L/C Issuer to permit the renewal of such Letter of Credit at any time to an expiry date not later than the Letter of Credit Expiration Date; *provided* that the L/C Issuer shall not permit any such renewal if (A) the L/C Issuer has determined that it would have no obligation at such time to issue such Letter of Credit in its renewed form under the terms hereof (by reason of the provisions of Section 2.03(a)(ii) or otherwise), or (B) it has

received notice (which may be by telephone or in writing) on or before the day that is five (5) Business Days before the Nonrenewal Notice Date (1) from the Administrative Agent that the Required Lenders have elected not to permit such renewal or (2) from the Administrative Agent, any Revolving Credit Lender or any Borrower that one or more of the applicable conditions specified in Section 4.03 is not then satisfied.

(iv) Promptly after its delivery of any Letter of Credit or any amendment to a Letter of Credit to an advising bank with respect thereto or to the beneficiary thereof, the L/C Issuer will also deliver to the relevant Borrower and the Administrative Agent a true and complete copy of such Letter of Credit or amendment.

(c) *Drawings and Reimbursements; Funding of Participations.* (i) Upon receipt from the beneficiary of any Letter of Credit of any notice of a drawing under such Letter of Credit, the L/C Issuer shall notify the relevant Borrower and the Administrative Agent thereof. In the case of a Letter of Credit denominated in an Alternative Currency, the applicable Borrower shall reimburse the L/C Issuer in such Alternative Currency, unless (A) the L/C Issuer (at its option) shall have specified in such notice that it will require reimbursement in Dollars, or (B) in the absence of any such requirement for reimbursement in Dollars, the Company shall have notified the L/C Issuer promptly following receipt of the notice of drawing that the Company will reimburse the L/C Issuer in Dollars. In the case of any such reimbursement in Dollars of a drawing under a Letter of Credit denominated in an Alternative Currency, the L/C Issuer shall notify the Company of the Dollar Amount of the drawing promptly following the determination thereof. Not later than 11:00 a.m. on the date of any payment by the L/C Issuer under a Letter of Credit to be reimbursed in Dollars, or the Applicable Time on the date of any payment by the L/C Issuer under a Letter of Credit to be reimbursed in an Alternative Currency (each such date, an **"Honor Date"**), such Borrower shall reimburse the L/C Issuer through the Administrative Agent in an amount equal to the amount of such drawing; *provided* that if such notice is not provided to such Borrower prior to such time on

the Honor Date, then such Borrower shall reimburse the L/C Issuer through the Administrative Agent in an amount equal to the amount of such drawing in such currency on the next succeeding Business Day and such extension of time shall be reflected in computing fees in respect of any such Letter of Credit. If such Borrower fails to reimburse the L/C Issuer by such time with respect to a Letter of Credit of any Class, the Administrative Agent shall promptly notify each Revolving Credit Lender of such Class of the Honor Date, the amount of the unreimbursed drawing (expressed in Dollars in the Dollar Amount thereof in the case of a Letter of Credit denominated in an Alternative Currency) (the **"Unreimbursed Amount"**), and the amount of such Revolving Credit Lender's Pro Rata Share thereof. In such event, the relevant Borrower shall be deemed to have requested a Revolving Credit Borrowing of the applicable Class consisting of Base Rate Loans to be disbursed on the Honor Date in an amount equal to the Unreimbursed Amount, without regard to the minimum and multiples specified in Section 2.02 for the principal amount of Base Rate Loans but subject to the amount of the unutilized portion of the Revolving Credit Commitments of such Class and the conditions set forth in Section 4.03 (other than the delivery of a Committed Loan Notice). Any notice given by the L/C Issuer or the Administrative Agent pursuant to this Section 2.03(c)(i) may be given by telephone if immediately confirmed in writing; *provided* that the lack

of such an immediate confirmation shall not affect the conclusiveness or binding effect of such notice.

(ii) Upon any notice pursuant to Section 2.03(c)(i) with respect to a Letter of Credit of any Class, each Revolving Credit Lender of such Class (including the Lender acting as L/C Issuer) shall make funds available to the Administrative Agent for the account of the L/C Issuer, in Dollars, at the Administrative Agent's Office for Dollar-denominated payments in an amount equal to its Pro Rata Share of the Unreimbursed Amount not later than 1:00 p.m. on the Business Day specified in such notice by the Administrative Agent, whereupon, subject to the provisions of Section 2.03(c)(iii), each Revolving Credit Lender that so makes funds available shall be deemed to have made a Revolving Credit Loan of such Class (which shall be a Base Rate Loan) to the relevant Borrower in such amount. The Administrative Agent shall remit the funds so received to the L/C Issuer, or if requested by the L/C Issuer, the equivalent amount thereof in an Alternative Currency as determined by the Administrative Agent at such time on the basis of the Spot Rate (determined as of such funding date) for the purchase of such Alternative Currency with Dollars.

(iii) With respect to any Unreimbursed Amount under a Letter of Credit of any Class that is not fully refinanced by a Revolving Credit Borrowing of such Class because the conditions set forth in Section 4.03 cannot be satisfied or for any other reason, the relevant Borrower shall be deemed to have incurred from the L/C Issuer (x) with respect to any Unreimbursed Amounts under a Tranche A Letter of Credit, a Tranche A L/C Borrowing and (y) with respect to any Unreimbursed Amounts under a Tranche B Letter of Credit, a Tranche B L/C Borrowing, in each case in the amount of the Unreimbursed Amount that is not so refinanced, which L/C Borrowing shall be due and payable on demand (together with interest) and shall bear interest at the Default Rate. In such event, each Revolving Credit Lender's payment to the Administrative Agent for the account of the L/C Issuer pursuant to Section 2.03(c)(ii) shall be deemed payment in respect of its participation in such L/C Borrowing and shall constitute (x) in the case of payments with respect to Tranche A L/C Borrowings, a Tranche A L/C Advance and (y) in the case of payments with respect to Tranche B L/C Borrowings, a Tranche B L/C Advance, in each case from such Lender in satisfaction of its participation obligation under this Section 2.03.

(iv) Until each Revolving Credit Lender funds its Revolving Credit Loan or L/C Advance pursuant to this Section 2.03(c) to reimburse the L/C Issuer for any amount drawn under any Letter of Credit, interest in respect of such Lender's Pro Rata Share of such amount shall be solely for the account of the L/C Issuer.

(v) Each Revolving Credit Lender's obligation to make Revolving Credit Loans or L/C Advances to reimburse the L/C Issuer for amounts drawn under Letters of Credit, as contemplated by this Section 2.03(c), shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any setoff, counterclaim, recoupment, defense or other right which such Lender may have against the L/C Issuer,

any Borrower or any other Person for any reason whatsoever; (B) the occurrence or continuance of a Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing; *provided* that each Revolving Credit Lender's obligation to make Revolving Credit Loans pursuant to this Section 2.03(c) is subject to the conditions set forth in Section 4.03 (other than delivery by the relevant Borrower of a Committed Loan Notice). No such making of an L/C Advance shall relieve or otherwise impair the obligation of the relevant Borrower to reimburse the L/C Issuer for the amount of any payment made by the L/C Issuer under any Letter of Credit, together with interest as provided herein.

(vi) If any Revolving Credit Lender fails to make available to the Administrative Agent for the account of the L/C Issuer any amount required to be paid by such Lender pursuant to the foregoing provisions of this Section 2.03(c) by the time specified in Section 2.03(c)(ii), the L/C Issuer shall be entitled to recover from such Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to the L/C Issuer at a rate per annum equal to the applicable Overnight Rate from time to time in effect. A certificate of the L/C Issuer submitted to any Revolving Credit Lender (through the Administrative Agent) with respect to any amounts owing under this Section 2.03(c)(vi) shall be conclusive absent manifest error.

(d) *Repayment of Participations.* (i) If, at any time after the L/C Issuer has made a payment under any Letter of Credit and has received from any Revolving Credit Lender such Lender's L/C Advance in respect of such payment in accordance with Section 2.03(c), the Administrative Agent receives for the account of the L/C Issuer any payment in respect of the related Unreimbursed Amount or interest thereon (whether directly from the relevant Borrower or otherwise, including proceeds of Cash Collateral applied thereto by the Administrative Agent), the Administrative Agent will distribute to such Lender its Pro Rata Share thereof (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's L/C Advance was outstanding) in the same funds as those received by the Administrative Agent.

(ii) If any payment received by the Administrative Agent for the account of the L/C Issuer pursuant to Section 2.03(c)(i) is required to be returned under any of the circumstances described in Section 10.06 (including pursuant to any settlement entered into by the L/C Issuer in its discretion), each Revolving Credit Lender shall pay to the Administrative Agent for the account of the L/C Issuer its Pro Rata Share thereof on demand of the Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned by such Lender, at a rate per annum equal to the applicable Overnight Rate from time to time in effect.

(e) *Obligations Absolute.* The obligation of any Borrower to reimburse the L/C Issuer for each drawing under each Letter of Credit and to repay each L/C Borrowing shall be absolute,

unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including the following:

(i) any lack of validity or enforceability of such Letter of Credit, this Agreement, or any other agreement or instrument relating thereto;

(ii) the existence of any claim, counterclaim, setoff, defense or other right that the relevant Borrower may have at any time against any beneficiary or any transferee of such Letter of Credit (or any Person for whom any such beneficiary or any such transferee may be acting), the L/C Issuer or any other Person, whether in connection with this Agreement, the transactions contemplated hereby or by such Letter of Credit or any agreement or instrument relating thereto, or any unrelated transaction;

(iii) any draft, demand, certificate or other document presented under such Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; or any loss or delay in the transmission or otherwise of any document required in order to make a drawing under such Letter of Credit;

(iv) any payment by the L/C Issuer under such Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of such Letter of Credit; or any payment made by the L/C Issuer under such Letter of Credit to any Person purporting to be a trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, receiver or other representative of or successor to any beneficiary or any transferee of such Letter of Credit, including any arising in connection with any proceeding under any Debtor Relief Law;

(v) any exchange, release or nonperfection of any Collateral, or any release or amendment or waiver of or consent to departure from the Guaranty or any other guarantee, for all or any of the Obligations of the relevant Borrower in respect of such Letter of Credit; or

(vi) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including any other circumstance that might otherwise constitute a defense available to, or a discharge of, the relevant Borrower;

provided that the foregoing shall not excuse the L/C Issuer from liability to such Borrower to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are waived by such Borrower to the extent permitted by applicable law) suffered by such Borrower that are caused by the L/C Issuer's gross negligence or willful misconduct when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. Each Borrower shall promptly examine a copy of each Letter of Credit and each amendment thereto that is delivered to it and, in the event of any claim of noncompliance with such Borrower's instructions or other irregularity, such Borrower will promptly notify the

L/C Issuer. Each Borrower shall be conclusively deemed to have waived any such claim against the L/C Issuer and its correspondents unless such notice is given as aforesaid.

(f) *Role of L/C Issuer.* Each Lender and each Borrower agree that, in paying any drawing under a Letter of Credit, the L/C Issuer shall not have any responsibility to obtain any document (other than any sight draft, certificates and documents expressly required by the Letter of Credit) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of the Person executing or delivering any such document. None of the L/C Issuer, any Agent-Related Person nor any of the respective correspondents, participants or assignees of the L/C Issuer shall be liable to any Lender for (i) any action taken or omitted in connection herewith at the request or with the approval of the Lenders or the Required Lenders, as applicable; (ii) any action taken or omitted in the absence of gross negligence or willful misconduct; or (iii) the due execution, effectiveness, validity or enforceability of any document or instrument related to any Letter of Credit or Letter of Credit Application. Each Borrower hereby assumes all risks of the acts or omissions of any beneficiary or transferee with respect to its use of any Letter of Credit; *provided* that this assumption is not intended to, and shall not, preclude such Borrower's pursuing such rights and remedies as it may have against the beneficiary or transferee at law or under any other agreement. None of the L/C Issuer, any Agent-Related Person, nor any of the respective correspondents, participants or assignees of the L/C Issuer, shall be liable or responsible for any of the matters described in clauses (i) through (vi) of Section 2.03(e); *provided* that anything in such clauses to the contrary notwithstanding, each Borrower may have a claim against the L/C Issuer, and the L/C Issuer may be liable to such Borrower, to the extent, but only to the extent, of any direct, as opposed to consequential or exemplary, damages suffered by such Borrower which such Borrower proves were caused by the L/C Issuer's willful misconduct or gross negligence or the L/C Issuer's willful or grossly negligent failure to pay under any Letter of Credit after the presentation to it by the beneficiary of a sight draft and certificate(s) strictly complying with the terms and conditions of a Letter of Credit. In furtherance and not in limitation of the foregoing, the L/C Issuer may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary, and the L/C Issuer shall not be responsible for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason.

(g) *Cash Collateral.* Upon the request of the Administrative Agent, (i) if the L/C Issuer has honored any full or partial drawing request under any Letter of Credit and such drawing has resulted in an L/C Borrowing and the conditions set forth in Section 4.03 to a Revolving Credit Borrowing cannot then be met, or (ii) if, as of the Letter of Credit Expiration Date, any Letter of Credit may for any reason remain outstanding and partially or wholly undrawn, the relevant Borrower shall immediately Cash Collateralize the then Outstanding Amount of all L/C Obligations (in an amount equal to such Outstanding Amount determined as of the date of such L/C Borrowing or the Letter of Credit Expiration Date, as the case may be). For purposes hereof, **"Cash Collateralize"** means to pledge and deposit with or deliver to the Administrative Agent, for the benefit of the L/C Issuer and the Lenders, as collateral for the L/C Obligations, cash or deposit account balances **("Cash Collateral")** pursuant to documentation in

form and substance reasonably satisfactory to the Administrative Agent and the L/C Issuer (which documents are hereby consented to by the Lenders). Derivatives of such term have corresponding meanings. Each Borrower hereby grants to the Administrative Agent, for the benefit of the L/C Issuer and the Lenders, a security interest in all such cash, deposit accounts and all balances therein and all proceeds of the foregoing. Cash Collateral shall be maintained in blocked, non-interest bearing deposit accounts at Bank of America. If at any time the Administrative Agent determines that any funds held as Cash Collateral are subject to any right or claim of any Person other than the Administrative Agent or that the total amount of such funds is less than the aggregate Outstanding Amount of all L/C Obligations, the relevant Borrower will, forthwith upon demand by the Administrative Agent, pay to the Administrative Agent, as additional funds to be deposited and held in the deposit accounts at Bank of America as aforesaid, an amount equal to the excess of (a) such aggregate Outstanding Amount over (b) the total amount of funds, if any, then held as Cash Collateral that the Administrative Agent determines to be free and clear of any such right and claim. Upon the drawing of any Letter of Credit for which funds are on deposit as Cash Collateral, such funds shall be applied, to the extent permitted under applicable law, to reimburse the L/C Issuer. To the extent the amount of any Cash Collateral exceeds the then Outstanding Amount of such L/C Obligations and so long as no Event of Default has occurred and is continuing, the excess shall be refunded to the relevant Borrower.

(h) *Applicability of ISP98 and UCP.* Unless otherwise expressly agreed by the L/C Issuer and the relevant Borrower when a Letter of Credit is issued, (i) the rules of the "International Standby Practices 1998" published by the Institute of International Banking Law & Practice (or such later version thereof as may be in effect at the time of issuance) shall apply to each standby Letter of Credit, and (ii) the rules of the Uniform Customs and Practice for Documentary Credits, as most recently published by the International Chamber of Commerce (the "**ICC**") at the time of issuance shall apply to each commercial Letter of Credit.

(i) *Letter of Credit Fees.* Each Borrower shall pay to the Administrative Agent for the account of each Revolving Credit Lender of any Class in accordance with its Pro Rata Share a Letter of Credit fee for each Letter of Credit of such Class issued for the account of such Borrower equal to the Applicable Rate times the daily maximum amount then available to be drawn under such Letter of Credit (whether or not such maximum amount is then in effect under such Letter of Credit if such maximum amount increases periodically pursuant to the terms of such Letter of Credit). Such letter of credit fees shall be computed on a quarterly basis in arrears. Such letter of credit fees shall be due and payable on the first Business Day after the end of each March, June, September and December, commencing with the first such date to occur after the issuance of such Letter of Credit, on the Letter of Credit Expiration Date and thereafter on demand. If there is any change in the Applicable Rate during any quarter, the daily maximum amount of each Letter of Credit shall be computed and multiplied by the Applicable Rate separately for each period during such quarter that such Applicable Rate was in effect.

(j) *Fronting Fee and Documentary and Processing Charges Payable to L/C Issuer.* Each Borrower shall pay directly to the L/C Issuer for its own account a fronting fee with respect to each Letter of Credit issued for the account of such Borrower equal to 0.125% per annum of

the daily maximum amount then available to be drawn under such Letter of Credit (whether or not such maximum amount is then in effect under such Letter of Credit if such maximum amount increases periodically pursuant to the terms of such Letter of Credit). Such fronting fees shall be computed on a quarterly basis in arrears. Such fronting fees shall be due and payable on the first Business Day after the end of each March, June, September and December, commencing with the first such date to occur after the issuance of such Letter of Credit, on the Letter of Credit Expiration Date and thereafter on demand. In addition, each Borrower shall pay directly to the L/C Issuer for its own account the customary issuance, presentation, amendment and other processing fees, and other standard costs and charges, of the L/C Issuer relating to letters of credit as from time to time in effect. Such customary fees and standard costs and charges are due and payable within five (5) Business Days of demand and are nonrefundable.

(k) *Conflict with Letter of Credit Application.* In the event of any conflict between the terms hereof and the terms of any Letter of Credit Application, the terms hereof shall control.

Section 2.04. *Swing Line Loans.* (a) *The Swing Line.* Subject to the terms and conditions set forth herein, the Swing Line Lender agrees to make loans (each such loan, a **"Swing Line Loan"**) to any Borrower from time to time on any Business Day (other than the Closing Date) until the Maturity Date in an aggregate amount not to exceed at any time outstanding the amount of the Swing Line Sublimit, notwithstanding the fact that such Swing Line Loans, when aggregated with the Pro Rata Share of the Outstanding Amount of Loans and L/C Obligations of the Lender acting as Swing Line Lender, may exceed the amount of such Lender's Commitment; *provided* that after giving effect to any Swing Line Loan, the aggregate Outstanding Amount of the Tranche A Revolving Credit Loans of any Lender, plus such Lender's Pro Rata Share of the Outstanding Amount of all Tranche A L/C Obligations, plus such Lender's Pro Rata Share of the Outstanding Amount of all Swing Line Loans shall not exceed such Lender's Tranche A Revolving Credit Commitment; *provided* further that the Borrowers shall not use the proceeds of any Swing Line Loan to refinance any outstanding Swing Line Loan. Within the foregoing limits, and subject to the other terms and conditions hereof, any Borrower may borrow under this Section 2.04, prepay under Section 2.05, and reborrow under this Section 2.04. Each Swing Line Loan shall be a Base Rate Loan. Immediately upon the making of a Swing Line Loan, each Tranche A Revolving Credit Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the Swing Line Lender a risk participation in such Swing Line Loan in an amount equal to the product of such Lender's Pro Rata Share times the amount of such Swing Line Loan.

(b) *Borrowing Procedures.* Each Swing Line Borrowing shall be made upon the relevant Borrower's irrevocable notice to the Swing Line Lender and the Administrative Agent, which may be given by telephone. Each such notice must be received by the Swing Line Lender and the Administrative Agent not later than 1:00 p.m. on the requested borrowing date, and shall specify (i) the amount to be borrowed, which shall be a minimum of $100,000, and (ii) the requested borrowing date, which shall be a Business Day. Each such telephonic notice must be confirmed promptly by delivery to the Swing Line Lender and the Administrative Agent of a written Swing Line Loan Notice, appropriately completed and signed by a Responsible Officer of the relevant Borrower. Promptly after receipt by the Swing Line Lender of any telephonic

Swing Line Loan Notice, the Swing Line Lender will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has also received such Swing Line Loan Notice and, if not, the Swing Line Lender will notify the Administrative Agent (by telephone or in writing) of the contents thereof. Unless the Swing Line Lender has received notice (by telephone or in writing) from the Administrative Agent (including at the request of any Tranche A Revolving Credit Lender) prior to 2:00 p.m. on the date of the proposed Swing Line Borrowing (A) directing the Swing Line Lender not to make such Swing Line Loan as a result of the limitations set forth in the proviso to the first sentence of Section 2.04(a), or (B) that one or more of the applicable conditions specified in Section 4.03 is not then satisfied, then, subject to the terms and conditions hereof, the Swing Line Lender will, not later than 3:00 p.m. on the borrowing date specified in such Swing Line Loan Notice, make the amount of its Swing Line Loan available to the relevant Borrower.

(c) *Refinancing of Swing Line Loans.* (i) The Swing Line Lender at any time in its sole and absolute discretion may request, on behalf of the relevant Borrower (which hereby irrevocably authorizes the Swing Line Lender to so request on its behalf), that each Tranche A Revolving Credit Lender make a Tranche A Revolving Credit Loan (which shall be a Base Rate Loan) in an amount equal to such Lender's Pro Rata Share of the amount of Swing Line Loans then outstanding. Such request shall be made in writing (which written request shall be deemed to be a Committed Loan Notice for purposes hereof) and in accordance with the requirements of Section 2.02, without regard to the minimum and multiples specified therein for the principal amount of Base Rate Loans, but subject to the unutilized portion of the aggregate Tranche A Revolving Credit Commitments and the conditions set forth in Section 4.03. The Swing Line Lender shall furnish the relevant Borrower with a copy of the applicable Committed Loan Notice promptly after delivering such notice to the Administrative Agent. Each Tranche A Revolving Credit Lender shall make an amount equal to its Pro Rata Share of the amount specified in such Committed Loan Notice available to the Administrative Agent in Same Day Funds for the account of the Swing Line Lender at the Administrative Agent's Office for Dollar denominated payments not later than 1:00 p.m. on the day specified in such Committed Loan Notice, whereupon, subject to Section 2.04(c)(ii), each Tranche A Revolving Credit Lender that so makes funds available shall be deemed to have made a Base Rate Loan to the relevant Borrower in such amount. The Administrative Agent shall remit the funds so received to the Swing Line Lender.

(ii) If for any reason any Swing Line Loan cannot be refinanced by such a Tranche A Revolving Credit Borrowing in accordance with Section 2.04(c)(i), the request for Base Rate Loans submitted by the Swing Line Lender as set forth herein shall be deemed to be a request by the Swing Line Lender that each of the Tranche A Revolving Credit Lenders fund its risk participation in the relevant Swing Line Loan and each Tranche A Revolving Credit Lender's payment to the Administrative Agent for the account of the Swing Line Lender pursuant to Section 2.04(c)(i) shall be deemed payment in respect of such participation.

(iii) If any Tranche A Revolving Credit Lender fails to make available to the Administrative Agent for the account of the Swing Line Lender any amount required to

be paid by such Lender pursuant to the foregoing provisions of this Section 2.04(c) by the time specified in Section 2.04(c)(i), the Swing Line Lender shall be entitled to recover from such Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to the Swing Line Lender at a rate per annum equal to the applicable Overnight Rate from time to time in effect. A certificate of the Swing Line Lender submitted to any Lender (through the Administrative Agent) with respect to any amounts owing under this clause (iii) shall be conclusive absent manifest error.

(iv) Each Tranche A Revolving Credit Lender's obligation to make Tranche A Revolving Credit Loans or to purchase and fund risk participations in Swing Line Loans pursuant to this Section 2.04(c) shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any setoff, counterclaim, recoupment, defense or other right which such Lender may have against the Swing Line Lender, the relevant Borrower or any other Person for any reason whatsoever, (B) the occurrence or continuance of a Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing; *provided* that each Tranche A Revolving Credit Lender's obligation to make Tranche A Revolving Credit Loans pursuant to this Section 2.04(c) is subject to the conditions set forth in Section 4.03. No such funding of risk participations shall relieve or otherwise impair the obligation of the relevant Borrower to repay Swing Line Loans, together with interest as provided herein.

(d) *Repayment of Participations.* (i) At any time after any Tranche A Revolving Credit Lender has purchased and funded a risk participation in a Swing Line Loan, if the Swing Line Lender receives any payment on account of such Swing Line Loan, the Swing Line Lender will distribute to such Lender its Pro Rata Share of such payment (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's risk participation was funded) in the same funds as those received by the Swing Line Lender.

(ii) If any payment received by the Swing Line Lender in respect of principal or interest on any Swing Line Loan is required to be returned by the Swing Line Lender under any of the circumstances described in Section 10.06 (including pursuant to any settlement entered into by the Swing Line Lender in its discretion), each Tranche A Revolving Credit Lender shall pay to the Swing Line Lender its Pro Rata Share thereof on demand of the Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned, at a rate per annum equal to the applicable Overnight Rate. The Administrative Agent will make such demand upon the request of the Swing Line Lender.

(e) *Interest for Account of Swing Line Lender.* The Swing Line Lender shall be responsible for invoicing the Borrowers for interest on the Swing Line Loans. Until each Tranche A Revolving Credit Lender funds its Base Rate Loan or risk participation pursuant to this Section 2.04 to refinance such Lender's Pro Rata Share of any Swing Line Loan, interest in respect of such Pro Rata Share shall be solely for the account of the Swing Line Lender.

(f) *Payments Directly to Swing Line Lender.* The Borrowers shall make all payments of principal and interest in respect of the Swing Line Loans directly to the Swing Line Lender.

Section 2.05. *Prepayments.* (a) *Optional.* (i) Any Borrower may, upon notice to the Administrative Agent, at any time or from time to time voluntarily prepay Loans in whole or in part without premium or penalty; *provided* that (1) such notice must be received by the Administrative Agent not later than 12:30 p.m. (Charlotte, North Carolina time, or London, England time in the case of Loans denominated in an Alternative Currency) (A) three (3) Business Days prior to any date of prepayment of Eurodollar Rate Loans and (B) on the date of prepayment of Base Rate Loans; (2) any prepayment of Eurodollar Rate Loans shall be in a principal amount of $2,000,000 or a whole multiple of $500,000 in excess thereof (or comparable amounts determined by the Administrative Agent in the case of Alternative Currency Loans); and (3) any prepayment of Base Rate Loans shall be in a principal amount of $500,000 or a whole multiple of $100,000 in excess thereof or, in each case, if less, the entire principal amount thereof then outstanding. Each such notice shall specify the date and amount of such prepayment and the Class(es) and Type(s) of Loans to be prepaid. The Administrative Agent will promptly notify each Appropriate Lender of its receipt of each such notice, and of the amount of such Lender's Pro Rata Share of such prepayment. If such notice is given by a Borrower, such Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein. Any prepayment of a Eurodollar Rate Loan shall be accompanied by all accrued interest thereon, together with any additional amounts required

pursuant to Section 3.05. Each prepayment of principal of, and interest on, Alternative Currency Loans shall be made in the relevant Alternative Currency. Each prepayment of the Loans pursuant to this Section 2.05(a) shall be paid to the Appropriate Lenders in accordance with their respective Pro Rata Shares.

(ii) Any Borrower may, upon notice to the Swing Line Lender (with a copy to the Administrative Agent), at any time or from time to time, voluntarily prepay Swing Line Loans in whole or in part without premium or penalty; *provided* that (1) such notice must be received by the Swing Line Lender and the Administrative Agent not later than 1:00 p.m. on the date of the prepayment, and (2) any such prepayment shall be in a minimum principal amount of $100,000. Each such notice shall specify the date and amount of such prepayment. If such notice is given by any Borrower, such Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein.

(iii) Notwithstanding anything to the contrary contained in this Agreement, the relevant Borrower may rescind any notice of prepayment under Section 2.05(a)(i) or 2.05(a)(ii) if such prepayment would have resulted from a refinancing of all of the Facilities, which refinancing shall not be consummated or shall otherwise be delayed.

(b) *Mandatory.* (i) Within five (5) Business Days after financial statements have been delivered pursuant to Section 6.01(a) and the related Compliance Certificate has been delivered pursuant to Section 6.02(b), the Company shall cause to be prepaid an aggregate Dollar Amount of Term Loans in an amount equal to 50% of Excess Cash Flow, if any, for the fiscal year

covered by such financial statements (commencing with the fiscal year ended November 30, 2004, which fiscal year shall be for the period from the Closing Date through November 30, 2004); *provided* that such percentage shall be reduced to (x) 25% if the Leverage Ratio as of the last day of the immediately preceding four fiscal quarters was less than 4.0:1 and (y) 0% if the Leverage Ratio as of the last day of the immediately preceding four fiscal quarters was less than 3.5:1.

(ii) (A) If (x) Holdings, the Company or any of its Restricted Subsidiaries Disposes of any property or assets (other than any Disposition of any property or assets permitted by Section 7.05(a), (b), (c), (d) (to the extent constituting a Disposition by any Restricted Subsidiary that is not a Loan Party to a Loan Party), (e), (g), (h), (i), or (j)) or (y) any Casualty Event occurs, which in the aggregate results in the realization or receipt by Holdings, the Company or such Restricted Subsidiary of Net Cash Proceeds, in excess of $1,000,000 in any fiscal year, the Company shall cause to be prepaid on or prior to the date which is ten (10) Business Days after the date of the realization or receipt of such Net Cash Proceeds an aggregate Dollar Amount of Term Loans in an amount equal to 100% of all Net Cash Proceeds received; *provided* that no such prepayment shall be required pursuant to this Section 2.05(b)(ii)(A) if, on or prior to such date, the Company shall have given written notice to the Administrative Agent of its intention to reinvest all or a portion of such Net Cash Proceeds in accordance with Section 2.05(b)(ii)(B) (which election may only be made if no Event of Default has occurred and is then continuing);

(B) With respect to any Net Cash Proceeds realized or received with respect to any Disposition (other than (x) any Disposition specifically excluded from the application of Section 2.05(b)(ii)(A) and (y) any Disposition of Securitization Assets permitted by Section 7.05(1)) or any Casualty Event, at the option of the Company, and so long as no Event of Default shall have occurred and be continuing, the Company may reinvest all or any portion of such Net Cash Proceeds in assets useful for its business within (x) three hundred and sixty-five (365) days following receipt of such Net Cash Proceeds or (y) if the Company enters into a contract to reinvest such Net Cash Proceeds within three hundred and sixty-five (365) days following receipt thereof, within one hundred and eighty (180) days of the date of such contract; *provided* that if any Net Cash Proceeds are no longer intended to be so reinvested at any time after delivery of a notice of reinvestment election, an amount equal to any such Net Cash Proceeds shall be immediately applied to the prepayment of the Term Loans as set forth in this Section 2.05.

(iii) On or prior to the date which is five (5) Business Days after the receipt of such Net Cash Proceeds, the Company shall cause to be prepaid an aggregate Dollar Amount of Term Loans in an amount equal to 50% of all Net Cash Proceeds received from any Specified Equity Issuance; *provided* that such percentage shall be reduced to 25% if the Leverage Ratio as of the last day of the prior fiscal quarter was less than 3.5:1.00.

(iv) If Holdings, the Company or any of its Restricted Subsidiaries incurs or issues (A) any Indebtedness not expressly permitted to be incurred or issued pursuant to Section 7.03, (B) any Permitted Subordinated Indebtedness permitted to be incurred under Section 7.03(a)(iii)(B), or (C) Indebtedness permitted to be incurred under Section 7.03(b)(vi)(B), the Company shall cause to be prepaid an aggregate Dollar Amount of Term Loans in an amount equal to 100% of all Net Cash Proceeds received therefrom on or prior to the date which is five (5) Business Days after the receipt of such Net Cash Proceeds; *provided* that such percentage shall be reduced to 75% if the Leverage Ratio as of the last day of the prior fiscal quarter was less than 3.0:1.00.

(v) If for any reason the aggregate Outstanding Amount of the Revolving Credit Loans of any Class and the L/C Obligations of such Class and, in the case of the Tranche A Revolving Credit Commitments, the Swing Line Loans, at any time exceeds the aggregate Revolving Credit Commitments of such Class then in effect (other than as a result of the determination of the Dollar Amount pursuant to Section 2.17, in which case the provisions of Section 2.17(c) shall apply), the Borrowers shall immediately prepay Revolving Credit Loans of such Class and/or Cash Collateralize the L/C Obligations of such Class and/or, in the case of an excess over the Tranche A Revolving Credit Commitments, prepay Swing Line Loans in an aggregate amount equal to such excess; *provided* that the Borrowers shall not be required to Cash Collateralize the L/C Obligations of any Class pursuant to this Section 2.05(b)(v) unless after the prepayment in full of the Revolving Credit Loans of such Class and (in the case of Tranche A L/C Obligations) Swing Line Loans such aggregate Outstanding Amount exceeds the aggregate Revolving Credit Commitments of such Class then in effect.

(vi) Each prepayment of Term Loans pursuant to this Section 2.05(b) shall be applied, first, in direct order of maturities, to any principal repayment installments of the Term Loans that are due within twelve (12) months after the date of such prepayment, second, on a pro-rata basis, to the other principal repayment installments of the Term Loans; and each such prepayment shall be paid to the Lenders in accordance with

their respective Pro Rata Shares (prior to giving effect to any rejection by any Term Lender of any such prepayment pursuant to clause (vii) below), subject to clause (vii) of this Section 2.05(b).

(vii) The Company shall notify the Administrative Agent in writing of any mandatory prepayment of Term Loans required to be made pursuant to clauses (i) through (iv) of this Section 2.05(b) at least (x) in the case of prepayments of Term Loans which are Base Rate Loans, three (3) Business Days and (y) in the case of prepayments of Term Loans which are Eurodollar Rate Loans, five (5) Business Days, in each case prior to the date of such prepayment. Each such notice shall specify the date of such prepayment and provide a reasonably detailed calculation of the amount of such prepayment. The Administrative Agent will promptly notify each Appropriate Lender of the contents of the Company's prepayment notice and of such Appropriate Lender's Pro Rata Share of the prepayment. Any Term Lender (a **"Declining Lender",** and any Term Lender which is not a Declining Lender, an **"Accepting Lender"**) may elect, by

delivering, not less than (x) in the case of prepayments of Term Loans which are Base Rate Loans, one (1) Business Day and (y) in the case of prepayments of Term Loans which are Eurodollar Loans, three (3) Business Days, in each case prior to the proposed prepayment date, a written notice that any mandatory prepayment otherwise required to be made with respect to the Term Loans held by such Term Lender pursuant to clauses (i) through (iv) of this Section 2.05(b) not be made, in which event the portion of such prepayment which would otherwise have been applied to the Term Loans of the Declining Lenders shall instead be retained by the Borrowers.

(viii) *Funding Losses, Etc.* All prepayments under this Section 2.05 shall be made together with, in the case of any such prepayment of a Eurodollar Rate Loan on a date other than the last day of an Interest Period therefor, any amounts owing in respect of such Eurodollar Rate Loan pursuant to Section 3.05. Notwithstanding any of the other provisions of Section 2.05(b), so long as no Event of Default shall have occurred and be continuing, if any prepayment of Eurodollar Rate Loans is required to be made under this Section 2.05(b), other than on the last day of the Interest Period therefor, the relevant Borrower may, in its sole discretion, deposit the amount of any such prepayment otherwise required to be made thereunder into a Cash Collateral Account until the last day of such Interest Period, at which time the Administrative Agent shall be authorized (without any further action by or notice to or from any Borrower or any other Loan Party) to apply such amount to the prepayment of such Loans in accordance with this Section 2.05(b). Upon the occurrence and during the continuance of any Event of Default, the Administrative Agent shall also be authorized (without any further action by or notice to or from any Borrower or any other Loan Party) to apply such amount to the prepayment of the outstanding Loans in accordance with this Section 2.05(b).

Section 2.06. *Termination or Reduction of Commitments. (a) Optional.* The Borrowers may, upon written notice to the Administrative Agent, terminate the unused Commitments of any Class, or from time to time permanently reduce the unused Commitments of any Class; *provided* that (i) any such notice shall be received by the Administrative Agent three (3) Business Days prior to the date of termination or reduction, (ii) any such partial reduction shall be in an aggregate amount of $500,000 or any whole multiple of $100,000 in excess thereof and (iii) if, after giving effect to any reduction of the Commitments (x) the Letter of Credit Sublimit exceeds the aggregate amount of the Revolving Credit Commitments or (y) the Swing Line Sublimit exceeds the amount of the Tranche A Revolving Credit Commitments, such sublimit shall be automatically reduced by the amount of such excess. The amount of any such Commitment reduction shall not be applied to the Letter of Credit Sublimit unless otherwise specified by the Company. Notwithstanding the foregoing, the Company may rescind or postpone any notice of termination of the Commitments if such termination would have resulted from a refinancing of all of the Facilities, which refinancing shall not be consummated or otherwise shall be delayed.

(b) *Mandatory.* The Term Commitment of each Term Lender shall be automatically and permanently reduced to $0 on the ARCA Effective Date.

(c) *Application of Commitment Reductions; Payment of Fees.* The Administrative Agent will promptly notify the Lenders of any termination or reduction of unused portions of the Letter of Credit Sublimit, or the unused Commitments of any Class under this Section 2.06. Upon any reduction of unused Commitments of any Class, the Commitment of each Lender of such Class shall be reduced by such Lender's Pro Rata Share of the amount by which such Commitments are reduced (other than the termination of the Commitment of any Lender as provided in Section 3.07). All commitment fees accrued until the effective date of any termination of the Aggregate Commitments shall be paid on the effective date of such termination.

Section 2.07. *Repayment of Loans.* (a) *Term Loans.* The Borrowers shall repay to the Administrative Agent for the ratable account of the Term Lenders the aggregate Dollar Amount of all Term Loans outstanding in twenty-eight (28) consecutive quarterly installments as follows (which installments shall (i) be reduced as a result of the application of prepayments in accordance with the order of priority set forth in Section 2.05 and (ii) be payable on the last Business Day of each month set forth below):

Date	Aggregate Term Loan Principal Amortization Payment
May 2004,	$ 3,000,000
August 2004,	$ 3,000,000
November 2004	$ 3,000,000
February 2005,	$ 3,000,000
May 2005,	$ 3,000,000
August 2005,	$ 3,000,000
November 2005	$ 3,000,000
February 2006,	$ 3,000,000
May 2006,	$ 3,000,000
August 2006,	$ 3,000,000
November 2006	$ 3,000,000
February 2007,	$ 3,000,000
May 2007,	$ 3,000,000

August 2007,	$	3,000,000
November 2007	$	3,000,000
February 2008,	$	3,000,000
May 2008,	$	3,000,000
August 2008,	$	3,000,000
November 2008	$	3,000,000
February 2009,	$	3,000,000
May 2009,	$	3,000,000
August 2009,	$	3,000,000
November 2009	$	3,000,000
February 2010,	$	3,000,000

Date		Aggregate Term Loan Principal Amortization Payment
May 2010,	$	3,000,000
August 2010,	$	3,000,000
November 2010	$	3,000,000
February 2011	$	1,119,000,000

provided that the final principal repayment installment of the Term Loans shall be repaid on the Maturity Date and in any event shall be in an amount equal to the aggregate principal amount of all Term Loans outstanding on such date.

(b) *Revolving Credit Loans.* Each Borrower shall repay to the Administrative Agent for the ratable account of the applicable Revolving Credit Lenders of each Class on the Maturity Date for the Revolving Credit Commitments of such Class the aggregate principal amount of all of its Revolving Credit Loans of such Class outstanding on such date.

(c) *Swing Line Loans.* Each Borrower shall repay its Swing Line Loans on the earlier to occur of (i) the date five (5) Business Days after such Loan is made and (ii) the Maturity Date.

Section 2.08. *Interest.* (a) Subject to the provisions of Section 2.08(b), (i) each Eurodollar Rate Loan shall bear interest on the outstanding principal amount thereof for each Interest Period at a rate per annum equal to the Eurodollar Rate for such Interest Period plus the Applicable Rate *plus* (in the case of a Eurodollar Rate Loan of any Lender which is lent from a Lending Office in the United Kingdom or a Participating Member State) the Mandatory Cost; (ii) each Base Rate Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Base Rate plus the Applicable Rate; and (iii) each Swing Line Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Base Rate plus the Applicable Rate for Revolving Credit Loans.

(b) While any Event of Default set forth in Section 8.01(a) or (f) exists, each Borrower shall pay interest on the principal amount of all of its outstanding Obligations hereunder at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws. Accrued and unpaid interest on past due amounts (including interest on past due interest) shall be due and payable upon demand.

(c) Interest on each Loan shall be due and payable in arrears on each Interest Payment Date applicable thereto and at such other times as may be specified herein. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any proceeding under any Debtor Relief Law.

Section 2.09. *Fees.* In addition to certain fees described in Sections 2.03(i) and (j):

(a) *Commitment Fee.* The Company shall pay to the Administrative Agent for the account of each Revolving Credit Lender of each Class in accordance with its Pro Rata Share, a commitment fee equal to the Applicable Rate times the actual daily amount by which the aggregate Revolving Credit Commitments of such Class exceed the sum of (A) the Outstanding Amount of Revolving Credit Loans of such Class and (B) the Outstanding Amount of L/C Obligations of such Class; *provided* that any commitment fee accrued with respect to any of the Commitments of a Defaulting Lender during the period prior to the time such Lender became a Defaulting Lender and unpaid at such time shall not be payable by the Company so long as such Lender shall be a Defaulting Lender except to the extent that such commitment fee shall otherwise have been due and payable by the Company prior to such time; and *provided further* that no commitment fee shall accrue on any of the Commitments of a Defaulting Lender so long as such Lender shall be a Defaulting Lender. The commitment fee shall accrue at all times from the date hereof until the Maturity Date, including at any time during which one or more of the conditions in Article 4 is not met, and shall be due and payable quarterly in arrears on the last Business Day of each March, June, September and December, commencing with the first such date to occur after the Closing Date, and on the Maturity Date for the applicable Facility. The commitment fee shall be calculated quarterly in arrears, and if there is any change in the Applicable Rate during any quarter, the actual daily amount shall be computed and multiplied by the Applicable Rate separately for each period during such quarter that such Applicable Rate was in effect.

(b) *Other Fees.* The Company shall pay to the Agents such fees as shall have been separately agreed upon in writing in the amounts and at the times so specified. Such fees shall be fully earned when paid and shall not be refundable for any reason whatsoever.

Section 2.10. *Computation of Interest and Fees.* All computations of interest for Base Rate Loans when the Base Rate is determined by Bank of America's "prime rate" and for Alternative Currency Loans denominated in Sterling shall be made on the basis of a year of three hundred and sixty-five (365) or three hundred and sixty-six (366) days, as the case may be, and actual days elapsed. All other computations of fees and interest shall be made on the basis of a three hundred and sixty (360) day year and actual days elapsed (which results in more fees or interest, as applicable, being paid than if computed on the basis of a three hundred and sixty-five (365) day year). Interest shall accrue on each Loan for the day on which the Loan is made, and shall not accrue on a Loan, or any portion thereof, for the day on which the Loan or such portion is paid; *provided* that any Loan that is repaid on the same day on which it is made

shall, subject to Section 2.12(a), bear interest for one (1) day. Each determination by the Administrative Agent of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error.

Section 2.11. *Evidence of Indebtedness.* (a) The Credit Extensions made by each Lender shall be evidenced by one or more accounts or records maintained by such Lender and evidenced by one or more entries in the Register maintained by the Administrative Agent, acting solely for purposes of Treasury Regulation Section 5f.103-1(c), as agent for the Borrowers, in each case in the ordinary course of business. The accounts or records maintained by the Administrative Agent and each Lender shall be *prima facie* evidence absent manifest error of the amount of the

Credit Extensions made by the Lenders to the Borrowers and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrowers hereunder to pay any amount owing with respect to the Obligations. In the event of any conflict between the accounts and records maintained by any Lender and the accounts and records of the Administrative Agent in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error. Upon the request of any Lender made through the Administrative Agent, the Borrowers shall execute and deliver to such Lender (through the Administrative Agent) a Note payable to such Lender, which shall evidence such Lender's Loans in addition to such accounts or records. Each Lender may attach schedules to its Note and endorse thereon the date, Type (if applicable), amount and maturity of its Loans and payments with respect thereto.

(b) In addition to the accounts and records referred to in Section 2.11(a), each Lender and the Administrative Agent shall maintain in accordance with its usual practice accounts or records and, in the case of the Administrative Agent, entries in the Register, evidencing the purchases and sales by such Lender of participations in Letters of Credit and Swing Line Loans. In the event of any conflict between the accounts and records maintained by the Administrative Agent and the accounts and records of any Lender in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error.

(c) Entries made in good faith by the Administrative Agent in the Register pursuant to Sections 2.11(a) and (b), and by each Lender in its account or accounts pursuant to Sections 2.11(a) and (b), shall be *prima facie* evidence of the amount of principal and interest due and payable or to become due and payable from the Borrowers to, in the case of the Register, each Lender and, in the case of such account or accounts, such Lender, under this Agreement and the other Loan Documents, absent manifest error; *provided* that the failure of the Administrative Agent or such Lender to make an entry, or any finding that an entry is incorrect, in the Register or such account or accounts shall not limit or otherwise affect the obligations of the Borrowers under this Agreement and the other Loan Documents.

Section 2.12. *Payments Generally.* (a) All payments to be made by the Borrowers shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein and except with respect to principal of and interest on Loans denominated in an Alternative Currency, all payments by the Borrowers hereunder shall be made to the Administrative Agent, for the account of the respective Lenders to which such payment is owed, at the applicable Administrative Agent's Office in Dollars and in Same Day Funds not later than 2:00 p.m. on the date specified herein. Except as otherwise expressly provided herein, all payments by the Borrowers hereunder with respect to principal and interest on Loans denominated in an Alternative Currency shall be made to the Administrative Agent, for the account of the respective Lenders to which such payment is owed, at the applicable Administrative Agent's Office in such Alternative Currency and in Same Day Funds not later than the Applicable Time specified by the Administrative Agent on the dates specified herein. If, for any reason, any Borrower is prohibited by any Law from making any required payment hereunder in an Alternative Currency, such Borrower shall make such payment in Dollars in the Dollar Amount of the Alternative Currency payment amount. The Administrative

Agent will promptly distribute to each Lender its Pro Rata Share (or other applicable share as provided herein) of such payment in like funds as received by wire transfer to such Lender's Lending Office. All payments received by the Administrative Agent (i) after 2:00 p.m., in the case of payments in Dollars, or (ii) after the Applicable Time specified by the Administrative Agent in the case of payments in an Alternative Currency, shall in each case be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue.

(b) If any payment to be made by the Borrowers shall come due on a day other than a Business Day, payment shall be made on the next following Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be; *provided* that, if such extension would cause payment of interest on or principal of Eurodollar Rate Loans to be made in the next succeeding calendar month, such payment shall be made on the immediately preceding Business Day.

(c) Unless any Borrower or any Lender has notified the Administrative Agent, prior to the date any payment is required to be made by it to the Administrative Agent hereunder, that such Borrower or such Lender, as the case may be, will not make such payment, the Administrative Agent may assume that such Borrower or such Lender, as the case may be, has timely made such payment and may (but shall not be so required to), in reliance thereon, make available a corresponding amount to the Person entitled thereto. If and to the extent that such payment was not in fact made to the Administrative Agent in Same Day Funds, then:

(i) if any Borrower failed to make such payment, each Lender shall forthwith on demand repay to the Administrative Agent the portion of such assumed payment that was made available to such Lender in Same Day Funds, together with interest thereon in respect of each day from and including the date such amount was made available by the Administrative Agent to such Lender to the date such amount is repaid to the Administrative Agent in Same Day Funds at the applicable Overnight Rate from time to time in effect; and

(ii) if any Lender failed to make such payment, such Lender shall forthwith on demand pay to the Administrative Agent the amount thereof in Same Day Funds, together with interest thereon for the period from the date such amount was made available by the Administrative Agent to the relevant Borrower to the date such amount is recovered by the Administrative Agent (the **"Compensation Period"**) at a rate per annum equal to the applicable Overnight Rate from time to time in effect. When such Lender makes payment to the Administrative Agent (together with all accrued interest thereon), then such payment amount (excluding the amount of any interest which may have accrued and been paid in respect of such late payment) shall constitute such Lender's Loan included in the applicable Borrowing. If such Lender does not pay such amount forthwith upon the Administrative Agent's demand therefor, the Administrative Agent may make a demand therefor upon the relevant Borrower, and the relevant

Borrower shall pay such amount to the Administrative Agent, together with interest thereon for the Compensation Period at a rate per annum equal to the rate of interest applicable to the applicable Borrowing. Nothing herein shall be deemed to relieve any Lender from its obligation to

fulfill its Commitment or to prejudice any rights which the Administrative Agent or any Borrower may have against any Lender as a result of any default by such Lender hereunder.

A notice of the Administrative Agent to any Lender or any Borrower with respect to any amount owing under this Section 2.12(c) shall be conclusive, absent manifest error.

(d) If any Lender makes available to the Administrative Agent funds for any Loan to be made by such Lender as provided in the foregoing provisions of this Article 2, and such funds are not made available to the relevant Borrower by the Administrative Agent because the conditions to the applicable Credit Extension set forth in Article 4 are not satisfied or waived in accordance with the terms hereof, the Administrative Agent shall return such funds (in like funds as received from such Lender) to such Lender, without interest.

(e) The obligations of the Lenders hereunder to make Loans and to fund participations in Letters of Credit and Swing Line Loans are several and not joint. The failure of any Lender to make any Loan or to fund any such participation on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Loan or purchase its participation.

(f) Nothing herein shall be deemed to obligate any Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan in any particular place or manner.

(g) Whenever any payment received by the Administrative Agent under this Agreement or any of the other Loan Documents is insufficient to pay in full all amounts due and payable to the Administrative Agent and the Lenders under or in respect of this Agreement and the other Loan Documents on any date, such payment shall be distributed by the Administrative Agent and applied by the Administrative Agent and the Lenders in the order of priority set forth in Section 8.03. If the Administrative Agent receives funds for application to the Obligations of the Loan Parties under or in respect of the Loan Documents under circumstances for which the Loan Documents do not specify the manner in which such funds are to be applied, the Administrative Agent may, but shall not be obligated to, elect to distribute such funds to each of the Lenders in accordance with such Lender's Pro Rata Share of the sum of (a) the Outstanding Amount of all Loans outstanding at such time and (b) the Outstanding Amount of all L/C Obligations outstanding at such time, in repayment or prepayment of such of the outstanding Loans or other Obligations then owing to such Lender.

Section 2.13. *Sharing of Payments.* If, other than as expressly provided elsewhere herein, any Lender shall obtain on account of the Loans made by it, or the participations in L/C Obligations or in Swing Line Loans held by it, any payment (whether voluntary, involuntary, through the exercise of any right of setoff, or otherwise) in excess of its ratable share (or other share contemplated hereunder) thereof, such Lender shall immediately (a) notify the Administrative Agent of such fact, and (b) purchase from the other Lenders such participations in the Loans made by them and/or such subparticipations in the participations in L/C Obligations

or Swing Line Loans held by them, as the case may be, as shall be necessary to cause such purchasing Lender to share the excess payment in respect of such Loans or such participations, as the case may be, pro rata with each of them; *provided* that if all or any portion of such excess payment is thereafter recovered from the purchasing Lender under any of the circumstances described in Section 10.06 (including pursuant to any settlement entered into by the purchasing Lender in its discretion), such purchase shall to that extent be rescinded and each other Lender shall repay to the purchasing Lender the purchase price paid therefor, together with an amount equal to such paying Lender's ratable share (according to the proportion of (i) the amount of such paying Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered, without further interest thereon. Each Borrower agrees that any Lender so purchasing a participation from another Lender may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of setoff, but subject to Section 10.09) with respect to such participation as fully as if such Lender were the direct creditor of such Borrower in the amount of such participation. The Administrative Agent will keep records (which shall be conclusive and binding in the absence of manifest error) of participations purchased under this Section 2.13 and will in each case notify the Lenders following any such purchases or repayments. Each Lender that purchases a participation pursuant to this Section 2.13 shall from and after such purchase have the right to give all notices, requests, demands, directions and other communications under this Agreement with respect to the portion of the Obligations purchased to the same extent as though the purchasing Lender were the original owner of the Obligations purchased.

Section 2.14. *Designation of Overseas Borrower; Termination of Designations.* (a) The Company may from time to time designate any Qualified Foreign Subsidiary as an additional Overseas Borrower for purposes of this Agreement by delivering to the Administrative Agent an Election to Participate duly executed on behalf of such Subsidiary and the Company in such number of copies as the Administrative Agent may request. The Administrative Agent shall promptly notify the Lenders of its receipt of any such Election to Participate.

(b) The Company may at any time terminate the status of any Subsidiary as an Overseas Borrower for purposes of this Agreement by delivering to the Administrative Agent an Election to Terminate duly executed on behalf of such Subsidiary and the Company in such number of copies as the Administrative Agent may request. The delivery of such an Election to Terminate shall not affect any obligation of such Subsidiary theretofore incurred under this Agreement or any other Loan Document or any rights of the Lenders and the Agents against such Subsidiary or against the Company in its capacity as guarantor of the obligations of such Subsidiary. The Administrative Agent shall promptly notify the Lenders of its receipt of any such Election to Terminate.

Section 2.15. *Increase in Revolving Credit Commitments.* (a) Provided there exists no Default, upon notice to the Administrative Agent (which shall promptly notify the Lenders), the Company may on up to three (3) different occasions request an increase in the Revolving Credit Commitments of either Class; *provided* that (i) after giving effect to any such increase in the Revolving Credit Commitments, the aggregate amount of increased Commitments that have been

effected pursuant to this Section 2.15 shall not exceed $100,000,000 and (ii) any such increase shall be in an aggregate amount of $5,000,000 or any whole multiple of $1,000,000 in excess thereof. At the time of the sending of such notice, the Company (in consultation with the Administrative Agent) shall specify the time period within which each Revolving Credit Lender of the applicable Class is requested to respond (which shall in no event be less than ten (10) Business Days from the date of delivery of such notice to the Revolving Credit Lenders). Each Revolving Credit Lender of the applicable Class shall notify the Administrative Agent within such time period whether or not it agrees to increase its Revolving Credit Commitment of such Class and, if so, whether by an amount equal to, greater than, or less than its Pro Rata Share of such requested increase. Any Revolving Credit Lender of the applicable Class not responding within such time period shall be deemed to have declined to increase its Revolving Credit Commitment of such Class. The Administrative Agent shall notify the Company and each Revolving Credit Lender of the applicable Class of the Revolving Credit Lenders' responses to each request made hereunder. To achieve the full amount of a requested increase, the Company may also invite additional Eligible Assignees to become Revolving Credit Lenders of the applicable Class pursuant to a joinder agreement in form and substance reasonably satisfactory to the Administrative Agent and its counsel.

(b) If the Revolving Credit Commitments of any Class are increased in accordance with this Section 2.15, the Administrative Agent and the Company shall determine the effective date (the "**Revolving Credit Commitments Increase Effective Date**") and the final allocation of such increase. The Administrative Agent shall promptly notify the Company and the Revolving Credit Lenders of the final allocation of such increase and the Revolving Credit Commitments Increase Effective Date. As a condition precedent to such increase, the Company shall deliver to the Administrative Agent a certificate of the Company dated as of the Revolving Credit Commitments Increase Effective Date signed by a Responsible Officer of the Company certifying that, before and after giving effect to such increase, (A) the representations and warranties contained in Article 5 and the other Loan Documents are true and correct in all material respects on and as of the Revolving Credit Commitments Increase Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct in all material respects as of such earlier date, and except that for purposes of this Section 2.15, the representations and warranties contained in subsections (a) and (b) of Section 5.05 shall be deemed to refer to the most recent statements furnished pursuant to subsections (a) and (b), respectively, of Section 6.01, and (B) no Default exists. On each Revolving Credit Commitments Increase Effective Date, each of the Lenders having a Revolving Credit Commitment of the applicable Class prior to such Revolving Credit Commitments Increase Effective Date (the "**Pre-Increase Revolving Lenders**") shall assign to any Lender which is acquiring a new or additional Revolving Credit Commitment of such Class on the Revolving Credit Commitments Increase Effective Date (the "**Post-Increase Revolving Lenders**"), and such Post-Increase Revolving Lenders shall purchase from each Pre-Increase Revolving Lenders, at the principal amount thereof, such interests in the Revolving Credit Loans and participation interests in L/C Obligations and (in the case of an increase in the Tranche A Revolving Credit Commitments) Swing Line Loans outstanding on such Revolving Credit Commitments Increase Effective Date as shall be necessary in order that, after giving effect to all

such assignments and purchases, such Revolving Credit Loans and participation interests in L/C Obligations and (in the case of an increase in the Tranche A Revolving Credit Commitments) Swing Line Loans will be held by Pre-Increase Revolving Lenders and Post-Increase Revolving Lenders ratably in accordance with their Revolving Credit Commitments of such Class after giving effect to such increased Revolving Credit Commitments.

(c) This Section 2.15 shall supersede any provisions in Section 2.13 or 10.01 to the contrary.

Section 2.16. *Overseas Borrower Costs.* (a) If the cost to any Lender of making or maintaining any Loan to an Overseas Borrower is increased (or the amount of any sum received or receivable by any Lender or its Lending Office is reduced) by an amount deemed by such Lender to be material, by reason of the fact that such Overseas Borrower is incorporated in, or conducts business in, a jurisdiction outside the United States, such Borrower shall indemnify such Lender for such increased cost or reduction within fifteen (15) days after demand by such Lender (with a copy to the Administrative Agent). The foregoing indemnity shall not apply to any Taxes addressed in Article 3. A certificate of such Lender claiming compensation under this Section 2.16 and setting forth the additional amount or amounts to be paid to it hereunder shall be conclusive in the absence of manifest error.

(b) Each Lender will promptly notify the relevant Overseas Borrower and the Administrative Agent of any event or circumstance of which it has knowledge that will entitle such Lender to compensation pursuant to this Section 2.16 and will designate a different Lending Office, if, in the judgment of such Lender, such designation will avoid the need for, or reduce the amount of, such compensation and will not be otherwise disadvantageous to such Lender.

Section 2.17. *Currency Equivalents.* (a) The Administrative Agent shall determine the Dollar Amount of each Alternative Currency Loan as of the first day of each Interest Period applicable thereto and, in the case of any such Interest Period of more than three months, at three-month intervals after the first day thereof, and shall promptly notify the relevant Borrower and the Lenders of each Dollar Amount so determined by it. Each such determination shall be based on the Spot Rate (x) on the date of the related Committed Loan Notice for purposes of the initial such determination for any Alternative Currency Loan and (y) on the fourth Business Day prior to the date as of which such Dollar Amount is to be determined, for purposes of any subsequent determination.

(b) The Administrative Agent shall determine the L/C Obligations related to each Letter of Credit as of the date of issuance thereof and at three-month intervals after the date of issuance thereof. Each such determination shall be based on the Spot Rate (i) on the date of the related notice of issuance, in the case of the initial determination in respect of any Letter of Credit and (ii) on the fourth Business Day prior to the date as of which such Dollar Amount is to be determined, in the case of any subsequent determination with respect to an outstanding Letter of Credit.

(c) If after giving effect to any such determination of a Dollar Amount, the aggregate Outstanding Amount of the Tranche B Revolving Credit Loans and the Tranche B L/C Obligations exceeds the aggregate Tranche B Revolving Credit Commitments, the Borrowers shall, within five (5) Business Days of receipt of notice thereof from the Administrative Agent setting forth such calculation in reasonable detail, prepay outstanding Tranche B Revolving Credit Loans (as selected by the Company and notified to the Lenders through the Administrative Agent not less than three (3) Business Days prior to the date of prepayment) or take other action (including, in any Borrower's discretion, cash collateralization of L/C Obligations or Alternative Currency Loans in amounts from time to time equal to such excess) to the extent necessary to eliminate any such excess.

ARTICLE 3
TAXES, INCREASED COSTS PROTECTION AND ILLEGALITY

Section 3.01. *Taxes*. (a) Except as provided in this Section 3.01, any and all payments by any Borrower to or for the account of any Agent or any Lender under any Loan Document shall be made free and clear of and without deduction for any and all present or future taxes, duties, levies, imposts, deductions, assessments, fees, withholdings or similar charges, and all liabilities (including additions to tax, penalties and interest) with respect thereto, excluding, in the case of each Agent and each Lender, taxes imposed on or measured by its net income or overall gross income (including branch profits), and franchise (and similar) taxes imposed on it in lieu of net income taxes, by the jurisdiction (or any political subdivision thereof) under the Laws of which such Agent or such Lender, as the case may be, is organized or maintains a Lending Office, and all liabilities (including additions to tax, penalties and interest) with respect thereto (all such non-excluded taxes, duties, levies, imposts, deductions, assessments, fees, withholdings or similar charges, and liabilities being hereinafter referred to as "**Taxes**"). If any Borrower shall be required by any Laws to deduct any Taxes from or in respect of any sum payable under any Loan Document to any Agent or any Lender, (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 3.01), each of such Agent and such Lender receives an amount equal to the sum it would have received had no such deductions been made, (ii) such Borrower shall make such deductions, (iii) such Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable Laws, and (iv) within thirty (30) days after the date of such payment, such Borrower shall furnish to such Agent or Lender (as the case may be) the original or a certified copy of a receipt evidencing payment thereof to the extent such a receipt is issued therefor, or other written proof of payment thereof that is reasonably satisfactory to the Administrative Agent.

(b) In addition, each Borrower agrees to pay any and all present or future stamp, court or documentary taxes and any other excise, property, intangible or mortgage recording taxes or charges or similar levies which arise from any payment made under any Loan Document or from the execution, delivery, performance, enforcement or registration of, or otherwise with respect to, any Loan Document (hereinafter referred to as "**Other Taxes**").

(c) Each Borrower agrees to indemnify each Agent and each Lender for (i) the full amount of Taxes and Other Taxes (including any Taxes or Other Taxes imposed or asserted by any jurisdiction on amounts payable under this Section 3.01) paid by such Agent and such Lender, and (ii) any liability (including additions to tax, penalties, interest and expenses) arising therefrom or with respect thereto, in each case whether or not such Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority; provided such Agent or Lender, as the case may be, provides such Borrower with a written statement thereof setting forth in reasonable detail the basis and calculation of such amounts. Payment under this Section 3.01(c) shall be made within thirty (30) days after the date such Lender or such Agent makes a demand therefor.

(d) No Borrower shall be required pursuant to this Section 3.01 to pay any additional amount to, or to indemnify, any Lender or Agent, as the case may be, to the extent that such Lender or such Agent becomes subject to Taxes subsequent to the Closing Date (or, if later, the date such Lender or Agent becomes a party to this Agreement) as a result of a change in the place of organization of such Lender or Agent or a change in the lending office of such Lender, except to the extent that any such change is requested or required in writing by any Borrower (and provided that nothing in this clause (d) shall be construed as relieving any Borrower from any obligation to make such payments or indemnification in the event of a change in lending office or place of organization that precedes a change in Law to the extent such Taxes result from a change in Law).

(e) If a Lender or an Agent is subject to United States withholding tax at a rate in excess of zero percent at the time such Lender or such Agent, as the case may be, first becomes a party to this Agreement, withholding tax at such rate shall be considered excluded from Taxes unless and until such Lender or Agent, as the case may be, provides the appropriate forms certifying that a lesser rate applies, whereupon withholding tax at such lesser rate only shall be considered excluded from Taxes for periods governed by such forms; *provided* that, if at the date of the Assignment and Acceptance pursuant to which a Lender becomes a party to this Agreement, the Lender assignor was entitled to payments under clause (a) of this Section 3.01 in respect of United States withholding tax with respect to interest paid at such date, then, to such extent, the term Taxes shall include (in addition to withholding taxes that may be imposed in the future or other amounts otherwise includable in Taxes) United States withholding tax, if any, applicable with respect to the Lender assignee on such date.

(f) If any Lender or Agent shall become aware that it is entitled to receive a refund in respect of amounts paid by any Borrower pursuant to this Section 3.01, which refund in the good faith judgment of such Lender or Agent is allocable to such payment, it shall promptly notify the Company of the availability of such refund and shall, within thirty (30) days after the receipt of a request by the Company, apply for such refund provided that in the sole judgment of the Lender or Agent, applying for such refund would not be disadvantageous to it. If any Lender or Agent determines that it has received a refund in respect of any Taxes or Other Taxes as to which indemnification or additional amounts have been paid to it by any Borrower pursuant to this Section 3.01, it shall promptly remit such refund (including any interest included in such refund) to such Borrower (to the extent that it determines that it can do so without prejudice to the

retention of the refund), net of all out-of-pocket expenses of the Lender or Agent, as the case may be; *provided* that such Borrower, upon the request of the Lender or Agent, as the case may be, agrees promptly to return such refund to such party in the event such party is required to repay such refund to the relevant taxing authority. Such Lender or Agent, as the case may be, shall, at such Borrower's request, provide such Borrower with a copy of any notice of assessment or other evidence of the requirement to repay such refund received from the relevant taxing authority *(provided* that such Lender or Agent may delete any information therein that such Lender or Agent deems confidential). Nothing herein contained shall interfere with the right of a Lender or Agent to arrange its tax affairs in whatever manner it thinks fit nor oblige any Lender or Agent to claim any tax refund or to disclose any information relating to its tax affairs or any computations in respect thereof or require any Lender or Agent to do anything that would prejudice its ability to benefit from any other refunds, credits, reliefs, remissions or repayments to which it may be entitled.

(g) Each Lender agrees that, upon the occurrence of any event giving rise to the operation of Section 3.01(a) or (c) with respect to such Lender it will, if requested by the Company, use commercially reasonable efforts (subject to such Lender's overall internal policies of general application and legal and regulatory restrictions) to avoid the consequences of such event, including to designate another Lending Office for any Loan or Letter of Credit affected by such event; *provided* that such efforts are made on terms that, in the reasonable judgment of such Lender, cause such Lender and its Lending Office(s) to suffer no material economic, legal or regulatory disadvantage, and *provided further* that nothing in this Section 3.01(g) shall affect or postpone any of the Obligations of any Borrower or the rights of such Lender pursuant to Section 3.01(a) and (c).

Section 3.02. *Illegality.* If any Lender determines that any Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable Lending Office to make, maintain or fund Eurodollar Rate Loans, or to determine or charge interest rates based upon the Eurodollar Rate, then, on notice thereof by such Lender to the Borrowers through the Administrative Agent, any obligation of such Lender to make or continue Eurodollar Rate Loans or to convert Base Rate Loans to Eurodollar Rate Loans shall be suspended until such Lender notifies the Administrative Agent and the Borrowers that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, each such Borrower shall, upon demand from such Lender (with a copy to the Administrative Agent), prepay or, if applicable, convert all Eurodollar Rate Loans of such Lender to Base Rate Loans, either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such Eurodollar Rate Loans to such day, or immediately, if such Lender may not lawfully continue to maintain such Eurodollar Rate Loans. Upon any such prepayment or conversion, each such Borrower shall also pay accrued interest on the amount so prepaid or converted. Each Lender agrees to designate a different Lending Office if such designation will avoid the need for such notice and will not, in the good faith judgment of such Lender, otherwise be materially disadvantageous to such Lender.

Section 3.03. *Inability to Determine Rates.* If the Required Lenders determine that for any reason adequate and reasonable means do not exist for determining the Eurodollar Rate for

any requested Interest Period with respect to a proposed Eurodollar Rate Loan, or that the Eurodollar Rate for any requested Interest Period with respect to a proposed Eurodollar Rate Loan does not adequately and fairly reflect the cost to such Lenders of funding such Loan, or that Dollar deposits are not being offered to banks in the London interbank eurodollar market for the applicable amount and the Interest Period of such Eurodollar Rate Loan, the Administrative Agent will promptly so notify each Borrower and each Lender. Thereafter, the obligation of the Lenders to make or maintain Eurodollar Rate Loans shall be suspended until the Administrative Agent (upon the instruction of the Required Lenders) revokes such notice. Upon receipt of such notice, each Borrower may revoke any pending request for a Borrowing of, conversion to or continuation of Eurodollar Rate Loans or, failing that, will be deemed to have converted such request into a request for a Borrowing of Base Rate Loans in the amount specified therein.

Section 3.04. *Increased Cost and Reduced Return; Capital Adequacy; Reserves on Eurodollar Rate Loans.* (a) If any Lender determines that as a result of the introduction of or any change in or in the interpretation of any Law, in each case after the date hereof, or such Lender's compliance therewith, there shall be any increase in the cost to such Lender of agreeing to make or making, funding or maintaining Eurodollar Rate Loans or (as the case may be) issuing or participating in Letters of Credit, or a reduction in the amount received or receivable by such Lender in connection with any of the foregoing (excluding for purposes of this Section 3.04(a) any such increased costs or reduction in amount resulting from (i) Taxes or Other Taxes (as to which Section 3.01 shall govern), (ii) changes in the basis of taxation of overall net income or overall gross income (including branch profits), and franchise (and similar) taxes imposed in lieu of net income taxes, by the United States or any foreign jurisdiction or any political subdivision of either thereof under the Laws of which such Lender is organized or maintains a Lending Office, (iii) reserve requirements contemplated by Section 3.04(c) and (iv) the requirements of the Bank of England and the Financial Services Authority or the European Central Bank reflected in the Mandatory Cost, other than as set forth below) or the Mandatory Cost, as calculated hereunder, does not represent the cost to such Lender of complying with the requirements of the Bank of England and/or the Financial Services Authority or the European Central Bank in relation to its making, funding or maintaining of Eurodollar Rate Loans, then from time to time upon demand of such Lender setting forth in reasonable detail such increased costs (with a copy of such demand to the Administrative Agent given in accordance with Section 3.06), the Company shall pay to such Lender such additional amounts as will compensate such Lender for such increased cost or reduction or, if applicable, the portion of such cost that is not represented by the Mandatory Cost.

(b) If any Lender determines that the introduction of any Law regarding capital adequacy or any change therein or in the interpretation thereof, in each case after the date hereof, or compliance by such Lender (or its Lending Office) therewith, has the effect of reducing the rate of return on the capital of such Lender or any corporation controlling such Lender as a consequence of such Lender's obligations hereunder (taking into consideration its policies with respect to capital adequacy and such Lender's desired return on capital), then from time to time upon demand of such Lender setting forth in reasonable detail the charge and the calculation of such reduced rate of return (with a copy of such demand to the Administrative Agent given in

accordance with Section 3.06), the Company shall pay to such Lender such additional amounts as will compensate such Lender for such reduction.

(c) The Company shall pay to each Lender, (i) as long as such Lender shall be required to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency funds or deposits (currently known as "**Eurocurrency liabilities**"), additional interest on the unpaid principal amount of each Eurodollar Rate Loan equal to the actual costs of such reserves allocated to such Loan by such Lender (as determined by such Lender in good faith, which determination shall be conclusive in the absence of manifest error), and (ii) as long as such Lender shall be required to comply with any reserve ratio requirement or analogous requirement of any other central banking or financial regulatory authority imposed in respect of the maintenance of the Commitments or the funding of the Eurodollar Rate Loans, such additional costs (expressed as a percentage per annum and rounded upwards, if necessary, to the nearest five decimal places) equal to the actual costs allocated to such Commitment or Loan by such Lender (as determined by such Lender in good faith, which determination shall be conclusive absent manifest error) which in each case shall be due and payable on each date on which interest is payable on such Loan, provided the Company shall have received at least fifteen (15) days' prior notice (with a copy to the Administrative Agent) of such additional interest or cost from such Lender. If a Lender fails to give notice fifteen (15) days prior to the relevant Interest Payment Date, such additional interest or cost shall be due and payable fifteen (15) days from receipt of such notice.

(d) The Company shall not be required to compensate a Lender pursuant to Section 3.04(a), (b) or (c) for any such increased cost or reduction incurred more than one hundred and eighty (180) clays prior to the date that such Lender demands, or notifies the Company of its intention to demand, compensation therefor; *provided* that, if the circumstance giving rise to such increased cost or reduction is retroactive, then such I80-day period referred to above shall he extended to include the period of retroactive effect thereof.

(e) If any Lender requests compensation under this Section 3.04, then such Lender will, if requested by the Company, use commercially reasonable efforts to designate another Lending Office for any Loan or Letter of Credit affected by such event; *provided* that such efforts are made on terms that, in the reasonable judgment of such Lender, cause such Lender and its Lending Office(s) to suffer no material economic, legal or regulatory disadvantage, and *provided further* that nothing in this Section 3.04(e) shall affect or postpone any of the Obligations of any Borrower or the rights of such Lender pursuant to Section 3.04(a), (b), (c) or (d).

Section 3.05. *Funding Losses.* Upon demand of any Lender (with a copy to the Administrative Agent) from time to time, the Company shall promptly compensate such Lender for and hold such Lender harmless from any loss, cost or expense incurred by it as a result of:

(a) any continuation, conversion, payment or prepayment of any Loan other than a Base Rate Loan on a day other than the last day of the Interest Period for such

Loan (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise); or

(b) any failure by any Borrower (for a reason other than the failure of such Lender to make a Loan) to prepay, borrow, continue or convert any Loan other than a Base Rate Loan on the date or in the amount notified by such Borrower;

including any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such Loan or from fees payable to terminate the deposits from which such funds were obtained.

For purposes of calculating amounts payable by the Company to the Lenders under this Section 3.05, each Lender shall be deemed to have funded each Eurodollar Rate Loan made by it at the Eurodollar Rate for such Loan by a matching deposit or other borrowing in the London interbank eurodollar market for a comparable amount and for a comparable period, whether or not such Eurodollar Rate Loan was in fact so funded.

Section 3.06. *Matters Applicable to All Requests for Compensation.* (a) Any Agent or any Lender claiming compensation under this Article 3 shall deliver a certificate to the Company setting forth the additional amount or amounts to be paid to it hereunder shall be conclusive in the absence of manifest error. In determining such amount, such Agent or such Lender may use any reasonable averaging and attribution methods.

(b) With respect to any Lender's claim for compensation under Section 3.01, 3.02, 3.03 or 3.04, the Borrowers shall not be required to compensate such Lender for any amount incurred more than one hundred and eighty (180) days prior to the date that such Lender notifies the relevant Borrowers of the event that gives rise to such claim. If any Lender requests compensation by the Company under Section 3.04, the Company may, by notice to such Lender (with a copy to the Administrative Agent), suspend the obligation of such Lender to make or continue from one Interest Period to another Eurodollar Rate Loans, or to convert Base Rate Loans into Eurodollar Rate Loans, until the event or condition giving rise to such request ceases to be in effect (in which case the provisions of Section 3.06(c) shall be applicable); *provided* that such suspension shall not affect the right of such Lender to receive the compensation so requested.

(c) If the obligation of any Lender to make or continue from one Interest Period to another any Eurodollar Rate Loan, or to convert Base Rate Loans into Eurodollar Rate Loans shall be suspended pursuant to Section 3.06(b) hereof, such Lender's Eurodollar Rate Loans shall be automatically converted into Base Rate Loans on the last day(s) of the then current Interest Period(s) for such Eurodollar Rate Loans (or, in the case of an immediate conversion required by Section 3.02, on such earlier date as required by Law) and, unless and until such Lender gives notice as provided below that the circumstances specified in Section 3.01, 3.02, 3.03 or 3.04 hereof that gave rise to such conversion no longer exist:

(i) to the extent that such Lender's Eurodollar Rate Loans have been so converted, all payments and prepayments of principal that would otherwise be applied to such Lender's Eurodollar Rate Loans shall be applied instead to its Base Rate Loans; and

(ii) all Loans that would otherwise be made or continued from one Interest Period to another by such Lender as Eurodollar Rate Loans shall be made or continued instead as Base Rate Loans, and all Base Rate Loans of such Lender that would otherwise be converted into Eurodollar Rate Loans shall remain as Base Rate Loans.

(d) If any Lender gives notice to the Company (with a copy to the Agent) that the circumstances specified in Section 3.01, 3.02, 3.03 or 3.04 hereof that gave rise to the conversion of such Lender's Eurodollar Rate Loans pursuant to this Section 3.06 no longer exist (which such Lender agrees to do promptly upon such circumstances ceasing to exist) at a time when Eurodollar Rate Loans made by other Lenders are outstanding, such Lender's Base Rate Loans shall be automatically converted, on the first day(s) of the next succeeding Interest Period(s) for such outstanding Eurodollar Rate Loans, to the extent necessary so that, after giving effect thereto, all Loans held by the Lenders holding Eurodollar Rate Loans and by such Lender are held pro rata (as to principal amounts, interest rate basis, and Interest Periods) in accordance with their respective Commitments.

Section 3.07. *Replacement of Lenders under Certain Circumstances.* (a) If at any time (x) any Borrower becomes obligated to pay additional amounts or indemnity payments described in Section 3.01 or Section 3.04 as a result of any condition described in such Sections or any Lender ceases to make Eurodollar Rate Loans as a result of any condition described in Section 3.02 or Section 3.04, (y) any Lender becomes a Defaulting Lender or (z) any Lender becomes a "**Non-Consenting Lender**" (as defined below in this Section 3.07), then the Company may, on ten (10) Business Days' prior written notice to the Administrative Agent and such Lender, either (i) replace such Lender by causing such Lender to (and such Lender shall be obligated to) assign pursuant to Section 10.07(b) (with the assignment fee to be paid by the Company in such instance) all of its rights and obligations under this Agreement to one or more Eligible Assignees; *provided* that (A) the replacement lender shall agree to the consent, waiver or amendment to which the Non-Consenting Lender did not agree and (B) neither the Administrative Agent nor any Lender shall have any obligation to the Company to find a replacement Lender or other such Person or (ii) terminate the Commitment of such Lender and repay all obligations of the Borrowers owing to such Lender relating to the Loans and participations held by such Lender as of such termination date.

(b) Any Lender being replaced pursuant to Section 3.07(a) above shall (i) execute and deliver an Assignment and Assumption with respect to such Lender's Commitment and outstanding Loans and participations in L/C Obligations and Swing Line Loans, and (ii) deliver any Notes evidencing such Loans to the Borrowers or Administrative Agent. Pursuant to such Assignment and Assumption, (i) the assignee Lender shall acquire all or a portion, as the case may be, of the assigning Lender's Commitment and outstanding Loans and participations in L/C Obligations and Swing Line Loans, (ii) all obligations of the Borrowers owing to the assigning Lender relating to the Loans and participations so assigned shall be paid in full by the assignee

Lender to such assigning Lender concurrently with such assignment and assumption and (iii) upon such payment and, if so requested by the assignee Lender, delivery to the assignee Lender of the appropriate Note or Notes executed by the relevant Borrowers, the assignee Lender shall become a Lender hereunder and the assigning Lender shall cease to constitute a Lender hereunder with respect to such assigned Loans, Commitments and participations, except with respect to indemnification provisions under this Agreement, which shall survive as to such assigning Lender.

(c) Notwithstanding anything to the contrary contained above, (i) the Lender that acts as the L/C Issuer may not be replaced hereunder at any time that it has any Letter of Credit outstanding hereunder unless arrangements reasonably satisfactory to such L/C Issuer (including the furnishing of a back-up standby letter of credit in form and substance, and issued by an issuer reasonably satisfactory to such L/C Issuer or the depositing of cash collateral into a cash collateral account in amounts and pursuant to arrangements reasonably satisfactory to such L/C Issuer) have been made with respect to such outstanding Letter of Credit and (ii) the Lender that acts as the Administrative Agent may not be replaced hereunder except in accordance with the terms of Section 9.09.

(d) In the event that (i) the Company or the Administrative Agent has requested the Lenders to consent to a departure or waiver of any provisions of the Loan Documents or to agree to any amendment thereto, (ii) the consent, waiver or amendment in question requires the agreement of all affected Lenders in accordance with the terms of Section 10.01 or all the Lenders with respect to a certain class of the Loans and (iii) the Required Lenders have agreed to such consent, waiver or amendment, then any Lender who does not agree to such consent, waiver or amendment shall be deemed a "**Non-Consenting Lender.**"

Section 3.08. *Survival.* All of the Borrowers' obligations under this Article 3 shall survive termination of the Aggregate Commitments and repayment of all other Obligations hereunder.

ARTICLE 4
CONDITIONS PRECEDENT

Section 4.01. *Conditions to Effectiveness.* The effectiveness of this Agreement is subject to satisfaction of the following conditions precedent:

(a) The Administrative Agent's receipt of the following, each of which shall be originals or facsimiles (followed promptly by originals) unless otherwise specified, each properly executed by a Responsible Officer of the signing Loan Party, each in form and substance reasonably satisfactory to the Administrative Agent and its legal counsel:

(i) executed counterparts of this Agreement and each Guaranty;

(ii) a Note executed by each relevant Borrower in favor of each Lender requesting a Note;

(iii) the Security Agreement, duly executed by each Loan Party party thereto, together with:

(A) certificates representing the Pledged Equity referred to therein accompanied by undated stock powers executed in blank and instruments evidencing the Pledged Debt indorsed in blank,

(B) copies of all searches with respect to the Collateral, and all proper financing statements, duly prepared for filing under the Uniform Commercial Code in all jurisdictions that the Administrative Agent may deem reasonably necessary in order to perfect and protect the Liens created under the Security Agreement, covering the Collateral described in the Security Agreement,

(C) evidence that all other actions, recordings and filings of or with respect to the Security Agreement that the Administrative Agent may deem reasonably necessary in order to perfect and protect the Liens created thereby shall have been taken, completed or otherwise provided for in a manner reasonably satisfactory to the Administrative Agent,

(iv) the Intellectual Property Security Agreement, duly executed by each Loan Party party thereto, together with evidence that all action that the Administrative Agent in its reasonable judgment may deem reasonably necessary or desirable in order to perfect and protect the Liens created under the Intellectual Property Security Agreements has been taken;

(v) such certificates of resolutions or other action, incumbency certificates and/or other certificates of Responsible Officers of each Loan Party as the Administrative Agent may reasonably require evidencing the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with this Agreement and the other Loan Documents to which such Loan Party is a party or is to be a party;

(vi) such documents and certifications as the Administrative Agent may reasonably require to evidence that each Loan Party is duly organized or formed, and that each of the Borrowers and the Guarantors is validly existing, in good standing and qualified to engage in business in each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification, except to the extent that failure to be so qualified could not reasonably be expected to have a Material Adverse Effect;

(vii) an opinion of (A) Simpson Thacher & Bartlett LLP New York counsel to the Loan Parties, (B) Paul Robinson, internal counsel to the Loan Parties, and (C) Amster, Rothstein & Ebenstein, special intellectual property counsel to the Administrative Agent, each dated as of the ARCA Effective Date, addressed to each Agent and each Lender and each in form and substance reasonably satisfactory to the Administrative Agent;

(viii) a certificate signed by a Responsible Officer of the Company certifying that there has been no change, effect, event, occurrence or state of facts since August 31, 2003, that has had or could reasonably be expected to have a material adverse effect on the condition (financial or otherwise), business, assets or results of operations of the Warner Business or which materially impairs the ability of the Seller to consummate the transactions contemplated by the Purchase Agreement, other than any change, effect, event, occurrence or state of facts relating to or arising from (i) the economy in general, (ii) the Purchase Agreement or the transactions contemplated thereby or the public announcement thereof and (iii) the music industry in general, and not specifically relating to the Warner Business;

(ix) a certificate dated as of the ARCA Effective Date, attesting to the Solvency of the Loan Parties (taken as a whole) after giving effect to the Transaction, from the Chief Financial Officer of the Company;

(x) a certified copy of the Sponsor Management Agreement (if such agreement shall have been entered into on or prior to the ARCA Effective Date);

(xi) evidence that all insurance (including without limitation title insurance) required to be maintained pursuant to the Loan Documents has been obtained and is in effect and that the Administrative Agent has been named as loss payee under each insurance policy with respect to such insurance as to which the Administrative Agent shall have requested to be so named;

(xii) certified copies of the Purchase Agreement, duly executed by the parties thereto, together with all material agreements, instruments and other documents delivered in connection therewith as the Administrative Agent and the Initial Lenders shall reasonably request;

(xiii) a Committed Loan Notice or Letter of Credit Application, as applicable, relating to the Credit Extensions to be made on the ARCA Effective Date; and

(xiv) an acknowledgement and consent, duly executed by each Loan Party, consenting to this Agreement and acknowledging the continued effectiveness of the Collateral Documents.

(b) All fees and expenses required to be paid on or before the ARCA Effective Date shall have been paid in full in cash.

(c) All material governmental, shareholder and material third party consents and approvals necessary in connection with the Transaction shall have been obtained and shall remain in effect; all applicable waiting periods (including, without limitation, the expiration or termination of the requisite waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1975) in connection with the Transaction shall have expired without any action being taken by any authority that could restrain, prevent or impose any material adverse conditions on any of the Loan Parties or the Transaction or that could seek or threaten any of the foregoing.

(d) The Purchase Agreement shall be in full force and effect.

(e) Prior to or simultaneously with the initial Credit Extension, (x) the Equity Contributions shall have been funded in full and (y) the Acquisition shall be consummated in accordance with the terms of the Purchase Agreement, without any waiver or amendment that would be materially adverse to the interests of the Lenders (unless the Administrative Agent and the Arrangers shall have consented in writing to such waiver or amendment), and in compliance with applicable material Laws and regulatory approvals.

(f) The final terms and conditions of each material aspect of the Acquisition shall be (i) as described in the Acquisition Agreement as in effect on November 24, 2003 and in the commitment letter dated as of November 23, 2003 among Holdings and the Initial Lenders and (ii) to the extent not described in the documents described in clause (i) or in other information provided by Holdings to the Initial Lenders prior to November 23, 2003, reasonably satisfactory to the Initial Lenders and the Arrangers. The Initial Lenders and the Arrangers shall be reasonably satisfied with all material agreements, instruments and documents relating to the Transaction.

(g) Prior to or simultaneously with the initial Credit Extensions the Company shall have received at least $500,000,000 in gross cash proceeds from its borrowing of the Bridge Loans.

(h) On or prior to the ARCA Effective Date, the Administrative Agent shall have received evidence satisfactory to it of (i) the repayment in full of the principal of and accrued and unpaid interest on the Tranche B Term Loans, (ii) the issuance of Senior Subordinated Notes in an aggregate amount of not less than (x) $465,000,000 for Dollar-denominated Senior Subordinated Notes and (y) £100,000,000 for Sterling-denominated Senior Subordinated Notes and (iii) the repayment in full of the principal of and accrued and unpaid interest on the Bridge Loans and the termination of the Bridge Loan Agreement.

For the avoidance of doubt, the parties agree that the conditions set forth in paragraphs (a)(i), (a)(iii), (a)(iv), (a)(viii), (a)(xi), (a)(xii), (d), (e), (f) and (g) were satisfied in connection with the initial Credit Extension under the Existing Credit Agreement.

Section 4.02. *Consequence of Effectiveness.* (a) On the ARCA Effective Date (i) the Existing Credit Agreement shall be automatically amended and restated in its entirety to read as set forth herein and (ii) the Commitments of the Lenders shall be as set forth on Schedule 2.01. On and after the ARCA Effective Date, the rights and obligations of the parties hereto shall be governed by this Agreement; *provided* that the rights and obligations of the parties hereto with respect to the period prior to the ARCA Effective Date shall continue to be governed by the provisions of the Existing Credit Agreement, except that all unpaid interest and fees accrued under the Existing Credit Agreement to but excluding the ARCA Effective Date shall be paid on or prior to the ARCA Effective Date. On and after the ARCA Effective Date, all Letters of Credit outstanding under the Existing Credit Agreement shall be deemed to be

Tranche A Letters of Credit outstanding under this Agreement, and each Tranche A Revolving Credit Lender shall have a participation therein (and in the related reimbursement obligation) equal to such Tranche A Revolving Credit Lender's Pro Rata Share thereof.

(b) On the ARCA Effective Date, Tranche A Term Loans owing under the Existing Credit Agreement to any Lender shall be deemed to be outstanding as Term Loans of such Initial Lender hereunder and will constitute continuing obligations hereunder and shall continue to be secured by the Collateral. This Agreement does not constitute a novation, payment and reborrowing or termination of the Loans or other Obligations (in each case as defined in the Existing Credit Agreement) under the Existing Credit Agreement as in effect prior to the ARCA Effective Date. Each Term Lender shall be deemed to have satisfied its obligation to make Term Loans on the ARCA Effective Date pursuant to Section 2.01(a) upon paying to the Administrative Agent for the account of the Company in accordance with this Agreement an amount equal to such Term Lender's Term Commitment *minus* the aggregate principal amount of Tranche A Term Loans of such Term Lender outstanding under the Existing Credit Agreement on the ARCA Effective Date.

(c) The Initial Lenders in their capacity as Required Lenders under the Existing Credit Agreement hereby agree that, subject to Section 3.05 of the Existing Credit Agreement, the Company may prepay all Tranche B Term Loans outstanding under the Existing Credit Agreement on the ARCA Effective Date and that any requirement for notice of such prepayment shall be waived.

Section 4.03. *Conditions to All Credit Extensions.* The obligation of each Lender to honor any Request for Credit Extension (other than a Committed Loan Notice requesting only a conversion of Loans to the other Type, or a continuation of Eurodollar Rate Loans) is subject to the following conditions precedent:

(a) The representations and warranties of each Borrower and each other Loan Party contained in Article 5 or any other Loan Document shall be true and correct in all material respects on and as of the date of such Credit Extension, except (i) to the extent

that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects as of such earlier date, (ii) the representations and warranties set forth in Section 5.05(b) shall not be required to be true and correct on the Closing Date and (iii) that for purposes of this Section 4.03, the representations and warranties contained in Sections 5.05(a) and (b) shall be deemed to refer to the most recent statements furnished pursuant to Sections 6.01(a) and (b).

(b) No Default shall exist, or would result from such proposed Credit Extension or from the application of the proceeds therefrom.

(c) The Administrative Agent and, if applicable, the L/C Issuer or the Swing Line Lender shall have received a Request for Credit Extension in accordance with the requirements hereof.

Each Request for Credit Extension (other than a Committed Loan Notice requesting only a conversion of Loans to the other Type or a continuation of Eurodollar Rate Loans) submitted by the relevant Borrower shall be deemed to be a representation and warranty that the conditions specified in Sections 4.03(a) and (b) have been satisfied on and as of the date of the applicable Credit Extension.

Section 4.04. *First Credit Extension to an Overseas Borrowers.* The obligation of each Lender to honor any Request for Credit Extension on the occasion of the first Credit Extension under the Revolving Credit Commitments to each Overseas Borrower is subject to the satisfaction of the following further conditions:

(a) receipt by the Administrative Agent of an opinion of counsel for such Overseas Borrower reasonably acceptable to the Administrative Agent, substantially in the form of Exhibit I hereto and covering such additional matters relating to the transactions contemplated hereby as the Administrative Agent may reasonably request;

(b) receipt by the Administrative Agent of all documents which it may reasonably request relating to the existence of such Overseas Borrower, its corporate authority for and the validity of its Election to Participate, this Agreement and any other Loan Document, and any other matters relevant thereto, all in form and substance reasonably satisfactory to the Administrative Agent; and

(c) the requirements of Section 6.12(c) shall have been satisfied with respect to such Overseas Borrower.

The opinion referred to in Section 4.04(a) above shall be dated no more than fifteen (15) Business Days before the date of the first Borrowing by such Overseas Borrower hereunder.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

Each of Holdings and the Borrowers represents and warrants to the Agents and the Lenders that:

Section 5.01. *Existence, Qualification and Power; Compliance with Laws.* Each Loan Party and each of its Subsidiaries (a) is a Person duly organized or formed, validly existing and in good standing under the Laws of the jurisdiction of its incorporation or organization, (b) has all requisite power and authority to (i) own or lease its assets and carry on its business and (ii) execute, deliver and perform its obligations under the Loan Documents and the Purchase Agreement to which it is a party, (c) is duly qualified and in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification, (d) is in compliance with all Laws, orders, writs, injunctions and orders and (e) has all requisite governmental licenses, authorizations, consents and approvals to operate its business as currently conducted; except in each case referred to in clause (c), (d) or (e), to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

Section 5.02. *Authorization; No Contravention.* The execution, delivery and performance by each Loan Party of each Loan Document to which such Person is a party, and the consummation of the Transaction, are within such Loan Party's corporate or other powers, have been duly authorized by all

necessary corporate or other organizational action, and do not and will not (a) contravene the terms of any of such Person's Organization Documents, (b) conflict with or result in any breach or contravention of, or the creation of any Lien under (other than as permitted by Section 7.01), or require any payment to be made under (i) (x) any Junior Financing Documentation or (y) any other Contractual Obligation to which such Person is a party or affecting such Person or the properties of such Person or any of its Subsidiaries or (ii) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Person or its property is subject; or (c) violate any Law; except with respect to any conflict, breach or contravention or payment (but not creation of Liens) referred to in clause (b)(i), to the extent that such conflict, breach, contravention or payment could not reasonably be expected to have a Material Adverse Effect.

Section 5.03. *Governmental Authorization; Other Consents.* No material approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with (a) the execution, delivery or performance by, or enforcement against, any Loan Party of this Agreement or any other Loan Document, or for the consummation of the Transaction, (b) the grant by any Loan Party of the Liens granted by it pursuant to the Collateral Documents, (c) the perfection or maintenance of the Liens created under the Collateral Documents (including the priority thereof) or (d) the exercise by the Administrative Agent or any Lender of its rights under the Loan Documents or the remedies in respect of the Collateral pursuant to the Collateral Documents, except for (i) filings necessary to perfect the Liens on the Collateral granted by the Loan Parties in favor of the Secured Parties, (ii) the approvals, consents, exemptions,

authorizations, actions, notices and filings which have been duly obtained, taken, given or made and are in full force and effect and (iii) those approvals, consents, exemptions, authorizations or other actions, notices or filings, the failure of which to obtain or make could not reasonably be expected to have a Material Adverse Effect.

Section 5.04. *Binding Effect.* This Agreement and each other Loan Document has been duly executed and delivered by each Loan Party that is party thereto. This Agreement and each other Loan Document constitutes, a legal, valid and binding obligation of such Loan Party, enforceable against each Loan Party that is party thereto in accordance with its terms, except as such enforceability may be limited by bankruptcy insolvency, reorganization, receivership, moratorium or other laws affecting creditors' rights generally and by general principles of equity.

Section 5.05. *Financial Statements; No Material Adverse Effect.* (a) (i) The Warner Music Publishing Audited Financial Statements fairly present in all material respects the financial condition of the Warner Music Publishing Business as of the date thereof and their results of operations for the period covered thereby in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein. During the period from November 30, 2002 to and including the Closing Date, there has been (i) no sale, transfer or other disposition by the Warner Music Publishing Business of any material part of the business or property of the Warner Music Publishing Business, taken as a whole and (ii) no purchase or other acquisition by the Warner Music Publishing Business of any business or property (including any Equity Interests of any other Person) material in relation to the consolidated financial condition of the Warner Music Publishing Business, taken as a whole, in each case, which is not reflected in the foregoing financial statements or in the notes thereto or has not otherwise been disclosed in writing to the Lenders prior to the Closing Date.

(ii) The Warner Recorded Music Audited Financial Statements fairly present in all material respects the financial condition of the Warner Recorded Music Business as of the date thereof and their results of operations for the period covered thereby in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein. During the period from November 30, 2002 to and including the Closing Date, there has been (i) no sale, transfer or other disposition by the Warner Recorded Music Business of any material part of the business or property of the Warner Recorded Music Business, taken as a whole and (ii) no purchase or other acquisition by the Warner Recorded Music Business of any business or property (including any Equity Interests of any other Person) material in relation to the consolidated financial condition of the Warner Recorded Music Business, taken as a whole, in each case, which is not reflected in the foregoing financial statements or in the notes thereto or has not otherwise been disclosed in writing to the Lenders prior to the Closing Date.

(b) Since August 31, 2003, there has been no event or circumstance, either individually or in the aggregate, that has had or could reasonably be expected to have a material adverse effect on the business, operations, assets, liabilities (actual or contingent) or condition (financial or otherwise) of the Company and its Subsidiaries, taken as a whole.

(c) The forecasts of consolidated balance sheets, income statements and cash flow statements of the Company and its Subsidiaries for each fiscal year ending after the Closing Date until the eighth anniversary of the Closing Date, copies of which have been furnished to the Administrative Agent and the Initial Lenders prior to the Closing Date in a form reasonably satisfactory to them, have been prepared in good faith on the basis of the assumptions stated therein, which assumptions were reasonable in light of the conditions existing at the time of delivery of such forecasts, it being understood that actual results may vary from such forecasts and that such variations may be material.

Section 5.06. *Litigation.* There are no actions, suits, proceedings, claims or disputes pending or, to the knowledge of any Borrower, threatened in writing or contemplated, at law, in equity, in arbitration or before any Governmental Authority, by or against any Borrower or any of its Subsidiaries or against any of their properties or revenues that (a) purport to affect or pertain to this Agreement, any other Loan Document or, as of the Closing Date, the consummation of the Transaction, or (b) either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

Section 5.07. *No Default.* Neither any Borrower nor any Subsidiary is in default under or with respect to, or a party to, any Contractual Obligation that could, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 5.08. *Ownership of Property; Liens.* (a) Each Loan Party and each of its Subsidiaries has good record and indefeasible title in fee simple to, or valid leasehold interests in, or easements or other limited property interests in, all real property necessary in the ordinary conduct of its business, free and clear of all Liens except for minor defects in title that do not materially interfere with its ability to conduct its business or to utilize such assets for their intended purposes and Liens permitted by Section 7.01 and except where the failure to have such title could not reasonable be expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) Set forth on Schedule 5.08(b) hereto is a complete and accurate list of all real property owned by any Loan Party or any of its Subsidiaries, as of the Closing Date, showing as of the date hereof the street address (to the extent available), county or other relevant jurisdiction, state and record owner.

Section 5.09. *Environmental Compliance.* (a) There are no claims alleging potential liability or responsibility for violation of any Environmental Law on their respective businesses, operations and properties that could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(b) Except as specifically disclosed in Schedule 5.09 or except as could not reasonably be expected to have a Material Adverse Effect, (i) none of the properties currently or formerly owned or operated by any Loan Party or any of its Subsidiaries is listed or proposed for listing on the NPL or on the CERCLIS or any analogous foreign, state or local list or is adjacent to any such property; (ii) there are no and never have been any underground or aboveground storage

tanks or any surface impoundments, septic tanks, pits, sumps or lagoons in which Hazardous Materials are being or have been treated, stored or disposed on any property currently owned or operated by any Loan Party or any of its Subsidiaries or, to its knowledge, on any property formerly owned or operated by any Loan Party or any of its Subsidiaries; (iii) there is no asbestos or asbestos-containing material on any property currently owned or operated by any Loan Party or any of its Subsidiaries; and (iv) Hazardous Materials have not been released, discharged or disposed of on any property currently or formerly owned or operated by any Loan Party or any of its Subsidiaries except for such releases, discharges or disposal that were in material compliance with Environmental Laws.

(c) The Properties do not contain any Hazardous Materials in amounts or concentrations which (i) constitute, or constituted a violation of, (ii) require remedial action under, or (iii) could give rise to liability under, Environmental Laws, which violations, remedial actions and liabilities, in the aggregate, could reasonably be expected to result in a Material Adverse Effect.

(d) Except as specifically disclosed in Schedule 5.09, neither any Borrower nor any of its Subsidiaries is undertaking, and has not completed, either individually or together with other potentially responsible parties, any investigation or assessment or remedial or response action relating to any actual or threatened release, discharge or disposal of Hazardous Materials at any site, location or operation, either voluntarily or pursuant to the order of any Governmental Authority or the requirements of any Environmental Law except for such investigation or assessment or remedial or response action that, in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

(e) All Hazardous Materials generated, used, treated, handled or stored at, or transported to or from, any property currently or formerly owned or operated by any Loan Party or any of its Subsidiaries have been disposed of in a manner not reasonably expected to result in a Material Adverse Effect.

Section 5.10. *Taxes.* Each Borrower and its Subsidiaries have filed all Federal and material state and other tax returns and reports required to be filed, and have paid all Federal and material state and other taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable, except those (a) which are not overdue by more than thirty (30) days or (b) which are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves have been provided in accordance with GAAP or (c) with respect to which the failure to make such filing or payment could not reasonably be expected to have a Material Adverse Effect.

Section 5.11. *ERISA Compliance.* (a) Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Code and other Federal or state Laws. Each Plan that is intended to qualify under Section 401(a) of the Code has received a favorable determination letter from the IRS or an application for such a letter will be submitted to the IRS within the applicable required time period with respect thereto and, to the knowledge of any Borrower and Holdings, nothing has occurred which would prevent, or cause the loss of, such

qualification. Each Loan Party and each ERISA Affiliate have made all required contributions to each Plan subject to Section 412 of the Code, and no application for a funding waiver or an extension of any amortization period pursuant to Section 412 of the Code has been made with respect to any Plan.

(b) There are no pending or, to the knowledge of any Borrower and Holdings, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan that could reasonably be expected to have a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan that has resulted or could reasonably be expected to result in a Material Adverse Effect.

(c) (i) No ERISA Event has occurred or is reasonably expected to occur; (ii) no Pension Plan has an “accumulated funding deficiency” (as defined in Section 412 of the Code), whether or not waived, and no application for a waiver of the minimum funding standard has been filed with respect to any Pension Plan; (iii) neither any Borrower nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability under Title IV of ERISA with respect to any Pension Plan (other than premiums due and not delinquent under Section 4007 of ERISA); (iv) neither any Borrower nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability (and no event has occurred which, with the giving of notice under Section 4219 of ERISA, would result in such liability) under Sections 4201 or 4243 of ERISA with respect to a Multiemployer Plan; and (v) neither any Borrower nor any ERISA Affiliate has engaged in a transaction that could be subject to Sections 4069 or 4212(c) of ERISA, except, with respect to each of the foregoing clauses of this Section 5.11(c), as could not reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect.

Section 5.12. *Subsidiaries; Equity Interests.* As of the Closing Date, neither Holdings nor any Loan Party has any Subsidiaries other than those specifically disclosed in Schedule 5.12, and all of the outstanding Equity Interests in such Subsidiaries have been validly issued, are fully paid and nonassessable and are owned by Holdings or a Loan Party free and clear of all Liens except (i) those created under the Collateral Documents and (ii) any nonconsensual Lien that is permitted under Section 7.01. Schedule 5.12 (a) sets forth the name and jurisdiction of each Subsidiary, (b) sets forth the ownership interest of Holdings, the Company and any other Subsidiary in each Subsidiary, including the percentage of such ownership and (c) identifies each Subsidiary that is (i) an Overseas Borrower or (ii) a Subsidiary the Equity Interests of which are required to be pledged on the Closing Date.

Section 5.13. *Margin Regulations; Investment Company Act; Public Utility Holding Company Act.* (a) Each Borrower is not engaged and will not engage, principally or as one of its important activities, in the business of purchasing or carrying margin stock (within the meaning of Regulation U issued by the FRB), or extending credit for the purpose of purchasing or carrying margin stock and no proceeds of any Borrowings or drawings under any Letter of Credit will be used to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock.

(b) None of any Borrower, any Person Controlling any Borrower, or any Subsidiary (i) is a "holding company," or a "subsidiary company" of a "holding company," or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company," within the meaning of the Public Utility Holding Company Act of 1935, or (ii) is or is required to be registered as an "investment company" under the Investment Company Act of 1940.

Section 5.14. *Disclosure.* No report, financial statement, certificate or other written information furnished by or on behalf of any Loan Party to any Agent or any Lender in connection with the transactions contemplated hereby and the negotiation of this Agreement or delivered hereunder or any other Loan Document (as modified or supplemented by other information so furnished) when taken as a whole contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not materially misleading; *provided* that, with respect to projected financial information, each Borrower represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time of preparation; it being understood that such projections may vary from actual results and that such variances may be material.

Section 5.15. *Intellectual Property; Licenses, Etc.* Each Loan Party and its Subsidiaries own, or possess the right to use, all of the trademarks, service marks, trade names, copyrights, patents, patent rights, franchises, licenses, database rights and design rights and other intellectual property rights (collectively, **"IP Rights"**) that are reasonably necessary for the operation of their respective businesses, without conflict with the rights of any other Person, except to the extent such conflicts, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect. To the knowledge of each Borrower, no slogan or other advertising device, product, process, method, substance, part or other material now employed, or now contemplated to be employed, by any Loan Party or any Subsidiary infringes upon any rights held by any other Person except for such infringements, individually or in the aggregate, which could not reasonably be expected to have a Material Adverse Effect. No claim or litigation regarding any of the foregoing is pending or, to the knowledge of any Borrower, threatened, which, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

Section 5.16. *Solvency.* On the ARCA Effective Date after giving effect to the Transactions, the Loan Parties, on a consolidated basis, are Solvent.

Section 5.17. *Perfection, Etc.* All filings and other actions necessary or desirable to perfect and protect the Lien in the Collateral created under the Collateral Documents have been duly made or taken or otherwise provided for in a manner reasonably acceptable to Administrative Agent and are in full force and effect, and the Collateral Documents create in favor of the Administrative Agent for the benefit of the Secured Parties a valid and, together with such filings and other actions, perfected first priority Lien in the Collateral, securing the payment of the Secured Obligations, subject to Liens permitted by Section 7.01. The Loan Parties are the legal and beneficial owners of the Collateral free and clear of any Lien, except for the Liens created or permitted under the Loan Documents.

Section 5.18. *Representations and Warranties of Overseas Borrowers.* Each Overseas Borrower shall be deemed by the execution and delivery of its Election to Participate to have represented and warranted as of the date thereof (and each other date on which this representation is deemed to have been made) that the representations and warranties set forth in Sections 5.01, 5.02, 5.03 and 5.04 are true and correct as to such Overseas Borrower and its Election to Participate and any Loan Document to which it is a party.

ARTICLE 6
AFFIRMATIVE COVENANTS

So long as any Lender shall have any Commitment hereunder, any Loan or other Obligation hereunder which is accrued and payable shall remain unpaid or unsatisfied, or any Letter of Credit shall remain outstanding, each of Holdings and the Company shall, and shall (except in the case of the covenants set forth in Sections 6.01, 6.02 and 6.03) cause each Restricted Subsidiary to:

Section 6.01. *Financial Statements.* Deliver to the Administrative Agent for further distribution to each Lender:

(a) (i) as soon as available, but in any event by March 31, 2004, a consolidated balance sheet of the Warner Business as at November 30, 2003, and the related consolidated statements of income or operations, shareholders' equity and cash flows for the fiscal year ended November 30, 2003, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail and prepared in accordance with GAAP, audited and accompanied by a report and opinion of Ernst & Young LLP, which report and opinion shall be prepared in accordance with generally accepted auditing standards and shall not be subject to any "going concern" or like qualification or exception or any qualification or exception as to the scope of such audit and (ii) as soon as available, but in any event within ninety (90) days after the end of each fiscal year of the Company beginning with the 2004 fiscal year, a consolidated balance sheet of the Company and its Subsidiaries as at the end of such fiscal year, and the related consolidated statements of income or operations, shareholders' equity and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail and prepared in accordance with GAAP, audited and accompanied by a report and opinion of Ernst & Young LLP or any other independent certified public accountant of nationally recognized standing, which report and opinion shall be prepared in accordance with generally accepted auditing standards and shall not be subject to any "going concern" or like qualification or exception or any qualification or exception as to the scope of such audit;

(b) as soon as available, but in any event within (x) sixty (60) days after the end of each of the first three (3) fiscal quarters of the fiscal year ending November 30, 2004, and (y) forty-five (45) days after the end of each of the first three (3) fiscal quarters of each subsequent fiscal year of the Company, a consolidated balance sheet of the

Company and its Subsidiaries as at the end of such fiscal quarter, and the related consolidated statements of income or operations, shareholders' equity and cash flows for such fiscal quarter and for the portion of the fiscal year then ended, setting forth (except with respect to the first three fiscal quarters of the fiscal year ended November 30, 2004) in each case in comparative form the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year, all in reasonable detail and certified by a Responsible Officer of the Company as fairly presenting in all material respects the financial condition, results of operations, shareholders' equity and cash flows of the Company and its Subsidiaries in accordance with GAAP, subject only to normal year-end audit adjustments and the absence of footnotes;

(c) as soon as available, but in any event no later than forty-five (45) days after the end of each fiscal year, forecasts prepared by management of the Company, in form reasonably satisfactory to the Administrative Agent, of consolidated balance sheets, income statements and cash flow statements of the Company and its Subsidiaries for the fiscal year following such fiscal year then ended; and

(d) simultaneously with the delivery of each set of consolidated financial statements referred to in Sections 6.01(a) and 6.01(b) above, the related consolidating financial statements reflecting the adjustments necessary to eliminate the accounts of Unrestricted Subsidiaries (if any) from such consolidated financial statements.

Section 6.02. *Certificates; Other Information.* Deliver to the Administrative Agent for further distribution to each Lender:

(a) no later than five (5) days after the delivery of the financial statements referred to in Section 6.01(a), a certificate of its independent certified public accountants certifying such financial statements and stating that in making the examination necessary therefor no knowledge was obtained of any Event of Default under Section 7.11 or, if any such Event of Default shall exist, stating the nature and status of such event;

(b) no later than five (5) days after the delivery of the financial statements referred to in Section 6.01(a) and (b), a duly completed Compliance Certificate signed by a Responsible Officer of the Company and, if such Compliance Certificate demonstrates an Event of Default of any covenant under Section 7.11, the Equity Investors may deliver, together with such Compliance Certificate, notice of their intent to cure (a "**Notice of Intent to Cure**") such Event of Default through capital contributions or the purchase of Equity Interests as contemplated pursuant to clause (b)(xx) and the final proviso of the definition of "Consolidated EBITDA"; *provided* that the delivery of a Notice of Intent to Cure shall in no way affect or alter the occurrence, existence or continuation of any such Event of Default or the rights, benefits, powers and remedies of the Administrative Agent and the Lenders under any Loan Document;

(c) promptly after the same are publicly available, copies of each annual report, proxy or financial statement or other report or communication sent to the stockholders of the Company, and copies of all annual, regular, periodic and special reports and registration statements which the Company may file or be required to file, copies of any report, filing or communication with the SEC under Section 13 or 15(d) of the Securities Exchange Act of 1934, or with any Governmental Authority that may be substituted therefor, or with any national securities exchange, and in any case not otherwise required to be delivered to the Administrative Agent pursuant hereto;

(d) promptly after the furnishing thereof, copies of any requests or notices received by any Loan Party (other than in the ordinary course of business), statement or report furnished to any holder of debt securities of any Loan Party or of any of its Subsidiaries pursuant to the terms of any Junior Financing Documentation in a principal amount greater than the Threshold Amount and not otherwise required to be furnished to the Lenders pursuant to any other clause of this Section 6.02;

(e) promptly after the receipt thereof by any Loan Party or any of its Subsidiaries, copies of each notice or other correspondence received from the SEC (or comparable agency in any applicable non-U.S. jurisdiction) concerning any material investigation or other material inquiry by such agency regarding financial or other operational results of any Loan Party or any of its Subsidiaries;

(f) together with the delivery of each Compliance Certificate pursuant to Section 6.02(b), (i) a report supplementing Schedule 5.08(b) hereto, including, in the case of supplements to Schedule 5.08(b), an identification of all owned real property disposed of by any Loan Party or any of its Restricted Subsidiaries since the delivery of the last supplements and a list and description of all real property acquired or leased since the delivery of the last supplements (including the street address (if available), county or other relevant jurisdiction, state, and in the case of the owned real property, the record owner), (ii) a description of each event, condition or circumstance during the last fiscal quarter covered by such Compliance Certificate requiring a mandatory prepayment under Section 2.05(b) and (iii) a list of each Subsidiary that is an Unrestricted Subsidiary as of the date of delivery of such Compliance Certificate;

(g) promptly after the furnishing thereof, copies of all financial statements, forecasts, budgets or other similar information of Holdings furnished to the lenders or holders of any Permitted Holdco Debt;

(h) promptly after the Company has notified the Administrative Agent of any intention by the Company to treat the Loans and/or Letters of Credit and related transactions as being a "reportable transaction" (within the meaning of Treasury Regulation Section 1.6011-4), a duly completed copy of IRS Form 8886 or any successor form;

(i) promptly, such additional information regarding the business, legal, financial or corporate affairs of any Loan Party or any Subsidiary, or compliance with the terms of the Loan Documents, as the Administrative Agent or any Lender through the Administrative Agent may from time to time reasonably request; and

(j) promptly after entering into such agreement, the Sponsor Management Agreement.

Documents required to be delivered pursuant to Section 6.01(a) or (b) or Section 6.02(d) (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on which the Company posts such documents, or provides a link thereto on the Company's website on the Internet at the website address listed on Schedule 10.02; or (ii) on which such documents are posted on the Company's behalf on IntraLinks/IntraAgency or another relevant website, if any, to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent); *provided* that: (i) the Company shall deliver paper copies of such documents to the Administrative Agent for further distribution to each Lender until a written request to cease delivering paper copies is given by the Administrative Agent or such Lender and (ii) the Company shall notify (which may be by facsimile or electronic mail) the Administrative Agent of the posting of any such documents and provide to the Administrative Agent by electronic mail electronic versions (i.e., *soft* copies) of such documents. Notwithstanding anything contained herein, in every instance the Company shall be required to provide paper copies of the Compliance Certificates required by Section 6.02(b) to the Administrative Agent. Except for such Compliance Certificates, the Administrative Agent shall have no obligation to request the delivery or to maintain copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by the Company with any such request for delivery, and each Lender shall be solely responsible for requesting delivery to it or maintaining its copies of such documents.

Section 6.03. *Notices.* Promptly notify the Administrative Agent:

(a) of the occurrence of any Default; and

(b) of any matter that has resulted or could reasonably be expected to result in a Material Adverse Effect, including arising out of or resulting from (i) breach or non-performance of, or any default under, a Contractual Obligation of any Loan Party or any Subsidiary, (ii) any dispute, litigation, investigation, proceeding or suspension between any Loan Party or any Subsidiary and any Governmental Authority, (iii) the commencement of, or any material development in, any litigation or proceeding affecting any Loan Party or any Subsidiary, including pursuant to any applicable Environmental Laws and or in respect of IP Rights or the assertion or occurrence of any noncompliance by any Loan Party or as any of its Subsidiaries with any Environmental Law or Environmental Permit, or (iv) the occurrence of any ERISA Event.

Each notice pursuant to this Section shall be accompanied by a written statement of a Responsible Officer of the Company (x) that such notice is being delivered pursuant to Section 6.03(a) or (b) (as applicable) and directing that such notice be delivered by the Administrative Agent to each Lender and (y) setting forth details of the occurrence referred to therein and stating what action the Company has taken and proposes to take with respect thereto. Each notice pursuant to Section 6.03(a) shall describe with particularity any and all provisions of this Agreement and any other Loan Document that have been breached. The Administrative Agent agrees to promptly transmit each notice received by it in compliance with this Section 6.03(a) to each Lender.

Section 6.04. *Payment of Obligations.* Pay, discharge or otherwise satisfy as the same shall become due and payable, all its obligations and liabilities except, in each case, to the extent the failure to pay or discharge the same could not reasonably be expected to have a Material Adverse Effect.

Section 6.05. *Preservation of Existence, Etc.* (a) Preserve, renew and maintain in full force and effect its legal existence under the Laws of the jurisdiction of its organization except in a transaction permitted by Section 7.04 or 7.05 except (x) that the Company and its Restricted Subsidiaries may consummate the Acquisition and (y) for the liquidation or dissolution of Restricted Subsidiaries if the assets of such Restricted Subsidiaries are acquired by a Borrower or a wholly owned Restricted Subsidiary of a Borrower in such liquidation or dissolution, (b) take all reasonable action to maintain all rights, privileges (including its good standing), permits, licenses and franchises necessary or desirable in the normal conduct of its business, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect, and (c) preserve or renew all of its registered patents, trademarks, trade names, service marks and copyrights, as required under the Security Agreement.

Section 6.06. *Maintenance of Properties.* Except if the failure to do so could not reasonably be expected to have a Material Adverse Effect, (a) maintain, preserve and protect all of its material properties and equipment necessary in the operation of its business in good working order, repair and condition, ordinary wear and tear excepted and casualty or condemnation excepted, and (b) make all necessary renewals, replacements, modifications, improvements, upgrades, extensions and additions thereof or thereto in accordance with prudent industry practice.

Section 6.07. *Maintenance of Insurance.* Maintain with financially sound and reputable insurance companies, insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts (after giving effect to any self-insurance reasonable and customary for similarly situated Persons engaged in the same or similar businesses as the Company and its Restricted Subsidiaries) as are customarily carried under similar circumstances by such other Persons.

Section 6.08. *Compliance with Laws.* Comply in all material respects with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its

business or property, except if the failure to comply therewith could not reasonably be expected to have a Material Adverse Effect.

Section 6.09. *Books and Records.* Maintain proper books of record and account, in which full, true and correct entries in conformity with GAAP consistently applied shall be made of all material financial transactions and matters involving the assets and business of the Company or such Subsidiary, as the case may be.

Section 6.10. *Inspection Rights.* Permit representatives and independent contractors of the Administrative Agent and each Lender to visit and inspect any of its properties, to examine its corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss its affairs, finances and accounts with its directors, officers, and independent public accountants, all at the expense of the Company and at such reasonable times during normal business hours and as often as may be reasonably desired, upon reasonable advance notice to the Company; *provided* that, excluding any such visits and inspections during the continuation of an Event of Default, only the Administrative Agent on behalf of the Lenders may exercise rights under this Section 6.10 and the Administrative Agent shall not exercise such rights more often than two (2) times during any calendar year absent the existence of an Event of Default and only one (1) such time shall be at the Company's expense; *provided further* that when an Event of Default exists the Administrative Agent or any

Lender (or any of their respective representatives or independent contractors) may do any of the foregoing at the expense of the Company at any time during normal business hours and upon reasonable advance notice. The Administrative Agent and the Lenders shall give the Company the opportunity to participate in any discussions with the Company's accountants.

Section 6.11. *Use of Proceeds.* Use the proceeds of the Credit Extensions (i) to finance in part the Acquisition, (ii) to pre-fund certain restructuring charges, (iii) to pay fees and expenses incurred in connection with the Transaction and (iv) to provide ongoing working capital and for other general corporate purposes of the Company and its Subsidiaries (including Permitted Acquisitions).

Section 6.12. *Covenant to Guarantee Obligations and Give Security.* (a) Upon (A) the formation or acquisition of any new direct or indirect wholly owned Restricted Subsidiary by any Loan Party or the designation in accordance with Section 6.17 of any existing direct or indirect wholly owned Subsidiary as a Restricted Subsidiary or (B) any Restricted Subsidiary guaranteeing any obligations of Holdings, the Company or any other Restricted Subsidiary in respect of any Junior Financing, the Company shall, in each case at the Company's expense:

(i) within thirty (30) days after such formation, acquisition, designation or guarantee or such longer period as the Administrative Agent may agree in its discretion:

(A) cause each such Restricted Subsidiary that is (x) not a Foreign Subsidiary or (y) a Foreign Subsidiary that has guaranteed the obligations of Holdings, the Company or a Restricted Subsidiary in respect of any Junior Financing, to duly execute and deliver to the Administrative Agent a guaranty or

guaranty supplement, in form and substance reasonably satisfactory to the Administrative Agent, guaranteeing the Obligations of each Loan Party;

(B) cause each such Restricted Subsidiary that is a Foreign Subsidiary of an Overseas Borrower to duly execute and deliver to the Administrative Agent a guarantee or guaranty supplement, in form and substance reasonably satisfactory to the Administrative Agent, guaranteeing the obligations of such Overseas Borrower under the Loan Documents and the Secured Hedge Agreements;

(C) cause each direct or indirect parent of such Restricted Subsidiary (if it has not already done so) to duly execute and deliver to the Administrative Agent a guaranty or guaranty supplement, in form and substance reasonably satisfactory to the Administrative Agent, guaranteeing the obligations of such Restricted Subsidiary, if any, under the Loan Documents;

(D) cause each such Restricted Subsidiary to furnish to the Administrative Agent a description of the real properties owned by such Restricted Subsidiary in detail reasonably satisfactory to the Administrative Agent;

(E) cause (x) each such Restricted Subsidiary that is required to become a Guarantor pursuant to this Section 6.12(a)(i)(A) or Section 6.12(a)(i)(B) to duly execute and deliver to the Administrative Agent Mortgages, Security Agreement Supplements, IP Security Agreements and other security agreements and documents (including, with respect to Mortgages, the documents listed in Section 6.14(b)), as specified by and in form and substance reasonably satisfactory to the Administrative Agent (consistent with the Mortgages, Security Agreement, Intellectual Property Security Agreement and other security agreements in effect on the Closing Date), granting a Lien in substantially all of the real and personal property of such Restricted Subsidiary, in each case securing the Obligations of such Restricted Subsidiary under its Guaranty and (y) each direct or indirect parent of each Restricted Subsidiary that is required to become a Guarantor pursuant to Section 6.12(a)(i)(C) to duly execute and deliver to the Administrative Agent such Security Agreement Supplements and other security agreements as specified by and in form and substance reasonably satisfactory to the Administrative Agent (consistent with the Security Agreements in effect on the Closing Date) granting a Lien on all of the outstanding Equity Interests issued by such Restricted Subsidiary and held by such direct or indirect parent, and all intercompany debt issued by such Restricted Subsidiary and held by such direct or indirect parent, in each case securing the Obligations of such Restricted Subsidiary under its Guaranty;

(F) (x) cause each such Restricted Subsidiary that is required to become a Guarantor pursuant to this Section 6.12(a)(i)(A) or Section 6.12(a)(i)(B)

to deliver any and all certificates representing Equity Interests owned by such Restricted Subsidiary accompanied by undated stock powers or other appropriate instruments of transfer executed in blank and instruments evidencing the intercompany debt held by such Restricted Subsidiary, indorsed in blank to the Administrative Agent and (y) cause each direct or indirect parent of such Restricted Subsidiary that is required to provide a guaranty pursuant to Section 6.12(a)(i)(C) to deliver any and all certificates representing the outstanding Equity Interests of such Restricted Subsidiary held by such direct or indirect parent, accompanied by undated stock powers or other appropriate instruments of transfer executed in blank and instruments evidencing the intercompany debt issued by such Restricted Subsidiary and held by such direct or indirect parent, indorsed in blank to the Administrative Agent;

(G) take and cause such Restricted Subsidiary and each direct or indirect parent of such Restricted Subsidiary to take whatever action (including the recording of Mortgages, the filing of Uniform Commercial Code financing statements, the giving of notices and the indorsement of notices on title documents and delivery of stock and membership interest certificates) may be necessary in the reasonable opinion of the Administrative Agent to vest in the Administrative Agent (or in any representative of the Administrative Agent designated by it) valid and subsisting Liens on the properties purported to be subject to the Mortgages, Security Agreement Supplements, IP Security Agreements and security agreements delivered pursuant to this Section 6.12, enforceable against all third parties in accordance with their terms,

(ii) within thirty (30) days after the request therefor by the Administrative Agent, deliver to the Administrative Agent a signed copy of an opinion, addressed to the Administrative Agent and the other Secured Parties, of counsel for the Loan Parties reasonably acceptable to the

Administrative Agent as to such matters set forth in this Section 6.12(a) as the Administrative Agent may reasonably request, and

(iii) as promptly as practicable after the request therefor by the Administrative Agent, deliver to the Administrative Agent with respect to each parcel of real property with a value in excess of $2,000,000 owned or held by such Restricted Subsidiary that is the subject of such request, title reports in scope, form and substance reasonably satisfactory to the Administrative Agent and, to the extent available, surveys and environmental assessment reports.

For the avoidance of doubt, (i) no Foreign Subsidiary shall be obligated hereunder to guarantee the obligations of any Borrower other than an Overseas Borrower (unless such Foreign Subsidiary is a guarantor of any Junior Financing) and (ii) no more than 65% of the voting Equity Interests of any Subsidiary that is not a Domestic Subsidiary shall be required to be pledged to support obligations of any Borrower other than Overseas Borrowers (except to the extent pledged to support obligations under any Junior Financing).

(b) Upon the acquisition of (x) any personal property (other than IP Rights) by any Loan Party or (y) fee owned real property with a value in excess of $2,000,000 by any Loan Party, and such personal property shall not already be subject to a perfected Lien in favor of the Administrative Agent for the benefit of the Secured Parties, the Company shall give notice thereof to the Administrative Agent and shall, if requested by the Administrative Agent or the Required Lenders, cause such assets to be subjected to a Lien securing such Loan Party's Obligations and will take, or cause the relevant Loan Party to take, such actions as shall be necessary or reasonably requested by the Administrative Agent to grant and perfect or record such Lien, including, as applicable, the actions referred to in Section 6.12(a)(i)(D), (E) and (G) with respect to personal property and Section 6.14(b) with respect to real property.

(c) On or prior to the date on which any Overseas Borrower is designated in accordance with Section 2.14 or such later date (not more than thirty (30) days later) as the Administrative Agent may agree in its discretion, the Company shall, in each case at the Company's expense (A) cause each wholly owned Restricted Subsidiary of such Overseas Borrower and each direct and indirect parent of such Overseas Borrower to duly execute and deliver to the Administrative Agent a guaranty or guaranty supplement in form and substance reasonably satisfactory to the Administrative Agent, guaranteeing the obligations of such Overseas Borrower under the Loan Documents, (B) cause such Overseas Borrower, its wholly owned Restricted Subsidiaries and, to the extent that it has not already done so, each direct or indirect parent of the Overseas Borrower, at the Company's expense, to execute, deliver, file and record any documents, statements, assignment, instrument agreement or other paper and take all other actions necessary in order to create a first priority perfected security interest in substantially all of the assets (subject to exceptions and limitations consistent with those set forth in the Collateral Documents as in effect on the Closing Date (to the extent appropriate in the applicable jurisdiction)) of such Overseas Borrower and each of its wholly owned Restricted Subsidiaries and direct or indirect parents securing their respective obligations under the Loan Documents, (C) deliver to the Administrative Agents an opinion of counsel, addressed to the Administrative Agent and the other Secured Parties, reasonably acceptable to the Administrative Agent addressing the matters set forth in clause (B) above and such other matters as the Administrative Agent may reasonably request and (D) such other documents or certificates evidencing matters referred to in Section 4.01(a)(v) and Section 4.01(a)(vi) as the Administrative Agent shall reasonably request.

(d) Notwithstanding the foregoing, (x) the Administrative Agent shall not take a security interest in those assets as to which the Administrative Agent shall determine, in its reasonable discretion, that the cost of obtaining such Lien (including any mortgage, stamp, intangibles or other tax) are excessive in relation to the benefit to the Lenders of the security afforded thereby and (y) Liens required to be granted pursuant to this Section 6.12 shall be subject to exceptions and limitations consistent with those set forth in the Collateral Documents as in effect on the Closing Date (to the extent appropriate in the applicable jurisdiction).

Section 6.13. *Compliance with Environmental Laws.* Except, in each case, to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect, comply, and take all reasonable actions to cause all lessees and other Persons operating or

occupying its properties to comply, in all material respects, with all applicable Environmental Laws and Environmental Permits; obtain and renew all Environmental Permits necessary for its operations and properties; and, in each case to the extent required by Environmental Laws, conduct any investigation, study, sampling and testing, and undertake any cleanup, removal, remedial or other action necessary to remove and clean up all Hazardous Materials from any of its properties, in accordance with the requirements of all Environmental Laws.

Section 6.14. *Further Assurances.* (a) Promptly upon reasonable request by the Administrative Agent, or any Lender through the Administrative Agent, (i) correct any material defect or error that may be discovered in the execution, acknowledgment, filing or recordation of any Loan Document or other document or instrument relating to any Collateral, and (ii) do, execute, acknowledge, deliver, record, re-record, file, re-file, register and re-register any and all such further acts, deeds, certificates, assurances and other instruments as the Administrative Agent, or any Lender through the Administrative Agent, may reasonably require from time to time in order to carry out more effectively the purposes of the Loan Documents.

(b) By the date that is forty five (45) days after the Closing Date, as such time period may be extended in the Administrative Agent's sole discretion, the Company shall deliver the Mortgages covering the Real Properties duly executed by the appropriate Loan Party, together with:

(i) evidence that counterparts of the Mortgages have been duly executed, acknowledged and delivered and are in form suitable for filing or recording in all filing or recording offices that the Administrative Agent may deem reasonably necessary or desirable in order to create a valid and subsisting perfected Lien on the property described therein in favor of the Administrative Agent for the benefit of the Secured Parties and that all filing and recording taxes and fees have been paid or otherwise provided for in a manner reasonably satisfactory to the Administrative Agent;

(ii) fully paid American Land Title Association Lender's Extended Coverage title insurance policies or the equivalent or other form available in each applicable jurisdiction (the "**Mortgage Policies**") in form and substance, with indorsements and in amount, reasonably acceptable to the Administrative Agent (not to exceed the value of the Real Properties covered thereby), issued, coinsured and reinsured by title insurers reasonably acceptable to the Administrative Agent, insuring the Mortgages to be valid subsisting Liens on the property described therein, free and clear of all defects and encumbrances, subject to Liens permitted by Section 7.01, and providing for such other affirmative insurance (including indorsements for future advances under the Loan Documents) and such coinsurance and direct access reinsurance as the Administrative Agent may deem reasonably necessary or desirable;

(iii) American Land Title Association/American Congress on Surveying and Mapping form surveys (to the extent available and unless otherwise agreed by the Administrative Agent);

(iv) opinions of local counsel for the Loan Parties in states in which the Real Properties are located, with respect to the enforceability and perfection of the Mortgages and any related fixture filings in form and substance reasonably satisfactory to the Administrative Agent; and

(v) such other evidence that all other actions that the Administrative Agent may deem necessary or desirable in order to create valid and subsisting Liens on the property described in the Mortgages has been taken.

Section 6.15. *Interest Rate Hedging.* Enter into prior to ninety (90) days following the Closing Date, and maintain at all times thereafter until the third anniversary date of the Closing Date, protection against fluctuations in interest rates pursuant to, as of such time, one or more interest rate Swap Contracts with Persons reasonably acceptable to the Administrative Agent and providing coverage in a notional amount, together with the amount of Funded Debt of Holdings, the Company and its Restricted Subsidiaries on a consolidated basis that is bearing interest at a fixed rate, at least equal to 50% of the aggregate amount of all Funded Debt of Holdings, the Company and its Restricted Subsidiaries on a consolidated basis.

Section 6.16. *Ownership of Overseas Borrowers.* The Company will, at all times, own, directly or indirectly, 100% of the Equity Interests of each Overseas Borrower (except directors' qualifying shares).

Section 6.17. *Designation of Subsidiaries.* The board of directors of Holdings may at any time designate any Restricted Subsidiary as an Unrestricted Subsidiary or any Unrestricted Subsidiary as a Restricted Subsidiary; *provided* that (i) immediately before and after such designation, no Default shall have occurred and be continuing, (ii) immediately after giving effect to such designation, Holdings and its Subsidiaries shall be in compliance, on a pro forma basis, with the covenants set forth in Section 7.11 (and, as a condition precedent to the effectiveness of any such designation, the Company shall deliver to the Administrative Agent a certificate setting forth in reasonable detail the calculations demonstrating such compliance), (iii) no Subsidiary may be designated as an Unrestricted Subsidiary if such Subsidiary is a Borrower and (iv) no Subsidiary may be designated as an Unrestricted Subsidiary if it is a "Restricted Subsidiary" for the purpose of any Junior Financing. The designation of any Subsidiary as an Unrestricted Subsidiary shall constitute an Investment by Holdings or the Company (as applicable) therein at the date of designation in an amount equal to the net book value of Holdings' or the Company's (as applicable) investment therein. The designation of any Unrestricted Subsidiary as a Restricted Subsidiary shall constitute the incurrence at the time of designation of any Indebtedness or Liens of such Subsidiary existing at such time.

ARTICLE 7
NEGATIVE COVENANTS

So long as any Lender shall have any Commitment hereunder, any Loan or other Obligation hereunder which is accrued and payable shall remain unpaid or unsatisfied, or any

Letter of Credit shall remain outstanding, Holdings and the Company shall not, nor shall they permit any of their Restricted Subsidiaries to, directly or indirectly:

Section 7.01. *Liens.* Create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, other than the following:

(a) Liens pursuant to any Loan Document;

(b) Liens existing on the Closing Date and listed on Schedule 7.01(b) and any modifications, replacements, renewals or extensions thereof; *provided* that (i) the Lien does not extend to any additional property other than (A) after-acquired property that is affixed or incorporated into the property covered by such Lien or financed by Indebtedness permitted under Section 7.03, and (B) and proceeds and products thereof and (ii) the renewal, extension or refinancing of the obligations secured or benefited by such Liens is permitted by Section 7.03;

(c) Liens for taxes, assessments or governmental charges which are not overdue for a period of more than thirty (30) days or which are being contested in good faith and by appropriate proceedings diligently conducted, if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with GAAP;

(d) statutory Liens of landlords, carriers, warehousemen, mechanics, materialmen, repairmen, construction contractors or other like Liens arising in the ordinary course of business which secure amounts not overdue for a period of more than thirty (30) days or if more than thirty (30) days overdue, are unfiled and no other action has been taken to enforce such Lien or which are being contested in good faith and by appropriate proceedings diligently conducted, if adequate reserves with respect thereto are maintained on the books of the applicable Person;

(e) (i) pledges or deposits in the ordinary course of business in connection with workers' compensation, unemployment insurance and other social security legislation and (ii) pledges and deposits in the ordinary course of business securing liability for reimbursement or indemnification obligations of (including obligations in respect of letters of credit or bank guarantees for the benefit of) insurance carriers providing property, casualty or liability insurance to Holdings, the Company or any of its Restricted Subsidiaries;

(f) deposits to secure the performance of bids, trade contracts, governmental contracts and leases (other than Indebtedness for borrowed money), statutory obligations, surety, stay, customs and appeal bonds, performance bonds and other obligations of a like nature (including those to secure health, safety and environmental obligations) incurred in the ordinary course of business;

(g) easements, rights-of-way, restrictions, encroachments, protrusions and other similar encumbrances and minor title defects affecting real property which, in the aggregate, do not in any case materially interfere with the ordinary conduct of the business of the applicable Person;

(h) Liens securing judgments for the payment of money not constituting an Event of Default under Section 8.01(h);

(i) Liens securing Indebtedness permitted under Sections 7.03(b)(v) and (b)(xv); *provided* that (i) such Liens attach concurrently with or within two hundred and seventy (270) days after the acquisition, repair, replacement, construction or improvement (as applicable) of the property subject to such Liens, (ii) such Liens do not at any time encumber any property except for accessions to such property other than the property financed by such Indebtedness and the proceeds and the products thereof and (iii) with respect to Capitalized Leases, such Liens do not at any time extend to or cover any assets (except for accessions to such assets) other than the assets subject to such Capitalized Leases; *provided* that individual financings of equipment provided by one lender may be cross collateralized to other financings of equipment provided by such lender;

(j) leases, licenses, subleases or sublicenses granted to others in the ordinary course of business which do not (x) interfere in any material respect with the business of the Company or any of its material Restricted Subsidiaries or (y) secure any Indebtedness;

(k) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods in the ordinary course of business;

(1) Liens (i) of a collection bank arising under Section 4-210 of the Uniform Commercial Code on items in the course of collection, (ii) attaching to commodity trading accounts or other commodities brokerage accounts incurred in the ordinary course of business; and (iii) in favor of a banking institution arising as a matter of law encumbering deposits (including the right of set-off) and which are within the general parameters customary in the banking industry;

(m) Liens (i) on cash advances in favor of the seller of any property to be acquired in an Investment permitted pursuant to Sections 7.02(i) and (n) to be applied against the purchase price for such Investment, and (ii) consisting of an agreement to Dispose of any property in a Disposition permitted under Section 7.05, in each case, solely to the extent such Investment or Disposition, as the case may be, would have been permitted on the date of the creation of such Lien;

(n) Liens on property of any Foreign Subsidiary that does not constitute Collateral securing Indebtedness of such Foreign Subsidiary to the extent permitted under Section 7.03(b);

(o) Liens in favor of the Company or a Restricted Subsidiary of the Company securing Indebtedness permitted under Section 7.03(b)(iv);

(p) Liens existing on property at the time of its acquisition or existing on the property of any Person at the time such Person becomes a Restricted Subsidiary, in each case after the date hereof (other than Liens on the Equity Interests of any Person that becomes a Restricted Subsidiary); *provided* that (i) such Lien was not created in contemplation of such acquisition or such Person becoming a Restricted Subsidiary, (ii) such Lien does not extend to or cover any other assets or property (other than the proceeds or products thereof and other than after-acquired property subjected to a Lien securing Indebtedness and other obligations incurred prior to such time and which Indebtedness and other obligations are permitted hereunder that require, pursuant to their terms at such time, a pledge of after-acquired property, it being understood that such requirement shall not be permitted to apply to any property to which such requirement would not have applied but for such acquisition), and (iii) the Indebtedness secured thereby is permitted under Section 7.03(b)(v), (ix), or (xii);

(q) Liens arising from precautionary UCC financing statement filings regarding leases entered into by the Company or any of its Restricted Subsidiaries in the ordinary course of business;

(r) Liens arising out of conditional sale, title retention, consignment or similar arrangements for sale of goods entered into by the Company or any of its Restricted Subsidiaries in the ordinary course of business permitted by this Agreement;

(s) Liens deemed to exist in connection with Investments in repurchase agreements under Section 7.02;

(t) Liens encumbering reasonable customary initial deposits and margin deposits and similar Liens attaching to commodity trading accounts or other brokerage accounts incurred in the ordinary course of business and not for speculative purposes;

(u) Permitted Encumbrances;

(v) other Liens securing Indebtedness outstanding in an aggregate principal amount not to exceed $50,000,000;

(w) Liens on Securitization Assets owned by a Securitization Subsidiary securing Indebtedness permitted by Section 7.03(b)(xvi);

(x) Liens that are contractual rights of set-off (i) relating to the establishment of depository relations with banks not given in connection with the issuance of

Indebtedness, (ii) relating to pooled deposit or sweep accounts of Holdings, the Company or any Restricted Subsidiary to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business of Holdings, the Company and its Restricted Subsidiaries or (iii) relating

to purchase orders and other agreements entered into with customers of Holdings, the Company or any Restricted Subsidiary in the ordinary course of business; and

(y) Liens solely on any cash earnest money deposits made by Holdings, the Company or any of its Restricted Subsidiaries in connection with any letter of intent or purchase agreement permitted hereunder.

Notwithstanding the foregoing, no Liens on any IP Collateral shall be permitted at any time, other than pursuant to Section 7.01(a), (c), (h), (j), (m), (p), (v) and (w).

Section 7.02. *Investments.* Make or hold any Investments, except:

(a) Investments by the Company or such Restricted Subsidiary in assets that were Cash Equivalents when such Investment was made;

(b) loans or advances to officers, directors and employees of Holdings, the Company and its Restricted Subsidiaries (i) in an aggregate amount not to exceed $5,000,000 at any time outstanding, for business-related travel, entertainment, relocation and analogous ordinary business purposes, and (ii) in connection with such Person's purchase of Equity Interests of Holdings in an aggregate amount not to exceed $5,000,000;

(c) Investments (i) by Holdings, the Company or any of its Restricted Subsidiaries in any Loan Party (including any new Restricted Subsidiary which becomes a Loan Party but excluding any Foreign Subsidiary), (ii) by any Restricted Subsidiary that is not a Loan Party in any other such Restricted Subsidiary that is also not a Loan Party and (iii) by Holdings or any other Loan Party in aggregate amount not to exceed $300,000,000 (not more than $50,000,000 of which shall be in a form other than cash or Cash Equivalents) in (x) any Foreign Subsidiary that is a Loan Party or (y) any Restricted Subsidiary that is not a Loan Party;

(d) Investments consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit in the ordinary course of business, and Investments received in satisfaction or partial satisfaction thereof from financially troubled account debtors and other credits to suppliers in the ordinary course of business;

(e) Investments consisting of Liens, Indebtedness, fundamental changes, Dispositions and Restricted Payments permitted under Sections 7.01, 7.03, 7.04, 7.05 and 7.06, respectively;

(f) Investments existing or contemplated on the Closing Date and set forth on Schedule 7.02(f) and any modification, replacement, renewal or extension thereof; *provided* that the amount of the original Investment is not increased except by the terms of such Investment or as otherwise permitted by this Section 7.02;

(g) Investments in Swap Contracts permitted under Section 7.03;

(h) promissory notes and other noncash consideration received in connection with Dispositions permitted by Section 7.05;

(i) the purchase or other acquisition of all or substantially all of the property and assets or business of, any Person or of assets constituting a business unit, a line of business or division of such Person, or of all of the Equity Interests (other than directors' qualifying shares) in a Person that, upon the consummation thereof, will be owned directly by the Company or one or more of its wholly owned Subsidiaries (including, without limitation, as a result of a merger or consolidation); *provided* that, with respect to each purchase or other acquisition made pursuant to this Section 7.02(i) (each, a **"Permitted Acquisition"**):

(A) each applicable Loan Party and any such newly created or acquired Subsidiary shall, or will within the times specified therein, have complied with the requirements of Section 6.12;

(B) the total cash and noncash consideration (including, without limitation, the fair market value of all Equity Interests issued or transferred to the sellers thereof, earnouts and other contingent payment obligations to such sellers and all assumptions of Indebtedness in connection therewith, but excluding any Excluded Consideration) paid by or on behalf of the Company and its Restricted Subsidiaries for any such purchase or other acquisition, when aggregated with the total cash and noncash consideration paid by or on behalf of the Company and its Restricted Subsidiaries for all other purchases and other acquisitions made by the Company and its Restricted Subsidiaries pursuant to this Section 7.02(i), shall not exceed $100,000,000 in any fiscal year (with any unused amounts in any fiscal year being carried forward to any succeeding fiscal year);

(C) (1) immediately before and immediately after giving *Pro Forma Effect* to any such purchase or other acquisition, no Event of Default shall have occurred and be continuing and (2) immediately after giving effect to such purchase or other acquisition, Holdings, the Company and its Restricted Subsidiaries shall be in *Pro Forma Compliance* with all of the covenants set forth in Section 7.11, such compliance to be determined on the basis of the financial information most recently delivered to the Administrative Agent and the Lenders pursuant to Section 6.01(a) or (b) as though such purchase or other acquisition had been consummated as of the first day of the fiscal period covered thereby

and evidenced by a certificate from the Chief Financial Officer of the Company demonstrating such compliance calculation in reasonable detail; and

(D) the Company shall have delivered to the Administrative Agent, on behalf of the Lenders, no later than five (5) Business Days after the date on which any such purchase or other acquisition is consummated, a certificate of a Responsible Officer, in form and

substance reasonably satisfactory to the Administrative Agent, certifying that all of the requirements set forth in this clause (i) have been satisfied or will be satisfied on or prior to the consummation of such purchase or other acquisition;

(j) the Acquisition;

(k) Investments in the ordinary course of business consisting of (i) indorsements for collection or deposit, (ii) customary trade arrangements with customers consistent with past practices and (iii) any advance directly or indirectly related to royalties or future profits (whether or not recouped), directly or indirectly (including through capital contributions or loans to an entity or Joint Venture relating to such artist(s) or writer(s)) to one or more artists or writers pursuant to label and license agreements, agreements with artists/writers and related ventures, pressing and distribution agreements, publishing agreements and any similar contract or agreement;

(l) Investments (including debt obligations and Equity Interests) received in connection with the bankruptcy or reorganization of suppliers and customers and in settlement of delinquent obligations of, and other disputes with, customers and suppliers arising in the ordinary course of business and upon the foreclosure with respect to any secured Investment or other transfer of title with respect to any secured Investment;

(m) loans and advances to Holdings in lieu of, and not in excess of the amount of (after giving effect to any other loans, advances or Restricted Payments in respect thereof), Restricted Payments to the extent permitted to be made to Holdings in accordance with Section 7.06;

(n) so long as immediately after giving effect to any such Investment, no Event of Default has occurred and is continuing, other Investments that (net of any cash repayment of or return on such Investments theretofore received) do not exceed $25,000,000 in any fiscal year (such amount to be increased to (A) $30,000,000, if the Leverage Ratio as of the last day of the immediately preceding four fiscal quarters was less than 4.5:1 and (B) $35,000,000 if the Leverage Ratio as of the last day of the immediately preceding four fiscal quarters was less than 3.5:1), of which not more than $15,000,000 shall be made to Joint Ventures (such amount to be increased to (A) $17,500,000 if the Leverage Ratio as of the last day of the immediately preceding four fiscal quarters was less than 4.5:1 and (B) $20,000,000 if the Leverage Ratio as of the last day of the immediately preceding four fiscal quarters was less than 3.5:1); *provided* that, such amounts may be increased by (x) the Net Cash Proceeds of Permitted Equity

Issuances which are Not Otherwise Applied, (y) with respect to Investments other than Investments in Joint Ventures, (i) the Net Cash Proceeds of Permitted Subordinated Indebtedness permitted by Section 7.03(a)(iii)(A) which are Not Otherwise Applied and (ii) the sum of the Rollover Amounts for the two preceding fiscal years, to the extent that such Rollover Amounts have not been used to make Capital Expenditures pursuant to Section 7.19(b); *provided* that the Company shall promptly notify the Administrative Agent of any application of any Rollover Amount pursuant to this clause (n) and (z) with respect to Investments in Joint Ventures, the amount of any Investments made in Joint Ventures in existence on the Closing Date as required by, or made pursuant to buy/sell arrangements between the joint venture parties forth in, joint venture agreements and similar binding arrangements in effect on the Closing Date; *provided further* that, to the extent that any such Investment (or series of related Investments) made pursuant to this clause (n) consists of the contribution(s) or other transfer(s) of property (other than cash) having an aggregate net book value in excess of $5,000,000 to a Joint Venture for consideration less than the fair market value of such property, then the Company shall have delivered to the Administrative Agent a pro forma Compliance Certificate demonstrating that, after giving *Pro Forma Effect* to such Investment(s), the Loan Parties would be in compliance with the financial covenants set forth in Section 7.11;

(o) advances of payroll payments to employees in the ordinary course of business;

(p) Guarantees by the Borrowers or any Restricted Subsidiary of leases (other than Capital Lease Obligations) or of other obligations that do not constitute Indebtedness, in each case entered into in the ordinary course of business;

(q) any Investment in a Securitization Subsidiary or any Investment by a Securitization Subsidiary in any other Person in connection with a Qualified Securitization Financing, including Investments of funds held in accounts permitted or required by the arrangements governing the Qualified Securitization Financing or any related Indebtedness; *provided* that any Investment in a Securitization Subsidiary is in the form of a Purchase Money Note, contribution of additional Securitization Assets or equity investments;

(r) Investments in Unrestricted Subsidiaries; *provided* that immediately after giving effect to such Investment, the fair market value of the assets of such Subsidiary, when aggregated with the fair market value of the assets of all other Unrestricted Subsidiaries, shall not exceed 5% of the aggregate fair market value of the assets of Holdings and its Subsidiaries; and

(s) A loan made by the Company to WMG Acquisition (UK) Limited on the ARCA Effective Date in an amount not greater than £105,000,000, the proceeds of which were used by WMG Acquisition (UK) Limited to prepay the Tranche B Term Loans; *provided* that such loan shall be evidenced by a promissory note which shall have been delivered to the Administrative Agent in accordance with the Collateral Documents.

Section 7.03. *Indebtedness.* Create, incur, assume or suffer to exist any Indebtedness, except:

(a) in the case of the Company:

(i) Indebtedness in respect of Swap Contracts designed to hedge against fluctuations in interest rates, foreign exchange rates or commodities pricing risks incurred in the ordinary course of business and consistent with prudent business practice and not for speculative purposes;

(ii) Indebtedness evidenced by the Senior Subordinated Notes, and any Permitted Refinancing thereof; and

(iii) Permitted Subordinated Indebtedness (A) in an aggregate amount not to exceed $50,000,000, and (B) in an aggregate amount in excess of $50,000,000 solely to the extent that such excess amounts are applied to prepay the Loans pursuant to Section 2.05(b)(iv).

(b) in the case of the Company and its Restricted Subsidiaries:

(i) Indebtedness of the Loan Parties under the Loan Documents;

(ii) Indebtedness outstanding on the Closing Date and listed on Schedule 7.03(b) and any Permitted Refinancing thereof;

(iii) Guarantees of each Borrower and its Restricted Subsidiaries in respect of Indebtedness of such Borrower or such Restricted Subsidiary otherwise permitted hereunder; *provided* that (A) no Guarantee by any Restricted Subsidiary of any Indebtedness constituting a Junior Financing shall be permitted unless such Restricted Subsidiary shall have also provided a Guarantee of the Obligations substantially on the terms set forth in the Subsidiary Guarantee and (B) if the Indebtedness being Guaranteed is subordinated to the Obligations, such Guarantee shall be subordinated to the Guarantee of the Obligations on terms at least as favorable to the Lenders as those contained in the subordination of such Indebtedness;

(iv) Indebtedness of (A) any Loan Party (other than a Foreign Subsidiary) owing to any other Loan Party (other than a Foreign Subsidiary), (B) any Restricted Subsidiary (other than a Foreign Subsidiary) that is not a Loan Party owing to (1) any other Restricted Subsidiary that is not a Loan Party (other than a Foreign Subsidiary) or (2) Holdings or a Loan Party in respect of an Investment permitted under Section 7.02(c) or Section 7.02(n), (C) any Loan Party (other than a Foreign Subsidiary) owing to any Restricted Subsidiary that is not a Loan Party (other than a Foreign Subsidiary), (D) any Foreign Subsidiary owing to any other Foreign Subsidiary and (E) any Foreign Subsidiary or any

Restricted Subsidiary that is not a Loan Party owing to Holdings, the Company or any Restricted Subsidiary in an amount not to exceed $300,000,000; *provided* that all such Indebtedness of any Loan Party in clause (iv)(C), (D) or (E) must be expressly subordinated to its Obligations;

(v) Attributable Indebtedness and purchase money obligations (including obligations in respect of mortgage, industrial revenue bond, industrial development bond, and similar financings) to finance the purchase, repair or improvement of fixed or capital assets within the limitations set forth in Section 7.01(i) and any Permitted Refinancing thereof; *provided* that the aggregate amount of all such Indebtedness at any one time outstanding shall not exceed $10,000,000;

(vi) (A) Indebtedness of Foreign Subsidiaries in an aggregate principal amount at any time outstanding for all such Persons taken together (excluding Indebtedness referred to in (B)) not exceeding $50,000,000 and (B) Euro-denominated Indebtedness of Foreign Subsidiaries domiciled in Italy in an aggregate principal amount at any time outstanding for all such persons taken together not exceeding $100,000,000, to the extent that such amount is applied to prepay the Terms Loans;

(vii) Indebtedness in respect of Swap Contracts required by Section 6.15, in respect of Swap Contracts required in connection with any Permitted Securitization or in respect of other Swap Contracts designed to hedge against interest rates, foreign exchange rates or commodities pricing risks incurred in the ordinary course of business and not for speculative purposes;

(viii) Indebtedness (other than for borrowed money) subject to Liens permitted under Section 7.01;

(ix) Indebtedness of the Company and its Restricted Subsidiaries (A) assumed in connection with any Permitted Acquisition; *provided* that such Indebtedness is not incurred in contemplation of such Permitted Acquisition, or (B) owed to the seller of any property acquired in a Permitted Acquisition on an unsecured subordinated basis, which subordination shall be on terms satisfactory to the Administrative Agent, in each case, so long as both immediately prior and after giving effect thereto, (x) no Event of Default shall exist or result therefrom, and (y) Holdings, the Company and its Restricted Subsidiaries will be in *Pro Forma Compliance* with the covenants set forth in Section 7.11, after giving effect to such Permitted Acquisition and the incurrence or issuance of such Indebtedness and any Permitted Refinancing thereof;

(x) Indebtedness representing deferred compensation to employees of the Company and its Restricted Subsidiaries incurred in the ordinary course of business;

(xi) Indebtedness consisting of promissory notes issued by any Loan Party to current or former officers, directors and employees, their respective estates, spouses or former spouses to finance the purchase or redemption of Equity Interests of Holdings permitted by Section 7.06;

(xii) Indebtedness incurred by the Company or its Restricted Subsidiaries in a Permitted Acquisition or Disposition under agreements providing for indemnification, the adjustment of the purchase price or similar adjustments;

(xiii) Indebtedness consisting of obligations of the Company or its Restricted Subsidiaries under deferred compensation or other similar arrangements incurred by such Person in connection with the Transaction and Permitted Acquisitions;

(xiv) Cash Management Obligations and other Indebtedness in respect of netting services, overdraft protections and similar arrangements in each case in connection with deposit accounts;

(xv) Indebtedness in an aggregate principal amount not to exceed $125,000,000 at any time outstanding;

(xvi) Indebtedness incurred by a Securitization Subsidiary in a Qualified Securitization Financing that is non-recourse to Holdings, the Company or any Restricted Subsidiary (except for Standard Securitization Undertakings);

(xvii) Non-Recourse Product Financing Indebtedness;

(xviii) Non-Recourse Acquisition Financing Indebtedness;

(xix) Indebtedness consisting of (x) the financing of insurance premiums or (y) take-or-pay obligations contained in supply arrangements, in each case, in the ordinary course of business;

(xx) Indebtedness incurred by the Company or any of its Restricted Subsidiaries constituting reimbursement obligations with respect to letters of credit issued in the ordinary course of business, including without limitation letters of credit in respect of workers compensation claims, health, disability or other employee benefits or property, casualty or liability insurance or self-insurance or other Indebtedness with respect to reimbursement-type obligations regarding workers compensation claims; *provided* that upon the drawing of such letters of credit or the incurrence of such Indebtedness, such obligations are reimbursed within 30 days following such drawing or incurrence;

(xxi) obligations in respect of performance and surety bonds and performance and completion guarantees provided by the Company or any of its

Restricted Subsidiaries or obligations in respect of letters of credit related thereto, in each case in the ordinary course of business or consistent with past practice;

(xxii) all premiums (if any), interest (including post-petition interest), fees, expenses, charges and additional or contingent interest on obligations described in clauses (i) through (xxi) above; and

(xxiii) Indebtedness of WMG Acquisition (UK) Limited arising from the Investment described in Section 7.02(s).

(c) in the case of Holdings:

(i) Indebtedness under the Loan Documents;

(ii) Guarantees of the Senior Subordinated Notes and any Permitted Refinancing thereof;

(ii) unsecured Indebtedness of Holdings **("Permitted Holdco Debt")** that (A) is not subject to any Guarantee by the Company or any Restricted Subsidiary, (B) will not mature prior to the date that is ninety-one (91) after the Maturity Date of the Term Loans, (C) has no scheduled amortization or payments of principal, (D) does not permit any payments in cash of interest or other amounts in respect of the principal thereof for at least five (5) years from the date of the issuance or incurrence thereof, (E) has mandatory prepayment, repurchase or redemption, covenant, default and remedy provisions customary for senior discount notes of an issuer that is the parent of a borrower under senior secured credit facilities, and in any event, with respect to covenant, default and remedy provisions, no more restrictive than those set forth in the Senior Subordinated Notes Indenture taken as a whole (other than provisions customary for senior discount notes of a holding company), and (F) contains provisions with respect to paid-in-kind interest which are reasonably satisfactory to the Administrative Agent; *provided* that any such Indebtedness shall constitute Permitted Holdco Debt only if (i) both before and after giving effect to the issuance or incurrence thereof, no Event of Default shall have occurred and be continuing, (ii) after giving *Pro Forma Effect* to the issuance or incurrence thereof, the Holdings Consolidated Leverage Ratio shall be less than 5.75:1 and the Leverage Ratio shall be less than 3.75:1, (iii) if the amount of such Indebtedness issued or incurred in any fiscal quarter exceeds $50,000,000, the Chief Financial Officer of Holdings or the Borrower shall have delivered an officer's certificate demonstrating *Pro Forma Compliance* with the covenants set forth in Section 7.11 in form and substance reasonably satisfactory to the Administrative Agent, it being understood that any capitalized or paid-in-kind interest or accreted principal on such Indebtedness shall not constitute an issuance or incurrence of Indebtedness for purposes of this proviso;

(iv) unsecured Guarantees of obligations of its Subsidiaries in the ordinary course of business;

(v) Indebtedness permitted pursuant to clause (b)(iv) above;

(vi) Indebtedness owed to the seller of any property acquired in a Permitted Acquisition on an unsecured subordinated basis, which subordination shall be on terms reasonably satisfactory to the Administrative Agent, so long as, if applicable, Holdings complies with the proviso in Section 7.06(h)(v) (whether or not any Restricted Payment is made to Holdings); and

(vii) Indebtedness of the type described in Section 7.03(b) (xi) and (xii).

Section 7.04. *Fundamental Changes.* Merge, dissolve, liquidate, consolidate with or into another Person, or Dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person, except that:

(a) any Restricted Subsidiary may merge with (i) any Borrower (including a merger, the purpose of which is to reorganize such Borrower into a new jurisdiction); *provided* that such Borrower shall be the continuing or surviving Person or the surviving Person shall expressly assume the obligations of such Borrower in a manner reasonably acceptable to the Administrative Agent, or (ii) any one or more other Restricted Subsidiaries; *provided* that when any Restricted Subsidiary that is a Loan Party is merging with another Restricted Subsidiary, (A) a Loan Party shall be the continuing or surviving Person or (B) to the extent constituting an Investment, such Investment must be a permitted Investment in or Indebtedness of a Restricted Subsidiary which is not a Loan Party in accordance with Sections 7.02(c) and 7.03(b)(iv);

(b) (i) any Subsidiary that is not a Loan Party may merge or consolidate with or into any other Subsidiary that is not a Loan Party and (ii) any Subsidiary (other than a Borrower) may liquidate or dissolve or change its legal form if Holdings determines in good faith that such action is in the best interests of Holdings and if not materially disadvantageous to the Lenders;

(c) any Restricted Subsidiary may Dispose of all or substantially all of its assets (upon voluntary liquidation or otherwise) to the Company or to another Restricted Subsidiary; *provided* that if the transferor in such a transaction is a Guarantor or a Borrower, then (i) the transferee must either be a Borrower or a Guarantor or (ii) to the extent constituting an Investment, such Investment must be a permitted Investment in or Indebtedness of a Restricted Subsidiary which is not a Loan Party in accordance with Sections 7.02 and 7.03, respectively;

(d) so long as no Event of Default exists or would result therefrom, any Restricted Subsidiary may merge with any other Person in order to effect an Investment

permitted pursuant to Section 7.02; *provided* that (i) the continuing or surviving Person shall be a Restricted Subsidiary, which together with each of its Restricted Subsidiaries, shall have complied with the requirements of Section 6.12 or (ii) to the extent constituting an Investment, such Investment must be a permitted Investment in accordance with Section 7.02;

(e) the Company and its Restricted Subsidiaries may consummate the Acquisition; and

(f) so long as no Event of Default exists or would result therefrom, a merger, dissolution, liquidation, consolidation or Disposition, the purpose of which is to effect a Disposition permitted pursuant to Section 7.05.

Section 7.05. *Dispositions.* Make any Disposition or enter into any agreement to make any Disposition, except:

(a) Dispositions of obsolete or worn out property, whether now owned or hereafter acquired, in the ordinary course of business and Dispositions of property no longer used or useful in the conduct of the business of the Company and its Restricted Subsidiaries;

(b) Dispositions of inventory in the ordinary course of business;

(c) Dispositions of property to the extent that (i) such property is exchanged for credit against the purchase price of similar replacement property or (ii) the proceeds of such Disposition are promptly applied to the purchase price of such replacement property;

(d) Dispositions of property by any Restricted Subsidiary to the Company or to a Restricted Subsidiary; *provided* that if the transferor of such property is a Guarantor or a Borrower (i) the transferee thereof must either be a Borrower or a Guarantor or (ii) to the extent such transaction constitutes an Investment, such transaction is permitted under Section 7.02;

(e) Dispositions permitted by Sections 7.04 and 7.06 and Liens permitted by Section 7.01;

(f) Dispositions by the Company and its Restricted Subsidiaries of property (other than IP Collateral) pursuant to sale-leaseback transactions; *provided* that (i) the fair market value of all property so Disposed of shall not exceed $75,000,000 from and after the Closing Date and (ii) the purchase price for such property shall be paid to the Company or such Restricted Subsidiary for not less than 75% cash consideration;

(g) Dispositions of Cash Equivalents;

(h) Dispositions of accounts receivable in connection with the collection or compromise thereof;

(i) leases, subleases, licenses or sublicenses of property in the ordinary course of business and which do not materially interfere with the business of Holdings, the Company and its Restricted Subsidiaries;

(j) transfers of property subject to Casualty Events upon receipt of the Net Cash Proceeds of such Casualty Event;

(k) Dispositions of property by the Company and its Restricted Subsidiaries not otherwise permitted under this Section 7.05; *provided* that (i) at the time of such Disposition, no Event of Default shall exist or would result from such Disposition, (ii) the aggregate book value of all property Disposed of in reliance on this clause (k) shall not exceed $100,000,000 and (iii) the purchase price for such property (if in excess of $5,000,000) shall be paid to the Company or such Restricted Subsidiary for not less than 75% cash consideration;

(1) Dispositions of Securitization Assets and other related assets of the type specified in the definition of “Securitization Financing” (or a fractional undivided interest therein) in a Qualified Securitization Financing;

(m) Dispositions listed on Schedule 7.05(o); and

(n) Dispositions of Investments in Joint Ventures, to the extent required by, or made pursuant to buy/sell arrangements between the joint venture parties forth in, joint venture arrangements and similar binding arrangements in effect on the Closing Date.

provided that any Disposition of any property pursuant to this Section 7.05 (except pursuant to Sections 7.05(d) and (e)), shall be for no less than the fair market value of such property at the time of such Disposition. To the extent any Collateral is Disposed of as expressly permitted by this Section 7.05 to any Person other than Holdings, the Company or any of its Restricted Subsidiaries, such Collateral shall be sold free and clear of the Liens created by the Loan Documents, and the Administrative Agent shall be authorized to take any actions deemed appropriate in order to effect the foregoing.

Section 7.06. *Restricted Payments.* Declare or make, directly or indirectly, any Restricted Payment, except:

(a) each Restricted Subsidiary may make Restricted Payments to the Company and to Restricted Subsidiaries (and, in the case of a Restricted Payment by a non-wholly owned Restricted Subsidiary, to the Company and any Restricted Subsidiary and to each other owner of Equity Interests of such Restricted Subsidiary based on their relative ownership interests);

(b) Holdings, the Company and each Restricted Subsidiary may declare and make dividend payments or other distributions payable solely in the Equity Interests (other than Disqualified Equity Interests) of such Person;

(c) so long as no Event of Default shall have occurred and be continuing or would result therefrom, (x) Holdings (and, from and after a Qualifying IPO of the Company, the Company) may make Restricted Payments with the proceeds received from any Permitted Equity Issuance to the extent not required to prepay the Loans pursuant to Section 2.05(b) and (y) Holdings may make Restricted Payments with the proceeds of the issuance of Permitted Holdco Debt;

(d) the Company may make Restricted Payments made on the Closing Date to consummate the Acquisition and the other Transactions;

(e) to the extent constituting Restricted Payments, the Company and its Restricted Subsidiaries may enter into transactions expressly permitted by Section 7.04 or 7.08;

(f) repurchases of Equity Interests deemed to occur upon exercise of stock options or warrants if such Equity Interests represent a portion of the exercise price of such options or warrants;

(g) Holdings may pay for the repurchase, retirement or other acquisition or retirement for value of common Equity Interests of Holdings held by any future, present or former employee, director or consultant of Holdings or any of its Subsidiaries pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement; *provided* that the aggregate amount of Restricted Payments made under this clause (g) does not exceed in any calendar year $15,000,000 (with unused amounts in any calendar year being carried over to the two (2) succeeding calendar years); and *provided further* that such amount in any calendar year may be increased by an amount not to exceed (A) the cash proceeds from the sale of Equity Interests (other than Disqualified Equity Interests) to members of management, directors or consultants of Holdings or of its Subsidiaries that occurs after the Closing Date plus (B) the amount of any cash bonuses otherwise payable to members of management, directors or consultants of Holdings or any of its Subsidiaries in connection with the Transaction that are foregone in return for the receipt of Equity Interests of Holdings pursuant to a deferred compensation plan of such corporation plus (C) the cash proceeds of key man life insurance policies received by Holdings, the Company or its Restricted Subsidiaries after the Closing Date (provided that Holdings may elect to apply all or any portion of the aggregate increase contemplated by clauses (A), (B) and (C) above in any calendar year) less (D) the amount of any Restricted Payments previously made pursuant to clauses (A), (B) and (C) of this clause (g);

(h) the Company and its Restricted Subsidiaries may make Restricted Payments to Holdings:

(i) the proceeds of which will be used to pay the tax liability for the relevant jurisdiction in respect of consolidated, combined, unitary or affiliated returns for the relevant jurisdiction of Holdings attributable to the Company and its Subsidiaries determined as if the Company and its Subsidiaries filed separately;

(ii) the proceeds of which shall be used by Holdings to pay its operating expenses incurred in the ordinary course of business and other corporate overhead costs and expenses (including, without limitation, administrative, legal, accounting and similar expenses provided by third parties), which are reasonable and customary and incurred in the ordinary course of business, in an aggregate amount not to exceed $1,000,000 in any fiscal year plus any reasonable and customary indemnification claims made by directors or officers of Holdings attributable to the ownership or operations of the Company and its Restricted Subsidiaries;

(iii) the proceeds of which shall be used by Holdings to pay franchise taxes and other fees, taxes and expenses required to maintain its corporate existence;

(iv) the proceeds of which will be used by Holdings to make Restricted Payments permitted by clause (g) and (k);

(v) to finance any Investment permitted to be made pursuant to Section 7.02*; provided* that (A) such Restricted Payment shall be made substantially concurrently with the closing of such Investment and (B) Holdings shall, immediately following the closing thereof, cause (1) all property acquired (whether assets or Equity Interests) to be contributed to the Company or its Restricted Subsidiaries or (2) the merger (to the extent permitted in Section 7.04) of the Person formed or acquired into the Company or its Restricted Subsidiaries in order to consummate such Permitted Acquisition, in each case, in accordance with the requirements of Section 6.12;

(vi) the proceeds of which shall be used by Holdings to pay fees and expenses (other than to Affiliates) related to any unsuccessful equity or debt offering permitted by this Agreement;

(vii) the proceeds of which shall be used by Holdings to pay when due (and required to be paid in cash), and in aggregate amounts equal to, accrued and unpaid interest on Permitted Holdco Debt; *provided* that before and immediately after giving effect to such payment, no Event of Default shall exist or would result from such action;

(i) in addition to the foregoing Restricted Payments, the Company may make additional Restricted Payments to Holdings the proceeds of which may be utilized by

Holdings to make additional Restricted Payments, in an aggregate amount not to exceed $10,000,000 (such amount to be increased to (A) $35,000,000 if the Leverage Ratio as of the last day of the immediately preceding four fiscal quarters was less than 4.0:1 and (B) $50,000,000 if the Leverage Ratio as of the last day of the immediately preceding four fiscal quarters was less than 3.5:1); *provided* that such amounts may be increased by an amount equal to 50% of Cumulative Excess Cash Flow that is Not Otherwise Applied. For the purpose of this clause (i), **"Cumulative Excess Cash Flow"** means the sum of Excess Cash Flow for each fiscal year commencing with the fiscal year ended November 30, 2004 and ending on the Company's most recently ended fiscal year;

(j) from and after a Qualifying IPO of the Company, the Company may make the Restricted Payments referred to in clauses (f) or (i); and

(k) Holdings may make Restricted Payments to Equity Investors on the ARCA Effective Date in an aggregate amount not greater than $200,000,000.

Section 7.07. *Change in Nature of Business.* Engage in any material line of business substantially different from those lines of business conducted by the Company and its Restricted Subsidiaries on the Closing Date or any business reasonably related or ancillary thereto.

Section 7.08. *Transactions with Affiliates.* Enter into any transaction of any kind with any Affiliate of the Company, whether or not in the ordinary course of business, other than (a) transactions among Loan Parties, (b) on fair and reasonable terms substantially as favorable to the Company or such Restricted Subsidiary as would be obtainable by the Company or such Restricted Subsidiary at the time in a comparable arm's-length transaction with a Person other than an Affiliate, (c) the payment of fees and expenses in connection with the consummation of the Transactions in amounts disclosed to the Initial Lenders prior to the Closing Date, (d) so long as no Event of Default shall have occurred and be continuing under Section 8.01(f), the payment of management and monitoring fees to the Sponsors pursuant to the Sponsor Management Agreement in an aggregate amount in any fiscal year not to exceed $10,000,000, (e) equity issuances by Holdings permitted under Section 7.06, (f) loans and other transactions by Holdings, the Company and its Restricted Subsidiaries to the extent permitted under this Article 7, (g) customary fees payable to any directors of Holdings and reimbursement of reasonable out of pocket costs of the directors of Holdings, (h) employment and severance arrangements between Holdings, the Company and its Restricted Subsidiaries and their respective officers and employees in the ordinary course of business, (i) payments by Holdings, the Company and its Restricted Subsidiaries pursuant to the tax sharing agreements among Holdings, the Company and its Restricted Subsidiaries on customary terms, (j) any transaction with a Securitization Subsidiary effected as part of a Qualified Securitization Financing, (k) the payment of customary fees and indemnities to directors, officers and employees of Holdings, the Company and the Restricted Subsidiaries in the ordinary course of business, (1) transactions pursuant to permitted agreements in existence on the Closing Date and set forth on Schedule 7.08 or any amendment thereto to the extent such an amendment is not adverse to the Lenders in any material respect, (m) dividends, redemptions and repurchases permitted under Section 7.06, and (n) payments by Holdings, the Company and any Restricted Subsidiaries to the Sponsors made for any customary

financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including in connection with acquisitions or divestitures, which payments are approved by the majority of the board of directors of Holdings in good faith.

Section 7.09. *Burdensome Agreements.* Enter into or permit to exist any Contractual Obligation (other than this Agreement or any other Loan Document) that limits the ability of (a) any Restricted Subsidiary of the Company to make Restricted Payments to the Company or any Guarantor or to otherwise transfer property to or invest in the Company or any Guarantor, or (b) the Company or any Loan Party to create, incur, assume or suffer to exist Liens on property of such Person for the benefit of the Lenders with respect to the Facilities and the Obligations or under the Loan Documents; *provided* that the foregoing shall not apply to Contractual Obligations which (i) (x) exist on the Closing Date and (to the extent not otherwise permitted by this Section 7.09) are listed on Schedule 7.09 hereto and (y) to the extent Contractual Obligations permitted by clause (x) are set forth in an agreement evidencing Indebtedness, are set forth in any agreement evidencing any permitted renewal, extension or refinancing of such Indebtedness so long as such renewal, extension or refinancing does not expand the scope of such Contractual Obligation, (ii) are binding on a Restricted Subsidiary at the time such Restricted Subsidiary first becomes a Restricted Subsidiary of the Company, so long as such Contractual Obligations were not entered into solely in contemplation of such Person becoming a Restricted Subsidiary of the Company, (iii) represent Indebtedness of a Restricted Subsidiary of the Company which is not a Loan Party which is permitted by Section 7.03, (iv) arise in connection with any Disposition permitted by Section 7.05, (v) are customary provisions in joint venture agreements and other similar agreements applicable to joint ventures permitted under Section 7.02 and applicable solely to such joint venture entered into in the ordinary course of business, (vi) are negative pledges and restrictions on Liens in favor of any holder of Indebtedness permitted under Section 7.03 but solely to the extent any negative pledge relates to the property financed by or the subject of such Indebtedness (and excluding in any event any Indebtedness constituting any Junior Financing), (vii) are customary restrictions on leases, subleases, licenses or asset sale agreements otherwise permitted hereby so long as such restrictions may relate to the assets subject thereto, (viii) comprise restrictions imposed by any agreement relating to secured Indebtedness permitted pursuant to Section 7.03(b)(v) to the extent that such restrictions apply only to the property or assets securing such Indebtedness, (ix) are customary provisions restricting subletting or assignment of any lease governing a leasehold interest, and (x) are customary provisions restricting assignment of any agreement entered into in the ordinary course of business.

Section 7.10. *Use of Proceeds.* Use the proceeds of any Credit Extension, whether directly or indirectly, to purchase or carry margin stock (within the meaning of Regulation U of the FRB) or to extend credit to others for the purpose of purchasing or carrying margin stock or to refund Indebtedness originally

incurred for such purpose.

Section 7.11. *Financial Covenants.* (a) *Leverage Ratio.* Permit the Leverage Ratio as of the end of any fiscal quarter of the Company (beginning with the fiscal quarter ending November 30, 2004) set forth below to be greater than the ratio set forth below opposite such period:

Fiscal Year	February 28/29	May 31	August 31	November 30
2004	—	—	—	6.5:1
2005	6.5:1	6.5:1	6.25:1	5.85:1
2006	5.5:1	5.5:1	5.35:1	4.85:1
2007	4.85:1	4.75:1	4.75:1	4.5:1
2008	4.5:1	4.25:1	4.25:1	4.0:1
2009	4.0:1	3.75:1	3.75:1	3.5:1
2010	3.5:1	3.5:1	3.5:1	3.5:1

(b) *Interest Coverage Ratio.* Permit the Interest Coverage Ratio as of the end of any fiscal quarter of the Company (beginning with the fiscal quarter ending November 30, 2004) (as set forth below to be less than the ratio set forth below opposite such fiscal quarter:

Fiscal Year	February 28/29	May 31	August 31	November 30
2004	—	—	—	2.25:1
2005	2.25:1	2.25:1	2.25:1	2.5:1
2006	2.5:1	2.5:1	2.5:1	2.75:1
2007	2.75:1	2.75:1	2.75:1	2.75:1
2008	2.75:1	2.75:1	2.75:1	3.0:1
2009	3.0:1	3.0:1	3.0:1	3.25:1
2010	3.25:1	3.25:1	3.25:1	3.5:1

Section 7.12. *Amendments of Organization Documents.* Amend any of its Organization Documents in a manner materially adverse to the Administrative Agent or the Lenders.

Section 7.13. *Accounting Changes.* Make any change in fiscal year.

Section 7.14. *Prepayments, Etc. of Indebtedness.* (a) Prepay, redeem, purchase, defease or otherwise satisfy prior to the scheduled maturity thereof in any manner (it being understood that payments of regularly scheduled interest shall be permitted) any Senior Subordinated Notes, Permitted Subordinated Indebtedness or any Permitted Holdco Debt (collectively, **"Junior Financing"**) or make any payment in violation of any subordination terms of any Junior Financing Documentation, except (i) the refinancing thereof with the Net Cash Proceeds of any Permitted Subordinated Indebtedness, Permitted Holdco Debt or Permitted Equity Issuance, to the extent not required to prepay any Loans pursuant to Section 2.05(b) and (ii) the conversion of any Junior Financing to Equity Interests (other than Disqualified Equity Interests), or (b) amend, modify or change in any manner materially adverse to the interests of the Administrative Agent or the Lenders any term or condition of any Junior Financing Documentation without the consent of the Required Lenders.

Section 7.15. *Amendment of Purchase Agreement.* Amend, modify or supplement the Purchase Agreement or waive or otherwise consent to any change or departure from any of the terms or conditions of the Purchase Agreement in any manner materially adverse to the interests of the Lenders without the consent of the Required Lenders and the Administrative Agent.

Section 7.16. *Equity Interests of the Company and Restricted Subsidiaries.* (a) (i) Own directly or indirectly less than 100% of the Equity Interests of any of the Domestic Subsidiaries that are Restricted Subsidiaries except as a result of or in connection with a dissolution, merger, consolidation or Disposition of a Restricted Subsidiary permitted by Section 7.04, 7.05 or an Investment in any Person permitted under Section 7.02;

(ii) Own directly or indirectly less than 100% of the Equity Interests of any of the Foreign Subsidiaries that are (or would, if they were wholly owned, be required to be) Loan Parties except (A) to qualify directors where required by applicable Law or to satisfy other requirements of applicable Law with respect to the ownership of Equity Interests of Foreign Subsidiaries, or (B) as a result of or in connection with a dissolution, merger, consolidation or disposition of a Restricted Subsidiary permitted by Section 7.04, 7.05 or an Investment in any Person permitted under Section 7.02, or

(b) Create, incur, assume or suffer to exist any Lien on any Equity Interests of the Company (other than nonconsensual Liens arising solely by operation of law to the extent permitted under Section 7.01).

Section 7.17. *Holding Company.* In the case of Holdings, (i) conduct, transact or otherwise engage in any business or operations other than those incidental to its ownership of the Equity Interests of the Company, the performance of the Loan Documents, the Acquisition Agreement and the other agreements contemplated by the Acquisition Agreement and any transactions that Holdings is permitted to enter into or consummate under this Article 7 or (ii) incur any Indebtedness other than Indebtedness permitted pursuant to Section 7.03(c); or

Section 7.18. *Designated Senior Debt.* Designate any other Indebtedness (other than under this Agreement and the other Loan Documents) of the Company or its Restricted Subsidiaries as "Senior Debt" or "Designated Senior Debt" (or any comparable term) under, and as defined in, any Junior Financing Documentation.

Section 7.19. *Capital Expenditures.* (a) Make any Capital Expenditure except for Capital Expenditures not exceeding, in the aggregate for the Company and its Restricted Subsidiaries during each fiscal year set forth below, the amount set forth opposite such fiscal year:

Fiscal Year	Amount
2004	$ 50,000,000
2005	$ 50,000,000
2006	$ 60,000,000
2007	$ 60,000,000
2008	$ 65,000,000
2009	$ 65,000,000
2010	$ 70,000,000

(b) Notwithstanding anything to the contrary contained in clause (a) above, to the extent that the aggregate amount of Capital Expenditures made by the Company and the Restricted Subsidiaries in any fiscal year pursuant to Section 7.19(a) is less than the amount set forth in such fiscal year, the amount of such difference (the **"Rollover Amount"**) may be carried forward and used to make Capital Expenditures in the two succeeding fiscal years to the extent that such Rollover Amount shall not previously have been used to determine the permissibility of an Investment pursuant to Section 7.02(n).

ARTICLE 8
EVENTS OF DEFAULT AND REMEDIES

Section 8.01. *Events of Default.* Any of the following shall constitute an Event of Default:

(a) *Non-Payment.* Any Borrower or any other Loan Party fails to pay (i) when and as required to be paid herein, any amount of principal of any Loan, or (ii) within five (5) Business Days after the same becomes due, any interest on any Loan or any other amount payable hereunder or with respect to any other Loan Document; or

(b) *Specific Covenants.* The Company fails to perform or observe any term, covenant or agreement contained in any of Sections 6.03(a), 6.05(a) (solely with respect to Holdings and the Company) or 6.11 or Article 7; *provided* that any Event of Default under Section 7.11 is subject to cure as contemplated by the last *proviso* set forth in the definition of "Consolidated EBITDA"; or

(c) *Other Defaults.* Any Loan Party fails to perform or observe any other covenant or agreement (not specified in Section 8.01(a) or (b) above) contained in any Loan Document on its part to be performed or observed and such failure continues for thirty (30) days after notice thereof by the Administrative Agent to the Company; or

(d) *Representations and Warranties.* Any representation, warranty, certification or statement of fact made or deemed made by or on behalf of the Company or any other Loan Party herein, in any other Loan Document, or in any document required to be delivered in connection herewith or therewith shall be incorrect or misleading in any material respect when made or deemed made; or

(e) *Cross-Default.* (i) Any Loan Party or any Restricted Subsidiary (A) fails to make any payment beyond the applicable grace period with respect thereto, if any (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) in respect of any Indebtedness (other than Indebtedness hereunder) having an aggregate principal amount of not less than the Threshold Amount, or (B) fails to observe or perform any other agreement or condition relating to any such Indebtedness, or any

other event occurs, the effect of which default or other event is to cause, or to permit the holder or holders of such Indebtedness (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving of notice if required, such Indebtedness to become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such Indebtedness to be made, prior to its stated maturity; *provided* that this clause (e)(B) shall not apply to secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness, if such sale or transfer is permitted hereunder and under the documents providing for such Indebtedness; or

(f) *Insolvency Proceedings, Etc.* Any Loan Party or any of its Restricted Subsidiaries institutes or consents to the institution of any proceeding under any Debtor Relief Law, or makes an assignment for the benefit of creditors; or applies for or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator, administrator, administrative receiver or similar officer for it or for all or any material part of its property; or any receiver, trustee, custodian, conservator, liquidator, rehabilitator, administrator, administrative receiver or similar officer is appointed without the application or consent of such Person and the appointment continues undischarged or unstayed for sixty (60) calendar days; or any proceeding under any Debtor Relief Law relating to any such Person or to all or any material part of its property is instituted without the consent of such Person and continues undismissed or unstayed for sixty (60) calendar days, or an order for relief is entered in any such proceeding; or

(g) *Inability to Pay Debts; Attachment.* (i) Any Loan Party or any Restricted Subsidiary becomes unable or admits in writing its inability or fails generally to pay its debts as they become due, or (ii) any writ or warrant of attachment or execution or similar process is issued or levied against all or any material part of the property of any such Person and is not released, vacated or fully bonded within sixty (60) days after its issue or levy; or

(h) *Judgments.* There is entered against any Loan Party or any Restricted Subsidiary a final judgment or order for the payment of money in an aggregate amount exceeding the Threshold Amount (to the extent not covered by independent third-party insurance as to which the insurer has been notified of such judgment or order and does not deny coverage) and there is a period of sixty (60) consecutive days during which a stay of enforcement of such judgment, by reason of a pending appeal or otherwise, is not in effect; or

(i) *ERISA.* (i) An ERISA Event occurs with respect to a Pension Plan or Multiemployer Plan which has resulted or could reasonably be expected to result in liability of any Borrower under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount which could reasonably be expected to result in a Material Adverse Effect, or (ii) any Borrower or any ERISA Affiliate fails to pay when due, after the expiration of any applicable grace period, any installment payment

with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan in an aggregate amount which could reasonably be expected to result in a Material Adverse Effect; or

(j) *Invalidity of Loan Documents.* Any material provision of any Loan Document, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or thereunder (including as a result of a transaction permitted under Section 7.04 or 7.05) or satisfaction in full of all the Obligations, ceases to be in full force and effect; or any Loan Party contests in writing the validity or enforceability of any provision of any Loan Document; or any Loan Party denies in writing that it has any or further liability or obligation under any Loan Document (other than as a result of repayment in full of the Obligations and termination of the Aggregate Commitments), or purports in writing to revoke or rescind any Loan Document; or

(k) *Change of Control.* There occurs any Change of Control; or

(1) *Collateral Documents.* Any Collateral Document after delivery thereof pursuant to Section 4.01 or 6.12 shall for any reason (other than pursuant to the terms thereof including as a result of a transaction permitted under Section 7.04 or 7.05) cease to create a valid and perfected first priority lien on and security interest in the Collateral covered thereby, subject to Liens permitted under Section 7.01, or any Loan Party shall so assert in writing such invalidity, lack of perfection or priority, except to the extent that any such loss of perfection or priority results from the failure of the Administrative Agent to maintain possession of certificates actually delivered to it representing securities pledged under the Collateral Agreements or to file Uniform Commercial Code continuation statements and except, as to Collateral consisting of real property, to the extent that such loss is covered by a lender's title insurance policy and the Administrative Agent shall be reasonably satisfied with the credit of such insurer; or

(m) *Junior Financing Documentation.* (i) Any of the Obligations of the Loan Parties under the Loan Documents for any reason shall cease to be "Senior Debt" (or any comparable term) or "Designated Senior Debt" (or any comparable term) under, and as defined in, the Senior Subordinated Notes Indenture or any other Junior Financing Documentation or (ii) the subordination provisions set forth in the Senior Subordinated Notes Indenture or any other Junior Financing Documentation shall, in whole or in part, cease to be effective or cease to be legally valid, binding and enforceable against the holders of any Junior Financing, if applicable.

Section 8.02. *Remedies Upon Event of Default.* If any Event of Default occurs and is continuing, the Administrative Agent shall, at the request of, or may, with the consent of, the Required Lenders, take any or all of the following actions:

(a) declare the commitment of each Lender to make Loans and any obligation of the L/C Issuer to make L/C Credit Extensions to be terminated, whereupon such commitments and obligation shall be terminated;

(b) declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Borrowers;

(c) require that the Company Cash Collateralize the L/C Obligations (in an amount equal to the then Outstanding Amount thereof); and

(d) exercise on behalf of itself and the Lenders all rights and remedies available to it and the Lenders under the Loan Documents or applicable Law;

provided that upon the occurrence of an actual or deemed entry of an order for relief with respect to the Company under the Bankruptcy Code of the United States, the obligation of each Lender to make Loans and any obligation of the L/C Issuer to make L/C Credit Extensions shall automatically terminate, the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable, and the obligation of the Company to Cash Collateralize the L/C Obligations as aforesaid shall automatically become effective, in each case without further act of the Administrative Agent or any Lender.

Section 8.03. *Application of Funds.* After the exercise of remedies provided for in Section 8.02 (or after the Loans have automatically become immediately due and payable and the L/C Obligations have automatically been required to be Cash Collateralized as set forth in the proviso to Section 8.02), any amounts received on account of the Obligations shall be applied by the Administrative Agent in the following order:

First, to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts (including Attorney Costs payable under Section 10.04 and amounts payable under Article 3 but excluding principal and interest) payable to the Administrative Agent in its capacity as such;

Second, to payment of that portion of the Obligations constituting fees, indemnities and other amounts (other than principal and interest) payable to the Lenders (including Attorney Costs payable under Section 10.05 and amounts payable under Article 3), ratably among them in proportion to the amounts described in this clause Second payable to them;

Third, to payment of that portion of the Obligations constituting accrued and unpaid interest on the Loans and L/C Borrowings, ratably among the Lenders in proportion to the respective amounts described in this clause Third payable to them;

Fourth, to payment of that portion of the Obligations constituting unpaid principal of the Loans and L/C Borrowings, the termination value under Secured Hedge Obligations and the Cash Management Obligations, ratably among the Lenders in proportion to the respective amounts described in this clause Fourth held by them;

Fifth, to the Administrative Agent for the account of the L/C Issuer, to Cash Collateralize that portion of L/C Obligations comprised of the aggregate undrawn amount of Letters of Credit;

Sixth, to the payment of all other Obligations of the Loan Parties that are due and payable to the Administrative Agent and the other Secured Parties on such date, ratably based upon the respective aggregate amounts of all such Obligations owing to the Administrative Agent and the other Secured Parties on such date; and

Last, the balance, if any, after all of the Obligations have been indefeasibly paid in full, to the Borrowers or as otherwise required by Law.

Subject to Section 2.03(c), amounts used to Cash Collateralize the aggregate undrawn amount of Letters of Credit pursuant to clause *Fifth* above shall be applied to satisfy drawings under such Letters of Credit as they occur. If any amount remains on deposit as Cash Collateral after all Letters of Credit have either been fully drawn or expired, such remaining amount shall be applied to the other Obligations, if any, in the order set forth above and, if no Obligations remain outstanding, to the Borrowers.

ARTICLE 9
ADMINISTRATIVE AGENT AND OTHER AGENTS

Section 9.01. *Appointment and Authorization of Agents.* (a) Each Lender hereby irrevocably appoints, designates and authorizes the Administrative Agent to take such action on its behalf under the provisions of this Agreement and each other Loan Document and to exercise such powers and perform such duties as are expressly. delegated to it by the terms of this Agreement or any other Loan Document, together with such powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary contained elsewhere herein or in any other Loan Document, the Administrative Agent shall have no duties or responsibilities, except those expressly set forth herein, nor shall the Administrative Agent have or be deemed to have any fiduciary relationship with any Lender or participant, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Administrative Agent. Without limiting the generality of the foregoing sentence, the use of the term "agent" herein and in the other Loan Documents with reference to any Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable Law. Instead, such term is used merely as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties.

(b) The L/C Issuer shall act on behalf of the Lenders with respect to any Letters of Credit issued by it and the documents associated therewith, and the L/C Issuer shall have all of the benefits and immunities (i) provided to the Agents in this Article 9 with respect to any acts taken or omissions suffered by the L/C Issuer in connection with Letters of Credit issued by it or proposed to be issued by it and the applications and agreements for letters of credit pertaining to

such Letters of Credit as fully as if the term "Agent" as used in this Article 9 and in the definition of "Agent-Related Person" included the L/C Issuer with respect to such acts or omissions, and (ii) as additionally provided herein with respect to the L/C Issuer.

(c) The Administrative Agent shall also act as the "collateral agent" under the Loan Documents, and each of the Lenders (in its capacities as a Lender, Swing Line Lender (if applicable), L/C Issuer (if applicable) and a potential Hedge Bank) hereby irrevocably appoints and authorizes the Administrative Agent to act as the agent of (and to hold any security interest created by the Collateral Documents for and on behalf of or on trust for) such Lender for purposes of acquiring, holding and enforcing any and all Liens on Collateral granted by any of the Loan Parties to secure any of the Secured Obligations, together with such powers and discretion as are reasonably incidental thereto. In this connection, the Administrative Agent, as "collateral agent" (and any co-agents, sub-agents and attorneys-in-fact appointed by the Administrative Agent pursuant to Section 9.02 for purposes of holding or enforcing any Lien on the Collateral (or any portion thereof) granted under the Collateral Documents, or for exercising any rights and remedies thereunder at the direction of the Administrative Agent), shall be entitled to the benefits of all provisions of this Article 9 (including, without limitation, Section 9.07, as though such co-agents, sub-agents and attorneys-in-fact were the "collateral agent" under the Loan Documents) as if set forth in full herein with respect thereto.

Section 9.02. *Delegation of Duties.* The Administrative Agent may execute any of its duties under this Agreement or any other Loan Document (including for purposes of holding or enforcing any Lien on the Collateral (or any portion thereof) granted under the Collateral Documents or of exercising any rights and remedies thereunder) by or through agents, employees or attorneys-in-fact including for the purpose of any Borrowings or payments in Alternative Currencies, such sub-agents as shall be deemed necessary by the Administrative Agent and shall be entitled to advice of counsel and other consultants or experts concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agent or sub-agent or attorney-in-fact that it selects in the absence of gross negligence or willful misconduct.

Section 9.03. *Liability of Agents.* No Agent-Related Person shall (a) be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other Loan Document or the transactions contemplated hereby (except for its own gross negligence or willful misconduct in connection with its duties expressly set forth herein), or (b) be responsible in any manner to any Lender or participant for any recital, statement, representation or warranty made by any Loan Party or any officer thereof, contained herein or in any other Loan Document, or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Agreement or any other Loan Document, or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document, or the perfection or priority of any Lien or security interest created or purported to be created under the Collateral Documents, or for any failure of any Loan Party or any other party to any Loan Document to perform its obligations hereunder or thereunder. No Agent-Related Person shall be under any obligation to any Lender or participant to ascertain or to inquire as to the observance or

performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of any Loan Party or any Affiliate thereof.

Section 9.04. *Reliance by Agents.* (a) Each Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, communication, signature, resolution, representation, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex or telephone message, electronic mail message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to any Loan Party), independent accountants and other experts selected by such Agent. Each Agent shall be fully justified in failing or refusing to take any action under any Loan Document unless it shall first receive such advice or concurrence of the Required Lenders as it deems appropriate and, if it so requests, it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. Each Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Document in accordance with a request or consent of the Required Lenders (or such greater number of Lenders as may be expressly required hereby in any instance) and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders.

(b) For purposes of determining compliance with the conditions specified in Section 4.01, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the proposed Closing Date specifying its objection thereto.

Section 9.05. *Notice of Default.* The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default, except with respect to defaults in the payment of principal, interest and fees required to be paid to the Administrative Agent for the account of the Lenders, unless the Administrative Agent shall have received written notice from a Lender or the Company referring to this Agreement, describing such Default and stating that such notice is a "notice of default." The Administrative Agent will notify the Lenders of its receipt of any such notice. The Administrative Agent shall take such action with respect to any Event of Default as may be directed by the Required Lenders in accordance with Article 8; *provided* that unless and until the Administrative Agent has received any such direction, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Event of Default as it shall deem advisable or in the best interest of the Lenders.

Section 9.06. *Credit Decision; Disclosure of Information by Agents.* Each Lender acknowledges that no Agent-Related Person has made any representation or warranty to it, and that no act by any Agent hereafter taken, including any consent to and acceptance of any assignment or review of the affairs of any Loan Party or any Affiliate thereof, shall be deemed to

constitute any representation or warranty by any Agent-Related Person to any Lender as to any matter, including whether Agent-Related Persons have disclosed material information in their possession. Each Lender represents to each Agent that it has, independently and without reliance upon any Agent-Related Person and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, property, financial and other condition and creditworthiness of the Loan Parties and their respective Subsidiaries, and all applicable bank or other regulatory Laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to the Company and the other Loan Parties hereunder. Each Lender also represents that it will, independently and without reliance upon any Agent-Related Person and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of the Company and the other Loan Parties. Except for notices, reports and other documents expressly required to be furnished to the Lenders by any Agent herein, such Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of any of the Loan Parties or any of their respective Affiliates which may come into the possession of any Agent-Related Person.

Section 9.07. *Indemnification of Agents.* Whether or not the transactions contemplated hereby are consummated, the Lenders shall indemnify upon demand each Agent-Related Person (to the extent not reimbursed by or on behalf of any Loan Party and without limiting the obligation of any Loan Party to do so), pro rata, and hold harmless each Agent-Related Person from and against any and all Indemnified Liabilities incurred by it; *provided* that no Lender shall be liable for the payment to any Agent-Related Person of any portion of such Indemnified Liabilities resulting from such Agent-Related Person's own gross negligence or willful misconduct; *provided further* that no action taken in accordance with the directions of the Required Lenders shall be deemed to constitute gross negligence or willful misconduct for purposes of this Section 9.07; *provided further* that to the extent an L/C Issuer is entitled to indemnification under this Section 9.07 solely in connection with its role as an L/C Issuer, only the Revolving Credit Lenders shall be required to indemnify the L/C Issuer in accordance with this Section 9.07. In the case of any investigation, litigation or proceeding giving rise to any Indemnified Liabilities, this Section 9.07 applies whether any such investigation, litigation or proceeding is brought by any Lender or any other Person. Without limitation of the foregoing, each Lender shall reimburse the Administrative Agent upon demand for its ratable share of any costs or out-of-pocket expenses (including Attorney Costs) incurred by the Administrative Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other Loan Document, or any document contemplated by or referred to herein, to the extent that the Administrative Agent is not reimbursed for such expenses by or on behalf of the Company. The undertaking in this

Section 9.07 shall survive termination of the Aggregate Commitments, the payment of all other Obligations and the resignation of the Administrative Agent.

Section 9.08. *Agents in their Individual Capacities.* Bank of America and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire Equity Interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with each of the Loan Parties and their respective Affiliates as though Bank of America were not the Administrative Agent or the L/C Issuer hereunder and without

notice to or consent of the Lenders. The Lenders acknowledge that, pursuant to such activities, Bank of America or its Affiliates may receive information regarding any Loan Party or its Affiliates (including information that may be subject to confidentiality obligations in favor of such Loan Party or such Affiliate) and acknowledge that the Administrative Agent shall be under no obligation to provide such information to them. With respect to its Loans, Bank of America shall have the same rights and powers under this Agreement as any other Lender and may exercise such rights and powers as though it were not the Administrative Agent or the L/C Issuer, and the terms "Lender" and "Lenders" include Bank of America in its individual capacity.

Section 9.09. *Successor Agents.* The Administrative Agent may resign as the Administrative Agent upon thirty (30) days' notice to the Lenders. If the Administrative Agent resigns under this Agreement, the Required Lenders shall appoint from among the Lenders a successor agent for the Lenders, which successor agent shall be consented to by the Company at all times other than during the existence of an Event of Default under Section 8.01(f) (which consent of the Company shall not be unreasonably withheld or delayed). If no successor agent is appointed prior to the effective date of the resignation of the Administrative Agent, the Administrative Agent may appoint, after consulting with the Lenders and the Company, a successor agent from among the Lenders. Upon the acceptance of its appointment as successor agent hereunder, the Person acting as such successor agent shall succeed to all the rights, powers and duties of the retiring Administrative Agent and the term "Administrative Agent," shall mean such successor administrative agent and/or supplemental administrative agent, as the case may be, and the retiring Administrative Agent's appointment, powers and duties as the Administrative Agent shall be terminated. After the retiring Administrative Agent's resignation hereunder as the Administrative Agent, the provisions of this Article 9 and Sections 10.04 and 10.05 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was the Administrative Agent under this Agreement. If no successor agent has accepted appointment as the Administrative Agent by the date which is thirty (30) days following the retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and the Lenders shall perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Required Lenders appoint a successor agent as provided for above. Upon the acceptance of any appointment as the Administrative Agent hereunder by a successor and upon the execution and filing or recording of such financing statements, or amendments thereto, and such amendments or supplements to the Mortgages, and such other instruments or notices, as may be necessary or desirable, or as the Required Lenders may request, in order to continue the perfection of the Liens granted or purported to be granted by the Collateral Documents, the Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, discretion, privileges, and duties of the retiring Administrative

Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations under the Loan Documents. After the retiring Administrative Agent's resignation hereunder as the Administrative Agent, the provisions of this Article 9 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as the Administrative Agent.

Section 9.10. *Administrative Agent May File Proofs of Claim.* In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to any Loan Party, the Administrative Agent (irrespective of whether the principal of any Loan or L/C Obligation shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on any Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, L/C Obligations and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders and the Administrative Agent and their respective agents and counsel and all other amounts due the Lenders and the Administrative Agent under Sections 2.03(i) and (j), 2.09 and 10.04) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Agents and their respective agents and counsel, and any other amounts due the Administrative Agent under Sections 2.09 and 10.04.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or to authorize the Administrative Agent to vote in respect of the claim of any Lender in any such proceeding.

Section 9.11. *Collateral and Guaranty Matters.* The Lenders irrevocably authorize the Administrative Agent:

(a) to release any Lien on any property granted to or held by the Administrative Agent under any Loan Document (i) upon termination of the Aggregate

Commitments and payment in full of all Obligations (other than (x) obligations under Secured Hedge Agreements, (y) Cash Management Obligations not yet due and payable and (z) contingent indemnification obligations not yet accrued and payable) and the expiration or termination of all Letters of Credit, (ii) that is sold or to be sold as part of or in connection with any sale permitted hereunder or under any other Loan Document to any Person other than Holdings, the Company or any of its Restricted Subsidiaries, (iii) subject to Section 10.01, if approved, authorized or ratified in writing by the Required Lenders, or (iv) owned by a Guarantor upon release of such Guarantor from its obligations under its Guaranty pursuant to clause (c) below;

(b) to subordinate any Lien on any property granted to or held by the Administrative Agent under any Loan Document to the holder of any Lien on such property that is permitted by Section 7.01(i); and

(c) to release any Guarantor from its obligations under the Guaranty if such Person ceases to be a Restricted Subsidiary as a result of a transaction or designation permitted hereunder; *provided* that no such release shall occur if such Guarantor continues to be a guarantor in respect of any Junior Financing.

Upon request by the Administrative Agent at any time, the Required Lenders will confirm in writing the Administrative Agent's authority to release its interest in particular types or items of property, or to release any Guarantor from its obligations under the Guaranty pursuant to this Section 9.11. In each case as specified in this Section 9.11, the Administrative Agent will, at the Company's expense, execute and deliver to the applicable Loan Party such documents as such Loan Party may reasonably request to evidence the release of such item of Collateral from the assignment and security interest granted under the Collateral Documents, or to release such Guarantor from its obligations under the Guaranty, in each case in accordance with the terms of the Loan Documents and this Section 9.11.

Section 9.12. *Other Agents; Arrangers and Managers.* None of the Lenders or other Persons identified on the facing page or signature pages of this Agreement as a "co syndication agent," "co-documentation agent," "co agent," "book manager," "lead manager," "arranger," "lead arranger" or "co-arranger" shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than those applicable to all Lenders as such. Without limiting the foregoing, none of the Lenders or other Persons so identified shall have or be deemed to have any fiduciary relationship with any Lender. Each Lender acknowledges that it has not relied, and will not rely, on any of the Lenders or other Persons so identified in deciding to enter into this Agreement or in taking or not taking action hereunder.

Section 9.13. *Appointment of Supplemental Administrative Agents.* (a) It is the purpose of this Agreement and the other Loan Documents that there shall be no violation of any Law of any jurisdiction denying or restricting the right of banking corporations or associations to transact business as agent or trustee in such jurisdiction. It is recognized that in case of litigation under this Agreement or any of the other Loan Documents, and in particular in case of the enforcement of any of the Loan Documents, or in case the Administrative Agent deems that by

reason of any present or future Law of any jurisdiction it may not exercise any of the rights, powers or remedies granted herein or in any of the other Loan Documents or take any other action which may be desirable or necessary in connection therewith, the Administrative Agent is hereby authorized to appoint an additional individual or institution selected by the Administrative Agent in its sole discretion as a separate trustee, co-trustee, administrative agent, collateral agent, administrative sub-agent or administrative co-agent (any such additional individual or institution being referred to herein individually as a "**Supplemental Administrative Agent**" and collectively as "**Supplemental Administrative Agents**").

(b) In the event that the Administrative Agent appoints a Supplemental Administrative Agent with respect to any Collateral, (i) each and every right, power, privilege or duty expressed or intended by this Agreement or any of the other Loan Documents to be exercised by or vested in or conveyed to the Administrative Agent with respect to such Collateral shall be exercisable by and vest in such Supplemental Administrative Agent to the extent, and only to the extent, necessary to enable such Supplemental Administrative Agent to exercise such rights, powers and privileges with respect to such Collateral and to perform such duties with respect to such Collateral, and every covenant and obligation contained in the Loan Documents and necessary to the exercise or performance thereof by such Supplemental Administrative Agent shall run to and be enforceable by either the Administrative Agent or such Supplemental Administrative Agent, and (ii) the provisions of this Article 9 and of Section 9.07 (obligating the Company to pay the Administrative Agent's expenses and to indemnify the Administrative Agent) that refer to the Administrative Agent shall inure to the benefit of such Supplemental Administrative Agent and all references therein to the Administrative Agent shall be deemed to be references to the Administrative Agent and/or such Supplemental Administrative Agent, as the context may require.

(c) Should any instrument in writing from the Company, Holdings or any other Loan Party be required by any Supplemental Administrative Agent so appointed by the Administrative Agent for more fully and certainly vesting in and confirming to him or it such rights, powers, privileges and duties, the Company or Holdings, as applicable, shall, or shall cause such Loan Party to, execute, acknowledge and deliver any and all such instruments promptly upon request by the Administrative Agent. In case any Supplemental Administrative Agent, or a successor thereto, shall die, become incapable of acting, resign or be removed, all the rights, powers, privileges and duties of such Supplemental Administrative Agent, to the extent permitted by Law, shall vest in and be exercised by the Administrative Agent until the appointment of a new Supplemental Administrative Agent.

ARTICLE 10
MISCELLANEOUS

Section 10.01. *Amendments, Etc.* No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by the Company or any other Loan Party therefrom, shall be effective unless in writing signed by the Required Lenders and the Company or the applicable Loan Party, as the case may be, and each such

waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; *provided* that no such amendment, waiver or consent shall:

(a) extend or increase the Commitment of any Lender (including by extending the expiry of any Letter of Credit beyond the Maturity Date) without the written consent of each Lender directly affected thereby (it being understood that a waiver of any condition precedent set forth in Section 4.03 or the waiver of any Default, mandatory prepayment or mandatory reduction of the Commitments shall not constitute an extension or increase of any Commitment of any Lender);

(b) postpone any date scheduled for any payment of principal or interest under Section 2.07 or 2.08 or fees under Section 2.03 or 2.09 without the written consent of each Lender directly affected thereby, it being understood that the waiver of any mandatory prepayment of the Term Loans shall not constitute a postponement of any date scheduled for the payment of principal or interest;

(c) reduce or forgive the principal of, or the rate of interest specified herein on, any Loan or L/C Borrowing, or (subject to clause (iii) of the second proviso to this Section 10.01) any fees or other amounts payable hereunder or under any other Loan Document without the written

consent of each Lender directly affected thereby, it being understood that any change to the definition of Leverage Ratio or in the component definitions thereof shall not constitute a reduction in the rate; *provided* that only the consent of the Required Lenders shall be necessary to amend the definition of "Default Rate" or to waive any obligation of the Borrowers to pay interest at the Default Rate;

(d) change any provision of this Section 10.01, the definition of "Required Lenders" or Section 2.06(c) without the written consent of each Lender;

(e) change Section 2.13 or 8.03 in any manner that would alter the pro rata sharing of payments required thereby without the written consent of each Lender;

(f) other than in a transaction permitted under Section 7.05, release all or substantially all of the Collateral in any transaction or series of related transactions, without the written consent of each Lender; and

(g) other than in connection with a transaction permitted under Section 7.04 or 7.05, release all or substantially all of the value of the Guaranty, without the written consent of each Lender;

and *provided further* that (i) no amendment, waiver or consent shall, unless in writing and signed by the L/C Issuer in addition to the Lenders required above, affect the rights or duties of the L/C Issuer under this Agreement or any Letter of Credit Application relating to any Letter of Credit issued or to be issued by it; (ii) no amendment, waiver or consent shall, unless in writing and signed by the Swing Line Lender in addition to the Lenders required above, affect the rights or duties of the Swing Line Lender under this Agreement; (iii) no amendment, waiver or consent

shall, unless in writing and signed by the Administrative Agent in addition to the Lenders required above, affect the rights or duties of, or any fees or other amounts payable to, the Administrative Agent under this Agreement or any other Loan Document; and (iv) Section 10.07(g) may not be amended, waived or otherwise modified without the consent of each Granting Lender all or any part of whose Loans are being funded by an SPC at the time of such amendment, waiver or other modification; and (v) the Fee Letter may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto. Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder, except that the Commitment of such Lender may not be increased or extended without the consent of such Lender (it being understood that any Commitments or Loans held or deemed held by any Defaulting Lender shall be excluded for a vote of the Lenders hereunder requiring any consent of the Lenders).

Notwithstanding the foregoing, this Agreement may be amended (or amended and restated) with the written consent of the Required Lenders, the Administrative Agent, Holdings and the Borrowers (a) to add one or more additional credit facilities to this Agreement and to permit the extensions of credit from time to time outstanding thereunder and the accrued interest and fees in respect thereof to share ratably in the benefits of this Agreement and the other Loan Documents with the Term Loans and the Revolving Credit Loans and the accrued interest and fees in respect thereof and (b) to include appropriately the Lenders holding such credit facilities in any determination of the Required Lenders.

In addition, notwithstanding the foregoing, this Agreement may be amended with the written consent of the Administrative Agent, Holdings, the Borrowers and the Lenders providing the relevant Replacement Term Loans (as defined below) to permit the refinancing of all outstanding Term Loans ("**Refinanced Term Loans**") with a replacement term loan tranche hereunder ("**Replacement Term Loans**")**;** *provided* that (a) the aggregate principal amount of such Replacement Term Loans shall not exceed the aggregate principal amount of such Refinanced Term Loans, (b) the Applicable Margin for such Replacement Term Loans shall not be higher than the Applicable Margin for such Refinanced Term Loans, (c) the weighted average life to maturity of such Replacement Term Loans shall not be shorter than the weighted average life to maturity of such Refinanced Term Loans at the time of such refinancing and (d) all other terms applicable to such Replacement Term Loans shall be substantially identical to, or less favorable to the Lenders providing such Replacement Term Loans than, those applicable to such Refinanced Term Loans, except to the extent necessary to provide for covenants and other terms applicable to any period after the latest final maturity of the Term Loans in effect immediately prior to such refinancing.

Section 10.02. *Notices and Other Communications; Facsimile Copies.* (a) *General.* Unless otherwise expressly provided herein, all notices and other communications provided for hereunder or any other Loan Document shall be in writing (including by facsimile transmission). All such written notices shall be mailed, faxed or delivered to the applicable address, facsimile number or (subject to Section 10.02(c)) electronic mail address, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(i) if to any Borrower, the Administrative Agent, the L/C Issuer or the Swing Line Lender, to the address, facsimile number, electronic mail address or telephone number specified for such Person on Schedule 10.02 or to such other address, facsimile number, electronic mail address or telephone number as shall be designated by such party in a notice to the other parties; and

(ii) if to any other Lender, to the address, facsimile number, electronic mail address or telephone number specified in its Administrative Questionnaire or to such other address, facsimile number, electronic mail address or telephone number as shall be designated by such party in a notice to the Company, the Administrative Agent, the L/C Issuer and the Swing Line Lender.

All such notices and other communications shall be deemed to be given or made upon the earlier to occur of (i) actual receipt by the relevant party hereto and (ii) (A) if delivered by hand or by courier, when signed for by or on behalf of the relevant party hereto; (B) if delivered by mail, four (4) Business Days after deposit in the mails, postage prepaid; (C) if delivered by facsimile, when sent and receipt has been confirmed by telephone; and (D) if delivered by electronic mail (which form of delivery is subject to the provisions of Section 10.02(c)), when delivered; *provided* that notices and other communications to the Administrative Agent, the L/C Issuer and the Swing Line Lender pursuant to Article 2 shall not be effective until actually received by such Person. In no event shall a voice mail message be effective as a notice, communication or confirmation hereunder.

(b) *Effectiveness of Facsimile Documents and Signatures.* Loan Documents may be transmitted and/or signed by facsimile. The effectiveness of any such documents and signatures shall, subject to applicable Law, have the same force and effect as manually signed originals and shall be binding on all

Loan Parties, the Agents and the Lenders. The Administrative Agent may also require that any such documents and signatures be confirmed by a manually signed original thereof; *provided* that the failure to request or deliver the same shall not limit the effectiveness of any facsimile document or signature.

(c) *Limited Use of Electronic Mail.* Electronic mail and Internet and intranet websites may be used only to distribute routine communications, such as financial statements and other information as provided in Section 6.02, and to distribute Loan Documents for execution by the parties thereto, and may not be used for any other purpose.

(d) *Reliance by Agents and Lenders.* The Administrative Agent and the Lenders shall be entitled to rely and act upon any notices (including telephonic Committed Loan Notices and Swing Line Loan Notices) purportedly given by or on behalf of any Borrower even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The Borrowers shall indemnify each Agent-Related Person and each Lender from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of the Borrowers in the absence of gross negligence or willful misconduct. All telephonic notices to the Administrative

Agent may be recorded by the Administrative Agent, and each of the parties hereto hereby consents to such recording.

(e) *Designation by Overseas Borrowers.* Each Overseas Borrower hereby designates the Company as its representative and agent on its behalf for the purposes of giving and receiving all notices (other than Committed Loan Notices and requests for the issuance of Letters of Credit pursuant to Section 2.03) and any other documentation required to be delivered to it pursuant to this Agreement and any other Loan Document by the Administrative Agent or any Lender. The Company hereby accepts such appointment. The Agents and the Lenders may regard any notice (other than Committed Loan Notices and requests for the issuance of Letters of Credit pursuant to Section 2.03) or other communication pursuant to any Loan Document from the Company as a notice or communication from all Borrowers, and may give any notice or communication required or permitted to be given to any Overseas Borrower or Overseas Borrowers hereunder to the Company on behalf of such Overseas Borrower or Overseas Borrowers. Each Overseas Borrower agrees that each notice, election, representation and warranty, covenant, agreement and undertaking made on its behalf by the Company shall be deemed for all purposes to have been made by such Overseas Borrower and shall be binding upon and enforceable against such Overseas Borrower to the same extent as if the same had been made directly by such Overseas Borrower.

Section 10.03. *No Waiver; Cumulative Remedies.* No failure by any Lender or the Administrative Agent to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder or under any other Loan Document shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided, and provided under each other Loan Document, are cumulative and not exclusive of any rights, remedies, powers and privileges provided by Law.

Section 10.04. *Attorney Costs, Expenses and Taxes.* The Company agrees (a) to pay or reimburse the Administrative Agent for all reasonable costs and expenses incurred in connection with the preparation, negotiation, syndication and execution of this Agreement and the other Loan Documents, and any amendment, waiver, consent or other modification of the provisions hereof and thereof (whether or not the transactions contemplated thereby are consummated), and the consummation and administration of the transactions contemplated hereby and thereby, including all Attorney Costs of Davis Polk & Wardwell, and (b) to pay or reimburse the Administrative Agent and each Lender for all reasonable costs and expenses incurred in connection with the enforcement of any rights or remedies under this Agreement or the other Loan Documents (including all such costs and expenses incurred during any legal proceeding, including any proceeding under any Debtor Relief Law), including all Attorney Costs of counsel to the Administrative Agent). The foregoing costs and expenses shall include all search, filing, recording, title insurance and appraisal charges and fees and taxes related thereto, and other reasonable out-of-pocket expenses incurred by any Agent. All amounts due under this Section 10.04 shall be paid promptly. The agreements in this Section 10.04 shall survive the termination of the Aggregate Commitments and repayment of all other Obligations. If any Loan Party fails

to pay when due any costs, expenses or other amounts payable by it hereunder or under any Loan Document, such amount may be paid on behalf of such Loan Party by the Administrative Agent or any Lender, in its sole discretion.

Section 10.05. *Indemnification by the Company.* Whether or not the transactions contemplated hereby are consummated, the Company shall indemnify and hold harmless each Agent-Related Person, each Lender and their respective Affiliates, directors, officers, employees, counsel, agents, attorneys-in-fact, trustees and advisors (collectively the **"Indemnitees"**) from and against any and all liabilities, obligations, losses, damages, penalties, claims, demands, actions, judgments, suits, costs, expenses and disbursements (including Attorney Costs (which shall be limited to one (1) counsel to the Administrative Agent and the Lenders (exclusive of local counsel), unless (x) the interests of the Administrative Agent and the Lenders are sufficiently divergent, in which case one (1) additional counsel may be appointed and (y) if the interests of any Lender or group of Lenders (other than all of the Lenders) are distinctly or disproportionately affected, one (1) additional counsel for such Lender or group of Lenders in the case of clause (a) below)) of any kind or nature whatsoever which may at any time be imposed on, incurred by or asserted against any such Indemnitee in any way relating to or arising out of or in connection with (a) the execution, delivery, enforcement, performance or administration of any Loan Document or any other agreement, letter or instrument delivered in connection with the transactions contemplated thereby or the consummation of the transactions contemplated thereby, (b) any Commitment, Loan or Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by the L/C Issuer to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), or (c) any actual or alleged presence or release of Hazardous Materials on or from any property currently or formerly owned or operated by the Company, any Subsidiary or any other Loan Party, or any Environmental Liability related in any way to the Company, any Subsidiary or any other Loan Party, or (d) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory (including any investigation of, preparation for, or defense of any pending or threatened claim, investigation, litigation or proceeding) and regardless of whether any Indemnitee is a party thereto (all the foregoing, collectively, the **"Indemnified Liabilities"**), in all cases, whether or not caused by or arising, in whole or in part, out of the negligence of the Indemnitee; *provided* that such indemnity shall not, as to any Indemnitee, be available to the extent that such liabilities, obligations, losses, damages, penalties, claims, demands, actions, judgments, suits, costs, expenses or disbursements resulted from the gross negligence or willful misconduct of such Indemnitee or breach of the Loan Documents by such Indemnitee. No Indemnitee shall be liable for any damages arising from the use by others of any information or other materials obtained through IntraLinks or other similar information transmission systems in connection with this Agreement, nor shall any Indemnitee or any Loan Party have any liability for any special, punitive, indirect or consequential damages relating to this

Agreement or any other Loan Document or arising out of its activities in connection herewith or therewith (whether before or after the Closing Date). In the case of an investigation, litigation or other proceeding to which the indemnity in this Section 10.05 applies, such indemnity shall be effective whether or not such investigation, litigation or proceeding is

brought by any Loan Party, its directors, shareholders or creditors or an Indemnitee or any other Person, whether or not any Indemnitee is otherwise a party thereto and whether or not any of the transactions contemplated hereunder or under any of the other Loan Documents is consummated. All amounts due under this Section 10.05 shall be paid promptly. The agreements in this Section 10.05 shall survive the resignation of the Administrative Agent, the replacement of any Lender, the termination of the Aggregate Commitments and the repayment, satisfaction or discharge of all the other Obligations.

Section 10.06. *Payments Set Aside.* To the extent that any payment by or on behalf of the Company is made to any Agent or any Lender, or any Agent or any Lender exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by such Agent or such Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred, and (b) each Lender severally agrees to pay to the Administrative Agent upon demand its applicable share of any amount so recovered from or repaid by any Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the applicable Overnight Rate from time to time in effect.

Section 10.07. *Successors and Assigns.* (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that neither Holdings nor any Borrower may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an Eligible Assignee in accordance with the provisions of Section 10.07(b), (ii) by way of participation in accordance with the provisions of Section 10.07(d), (iii) by way of pledge or assignment of a security interest subject to the restrictions of Section 10.07(f) and Section 10.07(h) or (iv) to an SPC in accordance with the provisions of Section 10.07(g) (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in Section 10.07(d) and, to the extent expressly contemplated hereby, the Indemnitees) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Any Lender may at any time assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans (including for purposes of this Section 10.07(b), participations in L/C Obligations and in Swing Line Loans) at the time owing to it); *provided* that (i) except in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Loans at the time owing to it or in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund with respect to a Lender, the aggregate amount of the Commitment

(which for this purpose includes Loans outstanding thereunder) or, if the applicable Commitment is not then in effect, the outstanding principal balance of the Loan of the assigning Lender subject to each such assignment, determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date, shall not be less than (A) $2,500,000 in the case of any assignment in respect of any Revolving Credit Commitments occurring after the completion of the primary syndication of the Facilities or (B) $1,000,000, in the case of any assignment in respect of any (x) Revolving Credit Commitments occurring in connection with the primary syndication of the Facilities and (y) Term Loans and, unless each of the Administrative Agent and, so long as no Event of Default in respect of Section 8.01(a) or (f) has occurred and is continuing and except for assignments in connection with the primary syndication of the Facilities, the Company otherwise consents (each such consent not to be unreasonably withheld or delayed); *provided* that in determining whether, with respect to any assignment to any Person on any date, an assigning Lender is in compliance with the minimum assignment amounts set forth in this clause (i), the amount of the Commitments or Loans the subject of such assignment shall be aggregated with the amount of the Commitments or Loans to be assigned on such date to such Person by such Lender's Affiliates and Approved Funds; (ii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loans or the Commitment assigned, except that this clause (ii) shall not (x) apply to rights in respect of Swing Line Loans or (y) prohibit any Lender from assigning all or a portion of its rights and obligations among separate Facilities on a non-pro rata basis; (iii) any assignment of a Revolving Credit Commitment must be approved by the Administrative Agent, the L/C Issuer and the Swing Line Lender unless the Person that is the proposed assignee is itself a Revolving Credit Lender (whether or not the proposed assignee would otherwise qualify as an Eligible Assignee); (iv) the parties (other than the Company unless its consent to such assignment is required hereunder) to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of $3,500 (which fee the Company shall have no obligation to pay and which fee may be waived by the Administrative Agent in its discretion); and (v) the assigning Lender shall deliver any Notes evidencing such Loans to the relevant Borrower or the Administrative Agent. Subject to acceptance and recording thereof by the Administrative Agent pursuant to Section 10.07(c), from and after the effective date specified in each Assignment and Assumption, the Eligible Assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 3.01, 3.04, 3.05, 10.04 and 10.05 with respect to facts and circumstances occurring prior to the effective date of such assignment). Upon request, and the surrender by the assigning Lender of its Note, the relevant Borrower (at its expense) shall execute and deliver a Note to the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this clause (b) shall be treated for purposes of this Agreement as a sale

by such Lender of a participation in such rights and obligations in accordance with Section 10.07(d).

(c) The Administrative Agent, acting solely for this purpose as an agent of the Borrowers, shall maintain at the Administrative Agent's Office a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts (and related interest amounts) of the Loans, L/C Obligations (specifying the Unreimbursed Amounts), L/C Borrowings and amounts due under Section 2.03, owing to, each Lender pursuant to the terms hereof from time to time (the **"Register"**). The entries in the Register shall be conclusive, absent manifest error, and the Borrowers, the Agents and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by any Borrower, any Agent and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Any Lender may at any time, without the consent of, or notice to, the Borrowers or the Administrative Agent, sell participations to any Person (other than a natural person) (each, a **"Participant"**) in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans (including such Lender's participations in L/C Obligations and/or Swing Line Loans) owing to it); *provided* that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrowers, the Agents and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and the other Loan Documents and to approve any amendment, modification or waiver of any provision of this Agreement or the other Loan Documents; *provided* that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification described in the first proviso to Section 10.01 that directly affects such Participant. Subject to Section 10.07(e), the Borrowers agree that each Participant shall be entitled to the benefits of Sections 3.01, 3.04 and 3.05 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 10.07(b). To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.09 as though it were a Lender; *provided* that such Participant agrees to be subject to Section 2.13 as though it were a Lender.

(e) A Participant shall not be entitled to receive any greater payment under Section 3.01, 3.04 or 3.05 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the relevant Borrower's prior written consent. A Participant shall not be entitled to the benefits of Section 3.01 unless the relevant Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the relevant Borrower, to comply with Section 10.15 as though it were a Lender.

(f) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Note, if any) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; *provided* that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(g) Notwithstanding anything to the contrary contained herein, any Lender (a **"Granting Lender"**) may grant to a special purpose funding vehicle identified as such in writing from time to time by the Granting Lender to the Administrative Agent and the relevant Borrower (an **"SPC"**) the option to provide all or any part of any Loan that such Granting Lender would otherwise be obligated to make pursuant to this Agreement; *provided* that (i) nothing herein shall constitute a commitment by any SPC to fund any Loan, and (ii) if an SPC elects not to exercise such option or otherwise fails to make all or any part of such Loan, the Granting Lender shall be obligated to make such Loan pursuant to the terms hereof. Each party hereto hereby agrees that (i) neither the grant to any SPC nor the exercise by any SPC of such option shall increase the costs or expenses or otherwise increase or change the obligations of the relevant Borrower under this Agreement (including its obligations under Section 3.01, 3.04 or 3.05), (ii) no SPC shall be liable for any indemnity or similar payment obligation under this Agreement for which a Lender would be liable, and (iii) the Granting Lender shall for all purposes, including the approval of any amendment, waiver or other modification of any provision of any Loan Document, remain the lender of record hereunder. The making of a Loan by an SPC hereunder shall utilize the Commitment of the Granting Lender to the same extent, and as if, such Loan were made by such Granting Lender. Notwithstanding anything to the contrary contained herein, any SPC may (i) with notice to, but without prior consent of the relevant Borrower and the Administrative Agent and with the payment of a processing fee of $3,500, assign all or any portion of its right to receive payment with respect to any Loan to the Granting Lender and (ii) disclose on a confidential basis any non-public information relating to its funding of Loans to any rating agency, commercial paper dealer or provider of any surety or Guarantee or credit or liquidity enhancement to such SPC.

(h) Notwithstanding anything to the contrary contained herein, any Lender that is a Fund may create a security interest in all or any portion of the Loans owing to it and the Note, if any, held by it to the trustee for holders of obligations owed, or securities issued, by such Fund as security for such obligations or securities; *provided* that unless and until such trustee actually becomes a Lender in compliance with the other provisions of this Section 10.07, (i) no such pledge shall release the pledging Lender from any of its obligations under the Loan Documents, (ii) such trustee shall not be entitled to exercise any of the rights of a Lender under the Loan Documents even though such trustee may have acquired ownership rights with respect to the pledged interest through foreclosure or otherwise, and (iii) no Lender may create a security interest in favor of Highland Capital Management L.P. or any of its Affiliates or Subsidiaries.

(i) Notwithstanding anything to the contrary contained herein, Bank of America may, upon thirty (30) days' notice to the Company and the Lenders, resign as L/C Issuer and/or Swing Line Lender; *provided* that on or prior to the expiration of such 30-day period with respect to

Bank of America's resignation as L/C Issuer, Bank of America shall have identified a successor L/C Issuer reasonably acceptable to the Company willing to accept its appointment as successor L/C Issuer. In the event of any such resignation as L/C Issuer or Swing Line Lender, the Company shall be entitled to appoint from among the Lenders willing to accept such appointment a successor L/C Issuer or Swing Line Lender hereunder; *provided* that no failure by the Company to appoint any such successor shall affect the resignation of Bank of America as L/C Issuer or Swing Line Lender, as the case may be, except as expressly provided above. If Bank of America resigns as L/C Issuer, it shall retain all the rights and obligations of the L/C Issuer hereunder with respect to all Letters of Credit outstanding as of the effective date of its resignation as L/C Issuer and all L/C Obligations with respect thereto (including the right to require the Lenders to make Base Rate Loans or fund risk participations in Unreimbursed Amounts pursuant to Section 2.03(c)). If Bank of America resigns as Swing Line Lender, it shall retain all the rights of the Swing Line Lender provided for hereunder with respect to Swing Line Loans made by it and outstanding as of

the effective date of such resignation, including the right to require the Lenders to make Base Rate Loans or fund risk participations in outstanding Swing Line Loans pursuant to Section 2.04(c).

Section 10.08. *Confidentiality.* Each of the Agents and the Lenders agrees to maintain the confidentiality of the Information, except that Information may be disclosed (a) to its directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential); (b) to the extent requested by any regulatory authority; (c) to the extent required by applicable Laws or regulations or by any subpoena or similar legal process; (d) to any other party to this Agreement; (e) subject to an agreement containing provisions substantially the same as those of this Section 10.08 (or as may otherwise be reasonably acceptable to the Company), to any Eligible Assignee of or Participant in, or any prospective Eligible Assignee of or Participant in, any of its rights or obligations under this Agreement; (f) with the written consent of the Company; (g) to the extent such Information becomes publicly available other than as a result of a breach of this Section 10.08; (h) to any state, Federal or foreign authority or examiner (including the National Association of Insurance Commissioners or any other similar organization) regulating any Lender; or (i) to any rating agency when required by it (it being understood that, prior to any such disclosure, such rating agency shall undertake to preserve the confidentiality of any Information relating to the Loan Parties received by it from such Lender). In addition, the Agents and the Lenders may disclose the existence of this Agreement and information about this Agreement to market data collectors, similar service providers to the lending industry, and service providers to the Agents and the Lenders in connection with the administration and management of this Agreement, the other Loan Documents, the Commitments, and the Credit Extensions. For the purposes of this Section 10.08, **"Information"** means all information received from any Loan Party relating to any Loan Party or its business, other than any such information that is publicly available to any Agent or any Lender prior to disclosure by any Loan Party other than as a result of a breach of this Section 10.08; *provided* that, in the case of information received from a Loan Party after the date hereof, such information is clearly identified at the time of delivery as confidential. Notwithstanding

anything (express or implied) herein or in any other Loan Document to the contrary, "Information" shall not include, and the Administrative Agent, each Lender and each Loan Party may disclose without limitation of any kind, any information with respect to the "tax treatment" and "tax structure" (in each case, within the meaning of Treasury Regulation Section 1.6011-4) of the transactions contemplated hereby and thereby and all materials of any kind (including opinions or other tax analyses) that are provided to the Administrative Agent or such Lender or Loan Party relating to such tax treatment and tax structure.

Section 10.09. *Setoff.* In addition to any rights and remedies of the Lenders provided by Law, upon the occurrence and during the continuance of any Event of Default, after obtaining the prior written consent of the Administrative Agent, each Lender is authorized at any time and from time to time, without prior notice to the Company or any other Loan Party, any such notice being waived by the Company (on its own behalf and on behalf of each Loan Party) to the fullest extent permitted by Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held by, and other Indebtedness at any time owing by, such Lender to or for the credit or the account of the respective Loan Parties against any and all Obligations owing to such Lender hereunder or under any other Loan Document, now or hereafter existing, irrespective of whether or not such Agent or such Lender shall have made demand under this Agreement or any other Loan Document and although such Obligations may be contingent or unmatured or denominated in a currency different from that of the applicable deposit or Indebtedness. Each Lender agrees promptly to notify the Company and the Administrative Agent after any such set off and application made by such Lender; *provided* that the failure to give such notice shall not affect the validity of such setoff and application. The rights of the Administrative Agent and each Lender under this Section 10.09 are in addition to other rights and remedies (including, without limitation, other rights of setoff) that the Administrative Agent and such Lender may have. Notwithstanding anything herein or in any other Loan Document to the contrary, in no event shall the assets of any Foreign Subsidiary that is not a Loan Party constitute security, or shall the proceeds of such assets be available for, payment of the Obligations of the Company or any Domestic Subsidiary, it being understood that (a) the Equity Interests of any Foreign Subsidiary that is not a Loan Party do not constitute such an asset and (b) the provisions hereof shall not limit, reduce or otherwise diminish in any respect the Borrowers' obligations to make any mandatory prepayment pursuant to Section 2.05(b)(ii).

Section 10.10. *Interest Rate Limitation.* Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by applicable Law (the **"Maximum Rate").** If any Agent or any Lender shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Loans or, if it exceeds such unpaid principal, refunded to the Borrowers. In determining whether the interest contracted for, charged, or received by an Agent or a Lender exceeds the Maximum Rate, such Person may, to the extent permitted by applicable Law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations hereunder.

Section 10.11. *Counterparts.* This Agreement and each other Loan Document may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery by telecopier of an executed counterpart of a signature page to this Agreement and each other Loan Document shall be effective as delivery of an original executed counterpart of this Agreement and such other Loan Document. The Agents may also require that any such documents and signatures delivered by telecopier be confirmed by a manually signed original thereof; *provided* that the failure to request or deliver the same shall not limit the effectiveness of any document or signature delivered by telecopier.

Section 10.12. *Integration.* This Agreement, together with the other Loan Documents, comprises the complete and integrated agreement of the parties on the subject matter hereof and thereof and supersedes all prior agreements, written or oral, on such subject matter. In the event of any conflict between the provisions of this Agreement and those of any other Loan Document, the provisions of this Agreement shall control; *provided* that the inclusion of supplemental rights or remedies in favor of the Agents or the Lenders in any other Loan Document shall not be deemed a conflict with this Agreement. Each Loan Document was drafted with the joint participation of the respective parties thereto and shall be construed neither against nor in favor of any party, but rather in accordance with the fair meaning thereof.

Section 10.13. *Survival of Representations and Warranties.* All representations and warranties made hereunder and in any other Loan Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by each Agent and each Lender, regardless of any investigation made by any Agent or any Lender or on their behalf and notwithstanding that any Agent or any Lender may have had notice or knowledge of any Default at the time of any Credit

Extension, and shall continue in full force and effect as long as any Loan or any other Obligation hereunder shall remain unpaid or unsatisfied or any Letter of Credit shall remain outstanding.

Section 10.14. *Severability.* If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 10.15. *Tax Forms.* (a) (i) Each Lender and Agent that is not a "United States person" within the meaning of Section 7701(a)(30) of the Code (each, a **"Foreign Lender"**) shall deliver to the Company and the Administrative Agent, on or prior to the date which is ten (10) Business Days after the Closing Date (or upon accepting an assignment of an interest herein), two duly signed, properly completed copies of either IRS Form W-8BEN or any successor thereto (relating to such Foreign Lender and entitling it to an exemption from, or reduction of, United States withholding tax on all payments to be made to such Foreign Lender by the Company or any other Loan Party pursuant to this Agreement or any other Loan Document) or IRS Form W-8ECI or any successor thereto (relating to all payments to be made to

such Foreign Lender by the Company or any other Loan Party pursuant to this Agreement or any other Loan Document) or such other evidence reasonably satisfactory to the Company and the Administrative Agent that such Foreign Lender is entitled to an exemption from, or reduction of, United States withholding tax, including any exemption pursuant to Section 881(c) of the Code, and in the case of a Foreign Lender claiming such an exemption under Section 881(c) of the Code, a certificate that establishes in writing to the Company and the Administrative Agent that such Foreign Lender is not (i) a "bank" as defined in Section 881(c)(3)(A) of the Code, (ii) a 10-percent shareholder within the meaning of Section 871(h)(3)(B) of the Code, or (iii) a controlled foreign corporation related to the Company with the meaning of Section 864(d) of the Code. Thereafter and from time to time, each such Foreign Lender shall (A) promptly submit to the Company and the Administrative Agent such additional duly completed and signed copies of one or more of such forms or certificates (or such successor forms or certificates as shall be adopted from time to time by the relevant United States taxing authorities) as may then be available under then current United States laws and regulations to avoid, or such evidence as is reasonably satisfactory to the Company and the Administrative Agent of any available exemption from, or reduction of, United States withholding taxes in respect of all payments to be made to such Foreign Lender by the Company or other Loan Party pursuant to this Agreement, or any other Loan Document, in each case, (1) on or before the date that any such form, certificate or other evidence expires or becomes obsolete, (2) after the occurrence of any event requiring a change in the most recent form, certificate or evidence previously delivered by it to the Company and the Administrative Agent and (3) from time to time thereafter if reasonably requested by the Company or the Administrative Agent, and (B) promptly notify the Company and the Administrative Agent of any change in circumstances which would modify or render invalid any claimed exemption or reduction.

(ii) Each Foreign Lender, to the extent it does not act or ceases to act for its own account with respect to any portion of any sums paid or payable to such Foreign Lender under any of the Loan Documents (for example, in the case of a typical participation by such Foreign Lender), shall deliver to the Company and the Administrative Agent on the date when such Foreign Lender ceases to act for its own account with respect to any portion of any such sums paid or payable, and at such other times as may be necessary in the determination of the Company or the Administrative Agent (in either case, in the reasonable exercise of its discretion), (A) two duly signed completed copies of the forms or statements required to be provided by such Foreign Lender as set forth above, to establish the portion of any such sums paid or payable with respect to which such Foreign Lender acts for its own account that is not subject to United States withholding tax, and (B) two duly signed completed copies of IRS Form W-8IMY (or any successor thereto), together with any information such Foreign Lender chooses to transmit with such form, and any other certificate or statement of exemption required under the Code, to establish that such Foreign Lender is not acting for its own account with respect to a portion of any such sums payable to such Foreign Lender.

(iii) The Company shall not be required to pay any additional amount or any indemnity payment under Section 3.01 to (A) any Foreign Lender with respect to any Taxes required to be deducted or withheld on the basis of the information, certificates or

statements of exemption such Lender transmits with an IRS Form W-8IMY pursuant to this Section 10.15(a), (B) any Foreign Lender if such Foreign Lender shall have failed to satisfy the foregoing provisions of this Section 10.15(a), or (C) any U.S. Lender if such U.S. Lender shall have failed to satisfy the provisions of Section 10.15(b); *provided* that if such Lender shall have satisfied the requirement of this Section 10.15(a) or Section 10.15(b), as applicable, on the date such Lender became a Lender or ceased to act for its own account with respect to any payment under any of the Loan Documents, nothing in this Section 10.15(a) or Section 10.15(b) shall relieve any Borrower of its obligation to pay any amounts pursuant to Section 3.01 in the event that, as a result of any change in any applicable Law, treaty or governmental rule, regulation or order, or any change in the interpretation, administration or application thereof, such Lender is no longer properly entitled to deliver forms, certificates or other evidence at a subsequent date establishing the fact that such Lender or other Person for the account of which such Lender receives any sums payable under any of the Loan Documents is not subject to withholding or is subject to withholding at a reduced rate.

(iv) The Administrative Agent may deduct and withhold any taxes required by any Laws to be deducted and withheld from any payment under any of the Loan Documents.

(b) Each Lender and Agent that is a "United States person" within the meaning of Section 7701(a)(30) of the Code (each, a **"U.S. Lender"**) shall deliver to the Administrative Agent and the Company two duly signed, properly completed copies of IRS Form W-9 on or prior to the Closing Date (or on or prior to the date it becomes a party to this Agreement), certifying that such U.S. Lender is entitled to an exemption from United States backup withholding tax, or any successor form. If such U.S. Lender fails to deliver such forms, then the Administrative Agent may withhold from any payment to such U.S. Lender an amount equivalent to the applicable backup withholding tax imposed by the Code.

(c) If any Governmental Authority asserts that the Company or the Administrative Agent did not properly withhold or backup withhold, as the case may be, any tax or other amount from payments made to or for the account of any Foreign Lender or U.S. Lender, such Foreign Lender or U.S. Lender shall indemnify the Company and the Administrative Agent therefor, including all penalties and interest, any taxes imposed by any jurisdiction on the amounts payable to the Company and the Administrative Agent under this Section 10.15, and costs and expenses (including Attorney Costs) of the Company

and the Administrative Agent. The obligation of the Foreign Lenders or U.S. Lenders, severally, under this Section 10.15 shall survive the termination of the Aggregate Commitments, repayment of all other Obligations hereunder and the resignation of the Administrative Agent.

Section 10.16. *Governing Law.* (a) THIS AGREEMENT AND EACH OTHER LOAN DOCUMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK CITY OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF SUCH STATE, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH BORROWER, HOLDINGS, EACH AGENT AND EACH LENDER CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THOSE COURTS. EACH BORROWER, HOLDINGS, EACH AGENT AND EACH LENDER IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF *FORUM NON CONVENIENS*, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF ANY LOAN DOCUMENT OR OTHER DOCUMENT RELATED THERETO.

Section 10.17. *Waiver of Right to Trial by Jury.* EACH PARTY TO THIS AGREEMENT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING UNDER ANY LOAN DOCUMENT OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO ANY LOAN DOCUMENT, OR THE TRANSACTIONS RELATED THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER FOUNDED IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS Section 10.17 WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

Section 10.18. *Binding Effect.* This Agreement shall become effective when it shall have been executed by the Borrowers and Holdings and the Administrative Agent shall have been notified by each Lender, Swing Line Lender and the L/C Issuer that each such Lender, Swing Line Lender and the L/C Issuer has executed it and thereafter shall be binding upon and inure to the benefit of each Borrower, each Agent and each Lender and their respective successors and assigns, except that no Borrower shall have the right to assign its rights hereunder or any interest herein without the prior written consent of the Lenders except as permitted by Section 7.04.

Section 10.19. *Judgment Currency.* If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due hereunder or any other Loan Document in one currency into another currency, the rate of exchange used shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase the first currency with such other currency on the Business Day preceding that on which final judgment is given. The obligation of each Borrower in respect of any such sum due from it to the Administrative Agent or the Lenders hereunder or under the other Loan Documents shall, notwithstanding any judgment in a currency (the **"Judgment Currency"**) other than that in which such sum is

denominated in accordance with the applicable provisions of this Agreement (the **"Agreement Currency"**), be discharged only to the extent that on the Business Day following receipt by the Administrative Agent of any sum adjudged to be so due in the Judgment Currency, the Administrative Agent may in accordance with normal banking procedures purchase the Agreement Currency with the Judgment Currency. If the amount of the Agreement Currency so purchased is less than the sum originally due to the Administrative Agent from any Borrower in the Agreement Currency, such Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Administrative Agent or the Person to whom such obligation was owing against such loss. If the amount of the Agreement Currency so purchased is greater than the sum originally due to the Administrative Agent in such currency, the Administrative Agent agrees to return the amount of any excess to such Borrower (or to any other Person who may be entitled thereto under applicable law).

Section 10.20. *Lender Action* . Each Lender agrees that it shall not take or institute any actions or proceedings, judicial or otherwise, for any right or remedy against any Loan Party or any other obligor under any of the Loan Documents or the Secured Hedge Agreements (including, without limitation, the exercise of any right of setoff, rights on account of any banker's lien or similar claim or other rights of self-help), or institute any actions or proceedings, or otherwise commence any remedial procedures, with respect to any Collateral or any other property of any such Loan Party, without the prior written consent of the Administrative Agent. The provision of this Section 10.20 (i) are for the sole benefit of the Lenders and shall not afford any right to, or constitute a defense available to, any Loan Party and (ii) shall not extend to any individual Lender enforcement (or other) rights not otherwise available to an individual Lender under the Loan Documents.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

WMG ACQUISITION CORP.

By: /s/ Paul Robinson
Name: Paul Robinson
Title: Senior Vice President

WMG HOLDINGS CORP.

By: /s/ Paul Robinson
Name: Paul Robinson
Title: Senior Vice President

BANK OF AMERICA, N.A., as Administrative Agent

By: /s/ Bradford Jones
Name: Bradford Jones
Title: Managing Director

BANK OF AMERICA, N.A., as Initial Lender, L/C Issuer and Swing Line Lender

By: /s/ Bradford Jones
Name: Bradford Jones
Title: Managing Director

LEHMAN COMMERCIAL PAPER INC., as Co-Syndication Agent

By: /s/ Francis Chang
Name: Francis Chang
Title: Vice President

LEHMAN COMMERCIAL PAPER INC., as Initial Lender

By: /s/ Francis Chang
Name: Francis Chang
Title: Vice President

DEUTSCHE BANK SECURITIES INC., as Co-Syndication Agent

By: /s/ David Flannery
Name: David Flannery
Title: Managing Director

By: /s/ Thomas Cole
Name: Thomas Cole
Title: Managing Director

DEUTSCHE BANK AG, NEW YORK BRANCH, as Initial Lender

By: /s/ David Mayhew

Name: David Mayhew
Title: Director

By: /s/ Robert Wheeler
Name: Robert Wheeler
Title: Director

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED, as Documentation Agent

By: /s/ Cecile Baker
Name: Cecile Baker
Title: Director

MERRILL LYNCH CAPITAL CORPORATION, as Initial Lender

By: /s/ Cecile Baker
Name: Cecile Baker
Title: Vice President

SCHEDULE 1.01D

MANDATORY COST FORMULAE

1. The Mandatory Cost (to the extent applicable) is an addition to the interest rate to compensate Lenders for the cost of compliance with:

   (a) the requirements of the Bank of England and/or the Financial Services Authority (or, in either case, any other authority which replaces all or any of its functions); or

   (b) the requirements of the European Central Bank.

2. On the first day of each Interest Period (or as soon as practicable thereafter) the Administrative Agent shall calculate, as a percentage rate, a rate (the **"Additional Cost Rate"**) for each Lender, in accordance with the paragraphs set out below. The Mandatory Cost will be calculated by the Administrative Agent as a weighted average of the Lenders' Additional Cost Rates (weighted in proportion to the percentage participation of each Lender in the relevant Loan) and will be expressed as a percentage rate per annum. The Administrative Agent will, at the request of the Company or any Lender, deliver to the Company or such Lender as the case may be, a statement setting forth the calculation of any Mandatory Cost.

3. The Additional Cost Rate for any Lender lending from a Lending Office in a Participating Member State will be the percentage notified by that Lender to the Administrative Agent. This percentage will be certified by such Lender in its notice to the Administrative Agent as the cost (expressed as a percentage of such Lender's participation in all Loans made from such Lending Office) of complying with the minimum reserve requirements of the European Central Bank in respect of Loans made from that Lending Office.

4. The Additional Cost Rate for any Lender lending from a Lending Office in the United Kingdom will be calculated by the Administrative Agent as follows:

   (a) in relation to any Loan in Sterling:

$$\frac{AB+C(B-D)+E \times 0.01}{100-(A+C)} \text{ per cent per annum}$$

   (b) in relation to any Loan in any currency other than Sterling:

$$\frac{E \times 0.01}{300} \text{ per cent per annum}$$

Where:

"A" is the percentage of Eligible Liabilities (assuming these to be in excess of any stated minimum) which that Lender is from time to time required to

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Maintain as an interest free cash ratio deposit with the Bank of England to comply with cash ratio requirements.

"B" is the percentage rate of interest (excluding the Applicable Rate, the Mandatory Cost and any interest charged on overdue amounts pursuant to the first sentence of Section 2.08(b) and, in the case of interest (other than on overdue amounts) charged at the Default Rate, without counting any increase in interest rate effected by the charging of the Default Rate) payable for the relevant Interest Period of such Loan.

"C" is the percentage (if any) of Eligible Liabilities which that Lender is required from time to time to maintain as interest bearing Special Deposits with the Bank of England.

"D" is the percentage rate per annum payable by the Bank of England to the Administrative Agent on interest bearing Special Deposits.

"E" is designed to compensate Lenders for amounts payable under the Fees Regulations and is calculated by the Administrative Agent as being the average of the most recent rates of charge supplied by the Lenders to the Administrative Agent pursuant to paragraph 7 below and expressed in pounds per £1,000,000.

5. For the purposes of this Schedule:

(a) "Eligible Liabilities" and "Special Deposits" have the meanings given to them from time to time under or pursuant to the Bank of England Act 1998 or (as may be appropriate) by the Bank of England;

(b) "Fees Regulations" means the FSA Supervision Manual or such other law or regulation as may be in force from time to time in respect of the payment of fees for the acceptance of deposits;

(c) "Fee Tariffs" means the fee tariffs specified in the Fees Regulations under the activity group A.1 Deposit acceptors (ignoring any minimum fee or zero rated fee required pursuant to the Fees Regulations but taking into account any applicable discount rate); and

(d) "Tariff Base" has the meaning given to it in, and will be calculated in accordance with, the Fees Regulations.

6. In application of the above formulae, A, B, C and D will be included in the formulae as percentages (i.e. 5% will be included in the formula as 5 and not as 0.05). A negative result obtained by subtracting D from B shall be taken as zero. The resulting figures shall be rounded to four decimal places.

7. If requested by the Administrative Agent or the Company, each Lender with a Lending Office in the United Kingdom or a Participating Member State shall, as

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soon as practicable after publication by the Financial Services Authority, supply to the Administrative Agent and the Company, the rate of charge payable by such Lender to the Financial Services Authority pursuant to the Fees Regulations in respect of the relevant financial year of the Financial Services Authority (calculated for this purpose by such Lender as being the average of the Fee Tariffs applicable to such Lender for that financial year) and expressed in pounds per £1,000,000 of the Tariff Base of such Lender.

8. Each Lender shall supply any information required by the Administrative Agent for the purpose of calculating its Additional Cost Rate. In particular, but without limitation, each Lender shall supply the following information in writing on or prior to the date on which it becomes a Lender:

(a) its jurisdiction of incorporation and the jurisdiction of the Lending Office out of which it is making available its participation in the relevant Loan; and

(b) any other information that the Administrative Agent may reasonably require for such purpose.

Each Lender shall promptly notify the Administrative Agent in writing of any change to the information provided by it pursuant to this paragraph.

9. The percentages or rates of charge of each Lender for the purpose of A, C and E above shall be determined by the Administrative Agent based upon the information supplied to it pursuant to paragraphs 7 and 8 above and on the assumption that, unless a Lender notifies the Administrative Agent to the contrary, each Lender's obligations in relation to cash ratio deposits, Special Deposits and the Fees Regulations are the same as those of a typical bank from its jurisdiction of incorporation with a Lending Office in the same jurisdiction as such Lender's Lending Office.

10. The Administrative Agent shall have no liability to any Person if such determination results in an Additional Cost Rate which over- or under-compensates any Lender and shall be entitled to assume that the information provided by any Lender pursuant to paragraphs 3, 7 and 8 above is true and correct in all respects.

11. The Administrative Agent shall distribute the additional amounts received as a result of the Mandatory Cost to the Lenders on the basis of the Additional Cost Rate for each Lender based on the information provided by each Lender pursuant to paragraphs 3, 7 and 8 above.

12. Any determination by the Administrative Agent pursuant to this Schedule in relation to a formula, the Mandatory Cost, an Additional Cost Rate or any amount payable to a Lender shall, in the absence of manifest error, be conclusive and binding on all parties hereto.

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13. The Administrative Agent may from time to time, after consultation with the Company and the Lenders, determine and notify to all parties any amendments which are required to be made to this Schedule in order to comply with any change in law, regulation or any requirements from time to time imposed by the Bank of England, the Financial Services Authority or the European Central Bank (or, in any case, any other authority which replaces all or any of its functions) and any such determination shall, in the absence of manifest error, be conclusive and binding on all parties hereto.

SCHEDULE 2.01

COMMITMENTS

Lender	Tranche A Revolving Credit Commitment	Tranche B Revolving Credit Commitment	Term Commitment	Total Commitment
Bank of America, N.A.	$ 30,000,000	$ 45,000,000	$ 360,000,000	$ 435,000,000
Deutsche Bank Trust Company Americas	$ 30,000,000	$ 45,000,000	$ 360,000,000	$ 435,000,000
Lehman Commercial Paper Inc.	$ 25,000,000	$ 37,500,000	$ 300,000,000	$ 362,500,000
Merrill Lynch Capital Corporation	$ 15,000,000	$ 22,500,000	$ 180,000,000	$ 217,500,000
Total	$ 100,000,000	$ 150,000,000	$ 1,200,000,000	$ 1,450,000,000

SCHEDULE 10.02

ADMINISTRATIVE AGENT'S OFFICE;
CERTAIN ADDRESSES FOR NOTICES

COMPANY
and OTHER BORROWERS:

WMG Acquisition Corp.
c/o Warner Music Group Inc.
75 Rockefeller Plaza
New York, New York 10019
Attention: Jos de Raaij
Telephone: 212.275.1382
Facsimile: 212.275.1391
Electronic Mail: jos.deraaij@wmg.com

With a cc to:

WMG Acquisition Corp.
c/o Warner Music Group Inc.
75 Rockefeller Plaza
New York, New York 10019
Attention: Paul Robinson
Telephone: (212) 275-2143
Facsimile: (212) 275-3601
Electronic Mail: Paul.Robinson@wmg.com

ADMINISTRATIVE AGENT:

Administrative Agent's Office

(for payments and Requests for Credit Extensions):

Bank of America, N.A.
101 N. Tryon Street
Mail Code: NC-001-15-04
Charlotte, NC 28255-001
Attention: Lynne Cole
Telephone: (704) 386-9068
Facsimile: (704) 409-0003
Electronic Mail: lynne.b.cole@bankofamerica.com

Account No. (for Dollars): 1366212250600
Ref: Warner Music Group Attn: Credit Services
ABA# 026009593

Account No. (for Euro): 65280019
Ref: Warner Music Group, Attn: Credit Services
Swift Address: BOFAGB22

Account No. (for Sterling): _65280027
Ref: Warner Music Group, Attn: Credit Services
London Sort Code: 16-50-50
Swift Address: BOFAGB22

Other Notices as Administrative Agent:

Bank of America, N.A.
Agency Management
1455 Market Street, 5th Floor
Mail Code: CA5-701-05-19
San Francisco, CA 94103
Attention: Liliana Claar
Telephone: (415) 436-2770
Facsimile: (415) 503-5003
Electronic Mail: liliana.claar@bankofamerica.com

With a cc to:

Bank of America, N.A.
Charlotte PM Office
100 N. Tryon Street
Mail Code: NC 1-007-13-06
Charlotte, NC 28255-001
Attention: Pete Griffith
Telephone: (704) 386-7104
Facsimile: (704) 386-9607
Electronic Mail: pete.griffith@bankofamerica.com

L/C ISSUER:

Bank of America, N.A.
Trade Operations-Los Angeles #22621
333 S. Beaudry Avenue, 19th Floor
Mail Code: CA9-703-19-23
Los Angeles, CA 90017-1466
Attention: Sandra Leon
Vice President
Telephone: 213.345.5231
Facsimile: 213.345.6694
Electronic Mail: Sandra.Leon@bankofamerica.com

SWING LINE LENDER:

Bank of America, N.A.
101 N. Tryon Street
Mail Code: NCI-001-15-04
Charlotte, NC 28255-001
Attention: Lynne Cole
Telephone: (704) 386-9068
Facsimile: (704) 409-0003
Electronic Mail: lynne.b.cole@bankofamerica.com

Account No.: 1366212250600
Ref: Warner Music Group
ABA# 026009593

EXHIBIT A

FORM OF COMMITTED LOAN NOTICE

Date: ,

To: Bank of America, N.A., as Administrative Agent

Ladies and Gentlemen:

Reference is made to the Amended and Restated Credit Agreement dated as of April 8, 2004 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the **"Agreement"**; the terms defined therein being used herein as therein defined), among WMG Acquisition Corp., a Delaware corporation, the Overseas Borrowers from time to time party thereto, WMG Holdings Corp., a Delaware corporation, the Lenders from time to time party thereto, Bank of America, N.A., as Administrative Agent, L/C Issuer and Swing Line Lender, and the other Agents named therein.

The undersigned hereby requests (select one):

o A Borrowing of Loans o A conversion or continuation of Loans

1. On (a Business Day).

2. In the amount of .

3. To be denominated in .
[The currency in which the Loans are to be denominated]

4. Comprised of &nbs p; .
[Class and Type of Loan requested]

5. For Eurodollar Rate Loans: with an Interest Period of months.

[The Borrowing requested herein complies with the proviso to the first sentence of Section 2.01(b) of the Agreement.]*

[Upon acceptance of any or all of the Loans offered by the Lenders in response to this request, the Borrower shall be deemed to have represented and warranted that the conditions to lending specified in Sections 4.02(a) and (b) of the Agreement have been satisfied.]*

---

* Applicable with respect to a Borrowing only.

[NAME OF BORROWER]

By: _____
Name: _____
Title: _____

EXHIBIT B

FORM OF SWING LINE LOAN NOTICE

Date: ,

To: Bank of America, N.A., as Swing Line Lender
Bank of America, N.A., as Administrative Agent

Ladies and Gentlemen:

Reference is made to that certain Amended and Restated Credit Agreement dated April 8, 2004 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the **"Agreement"**; the terms defined therein being used herein as therein defined), among WMG Acquisition Corp., a Delaware corporation, the Overseas Borrowers from time to time party thereto, WMG Holdings Corp., a Delaware corporation, the Lenders from time to time party thereto, Bank of America, N.A., as Administrative Agent, L/C Issuer and Swing Line Lender, and the other Agents named therein.

The undersigned hereby requests a Swing Line Loan:

1. On (a Business Day).

2. In the amount of $.

The Swing Line Borrowing requested herein complies with the requirements of the provisos to the first sentence of Section 2.04(a) of the Agreement.

Upon acceptance of the Swing Line Loan offered by the Lenders in response to this request, the Borrower shall be deemed to have represented and warranted that the conditions to lending specified in Sections 4.02(a) and (b) of the Agreement have been satisfied.

[NAME OF BORROWER]

By: _____
Name: _____
Title: _____

EXHIBIT C-1

FORM OF TERM NOTE

FOR VALUE RECEIVED, the undersigned (the **"Borrower"**), hereby promises to pay to or its registered assigns (the **"Term Lender"**), in accordance with the provisions of the Agreement (as hereinafter defined), the aggregate unpaid principal amount of each Term Loan made by the Term Lender to the Borrower under that certain Amended and Restated Credit Agreement, dated as of April 8, 2004 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the **"Agreement"**; the terms defined therein being used herein as therein defined), among the Borrower, a Delaware corporation, the Overseas Borrowers from time to time party thereto, WMG Holdings Corp., a Delaware corporation, the Lenders from time to time party thereto, Bank of America, N.A., as Administrative Agent, L/C Issuer and Swing Line Lender, and the other Agents named therein.

The Borrower promises to pay interest on the aggregate unpaid principal amount of each Term Loan made by the Term Lender to the Borrower under the Agreement from the date of such Loan until such principal amount is paid in full, at such interest rates and at such times as provided in the Agreement. All payments of principal and interest shall be made to the Administrative Agent for the account of the Term Lender in the currency in which such Term Loan was denominated and in Same Day Funds. If any amount is not paid in full when due hereunder, such unpaid amount shall bear interest, to be paid upon demand, from the due date thereof until the date of actual payment (and before as well as after judgment) computed at the per annum rate set forth in the Agreement.

This Term Note is one of the Term Notes referred to in the Agreement, is entitled to the benefits thereof and may be prepaid in whole or in part subject to the terms and conditions provided therein. This Term Note is also entitled to the benefits of the Parent Guaranty and the Subsidiary Guaranty and is secured by the Collateral. Upon the occurrence and continuation of one or more of the Events of Default specified in the Agreement, all amounts then remaining unpaid on this Term Note shall become, or may be declared to be, immediately due and payable all as provided in the Agreement. Term Loans made by the Term Lender shall be evidenced by one or more loan accounts or records maintained by the Term Lender in the ordinary course of business. The Term Lender may also attach schedules to this Term Note and endorse thereon the date, amount and maturity of its Term Loans and payments with respect thereto.

The Borrower, for itself, its successors and assigns, hereby waives diligence, presentment, protest and demand and notice of protest, demand, dishonor and non-payment of this Term Note.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

WMG ACQUISITION CORP.

By: _____
Name: _____
Title: _____

TERM LOANS AND PAYMENTS WITH RESPECT THERETO

Date	Type of Term Loan Made	Currency and Amount of Term Loan Made	End of Interest Period	Amount of Principal or Interest Paid This Date	Outstanding Principal Balance This Date	Notation Made By

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FORM OF TRANCHE A REVOLVING CREDIT NOTE

FOR VALUE RECEIVED, the undersigned (the **"Borrower"**), hereby promises to pay to or registered assigns (the **"Lender"**), in accordance with the provisions of the Agreement (as hereinafter defined), the aggregate unpaid principal amount of each Tranche A Revolving Credit Loan from time to time made by the Lender to the Borrower under that certain Amended and Restated Credit Agreement, dated as of April 8, 2004 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the **"Agreement"**; the terms defined therein being used herein as therein defined), among WMG Acquisition Corp., a Delaware corporation, the Overseas Borrowers from time to time party thereto, WMG Holdings Corp., a Delaware corporation, the Lenders from time to time party thereto, Bank of America, N.A., as Administrative Agent, L/C Issuer and Swing Line Lender, and the other Agents named therein.

The Borrower promises to pay interest on the aggregate unpaid principal amount of each Tranche A Revolving Credit Loan from time to time made by the Lender to the Borrower under the Agreement from the date of such Loan until such principal amount is paid in full, at such interest rates and at such times as provided in the Agreement. All payments of principal and interest shall be made to the Administrative Agent (or, in the case of Swing Line Loans, to the Swing Line Lender) for the account of the Lender in Dollars and in Same Day Funds. If any amount is not paid in full when due hereunder, such unpaid amount shall bear interest, to be paid upon demand, from the due date thereof until the date of actual payment (and before as well as after judgment) computed at the per annum rate set forth in the Agreement.

This Tranche A Revolving Credit Note is one of the Tranche A Revolving Credit Notes referred to in the Agreement, is entitled to the benefits thereof and may be prepaid in whole or in part subject to the terms and conditions provided therein. This Tranche A Revolving Credit Note is also entitled to the benefits of [the Parent Guaranty and the Subsidiary Guaranty]† [the Guaranty]†† and is secured by the Collateral. Upon the occurrence and continuation of one or more of the Events of Default specified in the Agreement, all amounts then remaining unpaid on this Tranche A Revolving Credit Note shall become, or may be declared to be, immediately due and payable all as provided in the Agreement. Tranche A Revolving Credit Loans made by the Lender shall be evidenced by one or more loan accounts or records maintained by the Lender in the ordinary course

† Insert if the Borrower is the Company.

†† Insert if the Borrower is an Overseas Borrower.

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of business. The Lender may also attach schedules to this Tranche A Revolving Credit Note and endorse thereon the date, amount and maturity of its Tranche A Revolving Credit Loans and payments with respect thereto.

The Borrower, for itself, its successors and assigns, hereby waives diligence, presentment, protest and demand and notice of protest, demand, dishonor and non-payment of this Tranche A Revolving Credit Note.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

[NAME OF BORROWER]

By: _____
Name: _____
Title: _____

Date	Type of Loan Made	Amount of Loan Made	End of Interest Period	Amount of Principal or Interest Paid This Date	Outstanding Principal Balance This Date	Notation Made By

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FORM OF TRANCHE B REVOLVING CREDIT NOTE

FOR VALUE RECEIVED, the undersigned (the **"Borrower"**), hereby promises to pay to or registered assigns (the **"Lender"**), in accordance with the provisions of the Agreement (as hereinafter defined), the aggregate unpaid principal amount of each Tranche B Revolving Credit Loan from time to time made by the Lender to the Borrower under that certain Amended and Restated Credit Agreement, dated as of April 8, 2004 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the **"Agreement"**; the terms defined therein being used herein as therein defined), among WMG Acquisition Corp., a Delaware corporation, the Overseas Borrowers from time to time party thereto, WMG Holdings Corp., a Delaware corporation, the Lenders from time to time party thereto, Bank of America, N.A., as Administrative Agent, L/C Issuer and Swing Line Lender, and the other Agents named therein.

The Borrower promises to pay interest on the aggregate unpaid principal amount of each Tranche B Revolving Credit Loan from time to time made by the Lender to the Borrower under the Agreement from the date of such Loan until such principal amount is paid in full, at such interest rates and at such times as provided in the Agreement. All payments of principal and interest shall be made to the Administrative Agent (or, in the case of Swing Line Loans, to the Swing Line Lender) for the account of the Lender in the currency in which such Tranche B Revolving Credit Loan was denominated and in Same Day Funds. If any amount is not paid in full when due hereunder, such unpaid amount shall bear interest, to be paid upon demand, from the due date thereof until the date of actual payment (and before as well as after judgment) computed at the per annum rate set forth in the Agreement.

This Tranche B Revolving Credit Note is one of the Tranche B Revolving Credit Notes referred to in the Agreement, is entitled to the benefits thereof and may be prepaid in whole or in part subject to the terms and conditions provided therein. This Tranche B Revolving Credit Note is also entitled to the benefits of [the Parent Guaranty and the Subsidiary Guaranty][§] [the Guaranty][**] and is secured by the Collateral. Upon the occurrence and continuation of one or more of the Events of Default specified in the Agreement, all amounts then remaining unpaid on this Tranche B Revolving Credit Note shall become, or may be declared to be, immediately due and payable all as provided in the Agreement. Tranche B Revolving Credit Loans made by the Lender shall be evidenced by one

§ Insert if the Borrower is the Company.

** Insert if the Borrower is an Overseas Borrower.

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or more loan accounts or records maintained by the Lender in the ordinary course of business. The Lender may also attach schedules to this Tranche B Revolving Credit Note and endorse thereon the date, amount and maturity of its Tranche B Revolving Credit Loans and payments with respect thereto.

The Borrower, for itself, its successors and assigns, hereby waives diligence, presentment, protest and demand and notice of protest, demand, dishonor and non-payment of this Tranche B Revolving Credit Note.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

[NAME OF BORROWER]

By: _____
Name: _____
Title: _____

LOANS AND PAYMENTS WITH RESPECT THERETO

Date	Type of Loan Made	Currency and Amount of Loan Made	End of Interest Period	Amount of Principal or Interest Paid This Date	Outstanding Principal Balance This Date	Notation Made By

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EXHIBIT D

FORM OF COMPLIANCE CERTIFICATE

Financial Statement Date: ,

To: Bank of America, N.A., as Administrative Agent

Ladies and Gentlemen:

Reference is made to that certain Amended and Restated Credit Agreement, dated as of April 8, 2004 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the **"Agreement"**; the terms defined therein being used herein as therein defined), among WMG

Acquisition Corp., a Delaware corporation (the **"Company"**), the Overseas Borrowers from time to time party thereto, WMG Holdings Corp., a Delaware corporation, the Lenders from time to time party thereto, Bank of America, N.A., as Administrative Agent, L/C Issuer and Swing Line Lender, and the other Agents named therein.

The undersigned Responsible Officer hereby certifies as of the date hereof that he/she is the of the Company, and that, as such, he/she is authorized to execute and deliver this Certificate to the Administrative Agent on the behalf of the Company, and that:

[Use following paragraph 1 for fiscal year-end financial statements]

1. Attached hereto as Schedule 1 are the year-end audited financial statements required by Section 6.01(a) of the Agreement for the fiscal year of the Company ended as of the above date, together with the report and opinion of an independent certified public accountant required by such section.

[Use following paragraph 1 for fiscal quarter-end financial statements]

1. Attached hereto as Schedule 1 are the unaudited financial statements required by Section 6.01(b) of the Agreement for the fiscal quarter of the Company ended as of the above date. Such financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company and its Subsidiaries in accordance with GAAP as at such date and for such period, subject only to normal year-end audit adjustments and the absence of footnotes.

2. The undersigned has reviewed and is familiar with the terms of the Agreement and has made, or has caused to be made under his/her supervision, a review of the activities of the Company during such fiscal period.

[select one:]

[To the knowledge of the undersigned during such fiscal period, the Company performed and observed each covenant of the Loan Documents applicable to it, and no Default has occurred and is continuing.]

—or—

[The following covenants or conditions have not been performed or observed and the following is a list of each such Default and its nature and status:]

3. The representations and warranties of the Company contained in Article 5 of the Agreement, or which are contained in any Loan Documents, are true and correct in all material respects on and as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct in all material respects as of such earlier date, and except that for purposes of this Compliance Certificate, the representations and warranties contained in subsection (a) of Section 5.05 of the Agreement shall be deemed to refer to the most recent statements furnished pursuant to clause (a) of Section 6.01 of the Agreement, including the statements in connection with which this Compliance Certificate is delivered.

4. The financial covenant analyses and information set forth on Schedule 2 attached hereto are delivered in compliance with Section 6.02(b).

5. Attached hereto as Schedule 3 are (a) a supplement to Schedule 5.08(b) to the Agreement, (b) a description of all events, conditions or circumstances during the fiscal quarter ended as of the above date requiring a mandatory prepayment under Section 2.05(b) of the Agreement [and a calculation of Excess Cash Flow]†† and (c) a list of each Subsidiary that is a Restricted Subsidiary as of the date hereof, in each case required by Section 6.02(f) of the Agreement.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of , .

WMG ACQUISITION CORP.

By: _____
Name: _____
Title: _____

†† Year-end only.

For the Quarter/Year ended (**"Statement Date"**)

SCHEDULE 2
to the Compliance Certificate
($ in 000's)

SCHEDULE 3
to the Compliance Certificate

(Supplement to Schedule 5.08(b) of the Agreement and other items required by Section 6.02(f) of the Agreement)

EXHIBIT E

ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (this **"Assignment and Assumption"**) is dated as of the Effective Date set forth below and is entered into by and between [*Insert name of Assignor*] (the **"Assignor"**) and [*Insert name of Assignee*] (the **"Assignee"**). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (the **"Credit Agreement"**), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of the Assignor's rights and obligations as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including, without limitation, Letters of Credit, Guaranties and Swing Line Loans included in such facilities) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as, the **"Assigned Interest"**). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor:

2. Assignee: [and is an Affiliate/Approved Fund of [*identify Lender*]]

3. Borrower(s):

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4. Administrative Agent: BANK OF AMERICA, NA., as the administrative agent under the Credit Agreement

5. Credit Agreement: The Amended and Restated Credit Agreement, dated as of April 8, 2004 among WMG ACQUISITION CORP., a Delaware corporation, the Overseas Borrowers party thereto, WMG HOLDINGS CORP., a Delaware corporation, the Lenders party thereto, BANK OF AMERICA, N.A., as Administrative Agent, L/C Issuer and Swing Line Lender, and the other Agents named therein.

6. Assigned Interest:

Facility Assigned	Aggregate Amount of Commitment/Loans for all Lenders	Amount of Commitment/Loans Assigned	Percentage Assigned of Commitment/Loans	CUSIP Number
Tranche A Revolving Credit Facility			%	
Tranche B Revolving Credit Facility			%	
Term Loans			%	

7. Trade Date:

Effective Date: , 20 [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR
[NAME OF ASSIGNOR]

By: _____
Title:

ASSIGNEE
[NAME OF ASSIGNEE]

By: _____
Title:

[Consented to and] Accepted:

BANK OF AMERICA, N.A., as
Administrative Agent

By: _____
Title:

[Consented to:]

[BANK OF AMERICA, N.A., as
L/C Issuer and Swing Line Lender

By: _____]
Title:

[Consented to:

WMG ACQUISITION CORP.

By: _____]
Title:

ANNEX I TO ASSIGNMENT AND ASSUMPTION

STANDARD TERMS AND CONDITIONS FOR

ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1. Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim, (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and (iv) the sale and assignment of the Assigned Interest is made by this Assignment and Assumption in accordance with the terms and conditions contained in the Credit Agreement; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Company, any of its Subsidiaries or Affiliates, any other Borrower or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Company, any of its Subsidiaries or Affiliates, any other Borrower or any other Person of any of their respective obligations under any Loan Document.

1.2. Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets all requirements of an Eligible Assignee under the Credit Agreement (subject to receipt of such consents as may be required under the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 6.01 thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, and (v) if it is a Foreign Lender, attached hereto is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the

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Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignee whether such amounts have accrued prior to or on or after the Effective Date. The Assignor and the Assignee shall make all appropriate adjustments in payments by the Administrative Agent for periods prior to the Effective Date or with respect to the making of this assignment directly between themselves.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a

manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

EXHIBIT I

FORM OF OPINION MATTERS – COUNSEL TO EACH ADDITIONAL OVERSEAS BORROWER

The matters contained in the following Sections of the Credit Agreement should be covered by the legal opinion on behalf of each Overseas Borrower, except to the extent reasonably agreed to by the Administrative Agent:

- Section 5.01(a), (b) and (c)
- Section 5.02
- Section 5.03
- Section 5.04
- Section 5.06
- Section 5.13(b)

If as of the Closing Date, any Foreign Subsidiary shall have been designated as an Overseas Borrower pursuant to the Credit Agreement, the legal opinion on behalf of such Foreign Subsidiary should cover such additional matters as the Administrative Agent shall reasonably request.

EXHIBIT J

FORM OF ELECTION TO PARTICIPATE

,

BANK OF AMERICA, N.A., as Administrative Agent for the Lenders party to the Amended and Restated Credit Agreement dated as of April 8, 2004 among WMG ACQUISITION CORP., the Overseas Borrowers referred to therein, WMG HOLDINGS CORP., such Lenders and the other Agents named therein (the **"Credit Agreement"**)

Dear Sirs:

Reference is made to the Credit Agreement described above. Terms not defined herein which are defined in the Credit Agreement have for purposes hereof the meanings provided therein.

The undersigned, [name of Overseas Borrower], a [jurisdiction of incorporation] corporation, hereby elects to be an Overseas Borrower for purposes of the Credit Agreement, effective from the date hereof until an Election to Terminate shall have been delivered on behalf of the undersigned in accordance with the Credit Agreement. The undersigned confirms that the representations and warranties set forth in Section 5.18 of the Credit Agreement are true and correct as to the undersigned as of the date hereof, and the undersigned agrees to perform all the obligations of an Overseas Borrower under, and to be bound in all respects by the terms of, the Credit Agreement, including without limitation Section 10.16 thereof, as if the undersigned were a signatory party thereto.

The address to which all notices to the undersigned under the Credit Agreement should be directed is:

[Address]

This instrument shall be construed in accordance with and governed by the laws of the State of New York.

Very truly yours,

[NAME OF OVERSEAS BORROWER]

By: _____
Name: _____
Title: _____

The undersigned confirms that [name of Overseas Borrower] is an Overseas Borrower for purposes of the Credit Agreement described above.

WMG ACQUISITION CORP.

By: _____
Name: _____
Title: _____

Receipt of the above Election to Participate is acknowledged on and as of the date set forth above.

BANK OF AMERICA, N.A.,
as Administrative Agent

By: _____
Name: _____
Title: _____

EXHIBIT K

FORM OF ELECTION TO TERMINATE

,

BANK OF AMERICA, N.A., as Administrative Agent for the Lenders party to the Amended and Restated Credit Agreement dated as of April 8, 2004 among WMG ACQUISITION CORP., the Overseas Borrowers referred to therein, WMG HOLDINGS CORP., such Lenders and the other Agents named therein (the **"Credit Agreement"**)

Dear Sirs:

Reference is made to the Credit Agreement described above. Terms not defined herein which are defined in the Credit Agreement have for purposes hereof the meanings provided therein.

The undersigned, [name of Overseas Borrower], a [jurisdiction of incorporation] corporation, hereby elects to terminate its status as an Overseas Borrower for purposes of the Credit Agreement, effective as of the date hereof. The undersigned represents and warrants that all principal and interest on all Loans made to the undersigned and all other amounts payable by the undersigned pursuant to the Credit Agreement have been paid in full on or before the date hereof. Notwithstanding the foregoing, this Election to Terminate shall not affect any obligation of the undersigned heretofore incurred under the Credit Agreement or any Note.

This instrument shall be construed in accordance with and governed by the laws of the State of New York.

Very truly yours,

[NAME OF OVERSEAS BORROWER]

By: _____
Name: _____
Title: _____

The undersigned confirms that the status of [name of Overseas Borrower] as an Overseas Borrower for purposes of the Credit Agreement described above is terminated as of the date hereof.

WMG ACQUISITION CORP.

By: _____
Name: _____
Title: _____

Receipt of the above Election to Terminate is acknowledged on and as of the date set forth above.

BANK OF AMERICA, N.A.,
as Administrative Agent

By: _____

Name: _____
Title: _____

AMENDMENT NO. 1 TO CREDIT AGREEMENT

AMENDMENT dated as of September 30, 2004 to the Amended and Restated Credit Agreement dated as of April 8, 2004 (the **"Credit Agreement")** among WMG ACQUISITION CORP. (the **"Company"),** the Overseas Borrowers party thereto, WMG HOLDINGS CORP. **("Holdings"),** the LENDERS party thereto (the **"Lenders"),** BANC OF AMERICA SECURITIES LLC and DEUTSCHE BANK SECURITIES INC., as Joint Lead Arrangers and Joint Book Managers, LEHMAN BROTHERS INC. and MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED, as Co-Arrangers and Joint Book Managers, DEUTSCHE BANK SECURITIES INC. and LEHMAN COMMERCIAL PAPER INC., as Co-Syndication Agents, MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED, as Documentation Agent, and BANK OF AMERICA, N.A., as Administrative Agent (the **"Administrative Agent"),** Swing Line Lender and L/C Issuer.

W I T N E S S E T H :

WHEREAS, the Company and Holdings wish to declare and pay certain cash dividends and make certain changes to the terms of the Credit Agreement; and

WHEREAS, the Lenders are willing to permit the Company and Holdings to do so, subject to the terms and conditions set forth herein;

NOW, THEREFORE, the parties hereto agree as follows:

SECTION 1. *Defined Terms; References.* Unless otherwise specifically defined herein, each term used herein that is defined in the Credit Agreement has the meaning assigned to such term in the Credit Agreement. Each reference to "hereof", "hereunder", "herein" and "hereby" and each other similar reference and each reference to "this Agreement" and each other similar reference contained in the Credit Agreement shall, after the Amendment Effective Date (as defined in Section 10 below), refer to the Credit Agreement as amended hereby.

SECTION 2. *Additional Permitted Restricted Payments.* Section 7.06 of the Credit Agreement is amended by (i) deleting the "and" at the end of clause (j) thereof, (ii) replacing the period at the end of clause (k) thereof with "; and" and (iii) adding a new clause (l) immediately after clause (k) thereof, to read in its entirety as follows: "(l) in addition to the foregoing Restricted Payments, the Company may make (x) one additional Restricted Payment consisting of a cash dividend in the amount of $7,619,444.44 to Holdings, the proceeds of which are used to make one additional Restricted Payment consisting of a cash dividend in an amount up to the amount of such Restricted Payment made by the Company to

Holdings, in each case on September 30, 2004, and (y) one additional Restricted Payment consisting of a cash dividend in an amount up to $344,380,555.56 to Holdings the proceeds of which will be utilized by Holdings to make one additional Restricted Payment consisting of a cash dividend in an amount up to the amount of such Restricted Payment made by the Company to Holdings."

SECTION 3. *Change in Fiscal Year.* (a) Section 7.13 of the Credit Agreement is amended by adding the following phrase at the end thereof: "except for a change to a fiscal year ending on September 30, which change shall be effective beginning with the 2004 fiscal year".

(b) The table set forth in Section 7.11(a) of the Credit Agreement is amended to read in its entirety as follows:

Fiscal Year	December 31	March 31	June 30	September 30
2005	6.5:1	6.5:1	6.5:1	6.25.1
2006	5.85:1	5.5:1	5.5:1	5.35:1
2007	4.85:1	4.85:1	4.75:1	4.75:1
2008	4.5:1	4.5:1	4.25:1	4.25:1
2009	4.0:1	4.0:1	3.75:1	3.75:1
2010	3.5:1	3.5:1	3.5:1	3.5:1

(c) The table set forth in Section 7.11(b) of the Credit Agreement is amended to read in its entirety as follows:

Fiscal Year	December 31	March 31	June 30	September 30
2005	2.25:1	2.25:1	2.25:1	2.25:1
2006	2.5:1	2.5:1	2.5:1	2.5:1
2007	2.75:1	2.75:1	2.75:1	2.75:1
2008	2.75:1	2.75:1	2.75:1	2.75:1
2009	3.0:1	3.0:1	3.0:1	3.0:1
2010	3.25:1	3.25:1	3.25:1	3.25:1

(d) Each reference to "November 30, 2004" contained in the definition of "Excluded Consideration" and in Sections 2.05(b)(i), 6.01(b), 7.06(i), 7.11(a) and 7.11(b) of the Credit Agreement is replaced with a reference to "September 30, 2004".

SECTION 4. *Changes to Definition of Cash Equivalents. (a)* Clause (e) of the definition of "Cash Equivalents" contained in Section 1.01 of the Credit Agreement is amended by deleting the words "registered under the Investment Company Act of 1940,".

(b) Clause (f) of the definition of "Cash Equivalents" contained in Section 1.01 of the Credit Agreement is amended to read in its entirety as follows: "(f) solely with respect to any Foreign Subsidiary, (i) certificates of deposit of, bankers acceptances of, or time deposits with, any commercial bank which is organized and existing under the laws of the country in which such Foreign Subsidiary maintains its chief executive office and principal place of business provided such country is a member of the Organization for Economic Cooperation and Development ("any such bank being a **Qualifying Bank"),** and whose senior unsecured long-term debt is rated at least A by S&P or A2 by Moody's or is assigned an equivalent rating in such country (any such bank being an **"Approved Foreign Bank")** and maturing within twelve (12) months of the date of acquisition, (ii) equivalents of demand deposit accounts which are maintained with an Approved Foreign Bank, (iii) certificates of deposit of, bankers acceptances of, time deposits with, or equivalents of demand deposit accounts maintained with, any Qualifying Bank that is not an Approved Bank, to the extent that the aggregate amount thereof for all Foreign Subsidiaries does not exceed $20,000,000, and (iv) any offshore funds offered by any Approved Foreign Bank or any of its Affiliates so long as such offshore fund's senior unsecured long term debt is rated AAA by S&P or Aaa by Moody's or is assigned an equivalent rating in the applicable jurisdiction;".

SECTION 5. *Additional Debt of Foreign Subsidiaries.* Section 7.03(b) of the Credit Agreement is amended by (i) deleting the "and" at the end of clause (xxii) thereof, (ii) replacing the period at the end of clause (xxiii) thereof with "; and" and (iii) adding a new clause (xxiv) immediately after clause (xxiii) thereof, to read in its entirety as follows: " (xxiv) Indebtedness arising under a letter of credit in a face amount not to exceed CN $2,000,000".

SECTION 6. *Technical Changes.* Clause (iii) of Section 10.07(h) of the Credit Agreement is amended to read in its entirety as follows: "(iii) [intentionally deleted]".

SECTION 7. *Representations.* Each of Holdings and the Company represents and warrants that (i) the representations and warranties of Holdings, the Company and each other Loan Party contained in Article 5 of the Credit Agreement or any other Loan Document shall be true and correct in all material respects on and as of the Amendment Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct as of such earlier date, and (ii) no Default will have occurred and be continuing on such date.

SECTION 8. *Governing Law.* This Amendment shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 9. *Counterparts.* This Amendment may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. Delivery by telecopier of an executed counterpart of a signature page to this Amendment shall be effective as delivery of an original executed counterpart of this Amendment.

SECTION 10. *Effectiveness.* This Amendment shall become effective on the date (the **"Amendment Effective Date")** when the Administrative Agent shall have received from each of Holdings, the Borrower and the Required Lenders a counterpart hereof signed by such parry or facsimile or other written confirmation (in form satisfactory to the Administrative Agent) that such party has signed a counterpart hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

WMG ACQUISITION CORP.

By: /s/ Paul Robinson
Name: Paul Robinson
Title: SVP & Deputy General Counsel

WMG HOLDINGS CORP.

By: /s/ Paul Robinson
Name: Paul Robinson
Title: SVP & Deputy General Counsel

BANK OF AMERICA, N.A., as
Administrative Agent

By: /s/ Liliana Claar
Name: LILIANA CLAAR
Title: Vice President

BANK OF AMERICA, N.A.., as a Lender

By: /s/ Gabriela Millhorn

Name: Gabriela Millhorn
Title: Principal

AIM FLOATING RATE FUND
By: INVESCO Senior Secured Management, Inc.
As Sub-Adviser

By: /s/ Thomas H. B. Ewald
Name: Thomas H. B. Ewald
Title: Authorized Signatory

Name of Lender: American Express Certificate Company
By: American Express Asset Management Group as Collateral Manager

By: /s/ Yvonne Stevens
Name: Yvonne Stevens
Title: Senior Managing Director

Name of Lender: AMMC CDO I, LIMITED
By: American Money Management Corp., as Collateral Manager

By: /s/ Chester M. Eng
Name: Chester M. Eng
Title: Senior Vice President

By: _____
Name:
Title:

Acknowledged by:

Guarantors:
[ADD GUARANTORS]

By: _____
Name:
Title:

Name of Lender: AMMC CDO II, LIMITED
By: American Money Management Corp., as Collateral Manager

By: /s/ Chester M. Eng
Name: Chester M. Eng
Title: Senior Vice President

By: _____
Name:
Title:

Acknowledged by:

Guarantors:
[ADD GUARANTORS]

By: _____
Name:
Title:

AMMC CLO III, LIMITED
By: American Money Management Corp.,
as Collateral Manager

Name of Lender:

By: /s/ Chester M. Eng
Name: Chester M. Eng
Title: Senior Vice President

By: _____
Name:
Title:

Acknowledged by:

Guarantors:
[ADD GUARANTORS]

By: _____
Name:
Title:

Name of Lender: APEX (Trimaran):CDQ I, LTD.
By Trimaran Adv.isors, L.L.C.

By: /s/ David M. Millison
Name: David M. Millison
Title: Managing Director

ARES Leveraged Investment Fund II, L.P.

By: ARES Management II, L.P.
Its: General Partner

By: /s/ Seth J. Brufsky
Name: SETH J. BRUFSKY
Title: VICE PRESIDENT

ARES III CLO Ltd.

By: ARES CLO Management LLC

By: /s/ Seth J. Brufsky
Name: SETH J. BRUFSKY
Title: VICE PRESIDENT

Ares IV CLO Ltd.

By Ares CLO Management IV, L.P.,
Investment Manager

By Ares CLO GP IV, LLC,
Its Managing Member

Ares VI CLO Ltd.

By: Ares CLO Management VI, L.P.
Investment Manager

By: Ares CLO GP VI, LLC
Its Managing Member

By: /s/ Seth J. Brufsky
Name: SETH J. BRUFSKY
Title: VICE PRESIDENT

Ares VII CLO Ltd.

By: Ares CLO Management VII, L.P. ,,
Investment Manager

By: Ares CLO GP VII, LLC,
Its General Partner

By: /s/ Seth J. Brufsky
Name: SETH J. BRUFSKY
Title: VICE PRESIDENT

By: /s/ Seth J. Brufsky
Name: SETH J. BRUFSKY
Title: VICE PRESIDENT

ARES V CLO Ltd

By: ARES CLO Management V, L.P.,
Investment Manager

By: ARES CLO GP V, LLC,
Its Managing Member

By: /s/ Seth J. Brufsky
Name: SETH J. BRUFSKY
Title: VICE PRESIDENT

Ares VIII CLO Ltd.

By: Ares CLO Management VIII, L.P.,
Investment Manager

By Ares CLO GP VIII, LLC,
Its General Partner

By: /s/ Seth J. Brufsky
Name: SETH J. BRUFSKY
Title: VICE PRESIDENT

Ares Total Value Fund, L.P.

By: Area Total Value Management LLC
Its: General Partner

By: /s/ Seth J. Brufsky
Name: SETH J. BRUFSKY
Title: VICE PRESIDENT

AVALON CAPITAL LTD.
By: INVESCO Senior Secured Management, Inc.
As Portfolio Advisor

By: /s/ Thomas H.B. Ewald
Name: Thomas H.B. Ewald
Title: Authorized Signatory

AVALON CAPITAL LTD. 2
By: INVESCO Senior Secured Management, Inc.
As Portfolio Advisor

By: /s/ Thomas H.B. Ewald
Name: Thomas H.B. Ewald
Title: Authorized Signatory

Name of Lender: Sankaty Advisors, LLC as Collateral Manager for AVERY POINT CLO, LTD., as Term Lender

By: /s/ James Kellogg
Name: James Kellogg
Title: Managing Editor

Name of Lender: Bear Stearns Loan Trust
By: Bear Stearns Asset Management, Inc.,
as its attorney-in-fact

By: /s/ Neall D. Rosenweig
Name: Neall D. Rosenweig
Title: Associate Director

Name of Lender: BIG SKY SENIOR LOAN FUND, LTD.
BY: EATON VANCE MANAGEMENT
AS INVESTMENT ADVISOR

By: /s/ Michael B. Botthof
Name: Michael B. Botthof
Title: Vice President

By: _____
Name:
Title:

Acknowledged by:

Guarantors:
[ADD GUARANTORS]

By: _____
Name:
Title:

Name of Lender: BIG SKY III SENIOR LOAN TRUST
BY: EATON VANCE MANAGEMENT
AS INVESTMENT ADVISOR

By: /s/ Michael B. Botthof
Name: Michael B. Botthof
Title: Vice President

By: _____
Name:
Title:

Acknowledged by:

Guarantors:
[ADD GUARANTORS]

By: _____
Name:
Title:

Name of Lender: BIRCHWOOD FUNDING. LLC

By: /s/ Meridith J. Koslick
Name: Meredith J. Koslick
Title: Assistant Vice President

Name of Lender: Braymoor & Co.
By: Bear Stearns Asset Management, Inc.
as its attorney-in-fact

By: /s/ Neall D. Rosenweig
Name: Neall D. Rosenweig
Title: Associate Director

Name of Lender:

C-SQUARED CDO LTD.

By: TCW Advisors, Inc., as its Portfolio Manager

By: /s/ Jonathan R. Insull
Name: Jonathan R. Insull
Title: Managing Director

/s/ G. Steven Kalin
G. Steven Kalin
Senior Vice President

Canyon Capital Advisors, LLC
9665 Wilshire Blvd., #200
Beverly Hills, CA 90212

PROPORTIONATE VOTING PROVISION

The undersigned, Canyon Capital CLO 2004-1 LTD. ("Canyon"), is a Lender to Warner Music Group Holdings Corp., dated as of April 8, 2004 (the "Credit Agreement"). Canyon's approval of an Amendment No.1 to the Credit Agreement has been requested pursuant to the terms of the Credit Agreement.

Canyon hereby votes its percentage interest as a Lender in favor of and/or against the approval of the Amendment No.1 to the Credit Agreement in direct proportion to the votes of those other Lenders under the Credit Agreement that have voted for or against the approval of the Amendment No. 1 to the Credit Agreement (without counting failure to vote or abstentions.)

Canyon Capital CLO 2004-1 LTD.

By: Canyon Capital Advisors LLC
a Delaware limited liability company,
its Collateral Manager

By: /s/ R. Christian B. Evensen **10/8/04**
R. Christian B. Evensen **Date**
Managing Director

Name of Lender: **Carlyle High Yield Partners, L.P.**

By: /s/ Linda Pace
Name: **Linda Pace**
Title: **Managing Director**

Name of Lender: **Carlyle High Yield Partners II, Ltd.**

By: /s/ Linda Pace
Name: **Linda Pace**
Title: **Managing Director**

Name of Lender: **Carlyle High Yield Partners, III, Ltd.**

By: /s/ Linda Pace
Name: **Linda Pace**

Title: **Managing Director**

Name of Lender: **Carlyle High Yield Partners IV, Ltd.**

By: /s/ Linda Pace
Name: **Linda Pace**
Title: **Managing Director**

Name of Lender: **Carlyle High Yield Partners VI, Ltd.**

By: /s/ Linda Pace
Name: **Linda Pace**
Title: **Managing Director**

Name of Lender: **CELERITY CLO LIMITED**

By: TCW Advisors, Inc.,
As Agent

By: /s/ G. Steven Kalin
Name: G. STEVEN KALIN
Title: SENIOR VICE PRESIDENT

By: /s/ Jonathan R. Insull
Name: JONATHAN R. INSULL
Title: MANAGING DIRECTOR

Name of Lender: Centurion CDO II, Ltd.
By: American Express Asset Management
Group, Inc. as Collateral Manager

By: /s/ Robin C. Stancil
Name: Robin C. Stancil
Title: Supervisor
Fixed Income Support Team

Name of Lender: Centurion CDO VI, Ltd.
By: American Express Asset Management
Group, Inc. as Collateral Manager

By: /s/ Robin C. Stancil
Name: Robin C. Stancil
Title: Supervisor
Fixed Income Support Team

Name of Lender: Centurion CDO VII, Ltd.
By: American Express Asset

Management
Group, Inc. as Collateral
Manager

By: /s/ Robin C. Stancil
Name: Robin C. Stancil
Title: Supervisor
Fixed Income Support Team

CHAMPLAIN CLO, LTD.

By: INVESCO Senior Secured Management, Inc. As Collateral Manager

By: /s/ Thomas H.B Ewald
Name: Thomas H.B Ewald
Title: Authorized Signatory

CHARTER VIEW PORTFOLIO
By: INVESCO Senior Secured Management, Inc. As Investment Advisor

By: /s/ Thomas H.B Ewald
Name: Thomas H.B Ewald
Title: Authorized Signatory

Class International Custody Services Limited as Custodian of CYPRESSTREE INTERNATIONAL LOAN HOLDING COMPANY LIMITED

By: /s/ Jeffrey Megar
Name: Jeffrey Megar
Title: Manager Director

/s/ Robert Weeder

Name of Lender: Clydesdale CLO 2001-1, LTD

NOMURA CORPORATE RESEARCH AND ASSET MANAGEMENT INC.
AS
COLLATERAL MANAGER

By: /s/ Richard W. Stewart
Name: Richard W. Stewart
Title: Managing Director

Name of Lender: Clydesdale CLO 2003 LTD

NOMURA CORPORATE RESEARCH AND ASSET MANAGEMENT INC.
AS
COLLATERAL MANAGER

By: /s/ Richard W. Stewart
Name: Richard W. Stewart
Title: Managing Director

Diversified Credit Portfolio LTD.
By: Invesco Senior Secured Management, Inc.
as Investment Adviser

By: /s/ Thomas H.B Ewald
Name: Thomas H.B Ewald
Title: Authorized Signatory

Name of Lender: East West Bank

By: /s/ Nancy A. Moore
Name: Nancy A. Moore
Title: Senior Vice President

EATON VANCE CDO III LTD.
BY: EATON VANCE MANAGEMENT
Name of Lender: AS INVESTMENT ADVISOR

By: /s/ Michael B. Botthof
Name: Michael B. Botthof
Title: Vice President

By: _____
Name:
Title:

Acknowledged by:

Guarantors:
[ADD GUARANTORS]

By: _____
Name:
Title:

COSTANTINUS EATON VANCE CDO V, LTD.
BY: EATON VANCE MANAGEMENT
Name of Lender: AS INVESTMENT ADVISOR

By: /s/ Michael B. Botthof
Name: Michael B. Botthof
Title: Vice President

By: _____
Name:
Title:

Acknowledged by:

Guarantors:
[ADD GUARANTORS]

By: _____
Name:
Title:

EATON VANCE CDO VI, LTD.
BY: EATON VANCE MANAGEMENT
Name of Lender: AS INVESTMENT ADVISOR

By: /s/ Michael B. Botthof
Name: Michael B. Botthof
Title: Vice President

By: _____
Name:
Title:

Acknowledged by:

Guarantors:
[Add Guarantors]

By: _____
Name:
Title:

EATON VANCE FLOATING-RATE
INCOME TRUST
BY: EATON VANCE MANAGEMENT
Name of Lender: AS INVESTMENT ADVISOR

By: /s/ Michael B. Botthof
Name: Michael B. Botthof
Title: Vice President

By: _____
Name:
Title:

Acknowledged by:

Guarantors:
[ADD GUARANTORS]

By: _____
Name:
Title:

EATON VANCE INSTITUTIONAL SENIOR LOAN FUND
BY: EATON VANCE MANAGEMENT
Name of Lender: AS INVESTMENT ADVISOR

By: /s/ Michael B. Botthof
Name: Michael B. Botthof
Title: Vice President

By: _____
Name:
Title:

Acknowledged by:

Guarantors:
[ADD GUARANTORS]

By: _____
Name:
Title:

EATON VANCE
LIMITED DURATION INCOME FUND
BY: EATON VANCE MANAGEMENT
Name of Lender: AS INVESTMENT ADVISOR

By: /s/ Michael B. Botthof
Name: Michael B. Botthof
Title: Vice President

By: _____
Name:
Title:

Acknowledged by:

Guarantors:
[ADD GUARANTORS]

By: _____
Name:
Title:

EATON VANCE SENIOR
FLOATING-RATE TRUST
BY: EATON VANCE MANAGEMENT
Name of Lender: AS INVESTMENT ADVISOR

By: /s/ Michael B. Botthof
Name: Michael B. Botthof
Title: Vice President

By: _____
Name:
Title:

Acknowledged by:

Guarantors:
[ADD GUARANTORS]

By: _____
Name:
Title:

EATON VANCE SENIOR INCOME TRUST
BY: EATON VANCE MANAGEMENT
Name of Lender: AS INVESTMENT ADVISOR

By: /s/ Michael B. Botthof
Name: Michael B. Botthof
Title: Vice President

By: _____
Name:
Title:

Acknowledged by:

Guarantors:
[ADD GUARANTORS]

By: _____
Name:
Title:

Name of Lender: EATON VANCE
VT FLOATING-RATE INCOME FUND

BY: EATON VANCE MANAGEMENT
AS INVESTMENT ADVISOR

By: /s/ Michael B. Botthof
Name: Michael B. Botthof
Title: Vice President

By: _____
Name:
Title:

Acknowledged by:

Guarantors:
[ADD GUARANTORS]

By: _____
Name:
Title:

Name of Lender: Fidelity Advisor Series II:
Fidelity Advisor Floating Rate High Income
Fund

By: /s/ John H. Costello
Name: John H. Costello
Title: Assistant Treasurer

Name of Lender FIRST 2004-I CLO, LTD.

By: TCW Advisors, Inc.,
its Collateral Manager

By: /s/ G. Steven Kalin
Name: G. STEVEN KALIN
Title: SENIOR VICE PRESIDENT

By: /s/ Jonathan R. Insull
Name: JONATHAN R. INSULL
Title: MANAGING DIRECTOR

Name of Lender FIRST 2004-II CLO, LTD.

By: TCW Advisors, Inc.,
its Collateral Manager

By: /s/ G. Steven Kalin
Name: G. STEVEN KALIN
Title: SENIOR VICE PRESIDENT

By: /s/ Jonathan R. Insull
Name: JONATHAN R. INSULL
Title: MANAGING DIRECTOR

Name of Lender: **FIRST TRUST/FOUR CORNERS SENIOR**

FLOATING RATE INCOME FUND
By: Four Corners Capital Management LLC,
As Collateral Manager

By: /s/ Beth Digati
Name: BETH DIGATI
Title: Senior Vice President

FIRST TRUST/FOUR CORNERS SENIOR FLOATING RATE INCOME FUND II
By: Four Corners Capital Management LLC,
As Collateral Manager

Name of Lender:

By: /s/ Beth Digati
Name: BETH DIGATI
Title: Senior Vice President

Name of Lender: FORTE CDO (CAYMAN), LTD.

By: /s/ Gilbert L. Southwell, III
Name: Gilbert L. Southwell, III
Title: Assistant Secretary

Name of Lender: FORTE II CDO (CAYMAN), LTD.

By: /s/ Gilbert L. Southwell, III
Name: Gilbert L. Southwell, III
Title: Assistant Secretary

FOXE BASIN CLO 2003, LTD.
By Royal Bank of Canada as Collateral Manager

By: /s/ Lee M. Shaiman
Name: Lee M. Shaiman
Title: Authorized Signatory

Galaxy III CLO, Ltd
By: AIG Global Investment Corp.
As Investment Advisor

By: /s/ John G. Lapham, III
Name: John G. Lapham, III
Title: Managing Director

Galaxy CLO 2003-1, Ltd
By: AIG Global Investment Corp.

As Investment Advisor

By: /s/ John G. Lapham, III
Name: John G. Lapham, III
Title: Managing Director

Name of Lender: Gallatin Funding I Ltd.
By: Bear Stearns Asset Management Inc.
as its Collateral Manager

By: /s/ Neall D. Rosenweig
Name: Neall D. Rosenweig
Title: Associate Director

Name of Lender: GRAYSON & CO
BY: BOSTON MANAGEMENT AND RESEARCH
AS INVESTMENT ADVISOR

By: /s/ Michael B. Botthof
Name: Michael B. Botthof
Title: Vice President

By: _____
Name:
Title:

Acknowledged by:

Guarantors:
[ADD GUARANTORS]

By: _____
Name:
Title:

Name of Lender: Grayson CLO 2001-1 Ltd.
By: Bear Stearns Asset Management, Inc,
as its Collateral Manager

By: /s/ Neall D. Rosenweig
Name: Neall D. Rosenweig
Title: Associate Director

Name of Lender: Grayson CLO II 2004-1 LTD.
By: Bear Stearns Asset Management, Inc.
as its Collateral Manager

By: /s/ Neall D. Rosenweig
Name: Neall D. Rosenweig
Title: Associate Director

Name of Lender: GULF STREAM-COMPASS CLO 2002-1 LTD
BY: GULF STREAM ASSET MANAGMENT LLC
AS COLLATERAL MANAGER

By: /s/ [Illegible]
Name: [Illegible]
Title: [Illegible]/Principal

DEUTSCHE BANK AG, NEW YORK
BRANCH, AS A LENDER

By: /s/ Susan LeFevre
Name: Susan LeFevre
Title: Director

By: /s/ Marguerite Sutton
Name: Marguerite Sutton
Title: Vice President

GULF STREAM-COMPASS CLO 2004-1 LTD
By: Gulf Stream Asset Managment LLC
Name of Lender: As Collateral Manager

By: [Illegible]
Name: [Illegible]
Title: Illegible/Principal

Name of Lender: HARBOUR TOWN FUNDING LLC

BY: /S/ Meredith J. Koblick
Name: MEREDITH J. KOBLICK
Title: ASSISTANT VICE PRESIDENT

IDS Life Insurance Company
By: American Express Asset Management
Group, Inc. as Collateral
Name of Lender: Manager

By: /s/ YVONNE STEVENS
Name: Yvonne Stevens
Title: Senior Managing Director

INVESCO EUROPEAN CDO I S.A.
By: INVESCO Senior Secured Management, Inc.
As Collateral Manager

By: /s/ Thomas H.B. Ewald
Name: Thomas H.B. Ewald
Title: Authorized Signatory

Jefferson-Pilot Life Insurance Company
Name of Lender: By: TCW Advisors, Inc. as its Investment Advisor

By: /s/ G. Steven Kalin
Name: G. Steven Kalin
Title: Senior Vice President

By: /s/ Jonathan R. Insull
Name: Jonathan R Insull
Title: Managing Director

Name of Lender: Jupiter Loan Funding LLC

By: /s/ Meredith J. Koslick
Name: Meredith J. Koslick
Title: Assistant Vice President

KZH Crescent-3 LLC

By: /s/ Dorian Herrera
Name: Dorian Herrera
Title: Authorized Agent

KZH Cypresstree-1 LLC

By: /s/ Dorian Herrera
Name: Dorian Herrera
Title: Authorized Agent

KZH PONDVIEW LLC

By: /s/ Dorian Herrera
Name: Dorian Herrera
Title: Authorized Agent

KZH SOLEIL LLC

By: /s/ Dorian Herrera
Name: Dorian Herrera
Title: Authorized Agent

KZH SOLEIL-2 LLC

By: /s/ Dorian Herrera
Name: DORIAN HERRERA
Title: AUTHORIZED AGENT

KZH STERLING LLC

By: /s/ Dorian Herrera
Name: Dorian Herrera
Title: Authorized Agent

Name of Lender: LAGUNA FUNDING LLC

By: /s/ Meredith J. Koslick
Name: MEREDITH J. KOSLICK
Title: ASSISTANT VICE PRESIDENT

Name of Lender: Landmark IV CDO Limited, as a Lender
By: Aladdin Capital Management, LLC
as Manager

By: /s/ John J. D'Angelo
Name: John J. D' Angelo
Title: Authorized Signatory

Name of Lender: LEHMAN COMMERCIAL PAPER INC.

By: /s/ Frank P. Turner
Name: Frank P.Turner
Title: Vice President

Name of Lender: LEHMAN COMMERCIAL PAPER INC.

By: /s/ Frank P. Turner
Name: Frank P.Turner
Title: Vice President

Name of Lender:

LOAN FUNDING I LLC,
a wholly owned subsidiary
of
Citibank, N.A.

By: TCW Advisors, Inc.,
as portfolio manager of
Loan Funding I LLC

By: /s/ G. Steven Kalin

Name: G. STEVEN KALIN

Title: SENIOR VICE PRESIDENT

By: /s/ Jonathan R. Insull

Name: JONATHAN R. INSULL

Title: MANAGING DIRECTOR

LOAN FUNDING IX LLC
By: INVESCO Senior Secured Management, Inc.
as Portfolio Manager

By: /s/ THOMAS H.B. EWALD
Name: Thomas H.B. Ewald
Title: Authorized Signatory

Name of Lender: LONG LANE MASTER TRUST IV

By: /s/ Diana M Himes
Name: DIANA M. HIMES
Title: AUTHORIZED AGENT

Name of Lender: Merrill Lynch Capital Corp.

By: /s/ Chantal Simon
Name: Chantal Simon
Title: Authorized Signatory

Name of Lender: NATEXIS BANQUES POPULAIRES

By: Evan S. Kraus
Name: Evan S. Kraus
Title: Vice President

By: /s/ Cynthia E. Sachs
Name: Cynthia E. Sachs
Title: VP, Group Manager

Name of Lender: Nationwide Life Insurance Company

By: /s/ Thomas S. Leggett
Name: Thomas S. Leggett
Title: Associate Vice President
Public Bonds

Name of Lender: Nationwide Mutual Fire Insurance Company

By: /s/ Thomas S. Leggett
Name: Thomas S. Leggett
Title: Associate Vice President
Public Bonds

Name of Lender: Nationwide Mutual Insurance Company

By: /s/ Thomas S. Leggett
Name: Thomas S. Leggett
Title: Associate Vice President
Public Bonds

Name of Lender: **NAVIGATOR CDO 2003, LTD.**

By: /s/ David Mohon
Name: David Mohon
Title: Vice President

By: _____
Name:
Title:

Acknowledged by:

Guarantors:
[ADD GUARANTORS]

By: _____
Name:
Title:

Name of Lender: Nomura Bond & Loan Fund

By: LIF J Trust Bank Limited
as Trustee
By: Nomura Corporate Research and
Asset Management Inc.
Attorney in Fact

By: /s/ Richard W. Stewart
Name: Richard W. Stewart
Title: Managing Director

Name of Lender: THE NORINCHUKIN BANK, NEW YORK BRANCH, through State Street Bank and Trust Company N.A. as Fiduciary Custodian
By:Eaton Vance Management, Attorney-in-fact

By: /s/ Michael B. Botthof
Name: Michael B. Botthof
Title: Vice President

By: _____
Name:
Title:

Acknowledged by:

Guarantors:
[ADD GUARANTORS]

By: _____
Name:
Title:

Name of Lender:

By: _____
Name:
Title:

OAK HILL CREDIT PARTNERS I, LIMITED

By: Oak Hill CLO Management I, LLC
As Investment Manager

By: /s/ Scott D. Krase
Name: Scott D. Krase
Title: Authorized Person

Name of Lender:

By: _____
Name:
Title:

OAK HILL CREDIT PARTNERS II, LIMITED

By: Oak Hill CLO Management II, LLC
As Investment Manager

By: /s/ Scott D. Krase
Name: Scott D. Krase
Title: Authorized Person

Name of Lender:

By: _____
Name:
Title:

OAK HILL CREDIT PARTNERS III, LIMITED

By: Oak Hill CLO Management III, LLC
As Investment Manager

By: /s/ Scott D. Krase
Name: Scott D. Krase
Title: Authorized Person

Name of Lender: OLYMPIC CLO I LTD

By: /s/ [ILLEGIBLE]
Name:
Title:

Name of Lender: OXFORD STRATEGIC INCOME FUND
BY: EATON VANCE MANAGEMENT
AS INVESTMENT ADVISOR

By: /s/ Michael B. Botthof
Name: Michael B. Botthof

Title: Vice President

By: _____
Name:
Title:

Acknowledged by:

Guarantors:
[ADD GUARANTORS]

By: _____
Name:
Title:

Name of Lender: PEOPLES BENEFIT LIFE INSURANCE COMPANY

By: /s/ Mark E. Dunn
Name: Mark E. Dunn
Title: Vice President

Name of Lender: LightPoint CLO 2004-1, Ltd.

By: /s/ Thomas A. Kramer
Name: Thomas A. Kramer
Title: Senior Managing Director &
Chief Executive Officer

PETRUSSE EUROPEAN CLO S.A.
By: INVESCO Senior Secured Management, Inc.
As Collateral Manager

By: /s/ Thomas H.B. Ewald
Name: Thomas H.B. Ewald
Title: Authorized Signatory

Name of Lender: PINEHURST TRADING, INC.

By: /s/ MEREDITH J. KOSLICK
Name: MEREDITH J. KOSLICK
Title: ASSISTANT VICE PRESIDENT

Name of Lender: PPM MONARCH BAY FUNDING LLC

By: /s/ MEREDITH J. KOSLICK
Name: MEREDITH J. KOSLICK
Title: ASSISTANT VICE PRESIDENT

Name of Lender: PPM SHADOW CREEK FUNDING LLC

By: /s/ MEREDITH J. KOSLICK

Name: MEREDITH J. KOSLICK
Title: ASSISTANT VICE PRESIDENT

Name of Lender: PPM SPYGLASS FUNDING TRUST

By: /s/ DIANA M. HIMES
Name: DIANA M. HIMES
Title: AUTHORIZED AGENT

SANKATY ADVISORS, LLC
AS
COLLATERAL MANAGER
FOR
PROSPECT FUNDING I,
LLC AS
Name of Lender: TERM LENDER

By: /s/ JAMES KELLOGG
Name: JAMES KELLOGG
Title: MANAGING DIRECTOR

SANKATY ADVISORS, LLC
AS
COLLATERAL MANAGER
FOR
RACE POINT CLO,
LIMITED AS
Name of Lender: TERM LENDER

By: /s/ JAMES KELLOGG
Name: JAMES KELLOGG
Title: MANAGING DIRECTOR

Sankaty Advisors, LLC
as Collateral
Manager for Race Point
II CLO,
Name of Lender: Limited, as Term Lender

By: /s/ JAMES KELLOGG
Name: JAMES KELLOGG
Title: MANAGING DIRECTOR

SAGAMORE CLO LTD.
By: INVESCO Senior Secured Management, Inc.
As Collateral Manager

By: /s/ Thomas H.B. Ewald
Name: Thomas H.B. Ewald
Title: Authorized Signatory

Name of Lender: SANKATY HIGH YIELD
PARTNERS II, L.P.

By: /s/ James Kellogg
Name: JAMES KELLOGG
Title: MANAGING DIRECTOR

Name of Lender: SANKATY HIGH YIELD PARTNERS III, L.P.

By: /s/ James Kellogg
Name: JAMES KELLOGG
Title: MANAGING DIRECTOR

SARATOGA CLO I, LIMITED
By: INVESCO Senior Secured Management, Inc.
As Asset Manager

By: /s/ Thomas H.B. Ewald
Name: Thomas H.B. Ewald
Title: Authorized Signatory

Name of Lender: SAWGRASS TRADING LLC

By: /s/ Meredith J. Koslick
Name: MEREDITH J. KOSLICK
Title: ASSISTANT VICE PRESIDENT

Name of Lender: **SECURITY INCOME FUND-INCOME OPPORTUNITY SERIES**

By: Four Corners Capital Management LLC,
As Collateral Manager

By: /s/ Beth Digati
Name: BETH DIGATI
Title: Senior Vice President

Name of Lender: SENIOR DEBT PORTFOLIO
By: Boston Management and Research
as Investment Advisor

By: /s/ Michael B. Botthof
Name: Michael B. Botthof
Title: Vice President

By: _____
Name:
Title:

Acknowledged by:

Guarantors:
[ADD GUARANTORS]

By: _____
Name:
Title:

Name of Lender: Sequils-Centurion V, Ltd.
By: American Express Asset Management Group, Inc. as Collateral Manager

By: /s/ Robin C. Stancil
Name: Robin C. Stancil
Title: Supervisor
Fixed Income Support Team

SEQUILS-Glace Bay, Ltd.
By Royal Bank of Canada as Collateral Manager

By: /s/ Lee M. Shaiman
Name: Lee M. Shaiman
Title: Authorized Signatory

SEQUILS-LIBERTY, LTD.
By: INVESCO Senior Secured Management, Inc.
As Collateral Manager

By: /s/ Thomas H.B. Ewald
Name: Thomas H.B. Ewald
Title: Authorized Signatory

Name of Lender: SIERRA CLO I LTD

By: /s/ ILLEGIBLE
Name:
Title:

Name of Lender: STRONG SHORT-TERM HIGH YIELD BOND FUND

By: /s/ Gilbert L. Southwell, III
Name: Gilbert L. Southwell, III
Title: Assistant Secretary

Name of Lender: SEMINOLE FUNDING LLC

By: /s/ Meredith J. Koslick
Name: MEREDITH J. KOSLICK
Title: ASSISTANT VICE PRESIDENT

SunAmerica Life Insurance Company
By: AIG Global Investment Corp.
As Investment Advisor

By: /s/ John G. Lapham, III
Name: John G. Lapham, III
Title: Managing Director

Sun Life Assurance Company of Canada (US)
By Royal Bank of Canada as Sub-Advisor

By: /s/ Lee M. Shaiman
Name: Lee M. Shaiman
Title: Managing Partner

Name of Lender: TCW SELECT LOAN FUND, LIMITED

By: TCW Advisors, Inc. as its
Collateral Manager

By: /s/ G. Steven Kalin
Name: G. STEVEN KALIN
Title: SENIOR VICE PRESIDENT

By: /s/ Jonathan R. Insull
Name: JONATHAN R. INSULL
Title: MANAGING DIRECTOR

Name of Lender: TOLLI & CO.
BY: EATON VANCE
MANAGEMENT
AS INVESTMENT
ADVISOR

By: /s/ Michael B. Botthof
Name: Michael B. Botthof
Title: Vice President

By: _____
Name:
Title:

Acknowledged by:

Guarantors:
[ADD GUARANTORS]

By: _____
Name:
Title:

Name of Lender: Tuscany CDO, Limited
By PPM America, Inc.,
as Collateral Manager

By: /s/ David C. Wagner
Name: David C. Wagner
Title: Managing Director

VAN KAMPEN
SENIOR INCOME TRUST
By: Van Kampen Investment Advisory Corp.

Name of Lender: /s/ Darvin Pierce

By: /s/ Van Kampen
Name: VAN KAMPEN
Title: SENIOR LOAN FUND
By: Van Kampen Investment Advisory Corp.

By: /s/ Darvin Pierce
Name: DARVIN PIERCE
Title: EXECUTIVE DIRECTOR

Acknowledged by:

Guarantors:
[ADD GUARANTORS]

By: _____
Name:
Title:

Name of Lender: VELOCITY CLO, LTD.

By: TCW Advisors, Inc.,
its Collateral Manager

By: /s/ G. Steven Kalin
Name: G. STEVEN KALIN
Title: SENIOR VICE PRESIDENT

By: /s/ Jonathan R. Insull
Name: JONATHAN R. INSULL
Title: MANAGING DIRECTOR

Name of Lender: Venture III CDO, Limited

By: Its investment advisor MJX Asset
Management LLC

/s/ ILLEGIBLE
Name:
Title:

Name of Lender: Venture IV CDO, Limited

By: Its investment advisor MJX Asset
Management LLC

/s/ ILLEGIBLE
Name:
Title:

Name of Lender: Venture CDO 2002, Limited

By: Its investment advisor MJX Asset Management LLC

/s/ ILLEGIBLE
Name:
Title:

Name of Lender: Wells Fargo Bank, N.A.

By: /s/ Geoffrey P. Nolan
Name: Geoffrey P. Nolan
Title: Vice President

Name of Lender: Wells Fargo Bank, N.A.

By: /s/ Geoffrey P. Nolan
Name: Geoffrey P. Nolan
Title: Vice President

By:
Name:
Title:

Acknowledged by:

Guarantors:
[ADD GUARANTORS]

By:
Name:
Title:

Name of Lender: WINGED FOOT FUNDING TRUST

By: /s/ Diana M. Himes
Name: DIANA M. HIMES
Title: AUTHORIZED AGENT

APEX (IDM) CDO I, LTD.
BABSON CLO LTD 2003-I
BABSON CLO LTD 2004-I
ELC (CAYMAN) LTD. 1999-II
ELC (CAYMAN) LTD. 1999-III
ELC (CAYMAN) LTD. 2001-I
SEABOARD CLO 2000 LTD.
SUFFIELD CLO, LIMITED
TRYON CLO LTD. 2001-I
By: Babson Capital Management LLC
as Collateral Manager

By: /s/ John W. Stelwagon
Name: JOHN W. STELWAGON
Title: Managing Director

C.M. LIFE INSURANCE COMPANY
By: Babson Capital Management LLC as
Investment Sub-Adviser

By: /s/ John W. Stelwagon
Name: JOHN W. STELWAGON
Title: Managing Director

MAPLEWOOD (CAYMAN) LIMITED
By: Babson Capital Management LLC under
delegated authority from Massachusetts Mutual
Life Insurance Company as Investment Manager

By: /s/ John W. Stelwagon
Name: JOHN W. STELWAGON
Title: Managing Director

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY
By: Babson Capital Management LLC as
Investment Adviser

By: /s/ John W. Stelwagon
Name: JOHN W. STELWAGON
Title: Managing Director

SIMSBURY CLO, LIMITED
SOMERS CDO, LIMITED
By: Babson Capital Management LLC under
delegated authority from Massachusetts Mutual
Life Insurance Company as Collateral Manager

By: /s/ John W. Stelwagon
Name: JOHN W. STELWAGON
Title: Managing Director

BILL & MELINDA GATES FOUNDATION
By: Babson Capital Management LLC as
Investment Adviser

By: /s/ John W. Stelwagon
Name: JOHN W. STELWAGON
Title: Managing Director

Acknowledged by:

Guarantors:

A.P. SCHMIDT CO.
ATLANTIC/143 L.L.C.
ATLANTIC/MR VENTURES INC.
ATLANTIC MR II INC.
ATLANTIC RECORDING CORPORATION
BERNA MUSIC, INC.
BIG BEAT RECORDS INC.
BIG TREE RECORDING CORPORATION
BUTE SOUND LLC
CAFE AMERICANA INC.
CHAPPELL & INTERSONG MUSIC GROUP
(AUSTRALIA) LIMITED
CHAPPELL AND INTERSONG MUSIC GROUP
(GERMANY) INC.
CHAPPELL MUSIC COMPANY, INC.
COTA MUSIC, INC.
COTILLION MUSIC, INC.
CPP/BELWIN, INC.
CRK MUSIC INC.
E/A MUSIC, INC.
ELEKSYLUM MUSIC, INC.

ELEKTRA/CHAMELEON VENTURES INC.
ELEKTRA ENTERTAINMENT GROUP INC.
ELEKTRA GROUP VENTURES INC.
FHK, INC.
FIDDLEBACK MUSIC PUBLISHING COMPANY, INC.
FOSTER FREES MUSIC, INC.
FOZ MAN MUSIC LLC
INSIDE JOB, INC.
INTERSONG U.S.A., INC.
JADAR MUSIC CORP.
LAVA TRADEMARK HOLDING COMPANY LLC
LEM AMERICA, INC.
LONDON-SIRE RECORDS INC.
MCGUFFIN MUSIC INC.
MIXED BAG MUSIC, INC.
NC HUNGARY HOLDINGS INC.
NEW CHAPPELL INC.
NONESUCH RECORDS INC.
NVC INTERNATIONAL INC.
OCTA MUSIC, INC.
PENALTY RECORDS, L.L.C.
PEPAMAR MUSIC CORP.
REVELATION MUSIC PUBLISHING CORPORATION

RHINO ENTERTAINMENT COMPANY
RICK'S MUSIC INC.
RIGHTSONG MUSIC INC.
RODRA MUSIC, INC.
SEA CHIME MUSIC, INC.
SR/MDM VENTURE INC.
SUMMY-BIRCHARD, INC.
SUPER HYPE PUBLISHING, INC.
T-BOY MUSIC, L.L.C.
T-GIRL MUSIC, L.L.C.
THE RHYTHM METHOD INC.
TOMMY BOY MUSIC, INC.
TOMMY VALANDO PUBLISHING GROUP, INC.
TRI-CHAPPELL MUSIC INC.
TW MUSIC HOLDINGS INC.
UNICHAPPELL MUSIC INC.
W.B.M. MUSIC CORP.
WALDEN MUSIC INC.
WARNER ALLIANCE MUSIC INC.
WARNER BRETHREN INC.
WARNER BROS. MUSIC INTERNATIONAL INC.
WARNER BROS. PUBLICATIONS U.S. INC.
WARNER BROS. RECORDS INC.
WARNER/CHAPPELL MUSIC, INC.
WARNER/CHAPPELL MUSIC (SERVICES), INC.
WARNER CUSTOM MUSIC CORP.
WARNER DOMAIN MUSIC INC.
WARNER-ELEKTRA-ATLANTIC CORPORATION
WARNER MUSIC BLUESKY HOLDING INC.
WARNER MUSIC DISCOVERY INC.
WARNER MUSIC DISTRIBUTION INC.
WARNER MUSIC GROUP INC.
WARNER MUSIC LATINA INC.
WARNER SOJOURNER MUSIC INC.
WARNERSONGS, INC.
WARNER MUSIC SP INC.
WARNER SPECIAL PRODUCTS INC.
WARNER STRATEGIC MARKETING INC.
WARNER-TAMERLANE PUBLISHING CORP.
WARPRISE MUSIC INC.
WB GOLD MUSIC INC.
WB MUSIC CORP.
WBM/HOUSE OF GOLD MUSIC, INC.
WBPI HOLDINGS LLC
WBR MANAGEMENT SERVICES INC.
WBR/QRI VENTURE, INC.

WBR/RUFFNATION VENTURES, INC.
WBR/SIRE VENTURES INC.
WE ARE MUSICA, INC.
WEA EUROPE INC.
WEA INC.
WEA INTERNATIONAL INC.
WEA LATINA MUSICA INC.
WEA MANAGEMENT SERVICES INC.
WIDE MUSIC, INC.
WMG MANAGEMENT SERVICES INC.
WMG TRADEMARK HOLDING COMPANY LLC

By: /s/ Paul Robinson
Name: Paul Robinson
Title: VP

WEA ROCK LLC

By: Warner-Elektra-Atlantic Corp., its sole member

By: /s/ Paul Robinson
Name: Paul Robinson
Title: VP

WEA URBAN LLC

By: Warner-Elektra-Atlantic Corp., its sole member

By: /s/ Paul Robinson
Name: Paul Robinson
Title: VP

AMENDMENT NO. 2 TO CREDIT AGREEMENT

AMENDMENT dated as of December 6, 2004 to the Amended and Restated Credit Agreement dated as of April 8, 2004 (as amended from time to time, the "**Credit Agreement**") among WMG ACQUISITION CORP. (the "**Company**"), the Overseas Borrowers party thereto, WMG HOLDINGS CORP. ("**Holdings**"), the LENDERS party thereto (the "**Lenders**"), BANC OF AMERICA SECURITIES LLC and DEUTSCHE BANK SECURITIES INC., as Joint Lead Arrangers and Joint Book Managers, LEHMAN BROTHERS INC. and MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED, as Co-Arrangers and Joint Book Managers, DEUTSCHE BANK SECURITIES INC. and LEHMAN COMMERCIAL PAPER INC., as Co-Syndication Agents, MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED, as Documentation Agent, and BANK OF AMERICA, N.A., as Administrative Agent (the "**Administrative Agent**"), Swing Line Lender and L/C Issuer.

W I T N E S S E T H:

WHEREAS, Holdings wishes to incur certain indebtedness and make certain changes to the terms of the Credit Agreement; and

WHEREAS, the Lenders are willing to permit Holdings to do so, subject to the terms and conditions set forth herein;

NOW, THEREFORE, the parties hereto agree as follows:

SECTION 1. *Defined Terms; References.* Unless otherwise specifically defined herein, each term used herein that is defined in the Credit Agreement has the meaning assigned to such term in the Credit Agreement. Each reference to "hereof", "hereunder", "herein" and "hereby" and each other similar reference and each reference to "this Agreement" and each other similar reference contained in the Credit Agreement shall, after the Amendment Effective Date (as defined in Section 7 below), refer to the Credit Agreement as amended hereby.

SECTION 2. *Additional Permitted Holdco Debt.* Section 7.03(c)(iii) of the Credit Agreement is amended to read in its entirety as follows:

(i) unsecured Indebtedness of Holdings ("**Permitted Holdco Debt**") that (A) is not subject to any Guarantee by the Company or any Restricted Subsidiary, (B) will not mature prior to the date that is ninety-one (91) days after the Maturity Date of the Term Loans, (C) has no scheduled amortization or payments of principal, (D) does not permit any payments in cash of interest or other amounts in respect of the principal thereof in excess of $35,000,000 in any Fiscal Year for at least five (5) years from

the date of the issuance or incurrence thereof, (E) has mandatory prepayment, repurchase or redemption, covenant, default and remedy provisions customary for senior discount notes of an issuer that is the parent of a borrower under senior secured credit facilities, and in any event, with respect to covenant, default and remedy provisions, no more restrictive than those set forth in the Senior Subordinated Notes Indenture taken as a whole (other than provisions customary for senior discount notes of a holding company), and (F) contains provisions with respect to paid-in-kind interest which are reasonably satisfactory to the Administrative Agent; *provided* that any such Indebtedness shall constitute Permitted Holdco Debt only if (i) both before and after giving effect to the issuance or incurrence thereof, no Event of Default shall have occurred and be continuing, (ii) after giving Pro Forma Effect to the issuance or incurrence thereof, the Holdings Consolidated Leverage Ratio shall be less than 5.75:1, and (iii) if the amount of such Indebtedness issued or incurred in any fiscal quarter exceeds $50,000,000, the Chief Financial Officer of Holdings or the Borrower shall have delivered an officer's certificate demonstrating *Pro Forma Compliance* with the covenants set forth in Section 7.11 in form and substance reasonably satisfactory to the Administrative Agent, it being understood that any capitalized or paid-in-kind interest or accreted principal on such Indebtedness shall not constitute an issuance or incurrence of Indebtedness for purposes of this proviso;

SECTION 3. *Change to the Calculation of EBITDA For Purposes of Incurring Permitted Holdco Debt.* The definition of "Consolidated EBITDA" contained in Section 1.01 of the Credit Agreement is amended by adding the following proviso at the end thereof: "; and *provided further* that, solely for purposes of calculating the Holdings Consolidated Leverage Ratio under Section 7.03(c)(iii) on a Pro Forma Basis "Consolidated EBITDA" for the relevant period may include operating expense reductions for such period with respect to the Acquisition or with respect to any Investment, acquisition, Disposition, merger or consolidation permitted hereunder (each a "**Permitted Transaction**") that has been consummated during such period, in each case that have been realized or (A) for which the steps necessary for realization have been taken or (B) with respect to any Permitted Transaction, for which steps necessary for realization are reasonably expected to be taken within the six month period following the consummation of such Permitted Transaction, so long as such adjustments are set forth in a certificate signed by the Chief Financial Officer of the Company and another Responsible Officer of the Company which states (i) the amount of such adjustments, and (ii) that such adjustment or adjustments are based on the reasonable good faith beliefs of the officers executing such certificate at the time of execution."

SECTION 4. *Representations.* Each of Holdings and the Company represents and warrants that (i) the representations and warranties of Holdings, the Company and each other Loan Party contained in Article 5 of the Credit Agreement or any other Loan Document shall be true and correct in all material respects on and as of the Amendment Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects as of such earlier date, and (ii) no Default will have occurred and be continuing on such date.

SECTION 5. *Governing Law*. This Amendment shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 6. *Counterparts*. This Amendment may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. Delivery by telecopier of an executed counterpart of a signature page to this Amendment shall be effective as delivery of an original executed counterpart of this Amendment.

SECTION 7. *Effectiveness*. This Amendment shall become effective on the date (the "**Amendment Effective Date**") when the Administrative Agent shall have (a) received from each of Holdings, the Borrower and the Required Lenders a counterpart hereof signed by such party or facsimile or other written confirmation (in form satisfactory to the Administrative Agent) that such party has signed a counterpart hereof and (b) received an amendment fee for the account of each Lender from which the Administrative Agent has received an executed counterpart of this Amendment or other written confirmation, as required by subsection (a) above, on or prior to 12:00 noon New York City time on December 6, 2004, in an amount equal to 0.10% of the sum of the Total Outstandings, unused Term Commitments and unused Revolving Credit Commitments, in each case held by such Lender.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date fast above written.

WMG ACQUISITION CORP.

By: /s/ Paul Robinson
Name: Paul Robinson
Title: SVP & Deputy General Counsel

WMG HOLDINGS CORP.

By: /s/ Paul Robinson
Name: Paul Robinson
Title: SVP & Deputy General Counsel

BANK OF AMERICA, N.A., as
Administrative Agent

By: /s/ Liliana Claar
Name: LILIANA CLAAR
Title: Vice President

BANK OF AMERICA, N.A., as a Lender

By: /s/ Gabriela Millhorn
Name: Gabriela Millhorn
Title: Principal

Name of Lender: 1888 FUND, LTD.

By: /s/ Kaitlin Trinh
Name: KAITLIN TRINH
Title: VICE PRESIDENT

Name of Lender: ACM Income Fund

By: /s/ Robert Bayer
Name: Robert Bayer
Title: VICE PRESIDENT

Addison CDO, Limited
By: Pacific Investment Management Company LLC,

as its Investment Advisor

By: /s/ Mohan V. Phanaalkar
Mohan V. Phanaalkar
Managing Director

AIM FLOATING RATE FUND
By: INVESCO Senior Secured Management, Inc.
As Sub-Adviser

By: /s/ Gregory Stoeckle
Name: Gregory Stoeckle
Title: Authorized Signatory

Name of Lender: Global Strategic Income

By: /s/ Robert Bayer
Name: Robert Bayer
Title: Vice President

APEX (IDM) CDO I, LTD.
BABSON CLO LTD. 2003-I
BABSON CLO LTD. 2004-I
ELC (CAYMAN) LTD. 1999-II
ELC (CAYMAN) LTD. 1999-III
ELC (CAYMAN) LTD. 2000-I
SEABOARD CLO 2000 LTD.
SUFFIELD CLO, LIMITED
TRYON CLO LTD. 2000-I
By: Babson Capital Management LLC as
Collateral Manager

By: /s/ David P. Wells
Name: David P. Wells, CFA
Title: Managing Director

C.M. LIFE INSURANCE COMPANY
By: Babson Capital Management LLC as
Investment Sub-Adviser

By: /s/ David P. Wells
Name: David P. Wells, CFA
Title: Managing Director

MAPLEWOOD (CAYMAN) LIMITED
By: Babson Capital Management LLC as
Investment Manager

By: /s/ David P. Wells
Name: David P. Wells, CFA
Title: Managing Director

MASSACHUSETTS MUTUAL LIFE
INSURANCE COMPANY
By: Babson Capital Management LLC as
Investment Adviser

By: /s/ David P. Wells
Name: David P. Wells, CFA

Title: Managing Director

Name of Lender: American Express Certificate Company
By: American Express Asset Management Group as Collateral Manager

By: /s/ Yvonne Stevens
Name: Yvonne Stevens
Title: Senior Managing Director

AMMC CDO I, LIMITED
By: American Money Management Corp., as Collateral Manager

By: /s/ Chester M. Eng
Name: Chester M. Eng
Title: Senior Vice President

AMMC CDO II, LIMITED
By: American Money Management Corp., as Collateral Manager

By: /s/ Chester M. Eng
Name: Chester M. Eng
Title: Senior Vice President

AMMC CDO III, LIMITED
By: American Money Management Corp., as Collateral Manager

By: /s/ Chester M. Eng
Name: Chester M. Eng
Title: Senior Vice President

Name of Lender: APEX (Trimaran) CDO I, LTD. By Trimaran Advisors, L.L.C.

By: /s/ David M. Millison
Name: David M. Millison
Title: Managing Director

ARCHIMEDES FUNDING III, LTD.

BY: ING Capital Advisors LLC, as Collateral Manager

By: /s/ Steven Gorski
Name: **STEVEN GORSKI**
Title: **DIRECTOR**

ARCHIMEDES FUNDING IV (CAYMAN), LTD.

BY: ING Capital Advisors LLC,
as Collateral Manager

By: /s/ Steven Gorski
Name: **STEVEN GORSKI**
Title: **DIRECTOR**

ARES Leveraged Investment Fund II, L.P.

By: ARES Management II, L.P.
Its: General Partner

By: /s/ Seth J. Brufsky
Name: SETH J. BRUFSKY
Title: VICE PRESIDENT

ARES III CLO Ltd.

By: ARES CLO Management LLC

By: /s/ Seth J. Brufsky
Name: SETH J. BRUFSKY
Title: VICE PRESIDENT

Ares IV CLO Ltd.

By Ares CLO Management IV, L.P.,
Investment Manager

By Ares CLO GP IV, LLC,
Its Managing Member

By: /s/ Seth J. Brufsky
Name: SETH J. BRUFSKY
Title: VICE PRESIDENT

ARES V CLO Ltd

By: ARES CLO Management V, L.P.,
Investment Manager

By: ARES CLO GP V, LLC,
Its Managing Member

By: /s/ Seth J. Brufsky
Name: SETH J. BRUFSKY
Title: VICE PRESIDENT

Ares VI CLO Ltd.

By: Ares CLO Management VI, L.P.
Investment Manager

By: Ares CLO GP VI, LLC
Its Managing Member

By: /s/ Seth J. Brufsky
Name: SETH J. BRUFSKY
Title: VICE PRESIDENT

Ares VII CLO Ltd.

By: Ares CLO Management VII, L.P.,
Investment Manager

By: Ares CLO GP VII, LLC,
Its General Partner

By: /s/ Seth J. Brufsky
Name: SETH J. BRUFSKY
Title: VICE PRESIDENT

Ares VIII CLO Ltd.

By: Ares CLO Management VIII, L.P.,
Investment Manager

By Ares CLO GP VIII, LLC,
Its General Partner

By: /s/ Seth J. Brufsky
Name: SETH J. BRUFSKY
Title: VICE PRESIDENT

Ares Total Value Fund, L.P.

By: Area Total Value Management LLC
Its: General Partner

By: /s/ Seth J. Brufsky
Name: SETH J. BRUFSKY
Title: VICE PRESIDENT

Name of Lender: Atrium CDO

By: /s/ Thomas Flannery

Name: **THOMAS FLANNERY**
Title: **AUTHORIZED SIGNATORY**

Name of Lender: **Atrium II**

By: /s/ Thomas Flannery
Name: **THOMAS FLANNERY**
Title: **AUTHORIZED SIGNATORY**

Name of Lender: ATV Loan Funding LLC

By: /s/ David Gorder
Name: DAVID GORDER
Title: ATTORNEY-IN-FACT

AVALON CAPITAL LTD.
By: INVESCO Senior Secured Management, Inc.
As Portfolio Advisor

By: /s/ Gregory Stoeckle
Name: Gregory Stoeckle
Title: Authorized Signatory

AVALON CAPITAL LTD. 2
By: INVESCO Senior Secured Management, Inc.
As Portfolio Advisor

By: /s/ Gregory Stoeckle
Name: Gregory Stoeckle
Title: Authorized Signatory

Name of Lender:
Sankaty Advisors, LLC as Collateral Manager
for Avery Point CLO, Limited, as Term Lender

By: /s/ Timothy Barns
Name: Timothy Barns
Title: Senior Vice President

Ballyrock CLO II Limited, By: Ballyrock
Investment Advisors LLC, as Collateral
Manager

By: /s/ Lisa Rymut
Name: Lisa Rymut
Title: Assistant Treasurer

BIRCHWOOD FUNDING LLC

By: /s/ Meredith Koslick
Name: Meredith Koslick
Title: Assistant Vice President

Name of Lender: **BlackRock Limited Duration Income Trust**
BlackRock Global Floating Rate Income Trust
BlackRock Senior Income Series
Magnetite Asset Investors LLC
Magnetite Asset Investors III LLC
Magnetite IV CLO, Limited
Magnetite V CLO, Limited
Senior Loan Portfolio

By: /s/ Tom Colwell
Name: Tom Colwell
Title: Authorized Signatory

By:
Name: Tom Colwell
Title: Authorized Signatory

Acknowledged by:

Guarantors:
[ADD GUARANTORS]

By:
Name: Tom Colwell
Title: Authorized Signatory

Name of Lender:
BLUE SQUARE FUNDING LIMITED
SERIES 3

By: /s/ Joseph Cusmai
Name: Joseph Cusmai
Title: Vice President

BOSTON HARBOR CLO 2004-1, Ltd.

/s/ Beth Mazor
By: Beth Mazor
Title: V.P.

Braymoor & Co.
By: Bear Stearns Asset Management, Inc.,
as its attorney-in-fact

By: /s/ Jonathan Berg
Name: Jonathan Berg
Title: Vice President

BRYN MAWR CLO, Ltd.
By: Deerfield Capital Management LLC as its
Collateral Manager

By: /s/ Scott Morrison

Name: Scott Morrison
Title: Vice President

Name of Lender:

C-SQUARED CDO LTD.

By: TCW Advisors, Inc., as its Portfolio Manager

By: /s/ Jonathan R. Insull

Name: Jonathan R. Insull

Title: Managing Director

/s/ G. Steven Kalin

G. Steven Kalin

Senior Vice President

Name of Lender:

By: Callidus Debt Partners CLO Fund, II Ltd.
By: Its Collateral Manager, Callidus Capital Management, LLC

By: /s/ Mavis Taintor
Name: Mavis Taintor
Title: Senior Managing Director

Name of Lender:

By: Callidus Debt Partners CLO Fund, III Ltd.
By: Its Collateral Manager, Callidus Capital Management, LLC

By: /s/ Mavis Taintor
Name: Mavis Taintor
Title: Senior Managing Director

Name of Lender:

Canadian Imperial Bank of Commerce

By: /s/ John F. Burke
Name: John F. Burke
Title: Authorized Signatory

Canyon Capital Advisors, LLC
9665 Wilshire Blvd., #200
Beverly Hills, CA 90212

PROPORTIONATE VOTING PROVISION

The undersigned, **Canyon Capital CLO 2004-1 LTD.** ("Canyon"), is a Lender to **WMG Acquisition Corp.**, dated as of **April 8, 2004** (the "Credit Agreement"). Canyon's approval of a **Amendment No. 2** has been requested pursuant to the terms of the Credit Agreement.

Canyon hereby votes its percentage interest as a Lender in favor of and/or against the approval of the **Amendment No. 2** in direct proportion to the votes of those other Lenders under the Credit Agreement that have voted for or against the approval of the **Amendment No. 2** (without counting failure to vote or abstentions.)

Canyon Capital CLO 2004-1 LTD.

By: Canyon Capital Advisors LLC
a Delaware limited liability company,
its Collateral Manager

By: /s/ R. Christian B. Evensen
R. Christian B. Evensen Date
Managing Director

Catalina CDO Ltd.
By: Pacific Investment Management Company LLC,
as its Investment Advisor

By: /s/ Mohan V. Phansalkar
Mohan V. Phansalkar
Managing Director

Name of Lender:

CELEBRITY CLO LIMITED
By: TCW Advisors, Inc.,
As Agent

By: /s/ G. Steven Kalin

Name: G. STEVEN KALIN
Title: SENIOR VICE PRESIDENT

By: /s/ Jonathan R. Insull

Name: JONATHAN R. INSULL
Title: MANAGING DIRECTOR

Name of Lender: Centurion CDO II, Ltd.
By: American Express Asset
Management Group, Inc. as
Collateral Manager

By: /s/ Vincent P. Pham
Name: Vincent P. Pham
Title: Director-Operations

Name of Lender: Centurion CDO VI, Ltd.
By: American Express Asset
Management Group as
Collateral Manager

By: /s/ Vincent P. Pham
Name: Vincent P. Pham
Title: Director-Operations

Name of Lender: Centurion CDO VII, Ltd.
By: American Express Asset Management Group, Inc. as Collateral Manager

By: /s/ Vincent P. Pham
Name: Vincent P. Pham
Title: Director-Operations

CHAMPLAIN CLO, LTD.
By: INVESCO Senior Secured Management, Inc.
As Collateral Manager

By: /s/ Gregory Stoeckle
Name: Gregory Stoeckle
Title: Authorized Signatory

CHARTER VIEW PORTFOLIO
By: INVESCO Senior Secured Management, Inc.
As Investment Advisor

By: /s/ Gregory Stoeckle
Name: Gregory Stoeckle
Title: Authorized Signatory

Name of Lender:

CIT LENDING SERVICES CORPORATION

By: /s/ John P. Sirico, II
Name: John P. Sirico, II
Title: Vice President

Name of Lender: CITICORP INSURANCE
AND INVESTMENT TRUST

By: Travelers Asset Management International
Company LLC

By: /s/ William M. Gardner
Name: WILLIAM M. GARDNER
Title: Investment Officer

Name of Lender: Citigroup Investments
Corporate Loan Fund Inc.
By: Travelers Asset Management International
Company LLC

By: /s/ Ronald Carter
Name: Ronald Carter
Title: VP

Clarenville CDO, SA
By: Pacific Investment Management Company LLC,
as its Investment Advisor

By: **/s/ Mohan V. Phansalkar**
Mohan V. Phansalkar
Managing Director

Name of Lender: Clydesdale CLO 2001-1, LTD

NOMURA CORPORATE RESEARCH
AND ASSET MANAGEMENT INC.
AS
COLLATERAL MANAGER

By: /s/ Elizabeth MacLean
Name: Elizabeth MacLean
Title: Director

Name of Lender: Clydesdale CLO 2003 LTD

NOMURA CORPORATE RESEARCH
AND ASSET MANAGEMENT INC.
AS
COLLATERAL MANAGER

By: /s/ Elizabeth MacLean
Name: Elizabeth MacLean
Title: Director

Name of Lender: Columbus Loan Funding Ltd.
By: Travelers Asset Management International
Company LLC

By: /s/ Ronald Carter
Name: Ronald Carter
Title: VP

Name of Lender: CONTINENTAL ASSURANCE COMPANY
on behalf of its Separate Account (E)

By: /s/ Marilou R. McGirr
Name: Marilou R. McGirr
Title: Vice President and Assistant Treasurer

Approved by
Law Dept.
By: MPC
Date: 11-30-04

Name of Lender: CONTINENTAL ASSURANCE COMPANY

By: /s/ Marilou R. McGirr
Name: Marilou R. McGirr
Title: Vice President and Assistant Treasurer

Approved by

Law Dept.
By: MPC
Date: 11-30-04

Name of Lender: CSAM Funding I

By: /s/ Thomas Flannery
Name: THOMAS FLANNERY
Title: AUTHORIZED SIGNATORY

Name of Lender: CSAM Funding II

By: /s/ Thomas Flannery
Name: THOMAS FLANNERY
Title: AUTHORIZED SIGNATORY

Name of Lender: CSAM Funding III

By: /s/ Thomas Flannery
Name: THOMAS FLANNERY
Title: AUTHORIZED SIGNATORY

Name of Lender: CSAM Funding IV

By: /s/ Thomas Flannery
Name: THOMAS FLANNERY
Title: AUTHORIZED SIGNATORY

Name of Lender:
INVESTORS BANK & TRUST COMPANY AS SUB-CUSTODIAN AGENT OF CYPRESSTREE INTERNATIONAL LOAN HOLDING COMPANY LIMITED

By: /s/ Jeffrey Megar
Name: Jeffrey Megar, CFA
Title: Managing Director

By: /s/ Martha Hadeler
Name: Martha Hadeler
Title: Managing Director

Acknowledged by:

Guarantors:
[ADD GUARANTORS]

By: _____
Name:
Title:

Name of Lender: Deutsche Bank, New York Branch

By: /s/ Susan LeFevre
Name: Susan LeFevre
Title: Director

By: /s/ Gregory Shefrin
Name: Gregory Shefrin
Title: Director

Acknowledged by:

Guarantors:
[ADD GUARANTORS]

By: _____
Name:
Title:

DIAMOND SPRINGS TRADING LLC

By: /s/ Meredith J. Koslick
Name: Meredith J. Koslick
Title: Assistant Vice President

DIVERSIFIED CREDIT PORTFOLIO LTD.
By: INVESCO Senior Secured Management, Inc.
as Investment Adviser

By: /s/ Gregory Stoeckle
Name: Gregory Stoeckle
Title: Authorized Signatory

Name of Lender: [ILLEGIBLE] Leveraged Loan CDO 2002-II

By: Prudential Investment Management, Inc.
as Collateral Manager
Name: /s/ [ILLEGIBLE]
Title: Vice President

Name of Lender: Dryden IV - Leveraged Loan CDO 2003

By: Prudential Investment Management, Inc.,
as Collateral Manager
Name: /s/ Steph Johnson
Title: VICE PRESIDENT

Name of Lender: Dryden III - Leveraged Loan CDO 2002

By: Prudential Investment Management, Inc.,
as Collateral Manager

Name: /s/ Steph Johnson
Title: VICE PRESIDENT

Name of Lender: Dryden V - Leveraged Loan CDO 2003

By: Prudential Investment Management, Inc.,
as Collateral Manager

Name: /s/ Steph Johnson
Title: Vice President

Name of Lender: East West Bank

By: /s/ Nancy A. Moore
Name: Nancy A. Moore
Title: Senior Vice President

Name of Lender: ECL FUNDING LLC

By: /s/ Jason Trala
Name: **JASON TRALA**
Title: **Attorney-in-Fact**

Name of Lender: RLF Funding Trust III
By: New York Life Investment Management, LLC, its Investment Manager

By: /s/ Mark A. Campellone
Name: Mark A. Campellone
Title: Director

Name of Lender:
Emerald Orchard Limited

By: /s/ Masood Fikree
Name: Masood Fikree
Title: Attorney-In-Fact

ENDURANCE CLO I, LTD.

c/o: ING Capital Advisors LLC,
as Collateral Manager

BY: /s/ Steven Gorski
Name: **STEVEN GORSKI**
Title: **DIRECTOR**

Name of Lender: Fidelity Advisor Series II:
Fidelity Advisor Floating Rate High Income Fund

By: /s/ Mark Osterheld
Name: Mark Osterheld
Title: Assistant Treasurer

Name of Lender:

FIRST 2004-I CLO, LTD.
By: TCW Advisors, Inc.,
its Collateral Manager

By: /s/ G. Steven Kalin
Name: **G. STEVEN KALIN**
Title **SENIOR VICE PRESIDENT**

By: /s/ Jonathan R. Insull
Name: **JONATHAN R. INSULL**
Title **MANAGING DIRECTOR**

Name of Lender:

FIRST 2004-II CLO, LTD.
By: TCW Advisors, Inc.,
its Collateral Manager

By: /s/ G. Steven Kalin
Name: **G. STEVEN KALIN**
Title **SENIOR VICE PRESIDENT**

By: /s/ Jonathan R. Insull
Name: **JONATHAN R. INSULL**
Title **MANAGING DIRECTOR**

Name of Lender: First Dominion Funding II

By: /s/ Thomas Flannery
Name: **THOMAS FLANNERY**
Title: **AUTHORIZED SIGNATORY**

Name of Lender: First Dominion Funding III

By: /s/ Thomas Flannery
Name: **THOMAS FLANNERY**
Title: **AUTHORIZED SIGNATORY**

Name of Lender:

FIRST TRUST/FOUR CORNERS

SENIOR FLOATING RATE INCOME
FUND
By: Four Corners Capital Management
LLC, as Collateral Manager

By: /s/ Steven Columbaro
Name: STEVEN COLUMBARO
Title: Vice President

Name of Lender:

FIRST TRUST/FOUR CORNERS
SENIOR FLOATING RATE INCOME
FUND II
By: Four Corners Capital Management
LLC, as Collateral Manager

By: /s/ Steven Columbaro
Name: STEVEN COLUMBARO
Title: Vice President

Name of Lender:
Flagship CLO 2001-1
By: Flagship Capital Management, Inc.

By: /s/ Eric S. Meyer
Name: Eric S. Meyer
Title: Director

Name of Lender:
Flagship CLO II
By: Flagship Capital Management, Inc.

By: /s/ Eric S. Meyer
Name: Eric S. Meyer
Title: Director

Name of Lender:
Flagship CLO III
By: Flagship Capital Management, Inc.

By: /s/ Eric S. Meyer
Name: Eric S. Meyer
Title: Director

FOREST CREEK CLO, Ltd.
By: Deerfield Capital Management LLC as its
Collateral Manager

By: /s/ Scott Morrison
Name: Scott Morrison
Title: Vice President

Name of Lender: FORTE CDO (CAYMAN) LTD.
BY STRONG CAPITAL MANAGEMENT, INC.

By: /s/ Gilbert L. Southwell, III
Name: Gilbert L. Southwell, III
Title: Assistant Secretary

Name of Lender: FORTE II CDO (CAYMAN) LTD.
BY STRONG CAPITAL MANAGEMENT, INC.

By: /s/ Gilbert L. Southwell, III
Name: Gilbert L. Southwell, III
Title: Assistant Secretary

FOXE BASIN CLO 2003, LTD.
By Royal Bank of Canada as Collateral Manager

By: /s/ Melissa Marano
Name: Melissa Marano
Title: Authorized Signatory

Name of Lender: **Franklin CLO I, Limited**

By: /s/ [ILLEGIBLE]
Name:
Title:

Name of Lender: **Franklin CLO II, Limited**

By: /s/ [ILLEGIBLE]
Name:
Title:

Name of Lender: **Franklin CLO III, Limited**

By: /s/ [ILLEGIBLE]
Name:
Title:

Name of Lender: **Franklin CLO IV, Limited**

By: /s/ [ILLEGIBLE]
Name:
Title:

Name of Lender: **FRANKLIN FLOATING RATE DAILY ACCESS FUND**

By: /s/ [ILLEGIBLE]
Name:
Title:

Name of Lender: **Franklin Floating Rate Master Series**

By: /s/ Maderil
Name:
Title:

Name of Lender: **Franklin Floating Rate Trust**

By: /s/ Maderil
Name:
Title:

Name of Lender: **FRANKLIN TEMPLETON LIM. DURATION INCOME TRUST**

By: /s/ Maderil
Name:
Title:

Name of Lender: **Foothill Income Trust, L.P. by FIT GP, LLC, Its Core Partner**

By: /s/ M.E. Stearns
Name: M.E. Stearns
Title: Managing Member

Name of Lender: **Foothill Income Trust II, L. by FIT II GP, LLC, Its Core Partner**

By: /s/ M.E. Stearns
Name: M.E. Stearns
Title: Managing Member

Name of Lender: Galaxy III CLO, Ltd
By: AIG Global Investment Corp.,
Its Investment Adviser

By: /s/ John G. Lapham, III
Name: **John G. Lapham, III**
Title: **Managing Director**

Name of Lender: Galaxy CLO 2003-I, Ltd
By: AIG Global Investment Corp.,
Its Investment Adviser

By: /s/ John G. Lapham, III
Name: **John G. Lapham, III**
Title: **Managing Director**

Gallatin Funding I Ltd.
By: Bear Stearns Asset Management Inc.
as its Collateral Manager

By: /s/ Jonathan Berg
Name: Jonathan Berg
Title: Vice President

STATE STREET BANK AND TRUST COMPANY AS TRUSTEE FOR

GENERAL MOTORS WELFARE BENEFIT TRUST

By: /s/ Andrew Blad
Name: Andrew Blad
Title: Vice President

STATE STREET BANK AND TRUST COMPANY AS TRUSTEE FOR

GMAM GROUP PENSION TRUST I

By: /s/ Andrew Blad
Name: Andrew Blad
Title: Vice President

GLENEAGLES TRADING LLC

By: /s/ Meredith J. Koslick
Name: Meredith J. Koslick
Title: Assistant Vice President

Grayston CLO 2001-01 Ltd.
By: Bear Stearns Asset Management Inc.
as its Collateral Manager

By: /s/ Jonathan Berg
Name: Jonathan Berg
Title: Vice President

Grayston CLO II 2004-1 Ltd.
By: Bear Stearns Asset Management Inc.
as its Collateral Manager

By: /s/ Jonathan Berg
Name: Jonathan Berg
Title: Vice President

Name of Lender: GREEN LANE CLO LTD.

By: /s/ Kaitlin Trinh
Name: KAITLIN TRINH
Title: VICE PRESIDENT

GULF STREAM-COMPASS CLO 2002-1 LTD
By: Gulf Stream Asset Management LLC
Name of Lender: As Collateral Manager

By: /s/ Barry Love
Name: Barry Love
Title: Chief Credit Officer

GULF STREAM-COMPASS CLO 2004-1 LTD
By: Gulf Stream Asset Management LLC
Name of Lender: As Collateral Manager

By: /s/ Barry Love
Name: Barry Love
Title: Chief Credit Officer

Hamilton CDO, Ltd.
By: Stanfield Capital
Partners LLC
Name of Lender: As its Collateral Manager

By: /s/ Christopher E. Jansen
Name: Christopher E. Jansen
Title: Managing Partner

Name of Lender: Hamilton Floating Rate, LLC

By: /s/ Dean Stephan
Name: DEAN STEPHAN
Title: MANAGING DIRECTOR

Hanover Square CLO Ltd.
By: Blackstone Debt Advisors L.P.
Name of Lender: As Collateral Manager

By: /s/ Dean Criares

Name: Dean Criares
Title: Managing Director

HARBOUR TOWN FUNDING LLC

By: /s/ Meredith J. Koslick
Name: Meredith J. Koslick
Title: Assistant Vice President

Name of Lender: HIGHLAND LEGACY LIMITED
By: Highland Capital Management, L.P.
as Collateral Manager

By: /s/ Todd Travers
Name: Todd Travers
Title: Senior Portfolio Manager
Highland Capital Management, L.P.

Name of Lender: HIGHLAND FLOATING RATE
LIMITED LIABILITY COMPANY
By: Highland Capital Management, L.P.
its investment advisor

By: /s/ Todd Travers
Name: Todd Travers
Title: Senior Portfolio Manager
Highland Capital Management, L.P.

Name of Lender: HIGHLAND FLOATING RATE
ADVANTAGE FUND
LIMITED LIABILITY COMPANY
By: Highland Capital Management, L.P.
its investment advisor

By: /s/ Todd Travers
Name: Todd Travers
Title: Senior Portfolio Manager
Highland Capital Management, L.P.

Name of Lender: LOAN FUNDING VII LTD
By: Highland Capital Management, L.P.
as Collateral Manager

By: /s/ Todd Travers
Name: Todd Travers
Title: Senior Portfolio Manager
Highland Capital Management, L.P.

Name of Lender: HIGHLAND LOAN
FUNDING V LTD.
By: Highland Capital Management, L.P.
as Collateral Manager

By: /s/ Todd Travers
Name: Todd Travers
Title: Senior Portfolio Manager
Highland Capital Management, L.P.

Name of Lender: RESTORATION FUNDING CLO, LTD
By: Highland Capital Management, L.P.
as Collateral Manager

By: /s/ Todd Travers
Name: Todd Travers
Title: Senior Portfolio Manager
Highland Capital Management, L.P.

HUDSON STRAITS CLO 2004, LTD.
By Royal Bank of Canada as Collateral Manager

By: /s/ Melissa Marano
Name: Melissa Marano
Title: Authorized Signatory

Name of Lender: IDS Life Insurance Company
By: American Express Asset Management Group, Inc. as Collateral Manager

By: /s/ Yvonne Stevens
Name: Yvonne Stevens
Title: Senior Managing Director

INDOSUEZ CAPITAL FUNDING VI, LIMITED
BY Lyon Capital Management as Collateral Manager

By: /s/ Alex Kenna
Name: Alex Kenna
Title: Portfolio Manager

Name of Lender:

ING PRIME RATE TRUST
By: ING Investment Management, Co.
as its investment manager

By: /s/ Mohamed Basma
Name: Mohamed Basma
Title: Vice President

ING SENIOR INCOME FUND
By: ING Investment Management, Co.
as its investment manager

By: /s/ Mohamed Basma
Name: Mohamed Basma
Title: Vice President

SEQUILS-PILGRIM I, LTD
By: ING Investments, LLC
as its investment manager

By: /s/ Mohamed Basma

Name: **Mohamed Basma**
Title: **Vice President**

ING-ORYX CLO, LTD

BY: ING Capital Advisors LLC,
as Collateral Manager

BY: /s/ Steven Gorski
Name: **STEVEN GORSKI**
Title: **DIRECTOR**

INVESCO EUROPEAN CDO I S.A.
By: INVESCO Senior Secured Management, Inc.
As Collateral Manager

By: /s/ Gregory Stoeckle
Name: Gregory Stoeckle
Title: Authorized Signatory

Name of Lender:

Jefferson-Pilot Life Insurance Company
By: TCW Advisors, Inc., as its Investment Advisor

By: /s/ G. Steven Kalin
Name: **G. STEVEN KALIN**
Title: **SENIOR VICE PRESIDENT**

/s/ Jonathan R. Insull
By: Name: /s/ Jonathan R. Insull
Title: JONATHAN R. INSULL
MANAGING DIRECTOR

Jissekikun Funding, Ltd.
By: Pacific Investment Management Company, LLC,
as its Investment Advisor

By: /s/ Mohan V. Phansalkar
Mohna V. Phansalkar
Managing Director

JUPITER LOAN FUNDING LLC

By: /s/ Meredith J. Koslick
Name: Meredith J. Koslick
Title: Assistant Vice President

Name of Lender: KATONAH I, LTD.

By: /s/ Ralph Della Rocca

Name: RALPH DELLA ROCCA
Title: Authorized Officer
Katonah Capital, LLC,
As Manager

Name of Lender: KATONAH II, LTD.

By: /s/ Ralph Della Rocca
Name: RALPH DELLA ROCCA
Title: Authorized Officer
Katonah Capital, LLC,
As Manager

Name of Lender: KATONAH III, LTD.

By: /s/ Ralph Della Rocca
Name: RALPH DELLA ROCCA
Title: Authorized Officer
Katonah Capital, LLC,
As Manager

Name of Lender: KATONAH IV, LTD.

By: /s/ Ralph Della Rocca
Name: RALPH DELLA ROCCA
Title: Authorized Officer
Katonah Capital, LLC,
As Manager

Name of Lender: KATONAH V, LTD.

By: /s/ Ralph Della Rocca
Name: RALPH DELLA ROCCA
Title: Authorized Officer
Katonah Capital, LLC,
As Manager

Name of Lender: KATONAH VI, LTD.

By: /s/ Ralph Della Rocca
Name: RALPH DELLA ROCCA
Title: Authorized Officer
Katonah Capital, LLC,
As Manager

KZH CRESCENT-3 LLC

By: /s/ Joyce Fraser-Bryant
Name: JOYCE FRASER-BRYANT
Title: AUTHORIZED AGENT

KZH CYPRESSTREE-1 LLC

By: /s/ Joyce Fraser-Bryant
Name: JOYCE FRASER-BRYANT
Title: AUTHORIZED AGENT

KZH PONDVIEW LLC

By: /s/ Joyce Fraser-Bryant
Name: JOYCE FRASER-BRYANT
Title: AUTHORIZED AGENT

KZH SOLEIL LLC

By: /s/ Joyce Fraser-Bryant
Name: JOYCE FRASER-BRYANT
Title: AUTHORIZED AGENT

KZH SOLEIL-2 LLC

By: /s/ Joyce Fraser-Bryant
Name: JOYCE FRASER-BRYANT
Title: AUTHORIZED AGENT

KZH STERLING LLC

By: /s/ Joyce Fraser-Bryant
Name: JOYCE FRASER-BRYANT
Title: AUTHORIZED AGENT

LAGUNA FUNDING LLC

By: /s/ Meredith J. Koslick
Name: Meredith J. Koslick
Title: Assistant Vice President

Name of Lender: Landmark IV CDO Limited
By: Aladdin Capital Management, LLC,
as Manager

By: /s/ John J. D'Angelo
Name: John J. D'Angelo
Title: Authorized Signatory

Name of Lender:

LEHMAN COMMERCIAL PAPER INC.

By: /s/ Tasha Spann
Name: Tasha Spann
Title: Authorized Signatory

Name of Investor: Light Point CLO 2004-1, Ltd.

By: /s/ Timothy S. Van Kirk
Name: Timothy S. Van Kirk
Title: Managing Director

Lender: Lincoln National Life Insurance Co.

$1,990,000 PAR of Warner Music Group

By: /s/ Thomas Chow
Thomas Chow, Vice President

Name of Lender:

LOAN FUNDING I LLC,
a wholly owned subsidiary of
Citibank, N.A.

By: TCW Advisors, Inc.,
as portfolio manager of
Loan Funding I LLC

By: /s/ G. Steven Kalin

Name: G. STEVEN KALIN

Title: SENIOR VICE PRESIDENT

By: /s/ Jonathan R. Insull

Name: JONATHAN R. INSULL

Title: MANAGING DIRECTOR

Loan Funding III LLC
By: Pacific Investment Management Company LLC,
as its Investment Advisor

By: /s/ Mohan V. Phansalkar
Mohan V. Phansalkar
Managing Director

Name of Lender: Loan Funding V, LLC

By: Prudential Investment Management, Inc.,
as Portfolio Manager
Name: [ILLEGIBLE]
Title: Vice President

Loan Funding VI LLC
By: Blackstone Debt Advisors L.P.
Name of Lender: **As Attorney-in-Fact**

By: /s/ Dean Criares
Name: Dean Criares
Title: Managing Director

LOAN FUNDING IX LLC
By: INVESCO Senior Secured Management, Inc.
As Portfolio Manager

By: /s/ Gregory Stoeckle
Name: Gregory Stoeckle
Title: Authorized Signatory

Name of Lender: Loan Funding Corp. THC, Ltd.

By: /s/ Janet Haack
Name: JANET HAACK
Title: As Attorney-in-fact

By:
Name:
Title:

Acknowledged by:

Guarantors:
[ADD GUARANTORS]

By:
Name:
Title:

LONG GROVE CLO, LIMITED
By: Deerfield Capital Management LLC as its
Collateral Manager

By: /s/ Scott Morrison
Name: Scott Morrison
Title: Vice President

Name of Lender:

Longhorn CDO II, LTD.
By: Merrill Lynch Investment Managers, L.P.
as Investment Advisor

By: /s/ Greg Spencer
Greg Spencer
Authorized Signatory

LONG LANE MASTER TRUST IV

By: /s/ Diana M. Himes
Name: Diana M. Himes
Title: Authorized Agent

THE LOOMIS SAYLES SENIOR LOAN FUND, LLC
By Loomis Sayles and Company, L.P.
its manager
By Loomis Sayles and Company, Inc.
its general partner

/s/ Kevin J. Perry
By: Kevin J. Perry
Title: Vice President

Name of Lender: Mainstay Floating Rate Fund, a series of Eclipse Funds, Inc.
By: New York Life Investment Management, LLC

By: /s/ Mark A Campellone
Name: Mark A. Campellone
Title: Director

Name of Lender:

Madison Avenue CDO III, Limited

By: /s/ David W. Farrell
Name: David W. Farrell
Title: Director

Mariner CDO 2002, Ltd
By: Antares Asset Management Inc.,
As Collateral Manager

By: /s/ [ILLEGIBLE]
Name:
Title:

Navigator CDO 2003, Ltd.
By: Antares Asset Management Inc.,
As Collateral Manager

By: /s/ [ILLEGIBLE]
Name:
Title:

Name of Lender: Merrill Lynch Capital Corp.

By: /s/ Chantal Simon
Name: Chantal Simon
Title: Authorized Signatory

Name of Lender:

MetLife Bank National Association

By: /s/ James R. Dinsler
Name: James R. Dinsler
Title: Director

Signature Page to Amendment No. 1

Name of Lender:

Metropolitan Life Insurance Company

By: /s/ James R. Dinsler
Name: James R. Dinsler
Title: Director

Name of Lender: Monument Park CDO Ltd.
By: Blackstone Debt Advisors L.P.
As Collateral Manager

By: /s/ Dean Criares
Name: Dean Criares
Title: Managing Director

Signature Page to Amendment No. 2

Name of Lender: Morgan Stanley Prime [illegible] Trust

By: /s/ Kevin Egan
Name: Kevin Egan
Title: VP

Name of Lender: Mountain Capital CLO I Ltd.

By: /s/ Chris Siddons
Name: Chris Siddons
Title: Director

Name of Lender: Mountain Capital CLO II Ltd.

By: /s/ Chris Siddons
Name: Chris Siddons
Title: Director

Name of Lender: Mountain Capital CLO III Ltd.

By: /s/ Chris Siddons
Name: Chris Siddons
Title: Director

MUIRFIELD TRADING LLC

By: /s/ Meredith J. Koslick
Name: Meredith J. Koslick
Title: Assistant Vice President

Name of Lender: NATEXIS BANQUES POPULAIRES

By: /s/ Evan S. Kraus
Name: EVAN S. KRAUS
Title: VICE PRESIDENT

By: /s/ Michael T. Pellerito
Name: MICHAEL T. PELLERITO
Title: VICE PRESIDENT

Acknowledged by:

Guarantors:
[ADD GUARANTORS]

By: _____
Name:
Title:

Name of Lender: Nationwide Life Insurance Company

By: /s/ Thomas S. Leggett
Name: THOMAS S. LEGGETT
Title: ASSOCIATE VICE PRESIDENT
PUBLIC BONDS

By: _____
Name:
Title:

Acknowledged by:

Guarantors:
[ADD GUARANTORS]

By: _____
Name:
Title:

Name of Lender: **Nationwide Mutual Fire Insurance Company**

By: /s/Thomas S. Leggett
Name: THOMAS S. LEGGETT

Title: ASSOCIATE VICE PRESIDENT
PUBLIC BONDS

By: _____
Name:
Title:

Acknowledged by:

Guarantors:
[ADD GUARANTORS]

By: _____
Name:
Title:

Name of Lender: **Nationwide Mutual Insurance Company**

By: /s/Thomas S. Leggett
Name: THOMAS S. LEGGETT
Title: ASSOCIATE VICE PRESIDENT
PUBLIC BONDS

By: _____
Name:
Title:

Acknowledged by:

Guarantors:
[ADD GUARANTORS]

By: _____
Name:
Title:

Nemean CLO, LTD.

By: ING Capital Advisors LLC,
as Investment Manager

By: /s/ Steven Gorski
Name: Steven Gorski
Title: Director

Name of Lender: New Alliance Global CDO Ltd

By: /s/ Robert Bayer
Name: Robert Bayer
Title: Vice President

Name of Lender: New York Life Insurance Company

By: /s/ Mark A. Campellone
Name: Mark A. Campellone
Title: Director

Name of Lender: New York Life Insurance and Annuity Corporation

By: /s/ Mark A. Campellone
Name: Mark A. Campellone
Title: Director

Name of Lender: Nomura Bond & Loan Fund

By: UFJ Trust Bank Limited
as Trustee
By: Nomura Corporate Research and
Asset Management Inc.
Attorney in Fact

By: /s/ Elizabeth MacLean
Name: Elizabeth MacLean
Title: Director

Name of Lender: NYLIM Flatiron CLO 2003-1 Ltd
By: New York Life Investment Management, LLC as
Collateral Manager and Attorney-in-Fact

By: /s/ Mark A. Campellone
Name: Mark A. Campellone
Title: Director

Name of Lender: NYLIM Flatiron CLO 2004-1 Ltd.
By: New York Life Investment Management LLC, as
Collateral Manager and Attorney-in-Fact

By: /s/ Mark A. Campellone
Name: Mark A. Campellone
Title: Director

Name of Lender: _____

By: _____
Name:
Title:

OAK HILL CREDIT PARTNERS I, LIMITED

By: Oak Hill CLO Management I, LLC
as Investment Manager

By: /s/ Scott D. Krase
Name: SCOTT D. KRASE
Title: Authorized Signatory

OAK HILL CREDIT PARTNERS II, LIMITED

By: Oak Hill CLO Management II, LLC
as Investment Manager

By: /s/ Scott D. Krase
Name: SCOTT D. KRASE

Title: Authorized Signatory

OAK HILL CREDIT PARTNERS III, LIMITED

By: Oak Hill CLO Management III, LLC
as Investment Manager

By: /s/ Scott D. Krase
Name: SCOTT D. KRASE
Title: Authorized Signatory

Name of Lender:
Octagon Investment Partners II, LLC
By: Octagon Credit Investors, LLC
as sub-investment manager

By: /s/ Andrew D. Gordon
Name: Andrew D. Gordon
Title: Portfolio Manager

Name of Lender:
Octagon Investment Partners III, Ltd.
By: Octagon Credit Investors, LLC
as Portfolio Manager

By: /s/ Andrew D. Gordon
Name: Andrew D. Gordon
Title: Portfolio Manager

Name of Lender:
Octagon Investment Partners IV, Ltd.
By: Octagon Credit Investors, LLC
as collateral manager

By: /s/ Andrew D. Gordon
Name: Andrew D. Gordon
Title: Portfolio Manager

Name of Lender:
Octagon Investment Partners V, Ltd.
By: Octagon Credit Investors, LLC
as Portfolio Manager

By: /s/ Andrew D. Gordon
Name: Andrew D. Gordon
Title: Portfolio Manager

Name of Lender:
Octagon Investment Partners VI, Ltd.
By: Octagon Credit Investors, LLC
as collateral manager

By: /s/ Andrew D. Gordon
Name: Andrew D. Gordon
Title: Portfolio Manager

Name of Lender:
Octagon Investment Partners VII, Ltd.
By: Octagon Credit Investors, LLC
as collateral manager

By: /s/ Andrew D. Gordon
Name: Andrew D. Gordon
Title: Portfolio Manager

Name of Lender:Olympic CLO I Ltd

By: /s/ John M. Casparian
Name: John M. Casparian
Title: Chief Operating Officer,
Centre Pacific LLP (Manager)

Name of Lender: Pacifica DCO III, Ltd.

By: /s/ Phillip Otero
Name: Phillip Otero
Title: SVP

PETRUSSE EUROPEAN CLO S.A.
By: INVESCO Senior Secured Management, Inc.
As Collateral Manager

By: /s/ Gregory Stoeckle
Name: Gregory Stoeckle
Title: Authorized Signatory

PIMCO Floating Rate Income Fund
By: Pacific Investment Management Company LLC,
as its Investment Advisor, acting through Investors
Fiduciary Trust Company in the Nominee Name of IFTCO

By: /s/ Mohan V. Phansalkar
Mohan V. Phansalker
Managing Director

PIMCO Floating Rate Strategy Fund
By: Pacific Investment Management Company LLC,
as its Investment Advisor, acting through Investors
Fiduciary Trust Company in the Nominee Name of IFTCO

By: /s/ Mohan V. Phansalkar
Mohan V. Phansalkar
Managing Director

PINEHURST TRADING, INC.

By: /s/ Meredith J. Koslick
Name: Meredith J. Koslick
Title: Assistant Vice President

PPM MONARCH BAY FUNDING LLC

By: /s/ Meredith J. Koslick
Name: Meredith J. Koslick
Title: Assistant Vice President

PPM SHADOW CREEK FUNDING LLC

By: /s/ Meredith J. Koslick
Name: Meredith J. Koslick
Title: Assistant Vice President

PPM SPYGLASS FUNDING TRUST

By: /s/ Diana M. Himes
Name: Diana M. Himes
Title: Authorized Agent

Name of Lender:
Sankaty Advisors, LLC as Collateral Manager
for Prospect Funding I, LLC, as Term Lender

By: /s/ Timothy Barns
Name: Timothy Barns
Title: Senior Vice President

PUTNAM FLOATING RATE INCOME FUND

/s/ Beth Mazor
By: Beth Mazor
Title: V.P.

PUTNAM HIGH YIELD ADVANTAGE FUND

/s/ Beth Mazor
By: Beth Mazor
Title: V.P.

PUTNAM DIVERSIFIED INCOME TRUST

/s/ Beth Mazor
By: Beth Mazor

Title: V.P.

PUTNAM HIGH YIELD TRUST

/s/ Beth Mazor
By: Beth Mazor
Title: V.P.

PUTNAM MASTER INCOME TRUST

/s/ Beth Mazor
By: Beth Mazor
Title: V.P.

PUTNAM MASTER INTERMEDIATE INCOME TRUST

/s/ Beth Mazor
By: Beth Mazor
Title: V.P.

PUTNAM PREMIER INCOME TRUST

/s/ Beth Mazor
By: Beth Mazor
Title: V.P.

PUTNAM VARIABLE TRUST – PVT
DIVERSIFIED INCOME FUND

/s/ Beth Mazor
By: Beth Mazor
Title: V.P.

PUTNAM VARIABLE TRUST – PVT
HIGH YIELD FUND

/s/ Beth Mazor
By: Beth Mazor
Title: V.P.

Name of Lender:
Sankaty Advisors, LLC as Collateral Manager
for Race Point CLO, Limited, as Term Lender

By: /s/ Timothy Barns
Name: Timothy Barns
Title: Senior Vice President

Name of Lender:
Sankaty Advisors, LLC as Collateral Manager
for Race Point II CLO, Limited, as Term Lender

By: /s/ Timothy Barns
Name: Timothy Barns
Title: Senior Vice President

RIVIERA FUNDING LLC

By: /s/ Meredith J. Koslick
Name: Meredith J. Koslick
Title: Assistant Vice President

ROSEMONT CLO, LTD.
By: Deerfield Capital Management LLC as its
Collateral Manager

By: /s/ Scott Morrison
Name: Scott Morrison
Title: Vice President

SAGAMORE CLO LTD.
By: INVESCO Senior Secured Management, Inc.
As Collateral Manager

By: /s/ Gregory Stoeckle
Name: Gregory Stoeckle
Title: Authorized Signatory

Name of Lender:
Sankaty High Yield Partners II, L.P.

By: /s/ Timothy Barns
Name: Timothy Barns
Title: Senior Vice President

Name of Lender:
Sankaty High Yield Partners III, L.P.

By: /s/ Timothy Barns
Name: Timothy Barns
Title: Senior Vice President

SARATOGA CLO I, LIMITED
By: INVESCO Senior Secured Management, Inc.
As Asset Manager

By: /s/ Gregory Stoeckle
Name: Gregory Stoeckle
Title: Authorized Signatory

SAWGRASS TRADING LLC

By: /s/ Meredith J. Koslick
Name: Meredith J. Koslick
Title: Assistant Vice President

Name of Lender:

SECURITY INCOME FUND-INCOME OPPORTUNITY SERIES
By: Four Corners Capital Management LLC, as Collateral Manager

By: /s/ Steven Columbaro
Name: STEVEN COLUMBARO
Title: Vice President

SEMINOLE FUNDING LLC

By: /s/ Meredith J. Koslick
Name: Meredith J. Koslick
Title: Assistant Vice President

Name of Lender: Seneca CBO III, Limited
by Seneca Capital Management as
Portfolio Manager

By: /s/ Warren Goodrich
Name: Warren Goodrich
Title: Analyst

Name of Lender: Seneca CBO IV, Limited
by Seneca Capital Management as
Portfolio Manager

By: /s/ Warren Goodrich
Name: Warren Goodrich
Title: Analyst

Name of Lender: Sequils-Centurion V, Ltd.
By: American Express Asset Management Group, Inc. as Collateral Manager

By: /s/ Vincent P. Pham
Name: Vincent P. Pham
Title: Director-Operations

SEQUILS-Glace Bay, Ltd.
By Royal Bank of Canada as Collateral Manager

By: /s/ Melissa Marano
Name: Melissa Marano
Title: Authorized Signatory

SEQUILS-ING I (HBDGM), LTD.

By: ING Capital Advisors LLC,
as Collateral Manager

By: /s/ Steven Gorski
Name: STEVEN GORSKI
Title: DIRECTOR

SEQUILS-LIBERTY, LTD.
By: INVESCO Senior Secured Management, Inc.
As Collateral Manager

By: /s/ Gregory Stoeckle
Name: Gregory Stoeckle
Title: Authorized Signatory

Name of Lender: SIERRA CLO I LTD

By: /s/ John M. Casparian
Name: John M. Casparian
Title: Chief Operating Officer,
Centre Pacific LLP (Manager)

SIMSBURY CLO, LIMITED
SOMERS CDO, LIMITED
By: Babson Capital Management LLC under
delegated authority from Massachusetts
Mutual Life Insurance Company as Collateral
Manager

By: /s/ David P. Wells
Name: David P. Wells, CFA
Title: Managing Director

BILL & MELINDA GATES FOUNDATION
By: Babson Capital Management LLC as
Investment Adviser

By: /s/ David P. Wells
Name: David P. Wells CFA
Title: Managing Director

Name of Lender: SOCIETE GENERALE

By: /s/ Elaine Khalil

Name: Elaine Khalil
Title: Director

Name of Lender: SOL Loan Funding LLC

By: /s/ Craig Jacobs
Name: Craig Jacobs
Title: Assistant Vice President

Southport CLO, Limited
By: Pacific Investment Management Company LLC,
as its Investment Advisor

By: /s/ Mohan V. Phansalkar
Mohan V. Phansalkar
Managing Director

Name of Lender: Stanfield Arbitrage CDO, Ltd.
By: Stanfield Capital Partners LLC
as its Collateral Manager

By: /s/ Christopher E. Jansen
Name: Christopher E. Jansen
Title: Managing Partner

Name of Lender: Stanfield Carrera CLO, Ltd.
By: Stanfield Capital Partners LLC
as its Asset Manager

By: /s/ Christopher E. Jansen
Name: Christopher E. Jansen
Title: Managing Partner

Name of Lender: Stanfield Quattro CLO, Ltd.
By: Stanfield Capital Partners LLC
As its Collateral Manager

By: /s/ Christopher E. Jansen
Name: Christopher E. Jansen
Title: Managing Partner

Name of Lender: Stanfield/RMF Transatlantic CDO Ltd.
By: Stanfield Capital Partners LLC
as its Collateral Manager

By: /s/ Christopher E. Jansen
Name: Christopher E. Jansen
Title: Managing Partner

STANWICH LOAN FUNDING LLC

By: /s/ Meredith J. Koslick
Name: Meredith J. Koslick
Title: Assistant Vice President

STRONG CAPITAL MANAGEMENT
One Hundred Heritage Reserve / Menomonee Falls, Wisconsin 53051

December 2, 2004

Via Facsimile Only
Ms. Lilianna Clar
Bank of America
Fax #: 415-503-5003

Re: Loan Amendments for WMG (Warner Music Group), et al. ("Amendments")

Dear Ms. Clar:

Enclosed are copies of original executed signature pages for the Amendments ("Consent") from various entities advised by Strong Capital Management, Inc. ("Strong") for delivery to you. If the requisite number of lenders does not consent to the Amendments, you should disregard and destroy Strong's Consent. Please contact me at 414-359-3776 or email me at gsouthwe@strong.com if you have any questions regarding this matter.

Very truly yours,

/s/ Gilbert L. Southwell III
Gilbert L. Southwell III
Secretary

Encs.

cc Sonja Reed

Name of Lender: STRONG SHORT-TERM HIGH YIELD BOND FUND by STRONG CAPITAL MANAGEMENT, INC.

By: /s/ Gilbert L. Southwell III
Name: Gilbert L. Southwell III
Title: Assistant Secretary

Name of Lender: The Sumitomo Trust & Banking Co., Ltd., New York Branch

By: /s/ Elizabeth A. Quirk
Name: Elizabeth A. Quirk
Title: Vice President

Name of Lender: SunAmerica Life Insurance Company
By: AIG Global Investment Corp.,
Its Investment Adviser

By: /s/ John G. Lapham, III
Name: John G. Lapham, III
Title: Managing Director

Name of Lender: SunAmerica Senior Floating Rate Fund Inc.
By: Stanfield Capital Partners LLC
As subadviser

By: /s/ Christopher E. Jansen
Name: Christopher E. Jansen
Title: Managing Partner

Sun Life Assurance Company of Canada (US)
By: Fairlead Capital Management, Inc. as Sub-Advisor

By: /s/ Melissa Marano
Name: Melissa Marano
Title: Vice President and Senior Portfolio Manager

Name of Lender:

TCW SELECT LOAN FUND, LIMITED

By: TCW Advisors, Inc. as its Collateral Manager

By: /s/ G. Steven Kalin
Name: G. STEVEN KALIN
Title: SENIOR VICE PRESIDENT

By: /s/ Jonathan R. Insull
Name: JONATHAN R. INSULL
Title: MANAGING DIRECTOR

Name of Lender:
Toronto Dominion (New York), Inc.

By: /s/ Masoed Fikree
Name: Masoed Fikree
Title: Authorized Agent

Name of Lender: THE TRAVELERS INSURANCE COMPANY

By: /s/ William M. Gardner
Name: WILLIAM M. GARDNER
Title: Investment Officer

Name of Lender: TRS CALLISTO LLC

By: /s/ Alice L. Wagner
Name: Alice L. Wagner
Title: Vice President

Name of Lender: Trumbull THC, Ltd.

By: /s/ Theresa Lynch
Name: THERESA LYNCH
Title: VICE PRESIDENT

Name of Lender: Tuscany CDO, Limited

By: /s/ David C. Wagner
PPM America, Inc., as Collateral-Manager

By: /s/ David C. Wagner
Name: David C. Wagner
Title: Managing Director

Name of Lender: Union Square CDO Ltd.
By: Blackstone Debt Advisors L.P.
As Collateral Manager

By: /s/ Dean Criares
Name: Dean Criares
Title: Managing Director

VAN KAMPEN
SENIOR INCOME TRUST
By: Van Kampen Investment Advisory Corp.

By: /s/ Christina Jamieson
Name: Christina Jamieson
Title: Executive Director

VAN KAMPEN
SENIOR LOAN FUND
By: Van Kampen Investment Advisory Corp.

By: /s/ Christina Jamieson
Name: Christina Jamieson
Title: Executive Director

Name of Lender:

VELOCITY CLO, LTD.
By: TCW Advisors, Inc.,
Its Collateral Manager

By: /s/ G. Steven Kalin
Name: G. STEVEN KALIN

Title: SENIOR VICE PRESIDENT

By: /s/ Jonathan R. Insull
Name: JONATHAN R. INSULL
Title: MANAGING DIRECTOR

Name of Lender: Venture CDO 2002, Limited

By Its investment advisor MJX Asset Management LLC

/s/ [ILLEGIBLE]
Name:
Title:

Name of Lender: Venture III CDO, Limited

By Its investment advisor MJX Asset Management LLC

/s/ [ILLEGIBLE]
Name:
Title:

Name of Lender: Venture IV CDO, Limited

By Its investment advisor MJX Asset Management LLC

/s/ [ILLEGIBLE]
Name:
Title:

Name of Lender: Wells Fargo Bank, N.A.

By: /s/ Geoffrey Nolan
Name: Geoffrey Nolan
Title: V.P.

Waveland - INGOTS, LTD.
By: Pacific Investment Management Company LLC,
as its Investment Advisor

By: /s/ Mohan V. Phansalkar
Mohan V. Phansalkar
Managing Director

Name of Lender: White Horse I, Ltd.
By: WhiteHores Capital Partners, LP, As Collateral Manager

By: /s/ Ethan Underwood
Name: Ethan Underwood, CFA
Title: Portfolio Manager

Name of Lender: Windsor Loan Funding, Limited
By: Stanfield Capital Partners LLC
as its Investment Manager

By: /s/ Christopher E. Jansen
Name: Christopher E. Jansen
Title: Managing Partner

WINGED FOOT FUNDING TRUST

By: /s/ Diana M. Himes
Name: Diana M. Himes
Title: Authorized Agent

Wrigley CDO, Ltd.
By: Pacific Investment Management Company LLC,
as its Investment Advisor

By: /s/ Mohan V. Phansalkar
Mohan V. Phansalkar
Managing Director

Name of Lender: XL Re Ltd.
By: Stanfield Capital Partners LLC
as its Collateral Manager

By /s/ Christopher E. Jansen
Name: Christopher E. Jansen
Title: Managing Partner

Aknowledged by:

Guarantors:

A. P. SCHMIDT CO.
ATLANTIC/143 L.L.C.
ATLANTIC/MR VENTURES INC.
ATLANTIC/MR II INC.
ATLANTIC RECORDING CORPORATION
BERNA MUSIC, INC,
BIG BEAT RECORDS INC.
BIG TREE RECORDING CORPORATION
BUTE SOUND LLC
CAFE AMERICANA INC.
CHAPPELL & INTERSONG MUSIC GROUP
(AUSTRALIA) LIMITED
CHAPPELL AND INTERSONG MUSIC GROUP
(GERMANY) INC.
CHAPPELL MUSIC COMPANY, INC.
COTA MUSIC, INC.
COTILLION MUSIC, INC.
CPP/BELWIN, INC.
CRK MUSIC INC.
E/A MUSIC, INC.
ELEKSYLUM MUSIC, INC.
ELEKTRA/CHAMELEON VENTURES INC.
ELEKTRA ENTERTAINMENT GROUP INC.
ELEKTRA GROUP VENTURES INC.
FHK, INC.

FIDDLEBACK MUSIC PUBLISHING COMPANY, INC.
FOSTER FREES MUSIC, INC.
FOZ MAN MUSIC LLC
INSIDE JOB, INC.
INTERSONG U.S.A., INC.
JADAR MUSIC CORP.
LAVA TRADEMARK HOLDING COMPANY LLC
LEM AMERICA, INC.
LONDON-SIRE RECORDS INC.
MCGUFFIN MUSIC INC,
MIXED BAG MUSIC, INC,
NC HUNGARY HOLDINGS INC.
NEW CHAPPELL INC.
NONESUCH RECORDS INC.
NVC INTERNATIONAL INC.
OCTA MUSIC, INC.
PENALTY RECORDS, L.L.C.
PEPAMAR MUSIC CORP.
REVELATION MUSIC PUBLISHING CORPORATION

RHINO ENTERTAINMENT COMPANY
RICK'S MUSIC INC.
RIGHTSONG MUSIC INC.
RODRA MUSIC, INC.
SEA CHIME MUSIC, INC.
SR/MDM VENTURE INC.
SUMMY-BIRCHARD, INC.
SUPER HYPE PUBLISHING, INC.
T-BOY MUSIC, L.L.C.
T-GIRL MUSIC, L.L.C.
THE RHYTHM METHOD INC.
TOMMY BOY MUSIC, INC.
TOMMY VALANDO PUBLISHING GROUP, INC.
TRI-CHAPPELL MUSIC INC.
TW MUSIC HOLDINGS INC.
UNICHAPPELL MUSIC INC.
W.B.M. MUSIC CORP.
WALDEN MUSIC INC.
WARNER ALLIANCE MUSIC INC.
WARNER BRETHREN INC.
WARNER BROS. MUSIC INTERNATIONAL INC.
WARNER BROS. PUBLICATIONS U.S. INC.
WARNER BROS. RECORDS INC.
WARNER/CHAPPELL MUSIC, INC.
WARNER/CHAPPELL MUSIC (SERVICES), INC.
WARNER CUSTOM MUSIC CORP.
WARNER DOMAIN MUSIC INC.
WARNER-ELEKTRA-ATLANTIC CORPORATION
WARNER MUSIC BLUESKY HOLDING INC.
WARNER MUSIC DISCOVERY INC.
WARNER MUSIC DISTRIBUTION INC.
WARNER MUSIC GROUP INC.
WARNER MUSIC LATINA INC.
WARNER SOJOURNER MUSIC INC.
WARNERSONGS, INC.
WARNER MUSIC SP INC.
WARNER SPECIAL PRODUCTS INC.
WARNER STRATEGIC MARKETING INC.
WARNER-TAMERLANE PUBLISHING CORP.
WARPRISE MUSIC INC.
WB GOLD MUSIC CORP.
WB MUSIC CORP.
WBM/HOUSE OF GOLD MUSIC, INC.
WBPI HOLDINGS LLC
WBR MANAGEMENT SERVICES INC.
WBR/QRI VENTURE, INC.

WBR/RUFFNATION VENTURES, INC.
WBR/SIRE VENTURES INC.
WE ARE MUSICA INC.

WEA EUROPE INC.
WEA INC.
WEA INTERNATIONAL INC.
WEA LATINA MUSICA INC.
WEA MANAGEMENT SERVICES INC.
WIDE MUSIC, INC.
WMG MANAGEMENT SERVICES INC.
WMG TRADEMARK HOLDING COMPANY LLC

By: /s/ Paul Robinson
Name: Paul Robinson
Title: VP

WEA ROCK LLC

By: Warner-Elektra-Atlantic Corp., its sole member

By: /s/ Paul Robinson
Name: Paul Robinson
Title: VP

WEA URBAN LLC

By: Warner-Elektra-Atlantic Corp., its sole member

By: /s/ Paul Robinson
Name: Paul Robinson
Title: VP

SECURITY AGREEMENT

Dated February 27, 2004

From

The Grantors referred to herein

as Grantors

to

BANK OF AMERICA, N.A.

as Administrative Agent

TABLE OF CONTENTS

SECURITY AGREEMENT

SECURITY AGREEMENT dated February 27, 2004 made by WMG ACQUISITION CORP., a Delaware corporation (the **"Company"**), WMG HOLDINGS CORP., a Delaware corporation (**"Holdings"**), the other Persons listed on the signature pages hereof and the Additional Grantors (as hereinafter defined) (the Company, Holdings, the Persons so listed and the Additional Grantors being, collectively, the **"Grantors"**), to BANK OF AMERICA, N.A., as administrative agent (in such capacity, together with any successor administrative agent, the **"Administrative Agent"**) for the Secured Parties.

PRELIMINARY STATEMENTS

(1) The Company has entered into a Credit Agreement dated of even date herewith (said Agreement, as it may hereafter be amended, amended and restated, supplemented or otherwise modified from time to time, being the **"Credit Agreement"**) with Holdings, the other Borrowers party thereto and the Lenders, the L/C Issuer and the Agents party thereto.

(2) Pursuant to the Credit Agreement, the Grantors are entering into this Agreement in order to grant to the Administrative Agent for the ratable benefit of the Secured Parties a security interest in the Collateral (as hereinafter defined) to secure their respective Secured Obligations (as hereinafter defined).

(3) It is a condition precedent to the making of Loans and the issuance of Letters of Credit by the Lenders under the Credit Agreement and the entry into Secured Hedge Agreements by the Hedge Banks from time to time that the Grantors shall have granted the assignment and security interest and made the pledge and assignment contemplated by this Agreement.

(4) Each Grantor will derive substantial direct and indirect benefit from the transactions contemplated by the Loan Documents and the Secured Hedge Agreements (together with all instruments, agreements or other documents evidencing the Cash Management Obligations, the **"Finance Documents"**).

(5) Terms defined in the Credit Agreement and not otherwise defined in this Agreement are used in this Agreement as defined in the Credit Agreement. Further, unless otherwise defined in this Agreement or in the Credit Agreement, terms defined in Article 8 or 9 of the UCC (as defined below) are used in this Agreement as such terms are defined in such Article 8 or 9 (including Accounts, Certificated Security, Chattel Paper, Commercial Tort Claims, Deposit Accounts, Documents, Equipment, Farm Products, Financial Assets, Fixtures, General Intangibles, Goods, Instruments, Inventory, Investment Property, Letter-of-Credit Rights, Proceeds, Securities Accounts, Security, Supporting Obligations and

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Uncertificated Security). **"UCC"** means the "Uniform Commercial Code" as defined in the Credit Agreement.

NOW, THEREFORE, in consideration of the premises and in order to induce the Lenders to make Loans and participate in Letters of Credit, and the L/C Issuer to issue Letters of Credit under the Credit Agreement and to induce the Hedge Banks to enter into Secured Hedge Agreements from time to time, each Grantor hereby agrees with the Administrative Agent for the ratable benefit of the Secured Parties as follows:

SECTION 1. *Grant of Security*. Each Grantor hereby grants to the Administrative Agent, for the ratable benefit of the Secured Parties, a security interest in such Grantor's right, title and interest in and to the following property, in each case, as to each type of property described below, whether now owned or hereafter acquired by such Grantor, wherever located, and whether now or hereafter existing or arising (collectively, the **"Collateral"**):

(a) all Accounts;

(b) all cash and Cash Equivalents;

(c) all Chattel Paper;

(d) all Commercial Tort Claims (including, without limitation, the Commercial Tort Claims set forth on Schedule III hereto);

(e) all Deposit Accounts;

(f) all Documents;

(g) all Equipment;

(h) all Farm Products;

(i) all Fixtures;

(j) all General Intangibles; all

(k) Goods;

(l) all Instruments;

(m) all Inventory;

(n) all Letter-of-Credit Rights;

(o) the following (the "**Security Collateral**"):

(i) all indebtedness evidenced by promissory notes or other instruments from time to time owed to such Grantor (the **"Pledged Debt"**), and all interest, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the Pledged Debt;

(ii) all Equity Interests from time to time acquired, owned or held by such Grantor in any manner (the **"Pledged Equity"**), including, without limitation, the Equity Interests held by each Grantor set forth opposite such Grantor's name on and otherwise described on Schedule II, and the certificates, if any, representing such additional shares or units or other Equity Interests, and all dividends, distributions, return of capital, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such shares or other Equity Interests and all subscription warrants, rights or options issued thereon or with respect thereto; *provided* that no Grantor shall be required to pledge, and the terms **"Pledged Equity"** and **"Security Collateral"** used in this Agreement shall not include, any Equity Interests in any Foreign Subsidiary acquired, owned or otherwise held by such Grantor which, when aggregated with all of the other shares of stock in such Foreign Subsidiary pledged by the Grantors, would result in more than 65% of the shares of stock in such Foreign Subsidiary entitled to vote (within the meaning of Treasury Regulation Section 1.956 2(c)(2) promulgated under the Code) (the **"Voting Foreign Stock"**) being pledged to the Administrative Agent, on behalf of the Secured Parties under this Agreement; *provided further* that all of the shares of stock or units or other Equity Interests in such Foreign Subsidiary not entitled to vote (within the meaning of Treasury Regulation Section 1.956-2(c)(2) promulgated under the Code) (the **"Non-Voting Foreign Stock"**) shall be pledged by such Grantor; and

(iii) all other Investment Property and all Financial Assets, and all dividends, distributions, return of capital, interest, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange therefor and all subscription warrants, rights or options issued thereon or with respect thereto;

(p) all contracts and agreements between any Grantor and one or more additional parties (including, without limitation, any Swap Contracts, licensing agreements and any partnership agreements, joint venture agreements, limited liability company agreements) and the IP Agreements (as hereinafter defined), in each case as such agreements may be amended, amended and restated, supplemented or otherwise modified from time to time (collectively, the **"Assigned Agreements"**), including, without limitation, all rights of such Grantor

to receive moneys due and to become due under or pursuant to the Assigned Agreements, (all such Collateral being the **"Agreement Collateral"**);

(q) the following (collectively, the **"Intellectual Property Collateral"**):

(i) all patents, patent applications, utility models and statutory invention registrations, all inventions claimed or disclosed therein and all improvements thereto (**"Patents"**);

(ii) all trademarks, service marks, domain names, trade dress, logos, designs, slogans, trade names, business names, corporate names and other source identifiers, whether registered or unregistered *(provided* that no security interest shall be granted in United States intent-to-use trademark applications to the extent that, and solely during the period in which, the grant of a security interest therein would impair the validity or enforceability of such intent-to-use trademark applications under applicable federal law), together, in each case, with the goodwill symbolized thereby (**"Trademarks"**);

(iii) all copyrights whether registered or unregistered (**"Copyrights"**), including, without limitation, copyrights in (A) all recordings of sound, whether or not coupled with a visual image, by any method or format and on any substance or material, whether now or hereafter known, which is used or useful in the recording, production and/or manufacture of records or for any other exploitation of sound (**"Recorded Music Copyrights"**), (B) all music compositions or medleys consisting of words and music, or any dramatic material and bridging passages, whether in form of instrumental and/or vocal music, prose or otherwise, irrespective of length (**"Publishing Copyrights"**) and (C) Computer Software (as hereinafter defined), internet web sites and the content thereof;

(iv) all computer software, programs and databases (including, without limitation, source code, object code and all related applications and data files), firmware and documentation and materials relating thereto, together with any and all maintenance rights, service rights, programming rights, hosting rights, test rights, improvement rights, renewal rights and indemnification rights and any substitutions, replacements, improvements, error corrections, updates and new versions of any of the foregoing (**"Computer Software"**);

(v) all confidential and proprietary information, including, without limitation, confidential and proprietary know-how, trade secrets, manufacturing and production processes and techniques, inventions, research and development information, databases and data, including,

without limitation, technical data, financial, marketing and business data, pricing and cost information, business and marketing plans and customer and supplier lists and information (collectively, **"Trade Secrets"**), and all other intellectual, industrial and intangible property of any type, including, without limitation, industrial designs and mask works;

(vi) all registrations and applications for registration for any of the foregoing, together with all reissues, divisions, continuations, continuations-in-part, extensions, renewals and reexaminations thereof;

(vii) all rights in the foregoing provided by international treaties or conventions, all rights corresponding thereto throughout the world and all other rights of any kind whatsoever of such Grantor accruing thereunder or pertaining thereto;

(viii) all agreements, permits, consents, orders and franchises relating to the license, development, use or disclosure of any of the foregoing to which such Grantor, now or hereafter, is a party or a beneficiary (**"IP Agreements"**); and

(ix) any and all claims for damages and injunctive relief for past, present and future infringement, dilution, misappropriation, violation, misuse or breach with respect to any of the foregoing, with the right, but not the obligation, to sue for and collect, or otherwise recover, such damages;

(r) all books and records (including, without limitation, customer lists, credit files, printouts and other computer output materials and records) of such Grantor pertaining to any of the Collateral;

(s) all other tangible and intangible personal property of whatever nature whether or not covered by Article 9 of the UCC; and

(t) all Proceeds of, collateral for, income, royalties and other payments now or hereafter due and payable with respect to, and Supporting Obligations relating to, any and all of the Collateral and, to the extent not otherwise included, all payments under insurance (whether or not the Administrative Agent is the loss payee thereof), or any indemnity, warranty or guaranty, payable by reason of loss or damage to or otherwise with respect to any of the foregoing Collateral;

provided that notwithstanding anything to the contrary in this Agreement, this Agreement shall not constitute a grant of a security interest in (A) motor vehicles the perfection of a security interest in which is excluded from the UCC in the relevant jurisdiction, (B) any Letter-of-Credit Rights to the extent any Grantor is required by applicable law to apply the Proceeds of such Letter-of-Credit Rights

for a specified purpose or (C) any General Intangible, Investment Property or other rights of a Grantor arising under any contract, instrument, license or other document if (but only to the extent that) the grant of a security interest therein would constitute a violation of a valid and enforceable restriction in respect of such General Intangible, Investment Property or other rights in favor of a third party or under any law, regulation, permit, order or decree of any Governmental Authority, unless and until all required consents shall have been obtained (for the avoidance of doubt, the restrictions described herein are not negative pledges or similar undertakings in favor of a lender or other financial counterparty); *provided* that the limitation set forth in clause (C) above shall not affect, limit, restrict or impair the grant by a Grantor of a security interest pursuant to this Agreement in any such Collateral to the extent that an otherwise applicable prohibition or restriction on such grant is rendered ineffective by the UCC. Each Grantor shall, if requested to do so by the Administrative Agent, use commercially reasonable efforts to obtain any such required consent that is reasonably obtainable with respect to Collateral which the Administrative Agent reasonably determines to be material.

SECTION 2. *Security for Obligations.* This Agreement secures, in the case of each Grantor, the payment of all Obligations of such Grantor now or hereafter existing, whether direct or indirect, absolute or contingent, and whether for principal, reimbursement obligations, interest, fees, premiums, penalties, indemnifications, contract causes of action, costs, expenses or otherwise (all such Obligations being the **"Secured Obligations"**).

SECTION 3. *Grantors Remain Liable.* Anything herein to the contrary notwithstanding, (a) each Grantor shall remain liable under the contracts and agreements included in such Grantor's Collateral to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by the Administrative Agent of any of the rights hereunder shall not release any Grantor from any of its duties or obligations under the contracts and agreements included in the Collateral and (c) no Secured Party shall have any obligation or liability under the contracts and agreements included in the Collateral by reason of this Agreement or any other Finance Document, nor shall any Secured Party be obligated to perform any of the obligations or duties of any Grantor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

SECTION 4. *Delivery and Control of Security Collateral.* (a) All certificates representing or evidencing the Pledged Equity and all instruments representing or evidencing the Pledged Debt in an aggregate principal amount in excess of $2,000,000 shall be delivered to and held by or on behalf of the Administrative Agent pursuant hereto and shall be in suitable form for transfer by delivery, or shall be accompanied by duly executed instruments of transfer or assignment in blank, all in form and substance satisfactory to the Administrative

Agent. During the continuation of an Event of Default and subject to Section 4(c), the Administrative Agent shall have the right, at any time in its discretion and without notice to any Grantor, to (i) transfer to or to register in the name of the Administrative Agent or any of its nominees any or all of the Security Collateral, subject only to the revocable rights specified in Section 10(a), (ii) exchange certificates or instruments representing or evidencing Security Collateral for certificates or instruments of smaller or larger denominations, and (iii) convert Security Collateral consisting of Financial Assets credited to any Securities Account to Security Collateral consisting of Financial Assets held directly by the Administrative Agent, and to convert Security Collateral consisting of Financial Assets held directly by the Administrative Agent to Security Collateral consisting of Financial Assets credited to any Securities Account.

(b) During the continuation of an Event of Default and subject to Section 4(c), promptly upon the request of the Administrative Agent, with respect to any Security Collateral in which any Grantor has any right, title or interest and that constitutes an Uncertificated Security, such Grantor will cause the issuer thereof either (i) to register the Administrative Agent as the registered owner of such Security or (ii) to agree in an authenticated record with such Grantor and the Administrative Agent that such issuer will comply with instructions with respect to such Security originated by the Administrative Agent without further consent of such Grantor, such authenticated record to be in form and substance satisfactory to the Administrative Agent. During the continuation of an Event of Default and subject to Section 4(c), with respect to any Security Collateral in which any Grantor has any right, title or interest and that is not an Uncertificated Security, promptly upon the request of the Administrative Agent, such Grantor will notify each such issuer of Pledged Equity that such Pledged Equity is subject to the security interest granted hereunder.

(c) Nothing in Sections 4(a) or 4(b) shall be construed to require any Grantor to enter into any control agreement with respect to any Deposit Account or Securities Account.

SECTION 5. *Maintaining Electronic Chattel Paper, Transferable Records and Letter-of-Credit Rights and Giving Notice of Commercial Tort Claims*. So long as any Loan or any other Obligation of any Loan Party under any Loan Document shall remain unpaid, any Letter of Credit shall be outstanding or any Lender shall have any Commitment:

(a) During the continuation of an Event of Default, promptly upon the request of the Administrative Agent, each Grantor will maintain (i) all Electronic Chattel Paper so that the Administrative Agent has control of the Electronic Chattel Paper in the manner specified in Section 9-105 of the UCC and (ii) all transferable records so that the Administrative Agent has control of the transferable records in the manner specified in Section 16 of the Uniform

Electronic Transactions Act, as in effect in the jurisdiction governing such transferable record ("**UETA**"); and

(b) Each Grantor will give prompt notice to the Administrative Agent of any Commercial Tort Claim individually in excess of $5,000,000 that may arise in the future and will promptly execute or otherwise authenticate a supplement to this Agreement, and otherwise take all necessary action, to subject such Commercial Tort Claim to the first priority security interest created under this Agreement.

SECTION 6. *Representations and Warranties.* Each Grantor represents and warrants as follows:

(a) Such Grantor's exact legal name, as defined in Section 9-503(a) of the UCC, is correctly set forth in Schedule I hereto. Such Grantor is located (within the meaning of Section 9-307 of the UCC) and has its chief executive office in the state or jurisdiction set forth in Schedule I hereto. The information set forth in Schedule I hereto with respect to such Grantor is true and accurate in all material respects.

(b) All Pledged Equity consisting of Certificated Securities has been delivered to the Administrative Agent in accordance herewith; *provided* that the Certificated Securities which are to be delivered to the Administrative Agent within [ ] days after the Closing Date, as specified in Schedule II hereto, shall have been delivered within such time period.

(c) Such Grantor is the legal and beneficial owner of the Collateral of such Grantor free and clear of any Lien, claim, option or right of others, except for the security interest created under this Agreement, subject to Liens permitted under Section 7.01 of the Credit Agreement.

(d) The Pledged Equity pledged by such Grantor hereunder has been duly authorized and validly issued and is fully paid and non assessable.

(e) The Pledged Equity pledged by such Grantor constitutes the percentage of the issued and outstanding Equity Interests of the issuers thereof indicated on Schedule II hereto.

(f) On or prior to the Closing Date, the Company has delivered to the Administrative Agent a complete and accurate list, as of the Closing Date, of all (A) Publishing Copyrights owned or co-owned by, or exclusively licensed in the United States (in whole or in part) to, any Grantor and registered with the U.S. Copyright Office, other than Publishing Copyrights with respect to compositions that generated less than $500 of "net publisher's share" in the United States in the fiscal year most recently ended (**"Material Recordable Publishing Copyrights"**)

(it being understood that, with respect to the list delivered on or prior to the Closing Date, the most recently ended fiscal year shall be the fiscal year ended November 30, 2003), (B) Recorded Music Copyrights owned by or exclusively licensed in the United States to any Grantor, registered with the U.S. Copyright Office and available for sale in the United States by Warner-Elektra-Atlantic Corporation, Alternative Distribution Alliance or any other general market distributor in the United States which is owned and/or controlled by the Company (**"Material Recordable Recorded Music Copyrights"** and, together with Material Recordable Publishing Copyrights, **"Material Recordable Copyrights"**) (it being understood that, with respect to the list delivered on or prior to the Closing Date, the most recently ended fiscal year shall be the fiscal year ended November 30, 2003), (C) Trademarks owned by any Grantor and pending or registered with the U.S. Patent and Trademark Office (**"Material Recordable Trademarks"**) and (D) Patents owned by any Grantor and issued by or pending or registered with the U.S. Patent and Trademark Office (**"Material Recordable Patents"** and, together with Material Recordable Copyrights and Material Recordable Trademarks, **"Material Recordable Intellectual Property"**).

(g) On the Closing Date each Grantor has executed and delivered to the Administrative Agent (i) with respect to the Material Recordable Copyrights of such Grantor for the fiscal year ended November 30, 2003, an agreement, in substantially the form set forth in Exhibit B hereto or otherwise in form and substance satisfactory to the Administrative Agent (a **"Copyright Security Agreement"**), (ii) with respect to the Material Recordable Patents of such Grantor, an agreement, in substantially the form set forth in Exhibit C hereto or otherwise in form and substance satisfactory to the Administrative Agent (a **"Patent Security Agreement"**) and (iii) with respect to the Material Recordable Trademarks of such Grantor, an agreement, in substantially the form set forth in Exhibit D hereto or otherwise in form and substance satisfactory to the Administrative Agent (a **"Trademark Security Agreement"** and, together with each Copyright Security Agreement and each Patent Security Agreement, the **"Intellectual Property Security Agreements"**), in each case for recording the security interest granted hereunder to the Administrative Agent in such Intellectual Property Collateral with the U.S. Patent and Trademark Office or the U.S. Copyright Office, as applicable.

(h) (i) This Agreement creates in favor of the Administrative Agent for the benefit of the Secured Parties a valid security interest in all the Collateral of each Grantor, securing the payment of the Secured Obligations of such Grantor; (ii) upon the filing of a UCC financing statement in the UCC filing office in the jurisdiction set forth in Schedule I under the heading "Jurisdiction of Organization" with respect to such Grantor, naming such Grantor as the debtor, the Administrative Agent as the secured party and including the collateral description set forth in Schedule IV, all actions necessary to perfect the security interest in the Collateral of such Grantor created under this Agreement with

respect to which a Lien may be perfected by filing pursuant to the UCC, including without limitation unregistered Copyrights (all such Collateral, **"Filing Collateral"**) shall have been duly made or taken and be in full force and effect, and the Lien created under this Agreement in such Grantor's Filing Collateral shall be perfected; and (iii) upon the timely recordation of a Copyright Security Agreement naming such Grantor as the grantor and the Administrative Agent as the secured party with the U.S. Copyright Office, all actions necessary to perfect the security interest in the Collateral of such Grantor consisting of the

Material Recordable Copyrights described therein and IP Agreements with respect thereto (**"Copyright Collateral"**) shall have been duly made or taken and be in full force and effect, and the Lien created under this Agreement in such Grantor's Copyright Collateral shall be perfected.

(i) Except as could not reasonably be expected to have a Material Adverse Effect:

(i) To the Grantor's knowledge, the operation of such Grantor's business as currently conducted or as contemplated to be conducted and the use of the Intellectual Property Collateral in connection therewith do not conflict with, infringe, misappropriate, dilute, misuse or otherwise violate the intellectual property rights of any third party.

(ii) The registered Intellectual Property Collateral is subsisting and has not been adjudged invalid or unenforceable in whole or part, and to such Grantor's knowledge, is valid and enforceable. Such Grantor is not aware of any uses of any item of Intellectual Property Collateral by a Grantor or any Affiliate of a Grantor that could be expected to lead to such item becoming invalid or unenforceable.

(iii) Such Grantor has made or performed all filings, recordings and other acts and has paid all required fees and taxes to maintain and protect its interest in its registered Intellectual Property Collateral in full force and effect in the United States, and to protect and maintain its interest therein including, without limitation, recordations of any of its interests in the Patents and Trademarks with the U.S. Patent and Trademark Office and recordation of any of its interests in the Copyrights with the U.S. Copyright Office. Such Grantor has used any statutory notice required in the United States in connection with its use of each registered Patent, Trademark and Copyright in the Intellectual Property Collateral.

(iv) To such Grantor's knowledge, (A) none of the material Trade Secrets of such Grantor has been used, divulged, disclosed or appropriated to the detriment of such Grantor for the benefit of any other Person other than such Grantor; (B) no employee, independent contractor

or agent of such Grantor has misappropriated any trade secrets of any other Person in the course of the performance of his or her duties as an employee, independent contractor or agent of such Grantor; and (C) no employee, independent contractor or agent of such Grantor is in default or breach of any term of any employment agreement, non-disclosure agreement, assignment of inventions agreement or similar agreement or contract relating in any way to the protection, ownership, development, use or transfer of such Grantor's Intellectual Property Collateral.

(v) To such Grantor's knowledge, no Grantor or Intellectual Property Collateral is subject to any outstanding consent, settlement, decree, order, injunction, judgment or ruling restricting the use of any Intellectual Property Collateral by such Grantor or any of its Affiliates or that would impair the validity or enforceability of such Intellectual Property Collateral.

SECTION 7. *Further Assurances.* (a) Each Grantor agrees that from time to time, at the expense of such Grantor, such Grantor will promptly execute and deliver, or otherwise authenticate, all further instruments and documents, and take all further action that may be reasonably necessary or desirable, or that the Administrative Agent may reasonably request, in order to perfect and protect any pledge or security interest granted or purported to be granted by such Grantor hereunder or to enable the Administrative Agent to exercise and enforce its rights and remedies hereunder with respect to any Collateral of such Grantor.

(b) Each Grantor hereby authorizes the Administrative Agent to file one or more financing or continuation statements, and amendments thereto, including, without limitation, one or more financing statements indicating that such financing statements cover all assets or all personal property (or words of similar effect) of such Grantor, in each case without the signature of such Grantor, and regardless of whether any particular asset described in such financing statements falls within the scope of the UCC or the granting clause of this Agreement. A photocopy or other reproduction of this Agreement or any financing statement covering the Collateral or any part thereof shall be sufficient as a financing statement where permitted by law. Each Grantor ratifies its authorization for the Administrative Agent to have filed such financing statements, continuation statements or amendments filed prior to the date hereof.

SECTION 8. *Post-Closing Changes; Bailees; Collections on Assigned Agreements and Accounts.* (a) No Grantor will change its name, type of organization, jurisdiction of organization, organizational identification number or location from those set forth in Section 6(a) of this Agreement without first giving at least 5 days' (or such lesser period of time as the Administrative Agent may agree) prior written notice to the Administrative Agent and taking all action

reasonably required by the Administrative Agent for the purpose of perfecting or protecting the security interest granted by this Agreement.

(b) During the continuation of an Event of Default, if any Collateral of any Grantor is at any time in the possession or control of a warehouseman, bailee or agent, upon the request of the Administrative Agent such Grantor will (i) notify such warehouseman, bailee or agent of the security interest created hereunder and (ii) instruct such warehouseman, bailee or agent to hold all such Collateral solely for the Administrative Agent's account subject only to the Administrative Agent's instructions.

(c) Except as otherwise provided in this subsection (c), each Grantor will continue to collect, at its own expense, all amounts due or to become due such Grantor under the Accounts. In connection with such collections, such Grantor may take (and, at the Administrative Agent's direction during the continuation of an Event of Default, may take) such commercially reasonable action as such Grantor (or the Administrative Agent) may deem necessary or advisable to enforce collection thereof; *provided* that the Administrative Agent shall have the right, at any time upon the occurrence and during the continuance of an Event of Default and upon written notice to such Grantor of its intention to do so, to notify the obligors under any Accounts of the assignment of such Accounts to the Administrative Agent and to direct such obligors to make payment of all amounts due or to become due to such Grantor thereunder directly to the Administrative Agent and, upon such notification and at the expense of such Grantor, to enforce collection of any such Accounts, to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as such Grantor might have done, and to otherwise exercise all rights with respect to such Accounts, including, without limitation, those set forth in Section 9-607 of the UCC. After receipt by any Grantor of the notice from the Administrative Agent referred to in the proviso to the preceding sentence, all amounts and Proceeds (including, without limitation, instruments) received by such Grantor in respect of the Accounts of such Grantor shall be received in trust for the benefit of the Administrative Agent hereunder, shall be segregated from other funds of such Grantor and shall be either (A) released to such Grantor to the extent permitted under the terms of the

Credit Agreement so long as no Event of Default shall have occurred and be continuing or (B) if any Event of Default shall have occurred and be continuing, applied as provided in Section 8.03 of the Credit Agreement.

SECTION 9. *As to Intellectual Property Collateral.* (a) Except to the extent failure to act could not reasonably be expected to have a Material Adverse Effect, with respect to registration or pending application of each item of its Intellectual Property Collateral for which such Grantor has standing to do so, each Grantor agrees to take, at its expense, all commercially reasonable steps, including, without limitation, in the U.S. Patent and Trademark Office, the U.S.

Copyright Office and any other governmental authority located in the United States, to (i) maintain the validity and enforceability of any registered Intellectual Property Collateral and maintain such Intellectual Property Collateral in full force and effect, and (ii) pursue the registration and maintenance of each Patent, Trademark, or Copyright registration or application, now or hereafter included in such Intellectual Property Collateral of such Grantor, including, without limitation, the payment of required fees and taxes, the filing of responses to office actions issued by the U.S. Patent and Trademark Office, the U.S. Copyright Office or other governmental authorities, the filing of applications for renewal or extension, the filing of affidavits under Sections 8 and 15 of the U.S. Trademark Act, the filing of divisional, continuation, continuation-in-part, reissue and renewal applications or extensions, the payment of maintenance fees and the participation in interference, reexamination, opposition, cancellation, infringement and misappropriation proceedings.

(b) Except as could not be reasonably expected to have a Material Adverse Effect, no Grantor shall do or permit any act or knowingly omit to do any act whereby any of its Intellectual Property Collateral may lapse or become invalid or unenforceable or placed in the public domain.

(c) Except where failure to do so could not reasonably be expected to cause a Material Adverse Effect, each Grantor shall take all commercially reasonable steps which it (or the Administrative Agent during the continuation of an Event of Default) deems reasonable and appropriate under the circumstances to preserve and protect each item of its Intellectual Property Collateral, including, without limitation, maintaining the quality of any and all products or services used or provided in connection with any of the Trademarks, consistent with the quality of the products and services as of the date hereof, and taking all steps necessary to ensure that all licensed users of any of the Trademarks abide by the applicable license's terms with respect to the standards of quality.

(d) Each Grantor agrees that, should it obtain an ownership interest in any Intellectual Property Collateral after the Closing Date (**"After-Acquired Intellectual Property"**) (i) the provisions of this Agreement shall automatically apply thereto, and (ii) any such After-Acquired Intellectual Property and, in the case of Trademarks, the goodwill symbolized thereby, shall automatically become part of the Intellectual Property Collateral subject to the terms and conditions of this Agreement with respect thereto.

(e) Each Grantor shall, (x) in the case of Material Recordable Publishing Copyrights, concurrently with the delivery of each Compliance Certificate delivered pursuant to Section 6.02(b) of the Credit Agreement with respect to each fiscal year of the Company and (y) in the case of any other Material Recordable Intellectual Property, concurrently with the delivery of each Compliance Certificate pursuant to Section 6.02(b) of the Credit Agreement, sign

and deliver to the Administrative Agent an appropriate Intellectual Property Security Agreement with respect to all Material Recordable Intellectual Property owned by it as of the last day of the period for which such Compliance Certificate is delivered, to the extent that such Material Recordable Intellectual Property is not covered by any previous Intellectual Property Security Agreement so signed and delivered by it. In each case, it will promptly cooperate as necessary to enable the Administrative Agent to make any necessary or reasonably desirable recordations with the U.S. Copyright Office or the U.S. Patent and Trademark Office, as appropriate.

SECTION 10. *Voting Rights; Dividends; Etc.* (a) So long as no Event of Default shall have occurred and be continuing:

(i) Each Grantor shall be entitled to exercise any and all voting and other consensual rights pertaining to the Security Collateral of such Grantor or any part thereof for any purpose; *provided* that such Grantor will not exercise or refrain from exercising any such right if such action would have a material adverse effect on the value of the Security Collateral or any part thereof.

(ii) Each Grantor shall be entitled to receive and retain any and all dividends, interest and other distributions paid in respect of the Security Collateral of such Grantor if and to the extent that the payment thereof is not otherwise prohibited by the terms of the Loan Documents; *provided* that any and all non-cash dividends, interest and other distributions paid or payable in respect of, and instruments and other property received, receivable or otherwise distributed in respect of, or in exchange for, any Security Collateral, shall be, and shall be forthwith delivered to the Administrative Agent to hold as, Security Collateral and shall, if received by such Grantor, be received in trust for the benefit of the Administrative Agent, be segregated from the other property or funds of such Grantor and be forthwith delivered to the Administrative Agent as Security Collateral in the same form as so received (with any necessary endorsement).

(iii) The Administrative Agent will execute and deliver (or cause to be executed and delivered) to each Grantor all such proxies and other instruments as such Grantor may reasonably request for the purpose of enabling such Grantor to exercise the voting and other rights that it is entitled to exercise pursuant to paragraph (i) above and to receive the dividends or interest payments that it is authorized to receive and retain pursuant to paragraph (ii) above.

(b) Upon the occurrence and during the continuance of an Event of Default:

(i) All rights of each Grantor (x) to exercise or refrain from exercising the voting and other consensual rights that it would otherwise be entitled to exercise pursuant to Section 10(a)(i) shall, upon notice to such Grantor by the Administrative Agent, cease and (y) to receive the dividends, interest and other distributions that it would otherwise be authorized to receive and retain pursuant to Section 10(a)(ii) shall automatically cease, and all such rights shall thereupon become vested in the Administrative Agent, which shall thereupon have the sole right to exercise or refrain from exercising such voting and other consensual rights and to receive and hold as Security Collateral such dividends, interest and other distributions.

(ii) All dividends, interest and other distributions that are received by any Grantor contrary to the provisions of paragraph (i) of this Section 10(b) shall be received in trust for the benefit of the Administrative Agent, shall be segregated from other funds of such Grantor and shall be forthwith paid over to the Administrative Agent as Security Collateral in the same form as so received (with any necessary endorsement).

SECTION 11. *Transfers and Other Liens; Additional Shares.* (a) Each Grantor agrees that it will not (i) sell, assign or otherwise dispose of, or grant any option with respect to, any of the Collateral, other than sales, assignments and other dispositions of Collateral, and options relating to Collateral, permitted under the terms of the Credit Agreement, or (ii) create or suffer to exist any Lien upon or with respect to any of the Collateral of such Grantor except for the pledge, assignment and security interest created under this Agreement and other Liens permitted under the Credit Agreement.

(b) Each Grantor agrees that it will (i) cause each issuer of the Pledged Equity pledged by such Grantor not to issue any Equity Interests or other Securities in addition to or in substitution for the Pledged Equity issued by such issuer, except to such Grantor, and (ii) pledge hereunder, immediately upon its acquisition (directly or indirectly) thereof, any and all additional Equity Interests or other Securities (subject to Section 1(o)(ii) with respect to Voting Foreign Stock).

SECTION 12. *Administrative Agent Appointed Attorney-in-Fact.* Each Grantor hereby irrevocably appoints the Administrative Agent such Grantor's attorney in fact, with full authority in the place and stead of such Grantor and in the name of such Grantor or otherwise, from time to time, upon the occurrence and during the continuance of an Event of Default, in the Administrative Agent's discretion, to take any action and to execute any instrument that the Administrative Agent may deem necessary or advisable to accomplish the purposes of this Agreement, including, without limitation:

(a) to obtain and adjust insurance required to be paid to the Administrative Agent,

(b) to ask for, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral,

(c) to receive, indorse and collect any drafts or other instruments, documents and Chattel Paper, in connection with clause (a) or (b) above, and

(d) to file any claims or take any action or institute any proceedings that the Administrative Agent may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce compliance with the terms and conditions of any Assigned Agreement or the rights of the Administrative Agent with respect to any of the Collateral.

SECTION 13. *Administrative Agent May Perform.* If any Grantor fails to perform any agreement contained herein, the Administrative Agent may, but without any obligation to do so and without notice, itself perform, or cause performance of, such agreement, and the reasonable out-of-pocket expenses of the Administrative Agent incurred in connection therewith shall be payable by such Grantor under Section 16.

SECTION 14. *Administrative Agent's Duties.* The powers conferred on the Administrative Agent hereunder are solely to protect the Secured Parties' interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the safe custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Administrative Agent shall have no duty as to any Collateral, as to ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Collateral, whether or not any Secured Party has or is deemed to have knowledge of such matters, or as to the taking of any necessary steps to preserve rights against any parties or any other rights pertaining to any Collateral. The Administrative Agent shall be deemed to have exercised reasonable care in the custody and preservation of any Collateral in its possession if such Collateral is accorded treatment substantially equal to that which it accords its own property, and will not be liable or responsible for any loss or damage to any Collateral, or for any diminution in the value thereof, by reason of any act or omission of any sub-agent or bailee selected by the Administrative Agent in good faith, except to the extent that such liability arises from the Administrative Agent's gross negligence or willful misconduct.

SECTION 15. *Remedies.* If any Event of Default shall have occurred and be continuing:

(a) The Administrative Agent may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party upon default under the UCC (whether or not the UCC applies to the affected Collateral) and also may: (i) require each Grantor to, and each Grantor hereby agrees that it will at its expense and upon request of the Administrative Agent forthwith, assemble all or part of the Collateral as directed by the Administrative Agent and make it available to the Administrative Agent at a place and time to be designated by the Administrative Agent that is reasonably convenient to both parties; (ii) without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any of the Administrative Agent's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Administrative Agent may deem commercially reasonable; (iii) occupy any premises owned or, to the extent lawful and permitted, leased by any of the Grantors where the Collateral or any part thereof is assembled or located for a reasonable period in order to effectuate its rights and remedies hereunder or under law, without obligation to such Grantor in respect of such occupation; and (iv) exercise any and all rights and remedies of any of the Grantors under or in connection with the Collateral, or otherwise in respect of the Collateral, including, without limitation, (A) any and all rights of such Grantor to demand or otherwise require payment of any amount under, or performance of any provision of, the Assigned Agreements, the Accounts and the other Collateral, (B) withdraw, or cause or direct the withdrawal, of all funds with respect to the Deposit Accounts and (C) exercise all other rights and remedies with respect to the Assigned Agreements, the Accounts and the other Collateral, including, without limitation, those set forth in Section 9-607 of the UCC. The Administrative Agent shall give the applicable Grantors at least ten (10) Business Days' written notice of the time and place of any public sale or the time after which any private sale is to be made and each Grantor agrees that such notice shall constitute reasonable notification. The Administrative Agent

shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Administrative Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(b) All payments received by any Grantor under or in connection with any Assigned Agreement or otherwise in respect of the Collateral shall be received in trust for the benefit of the Administrative Agent, shall be segregated from other funds of such Grantor and shall be forthwith paid over to the Administrative Agent in the same form as so received (with any necessary endorsement).

(c) The Administrative Agent may, without notice to any Grantor except as required by law and at any time or from time to time, charge, set off and

otherwise apply all or any part of the Secured Obligations against any funds held with respect to any Deposit Account.

(d) If the Administrative Agent shall determine to exercise its right to sell all or any of the Security Collateral of any Grantor pursuant to this Section 15, each Grantor agrees that, upon request of the Administrative Agent, such Grantor will, at its own expense, do or cause to be done all such other acts and things as may be necessary to make such sale of such Security Collateral or any part thereof valid and binding and in compliance with applicable law.

(e) The Administrative Agent is authorized, in connection with any sale of the Security Collateral pursuant to this Section 15, to deliver or otherwise disclose to any prospective purchaser of the Security Collateral: (i) any registration statement or prospectus, and all supplements and amendments thereto; (ii) any information and projections; and (iii) any other information in its possession relating to such Security Collateral.

(f) Each Grantor acknowledges the impossibility of ascertaining the amount of damages that would be suffered by the Secured Parties by reason of the failure by such Grantor to perform any of the covenants contained in subsection (d) above and, consequently, agrees that, if such Grantor shall fail to perform any of such covenants, it will pay, as liquidated damages and not as a penalty, an amount equal to the value of the Security Collateral on the date the Administrative Agent shall demand compliance with subsection (d) above.

SECTION 16. *Indemnity and Expenses.* (a) Each Grantor agrees to indemnify, defend and save and hold harmless each Secured Party and each of their Affiliates and their respective officers, directors, employees, agents and advisors (each, an **"Indemnified Party"**) from and against, and shall pay on demand, any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees and expenses of counsel (which shall be limited to one (1) counsel to the Administrative Agent and the Lenders, unless (x) the interests of the Administrative Agent and the Lenders are sufficiently divergent, in which case one (1) additional counsel may be appointed, and (y) if the interests of any Lender or group of Lenders (other than all of the Lenders) are distinctly or disproportionately affected, one (1) additional counsel for such Lender or group of Lenders)) that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or resulting from this Agreement (including, without limitation, enforcement of this Agreement), except to the extent such claim, damage, loss, liability or expense has resulted from such Indemnified Party's gross negligence or willful misconduct or breach of this Agreement by the Secured Party.

(b) Each Grantor will upon demand pay to the Administrative Agent the amount of any and all reasonable out-of-pocket expenses, including, without

limitation, the reasonable fees and expenses of its counsel and of any experts and agents, that the Administrative Agent may incur in connection with (i) the administration of this Agreement, (ii) the custody, preservation, use or operation of, or the sale of, collection from or other realization upon, any of the Collateral of such Grantor, (iii) the exercise or enforcement of any of the rights of the Administrative Agent or the other Secured Parties hereunder or (iv) the failure by such Grantor to perform or observe any of the provisions hereof.

SECTION 17. *Amendments; Waivers; Additional Grantors; Etc.* (a) No amendment or waiver of any provision of this Agreement, and no consent to any departure by any Grantor herefrom, shall in any event be effective unless the same shall be in writing and signed by each Grantor to which such amendment or waiver is to apply and the Administrative Agent (with the consent of the requisite number of Lenders specified in the Credit Agreement), and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No failure on the part of the Administrative Agent or any other Secured Party to exercise, and no delay in exercising any right hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right.

(b) Upon the execution and delivery, or authentication, by any Person of a security agreement supplement in substantially the form of Exhibit A hereto (each a **"Security Agreement Supplement"**), (i) such Person shall be referred to as an **"Additional Grantor"** and shall be and become a Grantor hereunder, and each reference in this Agreement and the other Loan Documents to "Grantor" shall also mean and be a reference to such Additional Grantor, and each reference in this Agreement and the other Loan Documents to "Collateral" shall also mean and be a reference to the Collateral of such Additional Grantor, and (ii) the supplemental schedules I through IV attached to each Security Agreement Supplement shall be incorporated into and become a part of and supplement Schedules I through IV, respectively, hereto, and the Administrative Agent may attach such supplemental schedules to such Schedules; and each reference to such Schedules shall mean and be a reference to such Schedules as supplemented pursuant to each Security Agreement Supplement.

SECTION 18. *Notices, Etc.* All notices and other communications provided for hereunder shall be in writing (including telegraphic, telecopy or telex communication or facsimile transmission) and mailed, telegraphed, telecopied, telexed, faxed or delivered to it, if to any Grantor, addressed to it in care of the Company at the Company's address specified in Section 10.02 of the Credit Agreement, if to the Administrative Agent, at its address specified in Section 10.02 of the Credit Agreement. All such notices and other communications shall be deemed to be given or made at such time as shall be set forth in Section 10.02 of the Credit Agreement. Delivery by telecopier of an executed counterpart of

any amendment or waiver of any provision of this Agreement or of any Security Agreement Supplement or Schedule hereto shall be effective as delivery of an original executed counterpart thereof.

SECTION 19. *Continuing Security Interest; Assignments under the Credit Agreement.* This Agreement shall create a continuing security interest in the Collateral and shall (a) remain in full force and effect until the latest of (i) the payment in full in cash of the Secured Obligations other than Obligations with respect to Secured Hedge Agreements and Cash Management Obligations not yet due and payable, (ii) the Maturity Date and (iii) the termination or expiration of all Letters of Credit, (b) be binding upon each Grantor, its successors and assigns and (c) inure, together with the rights and remedies of the Administrative Agent hereunder, to the benefit of the Secured Parties and their permitted respective successors, transferees and assigns. Without limiting the generality of the foregoing clause (c), any Lender may assign or otherwise transfer all or any portion of its rights and obligations under the Credit Agreement (including, without limitation, all or any portion of its Commitments, the Loans owing to it and the Note or Notes, if any, held by it) to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to such Lender herein or otherwise, in each case as provided in Section 10.07 of the Credit Agreement.

SECTION 20. *Release; Termination.* (a) Upon any sale, lease, transfer or other disposition of any item of Collateral of any Grantor permitted by, and in accordance with, the terms of the Loan Documents to any Person other than Holdings, the Company or any Restricted Subsidiary or upon the effectiveness of any consent to the release of the security interest granted hereby in any Collateral pursuant to Section 9.11 of the Credit Agreement, the Lien created under this Agreement on such Collateral (but not on any Proceeds thereof) shall automatically terminate. Upon the release of any Grantor from its Guaranty, if any, in accordance with the terms of the Loan Documents, the Lien created under this Agreement on the Collateral of such Grantor shall automatically terminate and such Grantor shall automatically be released from its obligations hereunder. The Administrative Agent will, at such Grantor's expense, execute and deliver to such Grantor such documents as such Grantor shall reasonably request to evidence any release of the Lien created under this Agreement on any Collateral pursuant to this Section 20(a); *provided* that such Grantor shall have delivered to the Administrative Agent a written request therefor describing the item of Collateral and the terms of the sale, lease, transfer or other disposition in reasonable detail, and a certificate of such Grantor to the effect that the transaction is in compliance with the Loan Documents and as to such other matters as the Administrative Agent may request. The Administrative Agent shall be authorized to rely on any such certificate without independent investigation.

(b) Upon the latest of (i) the payment in full in cash of the Secured Obligations other than Obligations with respect to Secured Hedge Agreements and Cash Management Obligations not yet due and payable, (ii) the Maturity Date and (iii) the termination or expiration of all Letters of Credit, the Lien on all Collateral created under this Agreement shall terminate and all rights to the Collateral shall revert to the applicable Grantor. Upon any such termination, the Administrative Agent will, at the applicable Grantor's expense, execute and deliver to such Grantor such documents as such Grantor shall reasonably request to evidence such termination.

SECTION 21. *Execution in Counterparts.* This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be effective as delivery of an original executed counterpart of this Agreement.

SECTION 22. *The Mortgages.* In the event that any of the Collateral hereunder is also subject to a valid and enforceable Lien under the terms of any Mortgage and the terms of such Mortgage are inconsistent with the terms of this Agreement, then with respect to such Collateral, the terms of such Mortgage shall be controlling in the case of Fixtures and real estate leases, letting and licenses of, and contracts and agreements relating to the lease of, real property, and the terms of this Agreement shall be controlling in the case of all other Collateral.

SECTION 23. *Governing Law; Jurisdiction; Waiver of Jury Trial, Etc.* (a) This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK CITY OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF SUCH STATE, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH GRANTOR CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THOSE COURTS. EACH GRANTOR IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF *FORUM NON CONVENIENS*, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF ANY LOAN DOCUMENT OR OTHER DOCUMENT RELATED THERETO.

(c) EACH GRANTOR HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY CLAIM, DEMAND, ACTION, OR

CAUSE OF ACTION (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO ANY OF THE LOAN DOCUMENTS OR THE TRANSACTIONS RELATED THERETO.

SECTION 24. *Severability.* If any provision of any Loan Document is invalid or unenforceable in any jurisdiction, then, to the fullest extent permitted by law, (i) the other provisions of the Loan Documents shall remain in full force and effect in such jurisdiction and shall be liberally construed in favor of the Administrative Agent and the Secured Parties in order to carry out the intentions of the parties thereto as nearly as may be possible and (ii) the invalidity or unenforceability of such provision in such jurisdiction shall not affect the validity or enforceability thereof in any other jurisdiction.

IN WITNESS WHEREOF, each Grantor has caused this Agreement to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

WMG ACQUISITION CORP.

By: /s/ Paul Robinson
Title: Vice President

Address for Notices:

WMG HOLDINGS CORP.

By: /s/ Paul Robinson
Title: Vice President

Address for Notices:

[OTHER GRANTORS]

Schedule I to the Security Agreement

CHIEF EXECUTIVE OFFICE, TYPE OF ORGANIZATION, JURISDICTION OF ORGANIZATION AND ORGANIZATIONAL IDENTIFICATION NUMBER

Grantor	Chief Executive Office	Type of Organization	Jurisdiction of Organization	Organizational I.D. No.

Schedule II to the Security Agreement

PLEDGED EQUITY

Grantor	Issuer	Class of Equity Interest	Par Value (if applicable)	Certificate No(s)	Number of Shares	Percentage of Outstanding Shares

Schedule III to the Security Agreement

COMMERCIAL TORT CLAIMS

[Describe nature of claim(s)-see Comment 5 to UCC Section 9-108]

Schedule IV to the Security Agreement

COLLATERAL DESCRIPTION

"All personal property."

Exhibit A to the
Security Agreement

FORM OF SECURITY AGREEMENT SUPPLEMENT

[Date of Security Agreement Supplement]

Bank of America, N.A.,
as the Administrative Agent for the
Secured Parties referred to in the
Credit Agreement referred to below

Attn:

[THE COMPANY]

Ladies and Gentlemen:

Reference is made to (i) the Credit Agreement dated as of February 27, 2004 (as amended, amended and restated, supplemented or otherwise modified from time to time, the **"Credit Agreement"),** among WMG Acquisition Corp., a Delaware corporation, as a Borrower, the Overseas Borrowers from time to time party thereto, WMG Holdings Corp., a Delaware corporation (**"Holdings"**), the Lenders party thereto, Bank of America, N.A., as the L/C Issuer, the Swing Line Lender and the Administrative Agent (together with any successor administrative agent, the **"Administrative Agent"**), and the other Agents named therein, and (ii) the Security Agreement dated February 27, 2004 (as amended, amended and restated, supplemented or otherwise modified from time to time, the **"Security Agreement"**) made by the Grantors from time to time party thereto in favor of the Administrative Agent for the Secured Parties. Terms defined in the Credit Agreement or the Security Agreement and not otherwise defined herein are used herein as defined in the Credit Agreement or the Security Agreement.

Section 1. *Grant of Security.* The undersigned hereby grants to the Administrative Agent, for the ratable benefit of the Secured Parties, a security interest in, all of its right, title and interest in and to all of the Collateral of the undersigned, whether now owned or hereafter acquired by the undersigned, wherever located and whether now or hereafter existing or arising, including, without limitation, the property and assets of the undersigned set forth on the attached supplemental schedules to the Schedules to the Security Agreement.

Section 2. *Security for Obligations.* The grant of a security interest in the Collateral by the undersigned under this Security Agreement Supplement and the Security Agreement secures the payment of all Obligations of the undersigned

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now or hereafter existing under or in respect of the Finance Documents, whether direct or indirect, absolute or contingent, and whether for principal, reimbursement obligations, interest, premiums, penalties, fees, indemnifications, contract causes of action, costs, expenses or otherwise.

Section 3. *Supplements to Security Agreement Schedules.* The undersigned has attached hereto supplemental Schedules I through IV to Schedules I through IV, respectively, to the Security Agreement, and the undersigned hereby certifies, as of the date first above written, that such supplemental schedules have been prepared by the undersigned in substantially the form of the equivalent Schedules to the Security Agreement and are complete and correct in all material respects.

Section 4. *Representations and Warranties.* The undersigned hereby makes each representation and warranty set forth in Section 6 of the Security Agreement (as supplemented by the attached supplemental schedules) as of the date hereof.

Section 5. *Obligations Under the Security Agreement.* The undersigned hereby agrees, as of the date first above written, to be bound as a Grantor by all of the terms and provisions of the Security Agreement to the same extent as each of the other Grantors. The undersigned further agrees, as of the date first above written, that each reference in the Security Agreement to an **"Additional Grantor"** or a **"Grantor"** shall also mean and be a reference to the undersigned.

Section 6. *Governing Law.* This Security Agreement Supplement shall be governed by, and construed in accordance with, the laws of the State of New York.

Very truly yours,

[NAME OF ADDITIONAL GRANTOR]

By: _____
Title:

Address for Notices:

_____
_____
_____

Exhibit B to the
Security Agreement

FORM OF COPYRIGHT SECURITY AGREEMENT

This Copyright Security Agreement (as amended, amended and restated, supplemented or otherwise modified from time to time, the **"Copyright Security Agreement"**) dated , 20 is made by the Persons listed on the signature pages hereof (collectively, the **"Grantors"**) in favor of Bank of America, N.A., as administrative agent (the **"Administrative Agent"**) for the Secured Parties (as defined in the Credit Agreement referred to below).

WHEREAS, WMG Acquisition Corp., a Delaware corporation, has entered into a Credit Agreement dated as of February 27, 2004 (as amended, amended and restated, supplemented or otherwise modified from time to time, the **"Credit Agreement"**) with WMG Holdings Corp., a Delaware corporation (**"Holdings"**), Bank of America, N.A., as the L/C Issuer, the Swing Line Lender and the Administrative Agent, the other Agents named therein and the Lenders party thereto.

WHEREAS, as a condition precedent to the making of the Loans and the issuance of Letters of Credit by the Lenders under the Credit Agreement and entry into Secured Hedge Agreements by the Hedge Banks from time to time, each Grantor has executed and delivered that certain Security Agreement dated February 27, 2004 made by the Grantors to the Administrative Agent (as amended, amended and restated, supplemented or otherwise modified from time to time, the **"Security Agreement"**). Terms defined in the Security Agreement and not otherwise defined herein are used herein as defined in the Security Agreement.

WHEREAS, under the terms of the Security Agreement, the Grantors have granted to the Administrative Agent, for the ratable benefit of the Secured Parties, a security interest in, among other property, certain Copyrights of the Grantors, and have agreed as a condition thereof to execute this Copyright Security Agreement for recording with the U.S. Copyright Office and any other appropriate governmental authorities.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Grantor agrees as follows:

Section 1. *Grant of Security.* Each Grantor hereby grants to the Administrative Agent for the ratable benefit of the Secured Parties a continuing security interest in all of such Grantor's right, title and interest in and to the following (all of the following items or types of property being herein collectively

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referred to as the **"Copyright Collateral"**), whether now owned or existing or hereafter acquired or arising:

(i) each Copyright owned by the Grantor, including, without limitation, each Copyright registration and application therefor, referred to in Schedule 1 hereto;

(ii) each exclusive Copyright license to which the Grantor is a party, including, without limitation, each Copyright license referred to in Schedule 1 hereto; and

(iii) any and all Proceeds of, collateral for, income, royalties and other payments now or hereafter due and payable with respect to, and Supporting Obligations relating to, any and all of the foregoing, including, without limitation, all Proceeds of and revenues from any and all claims for damages and injunctive relief for past, present and future infringement, dilution, misappropriation, violation, misuse or breach with respect to any of the foregoing, with the right, but not the obligation, to sue for and collect, or otherwise recover, such damages.

Section *2. No Transfer of Grantor's Rights.* Except to the extent expressly permitted in the Credit Agreement, each Grantor agrees not to sell, license, exchange, assign, or otherwise transfer or dispose of, or grant any rights with respect to, or mortgage or otherwise encumber, any of the Copyright Collateral.

Section 3. *Security for Obligations.* The grant of continuing security interest in the Copyright Collateral by each Grantor under this Copyright Security Agreement secures the payment of all Obligations of such Grantor, now or hereafter existing under or in respect of the Finance Documents, whether direct or indirect, absolute or contingent, and whether for principal, reimbursement obligations, interest, premiums, penalties, fees, indemnifications, contract causes of action, costs, expenses or otherwise.

Section 4. *Recordation.* Each Grantor authorizes and requests that the Register of Copyrights and any other applicable government officer record this Copyright Security Agreement.

Section 5. *Execution in Counterparts.* This Copyright Security Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

Section 6. *Grants, Rights and Remedies.* This Copyright Security Agreement has been executed and delivered by the Grantors for the purpose of recording the grant of security interest herein with the U.S. Copyright

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Office. The security interest granted hereby has been granted to

the Administrative Agent in connection with the Security Agreement and is expressly subject to the terms and conditions thereof and does not create any additional rights or obligations for any party hereto. The Security Agreement (and all rights and remedies of the Administrative Agent thereunder) shall remain *in* full force and effect in accordance with its terms.

Section *7. Governing Law.* This Copyright Security Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, each Grantor has caused this Copyright Security Agreement to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

WMG ACQUISITION CORP.

By: _____
Title:

Address for Notices:

_____

_____

WMG HOLDINGS CORP.

By: _____
Title:

Address for Notices:

_____

_____

[OTHER GRANTORS]

Schedule 1
to Copyright
Security Agreement

Recorded Music Copyrights

Label	Title	Artist	Genre	UPC	Release

Published Music Copyrights

SNGCD	Title	Composer

Exhibit C to the
Security Agreement

FORM OF PATENT SECURITY AGREEMENT

This Patent Security Agreement (as amended, amended and restated, supplemented or otherwise modified from time to time, the **"Patent Security Agreement"**) dated , 20 is made by the Persons listed on the signature pages hereof (collectively, the **"Grantors"**) in favor of Bank of America, N.A., as administrative agent (the **"Administrative Agent**") for the Secured Parties (as defined in the Credit Agreement referred to below).

WHEREAS, WMG Acquisition Corp., a Delaware corporation, has entered into a Credit Agreement dated as of February 27, 2004 (as amended, amended and restated, supplemented or otherwise modified from time to time, the **"Credit Agreement"**) with WMG Holdings Corp., a Delaware corporation **("Holdings"**), Bank of America, N.A., as the L/C Issuer, the Swing Line Lender and the Administrative Agent, the other Agents named therein and the Lenders party thereto.

WHEREAS, as a condition precedent to the making of the Loans and the issuance of Letters of Credit by the Lenders under the Credit Agreement and entry into Secured Hedge Agreements by the Hedge Banks from time to time, each Grantor has executed and delivered that certain Security Agreement dated February 27, 2004 made by the Grantors to the Administrative Agent (as amended, amended and restated, supplemented or otherwise modified from time to time, the **"Security Agreement"**). Terms defined in the Security Agreement and not otherwise defined herein are used herein as defined in the Security Agreement.

WHEREAS, under the terms of the Security Agreement, the Grantors have granted to the Administrative Agent, for the ratable benefit of the Secured Parties, a security interest in, among other property, certain Patents of the Grantors, and have agreed as a condition thereof to execute this Patent Security Agreement for recording with the U.S. Patent and Trademark Office and any other appropriate governmental authorities.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Grantor agrees as follows:

Section 1. *Grant of Security.* Each Grantor hereby grants to the Administrative Agent for the ratable benefit of the Secured Parties a continuing security interest in all of such Grantor's right, title and interest in and to the following (all of the following items or types of property being herein collectively

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referred to as the **"Patent Collateral"**), whether now owned or existing or hereafter acquired or arising:

(i) each Patent owned by the Grantor, including, without limitation, each Patent referred to in Schedule 1 hereto;

(ii) each Patent license to which the Grantor is a party, including, without limitation, each Patent license referred to in Schedule 2 hereto; and

(iii) any and all Proceeds of, collateral for, income, royalties and other payments now or hereafter due and payable with respect to, and Supporting Obligations relating to, any and all of the foregoing, including, without limitation, all Proceeds of and revenues from any and all claims for damages and injunctive relief for past, present and future infringement, dilution, misappropriation, violation, misuse or breach with respect to any of the foregoing, with the right, but not the obligation, to sue for and collect, or otherwise recover, such damages.

Section 2. *No Transfer of Grantor's Rights.* Except to the extent expressly permitted in the Credit Agreement, each Grantor agrees not to sell, license, exchange, assign, or otherwise transfer or dispose of, or grant any rights with respect to, or mortgage or otherwise encumber, any of the Patent Collateral.

Section 3. *Security for Obligations.* The grant of continuing security interest in the Patent Collateral by each Grantor under this Patent Security Agreement secures the payment of all Obligations of such Grantor, now or hereafter existing under or in respect of the Finance Documents, whether direct or indirect, absolute or contingent, and whether for principal, reimbursement obligations, interest, premiums, penalties, fees, indemnifications, contract causes of action, costs, expenses or otherwise.

Section 4. *Recordation.* Each Grantor authorizes and requests that the Commissioner for Patents and any other applicable government officer record this Patent Security Agreement.

Section 5. *Execution in Counterparts.* This Patent Security Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

Section 6. *Grants, Rights and Remedies.* This Patent Security Agreement has been executed and delivered by the Grantors for the purpose of recording the grant of security interest herein with the U.S. Patent and Trademark Office. The security interest granted hereby has been granted to the Administrative Agent in connection with the Security Agreement and is expressly subject to the terms and

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conditions thereof and does not create any additional rights or obligations for any party hereto. The Security Agreement (and all rights and remedies of the Administrative Agent thereunder) shall remain in full force and effect in accordance with its terms.

Section 7. *Governing Law.* This Patent Security Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, each Grantor has caused this Patent Security Agreement to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

WMG ACQUISITION CORP.

By: _____
Title:

Address for Notices:

_____

_____

WMG HOLDINGS CORP.

By: _____
Title:

Address for Notices:

[OTHER GRANTORS]

Schedule 1
to Patent
Security Agreement

[NAME OF GRANTOR]

PATENTS AND DESIGN PATENTS

Patent No.	Issued	Expiration	Country	Title

PATENT APPLICATIONS

Case No.	Serial No.	Country	Date	Filing Title

Schedule 2
to Patent
Security Agreement

PATENT LICENSES

Name of Agreement	Parties Licensor/Licensee	Date of Agreement	Subject Matter

Exhibit D to the
Security Agreement

FORM OF TRADEMARK SECURITY AGREEMENT

This Trademark Security Agreement (as amended, amended and restated, supplemented or otherwise modified from time to time, the **"Trademark Security Agreement"**) dated , 20 is made by the Persons listed on the signature pages hereof (collectively, the **"Grantors"**) in favor of Bank of America, NA., as administrative agent (the **"Administrative Agent"**) for the Secured Parties (as defined in the Credit Agreement referred to below).

WHEREAS, WMG Acquisition Corp., a Delaware corporation, has entered into a Credit Agreement dated as of February 27, 2004 (as amended, amended and restated, supplemented or otherwise modified from time to time, the **"Credit Agreement"**) with WMG Holdings Corp., a Delaware corporation (**"Holdings"**), Bank of America, N.A., as the L/C Issuer, the Swing Line Lender and the Administrative Agent, the other Agents named therein and the Lenders party thereto.

WHEREAS, as a condition precedent to the making of the Loans and the issuance of Letters of Credit by the Lenders under the Credit Agreement and entry into Secured Hedge Agreements by the Hedge Banks from time to time, each Grantor has executed and delivered that certain Security Agreement dated February 27, 2004 made by the Grantors to the Administrative Agent (as amended, amended and restated, supplemented or otherwise modified from time to time, the **"Security Agreement"**). Terms defined in the Security Agreement and not otherwise defined herein are used herein as defined in the Security Agreement.

WHEREAS, under the terms of the Security Agreement, the Grantors have granted to the Administrative Agent, for the ratable benefit of the Secured Parties, a security interest in, among other property, certain Trademarks of the Grantors, and have agreed as a condition thereof to execute this Trademark Security Agreement for recording with the U.S. Patent and Trademark Office and any other appropriate governmental authorities.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Grantor agrees as follows:

Section 1. *Grant of Security.* Each Grantor hereby grants to the Administrative Agent for the ratable benefit of the Secured Parties a continuing security interest in all of such Grantor's right, title and interest in and to the following (all of the following items or types of property being herein collectively

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referred to as the **"Trademark Collateral"**), whether now owned or existing or hereafter acquired or arising:

(i) each Trademark owned by the Grantor, including, without limitation, each Trademark registration and application therefor, referred to in Schedule 1 hereto, and all of the goodwill of the business connected with the use of, or symbolized by, each Trademark;

(ii) each Trademark license to which the Grantor is a party, including, without limitation, each Trademark license referred to in Schedule 2 hereto, and all of the goodwill of the business connected with the use of, or symbolized by, each Trademark licensed pursuant thereto; and

(iii) any and all Proceeds of, collateral for, income, royalties and other payments now or hereafter due and payable with respect to, and Supporting Obligations relating to, any and all of the foregoing, including, without limitation, all Proceeds of and revenues from any and all claims for damages and injunctive relief for past, present and future infringement, dilution, misappropriation, violation, misuse or breach with respect to any of the foregoing, with the right, but not the obligation, to sue for and collect, or otherwise recover, such damages.

Section 2. *No Transfer of Grantor's Rights.* Except to the extent expressly permitted in the Credit Agreement, each Grantor agrees not to sell, license, exchange, assign, or otherwise transfer or dispose of, or grant any rights with respect to, or mortgage or otherwise encumber, any of the Trademark Collateral.

Section 3. *Security for Obligations.* The grant of continuing security interest in the Trademark Collateral by each Grantor under this Trademark Security Agreement secures the payment of all Obligations of such Grantor, now or hereafter existing under or in respect of the Finance Documents, whether direct or indirect, absolute or contingent, and whether for principal, reimbursement obligations, interest, premiums, penalties, fees, indemnifications, contract causes of action, costs, expenses or otherwise.

Section 4. *Recordation.* Each Grantor authorizes and requests that the Commissioner for Trademarks and any other applicable government officer record this Trademark Security Agreement.

Section 5. *Execution in Counterparts.* This Trademark Security Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

Section 6. *Grants, Rights and Remedies.* This Trademark Security Agreement has been executed and delivered by the Grantors for the purpose of recording the grant of security interest herein with the U.S. Patent and Trademark Office. The security interest granted hereby has been granted to the Administrative Agent in connection with the Security Agreement and is expressly subject to the terms and conditions thereof and does not create any additional rights or obligations for any party hereto. The Security Agreement (and all rights and remedies of the Administrative Agent thereunder) shall remain in full force and effect in accordance with its terms.

Section 7. *Governing Law.* This Trademark Security Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, each Grantor has caused this Trademark Security Agreement to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

WMG ACQUISITION CORP.

By: _____
Title:

Address for Notices:

_____

_____

WMG HOLDINGS CORP.

By: _____
Title:

Address for Notices:

_____

_____

[OTHER GRANTORS]

Schedule 1
to Trademark
Security Agreement

U.S. TRADEMARK REGISTRATIONS

TRADEMARK	REG. NO.	REG. DATE

U.S. TRADEMARK APPLICATIONS

TRADEMARK	REG. NO.	REG. DATE

Schedule 2
to Trademark
Security Agreement

TRADEMARK LICENSES

Name of Agreement	Parties Licensor/Licensee	Date of Agreement	Subject Matter

SUBSIDIARY GUARANTY

Dated as of February 27, 2004

From

THE GUARANTORS NAMED HEREIN

and

THE ADDITIONAL GUARANTORS REFERRED TO HEREIN

as Guarantors

in favor of

THE SECURED PARTIES REFERRED TO IN
THE CREDIT AGREEMENT REFERRED TO HEREIN

TABLE OF CONTENTS

SUBSIDIARY GUARANTY

SUBSIDIARY GUARANTY dated as of February 27, 2004 (the **"Guaranty"**) made by the Persons listed on the signature pages hereof under the caption "Subsidiary Guarantors" and the Additional Guarantors (as defined in Section 8) (such Persons so listed and the Additional Guarantors being, collectively, the **"Guarantors"** and, individually, a **"Guarantor"**) in favor of the Secured Parties (as defined in the Credit Agreement referred to below).

PRELIMINARY STATEMENT

WMG Acquisition Corp., a Delaware corporation (the **"Company"**), and certain Foreign Subsidiaries of the Company (the **"Overseas Borrowers"** and, together with the Company, the **"Borrowers"**) are parties to a Credit Agreement dated as of February 27, 2004 (as amended, amended and restated, supplemented or otherwise modified from time to time, the **"Credit Agreement";** the capitalized terms defined therein and not otherwise defined herein being used herein as therein defined) with WMG Holdings Corp., certain Lenders party thereto, Bank of America, N.A., as the L/C Issuer, the Swing Line Lender and the Administrative Agent, and the other Agents named therein. Each Guarantor may receive, directly or indirectly, a portion of the proceeds of the Loans under the Credit Agreement and will derive substantial direct and indirect benefits from the transactions contemplated by the Loan Documents and the Secured Hedge Agreements (together with all instruments, agreements or other documents evidencing the Cash Management Obligations, the **"Finance Documents"**). It is a condition precedent to the making of Loans and the issuance of Letters of Credit by the Lenders under the Credit Agreement and the entry by the Hedge Banks into Secured Hedge Agreements from time to time that each Guarantor shall have executed and delivered this Guaranty.

NOW, THEREFORE, in consideration of the premises and in order to induce the Lenders to make Loans and to issue Letters of Credit under the Credit Agreement and the Hedge Banks to enter into Secured Hedge Agreements from time to time, each Guarantor, jointly and severally with each other Guarantor, hereby agrees as follows:

Section 1. *Guaranty; Limitation Of Liability.* (a) Each Guarantor hereby, jointly and severally, absolutely, unconditionally and irrevocably guarantees the punctual payment, whether at scheduled maturity or by acceleration, demand or otherwise, of all Obligations of each Loan Party and each other Restricted Subsidiary which is an obligor with respect to the Cash Management Obligations (each, an **"Obligor"**) now or hereafter existing (including, without

limitation, any extensions, modifications, substitutions, amendments or renewals of any or all of the foregoing Obligations), whether direct or indirect, absolute or contingent, and whether for principal, interest, premiums, fees, indemnities, contract causes of

action, costs, expenses or otherwise (such Obligations being the **"Guaranteed Obligations"**), and agrees to pay any and all expenses incurred by the Administrative Agent or any other Secured Party in enforcing any rights under this Guaranty or any other Loan Document (including reasonable fees, expenses and disbursements of any law firm or other external counsel to the Administrative Agent). Without limiting the generality of the foregoing, each Guarantor's liability shall extend to all amounts that constitute part of the Guaranteed Obligations and would be owed by any other Obligor to any Secured Party under or in respect of the Finance Documents but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving such other Obligor.

(b) Each Guarantor, and by its acceptance of this Guaranty, the Administrative Agent and each other Secured Party, hereby confirms that it is the intention of all such Persons that this Guaranty and the Obligations of each Guarantor hereunder not constitute a fraudulent transfer or conveyance for purposes of Bankruptcy Law (as hereinafter defined), the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar foreign, federal or state law to the extent applicable to this Guaranty and the Obligations of each Guarantor hereunder. To effectuate the foregoing intention, the Administrative Agent, the other Secured Parties and the Guarantors hereby irrevocably agree that the Obligations of each Guarantor under this Guaranty at any time shall be limited to the maximum amount as will result in the Obligations of such Guarantor under this Guaranty not constituting a fraudulent transfer or conveyance. For purposes hereof, **"Bankruptcy Law"** means any proceeding of the type referred to in Section 8.01(f) of the Credit Agreement or Title 11, U.S. Code, or any similar foreign, federal or state law for the relief of debtors.

(c) Each Guarantor hereby unconditionally and irrevocably agrees that in the event any payment shall be required to be made to any Secured Party under this Guaranty or the Parent Guaranty or the Company Guaranty or any other guaranty, such Guarantor will contribute, to the maximum extent permitted by law, such amounts to each other Guarantor and Holdings so as to maximize the aggregate amount paid to the Secured Parties under or in respect of the Finance Documents.

Section 2. *Guaranty Absolute.* Each Guarantor guarantees that the Guaranteed Obligations will be paid strictly in accordance with the terms of the Finance Documents, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of any Secured Party with respect thereto. The Obligations of each Guarantor under or in respect of this Guaranty are independent of the Guaranteed Obligations or any other Obligations of any other Obligor under or in respect of the Finance Documents, and a separate action or actions may be brought and prosecuted against each Guarantor to enforce this Guaranty, irrespective of whether any action is brought

against the Company or any other Obligor or whether the Company or any other Obligor is joined in any such action or actions. The liability of each Guarantor under this Guaranty shall be irrevocable, absolute and unconditional irrespective of, and each Guarantor hereby irrevocably waives any defenses it may now have or hereafter acquire in any way relating to, any or all of the following:

(a) any lack of validity or enforceability of any Finance Document or any agreement or instrument relating thereto;

(b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Guaranteed Obligations or any other Obligations of any other Obligor under or in respect of the Finance Documents, or any other amendment or waive of or any consent to departure from any Finance Document, including, without limitation, any increase in the Guaranteed Obligations resulting from the extension of additional credit to any Obligor or any of its Subsidiaries or otherwise;

(c) any taking, exchange, release or non-perfection of any Collateral or any other collateral, or any taking, release or amendment or waiver of, or consent to departure from, any other guaranty, for all or any of the Guaranteed Obligations;

(d) any manner of application of Collateral or any other collateral, or proceeds thereof, to all or any of the Guaranteed Obligations, or any manner of sale or other disposition of any Collateral or any other collateral for all or any of the Guaranteed Obligations or any other Obligations of any Obligor under the Finance Documents or any other assets of any Obligor or any of its Subsidiaries;

(e) any change, restructuring or termination of the corporate structure or existence of any Obligor or any of its Subsidiaries;

(f) any failure of any Secured Party to disclose to any Obligor any information relating to the business, condition (financial or otherwise), operations, performance, properties or prospects of any other Obligor now or hereafter known to such Secured Party (each Guarantor waiving any duty on the part of the Secured Parties to disclose such information);

(g) the failure of any other Person to execute or deliver this Guaranty, any Guaranty Supplement (as hereinafter defined) or any other guaranty or agreement or the release or reduction of liability of any Guarantor or other guarantor or surety with respect to the Guaranteed Obligations; or

(h) any other circumstance or any existence of or reliance on any representation by any Secured Party that might otherwise constitute a defense available to, or a discharge of, any Obligor or any other guarantor or surety.

This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Guaranteed Obligations is rescinded or must otherwise be returned by any Secured Party or any other Person upon the insolvency, bankruptcy or reorganization of the Company or any other Obligor or otherwise, all as though such payment had not been made.

Section 3. *Waivers and Acknowledgments.* (a) Each Guarantor hereby unconditionally and irrevocably waives promptness, diligence, notice of acceptance, presentment, demand for performance, notice of nonperformance, default, acceleration, protest or dishonor and any other notice with respect to any of the Guaranteed Obligations and this Guaranty and any requirement that any Secured Party protect, secure, perfect or insure any Lien or any property subject thereto or exhaust any right or take any action against any Obligor or any other Person or any Collateral.

(b) Each Guarantor hereby unconditionally and irrevocably waives any right to revoke this Guaranty and acknowledges that this Guaranty is continuing in nature and applies to all Guaranteed Obligations, whether existing now or in the future.

(c) Each Guarantor herby unconditionally and irrevocably waives (i) any defense arising by reason of any claim or defense based upon an election of remedies by any Secured Party that in any manner impairs, reduces, releases or otherwise adversely affects the subrogation, reimbursement, exoneration, contribution or indemnification rights of such Guarantor or other rights of such Guarantor to proceed against any of the other Obligors, any other guarantor or any other Person or any Collateral and (ii) any defense based on any right of set-off or counterclaim against or in respect of the Obligations of such Guarantor hereunder.

(d) Each Guarantor acknowledges that the Administrative Agent may, in accordance with the Loan Documents, without notice to or demand upon such Guarantor and without affecting the liability of such Guarantor under this Guaranty, foreclose under any mortgage by nonjudicial sale, and each Guarantor hereby waives any defense to the recovery by the Administrative Agent and the other Secured Parties against such Guarantor of any deficiency after such nonjudicial sale and any defense or benefits that may be afforded by applicable law.

(e) Each Guarantor hereby unconditionally and irrevocably waives any duty on the part of any Secured Party to disclose to such Guarantor any matter, fact or thing relating to the business, condition (financial or otherwise), operations, performance, properties or prospects of any other Obligor or any of its Subsidiaries now or hereafter known by such Secured Party.

(f) Each Guarantor acknowledges that it will receive substantial direct and indirect benefits from the financing arrangements contemplated by the Finance Documents and that the waivers set forth in Section 2 and this Section 3 are knowingly made in contemplation of such benefits.

Section 4. *Subrogation.* Each Guarantor hereby unconditionally and irrevocably agrees not to exercise any rights that it may now have or hereafter acquire against the Company, any other Obligor or any other insider guarantor that arise from the existence, payment, performance or enforcement of such Guarantor's Obligations under or in respect of this Guaranty or any other Finance Document, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution or indemnification and any right to participate in any claim or remedy of any Secured Party against the Company, any other Obligor or any other insider guarantor or any Collateral, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including, without limitation, the right to take or receive from the Company, any other Obligor or any other insider guarantor, directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security on account of such claim, remedy or right, unless and until all of the Guaranteed Obligations and all other amounts payable under this Guaranty shall have been paid in full in cash, all Letters of Credit shall have expired or been terminated and the Commitments shall have expired or been terminated. If any amount shall be paid to any Guarantor in violation of the immediately preceding sentence at any time prior to the latest of (a) the payment in full in cash of the Guaranteed Obligations and all other amounts payable under this Guaranty, (b) the Maturity Date and (c) the latest date of expiration or termination of all Letters of Credit, such amount shall be received and held in trust for the benefit of the Secured Parties, shall be segregated from other property and funds of such Guarantor and shall forthwith be paid or delivered to the Administrative Agent in the same form as so received (with any necessary endorsement or assignment) to be credited and applied to the Guaranteed Obligations and all other amounts payable under this Guaranty, whether matured or unmatured, in accordance with the terms of the Finance Documents, or to be held as Collateral for any Guaranteed Obligations or other amounts payable under this Guaranty thereafter arising. If (i) all of the Guaranteed Obligations and all other amounts payable under this Guaranty shall have been paid in full in cash, (ii) the Maturity Date shall have occurred and (iii) all Letters of Credit shall have expired or been terminated, the Secured Parties will, at such Guarantor's request and expense, execute and deliver to such Guarantor appropriate documents, without recourse and without representation or warranty, necessary to evidence the transfer by subrogation to such Guarantor of an interest in the Guaranteed Obligations resulting from such payment made by such Guarantor pursuant to this Guaranty.

Section 5. *Payments Free and Clear of Taxes, Etc.* Any and all payments by any Guarantor under this Guaranty or any other Loan Document shall be made,

in accordance with the terms of the Credit Agreement, free and clear of and without deduction for any and all present or future Taxes.

Section 6. *Covenants.* Each Guarantor covenants and agrees that, so long as any part of the Guaranteed Obligations shall remain unpaid, any Letter of Credit shall be outstanding or any Lender shall have any Commitment, such Guarantor will perform and observe, and cause each of its Subsidiaries to perform and observe, all of the terms, covenants and agreements set forth in the Loan Documents on its or their part to be performed or observed or that the Company has agreed to cause such Guarantor or such Subsidiaries to perform or observe.

Section 7. *Amendments, Release of Guarantors, Etc.* No amendment or waiver of any provision of this Guaranty and no consent to any departure by any Guarantor therefrom shall in any event be effective unless the same shall be in writing and signed by the Administrative Agent and the Guarantors (with the consent of the requisite number of Lenders specified in the Credit Agreement) and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. A Guarantor shall automatically be released from this Guaranty and its obligations hereunder upon consummation of any transaction or designation permitted by the Credit Agreement as a result of which such Guarantor ceases to be a Restricted Subsidiary; *provided* that no such release shall occur if such Guarantor is a guarantor in respect of any Junior Financing. The Administrative Agent will, at such Guarantor's expense, execute and deliver to such Guarantor such documents as such Guarantor shall reasonably request to evidence the release of such Guarantor from its Guarantee hereunder pursuant to this Section 7; *provided* that such Guarantor shall have delivered to the Administrative Agent a written request therefor and a certificate of such Guarantor to the effect that the transaction is in compliance with the Loan Documents. The Administrative Agent shall be authorized to rely on any such certificate without independent investigation.

Section 8. *Guaranty Supplements.* Upon the execution and delivery by any Person of a guaranty supplement in substantially the form of Exhibit A hereto (each, a **"Guaranty Supplement"**), (a) such Person shall be referred to as an **"Additional Guarantor"** and shall become and be a Guarantor hereunder, and each reference in this Guaranty to a **"Guarantor"** shall also mean and be a reference to such Additional Guarantor, and each reference in any other Loan Document to a **"Subsidiary Guarantor"** shall also mean and be a reference to such Additional Guarantor, and (b) each reference herein to **"this Guaranty", "hereunder", "hereof"** or words of like import referring to this Guaranty, and each reference in any other Loan Document to the **"Subsidiary Guaranty", "thereunder", "thereof"** or words of like import referring to this Guaranty, shall mean and be a reference to this Guaranty as supplemented by such Guaranty Supplement.

Section 9. *Notices, Etc.* All notices and other communications provided for hereunder shall be in writing (including telegraphic, telecopy or telex communication or facsimile transmission) and mailed, telegraphed, telecopied, telexed, faxed or delivered to it, if to any Guarantor, addressed to it in care of the Company at the Company's address specified in Section 10.02 of the Credit Agreement, if to any Agent or any Lender, at its address specified in Section 10.02 of the Credit Agreement, if to any Hedge Bank, at its address specified in the Secured Hedge Agreement to which it is a party, or, as to any party, at such other address as shall be designated by such party in a written notice to each other party. All such notices and other communications shall be deemed to be given or made at such time as shall be set forth in Section 10.02 of the Credit Agreement. Delivery by telecopier of an executed counterpart of a signature page to any amendment or waiver of any provision of this Guaranty or of any Guaranty Supplement to be executed and delivered hereunder shall be effective as delivery of an original executed counterpart thereof.

Section 10. *No Waiver; Remedies.* No failure on the part of any Secured Party to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

Section 11. *Right of Set-off.* Upon (a) the occurrence and during the continuance of any Event of Default and (b) the making of the request or the granting of the consent specified by Section 8.02 of the Credit Agreement to authorize the Administrative Agent to declare the Notes due and payable pursuant to the provisions of said Section 8.02, the Administrative Agent and, after obtaining the prior written consent of the Administrative Agent, each other Agent and each Lender and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Agent, such Lender, or such Affiliate to or for the credit or the account of any Guarantor against any and all of the Obligations of such Guarantor now or hereafter existing under the Loan Documents, irrespective of whether such Agent or such Lender shall have made any demand under this Guaranty or any other Loan Document and although such Obligations may be unmatured. Each Agent and each Lender agrees promptly to notify such Guarantor after any such set-off and application; *provided* that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Agent and each Lender and their respective Affiliates under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) that such Agent, such Lender and their respective Affiliates may have.

Section 12. *Continuing Guaranty; Assignments under the Credit Agreement.* This Guaranty is a continuing guaranty and shall (a) remain in full force and effect until the latest of (i) the payment in full in cash of the Guaranteed Obligations (other than with respect to Secured Hedge Agreements and Cash Management Obligations which are not yet due and payable) and all other amounts payable under this Guaranty, (ii) the Maturity Date and (iii) the latest date of expiration or termination of all Letters of Credit, (b) be binding upon each Guarantor, its successors and assigns and (c) inure to the benefit of and be enforceable by the Secured Parties and their permitted successors, transferees and assigns. Without limiting the generality of clause (c) of the immediately preceding sentence, any Secured Party may assign or otherwise transfer all or any portion of its rights and obligations under the Credit Agreement (including, without limitation, all or any portion of its Commitments, the Loans owing to it and the Note or Notes held by it) to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to such Secured Party herein or otherwise, in each case as and to the extent provided in Section 10.07 of the Credit Agreement. Except as expressly provided in the Credit Agreement, no Guarantor shall have the right to assign its rights hereunder or any interest herein without the prior written consent of the Secured Parties.

Section 13. *Execution in Counterparts.* This Guaranty and each amendment, waiver and consent with respect hereto may be executed in any number of counterparts and by different parties thereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Guaranty by telecopier shall be effective as delivery of an original executed counterpart of this Guaranty.

Section 14. *Governing Law; Jurisdiction; Waiver of Jury Trial, Etc.* (a) This Guaranty shall be governed by, and construed in accordance with, the laws of the State of New York.

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS GUARANTY OR ANY OTHER LOAN DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK CITY OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF SUCH STATE, AND BY EXECUTION AND DELIVERY OF THIS GUARANTY, EACH GUARANTOR CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THOSE COURTS. EACH GUARANTOR IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF *FORUM NON CONVENIENS*, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF ANY LOAN DOCUMENT OR OTHER DOCUMENT RELATED THERETO.

(c) EACH GUARANTOR HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO ANY OF THE LOAN DOCUMENTS OR THE TRANSACTIONS RELATED THERETO.

IN WITNESS WHEREOF, each Guarantor has caused this Guaranty to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

[SUBSIDIARY GUARANTORS]

By: /s/ Paul Robinson
Title: Vice President

Exhibit A
To The
Subsidiary Guaranty

FORM OF SUBSIDIARY GUARANTY SUPPLEMENT

,

Bank of America, N.A., as Administrative Agent
[Address of Administrative Agent]

Attention:

Credit Agreement dated as of February 27, 2004 among
WMG Acquisition Corp., a Delaware corporation (the **"Company"**),
the Overseas Borrowers party thereto,
WMG Holdings Corp.,
the Lenders party thereto,
Bank of America, N.A.,
as the L/C Issuer, Swing Line Lender and Administrative Agent,
and the other Agents party thereto

Ladies and Gentlemen:

Reference is made to the above-captioned Credit Agreement and to the Subsidiary Guaranty referred to therein (such Subsidiary Guaranty, as in effect on the date hereof and as it may hereafter be amended, supplemented or otherwise modified from time to time, together with this Subsidiary Guaranty Supplement (the **"Guaranty Supplement"**), being the **"Subsidiary Guaranty"**). The capitalized terms defined in the Subsidiary Guaranty or in the Credit Agreement and not otherwise defined herein are used herein as therein defined.

Section 1. *Guaranty; Limitation of Liability.* (a) The undersigned hereby, jointly and severally with the other Guarantors absolutely, unconditionally and irrevocably guarantees the punctual payment, whether at scheduled maturity or by acceleration, demand or otherwise, of all Obligations of each other Obligor now or hereafter existing under or in respect of the Finance Documents (including, without limitation, any extensions, modifications, substitutions, amendments or renewals of any or all of the foregoing Obligations), whether direct or indirect, absolute or contingent, and whether for principal, interest, premium, fees, indemnities, contract causes of action, costs, expenses or otherwise (such Obligations being the **"Guaranteed Obligations"**), and agrees to pay any and all expenses (including, without limitation, fees and expenses of counsel) incurred by the Administrative Agent or any other Secured Party in enforcing any rights under this Guaranty Supplement, the Subsidiary Guaranty or any other Loan Document.

Without limiting the generality of the foregoing, the undersigned's liability shall extend to all amounts that constitute part of the Guaranteed Obligations and would be owed by any other Obligor to any Secured Party under or in respect of the Loan Documents but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving such other Obligor.

(b) The undersigned, and by its acceptance of this Guaranty Supplement, the Administrative Agent and each other Secured Party, hereby confirms that it is the intention of all such Persons that this Guaranty Supplement, the Subsidiary Guaranty and the Obligations of the undersigned hereunder and thereunder not constitute a fraudulent transfer or conveyance for purposes of Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar foreign, federal or state law to the extent applicable to this Guaranty Supplement, the Subsidiary Guaranty and the Obligations of the undersigned hereunder and thereunder. To effectuate the foregoing intention, the Administrative Agent, the other Secured Parties and the undersigned hereby irrevocably agree that the Obligations of the undersigned under this Guaranty Supplement and the Subsidiary Guaranty at any time shall be limited to the maximum amount as will result in the Obligations of the undersigned under this Guaranty Supplement and the Subsidiary Guaranty not constituting a fraudulent transfer or conveyance.

(c) The undersigned hereby unconditionally and irrevocably agrees that in the event any payment shall be required to be made to any Secured Party under this Guaranty Supplement, the Subsidiary Guaranty, the Parent Guaranty, the Company Guaranty or any other guaranty, the undersigned will contribute, to the maximum extent permitted by applicable law, such amounts to each other Guarantor and each other guarantor so as to maximize the aggregate amount paid to the Secured Parties under or in respect of the Loan Documents.

Section 2. *Obligations Under the Guaranty.* The undersigned hereby agrees, as of the date first above written, to be bound as a Guarantor by all of the terms and conditions of the Subsidiary Guaranty to the same extent as each of the other Guarantors thereunder. The undersigned further agrees, as of the date first above written, that each reference in the Subsidiary Guaranty to an **"Additional Guarantor"** or a **"Guarantor"** shall also mean and be a reference to the undersigned, and each reference in any other Loan Document to a **"Subsidiary Guarantor",** a **"Loan Party"** or an **"Obligor"** shall also mean and be a reference to the undersigned.

Section 3. *Delivery by Telecopier.* Delivery of an executed counterpart of a signature page to this Guaranty Supplement by telecopier shall be effective as delivery of an original executed counterpart of this Guaranty Supplement.

Section 4. *Governing Law; Jurisdiction; Waiver of Jury Trial, Etc.* (a) This Guaranty Supplement shall be governed by, and construed in accordance with, the laws of the State of New York.

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS GUARANTY OR ANY OTHER LOAN DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK CITY OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF SUCH STATE, AND BY EXECUTION AND DELIVERY OF THIS GUARANTY SUPPLEMENT, EACH GUARANTOR CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THOSE COURTS. EACH GUARANTOR IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF *FORUM NON CONVENIENS*, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF ANY LOAN DOCUMENT OR OTHER DOCUMENT RELATED THERETO.

(c) THE UNDERSIGNED HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO ANY OF THE LOAN DOCUMENTS OR THE TRANSACTIONS RELATED THERETO.

Very truly yours,

[NAME OF ADDITIONAL GUARANTOR]

By: _____

Title:

PARENT GUARANTY

Dated as of February 27, 2004

From

WMG HOLDINGS CORP.

as Guarantor

in favor of

THE SECURED PARTIES REFERRED TO IN
THE CREDIT AGREEMENT REFERRED TO HEREIN

TABLE OF CONTENTS

PARENT GUARANTY

PARENT GUARANTY dated as of February 27, 2004 (the **"Guaranty"**) made by WMG HOLDINGS CORP., a Delaware corporation (the **"Guarantor"**), in favor of the Secured Parties (as defined in the Credit Agreement referred to below).

PRELIMINARY STATEMENT

WMG Acquisition Corp., a Delaware corporation and a wholly owned subsidiary of the Guarantor (the **"Company"**), and certain Foreign Subsidiaries of the Company (the **"Overseas Borrowers"** and, together with the Company, the **"Borrowers"**) are parties to a Credit Agreement dated as of February 27, 2004 (as amended, amended and restated, supplemented or otherwise modified from time to time, the **"Credit Agreement"**; the capitalized terms defined therein and not otherwise defined herein being used herein as therein defined) with the Guarantor, certain Lenders party thereto, Bank of America, N.A., as the L/C Issuer, the Swing Line Lender and the Administrative Agent, and the other Agents named therein. The Guarantor will derive substantial direct and indirect benefits from the transactions contemplated by the Loan Documents and the Secured Hedge Agreements (together with all instruments, agreements or other documents evidencing the Cash Management Obligations, the **"Finance Documents"**). It is a condition precedent to the making of Loans and the issuance of Letters of Credit by the Lenders under the Credit Agreement and the entry by the Hedge Banks into Secured Hedge Agreements from time to time that the Guarantor shall have executed and delivered this Guaranty.

NOW, THEREFORE, in consideration of the premises and in order to induce the Lenders to make Loans and to issue Letters of Credit under the Credit Agreement and the Hedge Banks to enter into Secured Hedge Agreements from time to time, the Guarantor hereby agrees as follows:

Section 1. *Guaranty.* (a) The Guarantor hereby absolutely, unconditionally and irrevocably guarantees the punctual payment, whether at scheduled maturity or by acceleration, demand or otherwise, of all Obligations of each Loan Party and each other Restricted Subsidiary which is an obligor with respect to the Cash Management Obligations (each, an **"Obligor"**) now or hereafter existing (including, without limitation, any extensions, modifications, substitutions, amendments or renewals of any or all of the foregoing Obligations), whether direct or indirect, absolute or contingent, and whether for principal, interest, premiums, fees, indemnities, contract causes of action, costs, expenses or otherwise (such Obligations being the **"Guaranteed Obligations"**), and agrees to pay any and all expenses incurred by the Administrative Agent or any other Secured Party in enforcing any rights under this Guaranty or any other Loan Document (including reasonable fees, expenses and disbursements of any law

firm or other external counsel to the Administrative Agent). Without limiting the generality of the foregoing, the Guarantor's liability shall extend to all amounts that constitute part of the Guaranteed Obligations and would be owed by any other Obligor to any Secured Party under or in respect of the Finance

Documents but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving such other Obligor.

(b) The Guarantor hereby unconditionally and irrevocably agrees that in the event any payment shall be required to be made to any Secured Party under this Guaranty or the Subsidiary Guaranty or the Company Guaranty or any other guaranty, the Guarantor will contribute, to the maximum extent permitted by law, such amounts to each other guarantor so as to maximize the aggregate amount paid to the Secured Parties under or in respect of the Finance Documents.

Section 2. *Guaranty Absolute.* The Guarantor guarantees that the Guaranteed Obligations will be paid strictly in accordance with the terms of the Finance Documents, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of any Secured Party with respect thereto. The Obligations of the Guarantor under or in respect of this Guaranty are independent of the Guaranteed Obligations or any other Obligations of any other Obligor under or in respect of the Finance Documents, and a separate action or actions may be brought and prosecuted against the Guarantor to enforce this Guaranty, irrespective of whether any action is brought against the Company or any other Obligor or whether the Company or any other Obligor is joined in any such action or actions. The liability of the Guarantor under this Guaranty shall be irrevocable, absolute and unconditional irrespective of, and the Guarantor hereby irrevocably waives any defenses it may now have or hereafter acquire in any way relating to, any or all of the following:

(a) any lack of validity or enforceability of any Finance Document or any agreement or instrument relating thereto;

(b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Guaranteed Obligations or any other Obligations of any other Obligor under or in respect of the Finance Documents, or any other amendment or waiver of or any consent to departure from any Finance Document, including, without limitation, any increase in the Guaranteed Obligations resulting from the extension of additional credit to any Obligor or any of its Subsidiaries or otherwise;

(c) any taking, exchange, release or non-perfection of any Collateral or any other collateral, or any taking, release or amendment or waiver of, or consent to departure from, any other guaranty, for all or any of the Guaranteed Obligations;

(d) any manner of application of Collateral or any other collateral, or proceeds thereof, to all or any of the Guaranteed Obligations, or any manner of sale or other disposition of any Collateral or any other collateral for all or any of the Guaranteed Obligations or any other Obligations of any Obligor under the Finance Documents or any other assets of any Obligor or any of its Subsidiaries;

(e) any change, restructuring or termination of the corporate structure or existence of any Obligor or any of its Subsidiaries;

(f) any failure of any Secured Party to disclose to any Obligor any information relating to the business, condition (financial or otherwise), operations, performance, properties or prospects of any other Obligor now or hereafter known to such Secured Party (the Guarantor waiving any duty on the part of the Secured Parties to disclose such information);

(g) the failure of any other Person to execute or deliver any other guaranty or agreement or the release or reduction of liability of any other guarantor or surety with respect to the Guaranteed Obligations; or

(h) any other circumstance or any existence of or reliance on any representation by any Secured Party that might otherwise constitute a defense available to, or a discharge of, any Obligor or any other guarantor or surety.

This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Guaranteed Obligations is rescinded or must otherwise be returned by any Secured Party or any other Person upon the insolvency, bankruptcy or reorganization of the Company or any other Obligor or otherwise, all as though such payment had not been made.

Section 3. *Waivers and Acknowledgments.* (a) The Guarantor hereby unconditionally and irrevocably waives promptness, diligence, notice of acceptance, presentment, demand for performance, notice of nonperformance, default, acceleration, protest or dishonor and any other notice with respect to any of the Guaranteed Obligations and this Guaranty and any requirement that any Secured Party protect, secure, perfect or insure any Lien or any property subject thereto or exhaust any right or take any action against any Obligor or any other Person or any Collateral.

(b) The Guarantor hereby unconditionally and irrevocably waives any right to revoke this Guaranty and acknowledges that this Guaranty is continuing in nature and applies to all Guaranteed Obligations, whether existing now or in the future.

(c) The Guarantor hereby unconditionally and irrevocably waives (i) any defense arising by reason of any claim or defense based upon an election of

remedies by any Secured Party that in any manner impairs, reduces, releases or otherwise adversely affects the subrogation, reimbursement, exoneration, contribution or indemnification rights of the Guarantor or other rights of the Guarantor to proceed against any of the other Obligors, any other guarantor or any other Person or any Collateral and (ii) any defense based on any right of set-off or counterclaim against or in respect of the Obligations of the Guarantor hereunder.

(d) The Guarantor acknowledges that the Administrative Agent may, in accordance with the Loan Documents, without notice to or demand upon the Guarantor and without affecting the liability of the Guarantor under this Guaranty, foreclose under any mortgage by nonjudicial sale, and the Guarantor hereby waives any defense to the recovery by the Administrative Agent and the other Secured Parties against the Guarantor of any deficiency after such nonjudicial sale and any defense or benefits that may be afforded by applicable law.

(e) The Guarantor hereby unconditionally and irrevocably waives any duty on the part of any Secured Party to disclose to the Guarantor any matter, fact or thing relating to the business, condition (financial or otherwise), operations, performance, properties or prospects of any other Obligor or any of its Subsidiaries now or hereafter known by such Secured Party.

(f) The Guarantor acknowledges that it will receive substantial direct and indirect benefits from the financing arrangements contemplated by the Finance Documents and that the waivers set forth in Section 2 and this Section 3 are knowingly made in contemplation of such benefits.

Section 4. *Subrogation.* The Guarantor hereby unconditionally and irrevocably agrees not to exercise any rights that it may now have or hereafter acquire against the Company, any other Obligor or any other insider guarantor that arise from the existence, payment, performance or enforcement of the Guarantor's Obligations under or in respect of this Guaranty or any other Finance Document, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution or indemnification and any right to participate in any claim or remedy of any Secured Party against the Company, any other Obligor or any other insider guarantor or any Collateral, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including, without limitation, the right to take or receive from the Company, any other Obligor or any other insider guarantor, directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security on account of such claim, remedy or right, unless and until all of the Guaranteed Obligations and all other amounts payable under this Guaranty shall have been paid in full in cash, all Letters of Credit shall have expired or been terminated and the Commitments shall have expired or been terminated. If any amount shall be paid to the Guarantor in violation of the immediately preceding sentence at any time prior to the latest of (a) the payment in full in cash of the Guaranteed Obligations

and all other amounts payable under this Guaranty, (b) the Maturity Date and (c) the latest date of expiration or termination of all Letters of Credit, such amount shall be received and held in trust for the benefit of the Secured Parties, shall be segregated from other property and funds of the Guarantor and shall forthwith be paid or delivered to the Administrative Agent in the same form as so received (with any necessary endorsement or assignment) to be credited and applied to the Guaranteed Obligations and all other amounts payable under this Guaranty, whether matured or unmatured, in accordance with the terms of the Finance Documents, or to be held as Collateral for any Guaranteed Obligations or other amounts payable under this Guaranty thereafter arising. If (i) all of the Guaranteed Obligations and all other amounts payable under this Guaranty shall have been paid in full in cash, (ii) the Maturity Date shall have occurred and (iii) all Letters of Credit shall have expired or been terminated, the Secured Parties will, at the Guarantor's request and expense, execute and deliver to the Guarantor appropriate documents, without recourse and without representation or warranty, necessary to evidence the transfer by subrogation to the Guarantor of an interest in the Guaranteed Obligations resulting from such payment made by the Guarantor pursuant to this Guaranty.

Section 5. *Payments Free and Clear of Taxes, Etc.* Any and all payments by the Guarantor under this Guaranty or any other Loan Document shall be made, in accordance with the terms of the Credit Agreement, free and clear of and without deduction for any and all present or future Taxes.

Section 6. *Amendments, Etc.* No amendment or waiver of any provision of this Guaranty and no consent to any departure by the Guarantor therefrom shall in any event be effective unless the same shall be in writing and signed by the Administrative Agent and the Guarantor (with the consent of the requisite number of Lenders specified in the Credit Agreement), and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 7. *Notices, Etc.* All notices and other communications provided for hereunder shall be in writing (including telegraphic, telecopy or telex communication or facsimile transmission) and mailed, telegraphed, telecopied, telexed, faxed or delivered to it, if to the Guarantor, addressed to it in care of the Company at the Company's address specified in Section 10.02 of the Credit Agreement, if to any Agent or any Lender, at its address specified in Section 10.02 of the Credit Agreement, if to any Hedge Bank, at its address specified in the Secured Hedge Agreement to which it is a party, or, as to any party, at such other address as shall be designated by such party in a written notice to each other party. All such notices and other communications shall be deemed to be given or made at such time as shall be set forth in Section 10.02 of the Credit Agreement. Delivery by telecopier of an executed counterpart of a signature page to any

amendment or waiver of any provision of this Guaranty shall be effective as delivery of an original executed counterpart thereof.

Section 8. *No Waiver; Remedies.* No failure on the part of any Secured Party to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

Section 9. *Right of Set-off.* Upon (a) the occurrence and during the continuance of any Event of Default and (b) the making of the request or the granting of the consent specified by Section 8.02 of the Credit Agreement to authorize the Administrative Agent to declare the Notes due and payable pursuant to the provisions of said Section 8.02, the Administrative Agent and, after obtaining the prior written consent of the Administrative Agent, each other Agent and each Lender and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Agent, such Lender or such Affiliate to or for the credit or the account of the Guarantor against any and all of the Obligations of the Guarantor now or hereafter existing under the Loan Documents, irrespective of whether such Agent or such Lender shall have made any demand under this Guaranty or any other Loan Document and although such Obligations may be unmatured. Each Agent and each Lender agrees promptly to notify the Guarantor after any such set-off and application; *provided* that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Agent and each Lender and their respective Affiliates under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) that such Agent, such Lender and their respective Affiliates may have.

Section 10. *Continuing Guaranty; Assignments under the Credit Agreement.* This Guaranty is a continuing guaranty and shall (a) remain in full force and effect until the latest of (i) the payment in full in cash of the Guaranteed Obligations (other than with respect to Secured Hedge Agreements and Cash Management Obligations which are not yet due and payable) and all other amounts payable under this Guaranty, (ii) the Maturity Date and (iii) the latest date of expiration or termination of all Letters of Credit, (b) be binding upon the Guarantor, its successors and assigns and (c) inure to the benefit of and be enforceable by the Secured Parties and their permitted successors, transferees and assigns. Without limiting the generality of clause (c) of the immediately

preceding sentence, any Secured Party may assign or otherwise transfer all or any portion of its rights and obligations under the Credit Agreement (including, without limitation, all or any portion of its Commitments, the Loans owing to it

and the Note or Notes held by it) to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to such Secured Party herein or otherwise, in each case as and to the extent provided in Section 10.07 of the Credit Agreement. Except as expressly provided in the Credit Agreement, the Guarantor shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Secured Parties.

Section 11. *Execution in Counterparts.* This Guaranty and each amendment, waiver and consent with respect hereto may be executed in any number of counterparts and by different parties thereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Guaranty by telecopier shall be effective as delivery of an original executed counterpart of this Guaranty.

Section 12. *Governing Law; Jurisdiction; Waiver of Jury Trial, Etc.* (a) This Guaranty shall be governed by, and construed in accordance with, the laws of the State of New York.

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS GUARANTY OR ANY OTHER LOAN DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK CITY OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF SUCH STATE, AND BY EXECUTION AND DELIVERY OF THIS GUARANTY, THE GUARANTOR CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THOSE COURTS. THE GUARANTOR IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF *FORUM NON CONVENIENS*, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF ANY LOAN DOCUMENT OR OTHER DOCUMENT RELATED THERETO.

(c) THE GUARANTOR HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, CLAIM, DEMAND OR CAUSE OF ACTION (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO ANY OF THE LOAN DOCUMENTS OR THE TRANSACTIONS RELATED THERETO.

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

WMG HOLDINGS CORP.

By: /s/ Paul Robinson
Title: Vice President

COMPANY GUARANTY

Dated as of February 27, 2004

From

WMG ACQUISITION CORP.

as Guarantor

in favor of

THE SECURED PARTIES REFERRED TO IN
THE CREDIT AGREEMENT REFERRED TO HEREIN

TABLE OF CONTENTS

COMPANY GUARANTY

COMPANY GUARANTY dated as of February 27, 2004 (the **"Guaranty"**) made by WMG ACQUISITION CORP., a Delaware corporation (the **"Guarantor"**), in favor of the Secured Parties (as defined in the Credit Agreement referred to below).

PRELIMINARY STATEMENT

The Guarantor and certain of its Foreign Subsidiaries (the **"Overseas Borrowers"** and, together with the Guarantor, the **"Borrowers"**) are parties to a Credit Agreement dated as of February 27, 2004 (as amended, amended and restated, supplemented or otherwise modified from time to time, the **"Credit Agreement";** the capitalized terms defined therein and not otherwise defined herein being used herein as therein defined) with WMG Holdings Corp., certain Lenders party thereto, Bank of America, N.A., as the L/C Issuer, the Swing Line Lender and the Administrative Agent, and the other Agents named therein. The Guarantor will derive substantial direct and indirect benefits from the transactions contemplated by the Loan Documents and the Secured Hedge Agreements (together with all instruments, agreements or other documents evidencing the Cash Management Obligations, the **"Finance Documents").** It is a condition precedent to the making of Loans and the issuance of Letters of Credit by the Lenders under the Credit Agreement and the entry by the Hedge Banks into Secured Hedge Agreements from time to time that the Guarantor shall have executed and delivered this Guaranty.

NOW, THEREFORE, in consideration of the premises and in order to induce the Lenders to make Loans and to issue Letters of Credit under the Credit Agreement and the Hedge Banks to enter into Secured Hedge Agreements from time to time, the Guarantor hereby agrees as follows:

Section 1. *Guaranty.* (a) The Guarantor hereby absolutely, unconditionally and irrevocably guarantees the punctual payment, whether at scheduled maturity or by acceleration, demand or otherwise, of all Obligations of each Loan Party and each other Restricted Subsidiary which is an obligor with respect to the Cash Management Obligations (each, an **"Obligor"**) now or hereafter existing (including, without limitation, any extensions, modifications, substitutions, amendments or renewals of any or all of the foregoing Obligations), whether direct or indirect, absolute or contingent, and whether for principal, interest, premiums, fees, indemnities, contract causes of action, costs, expenses or otherwise (such Obligations being the **"Guaranteed Obligations"**), and agrees to pay any and all expenses incurred by the Administrative Agent or any other Secured Party in enforcing any rights under this Guaranty or any other Loan Document (including reasonable fees, expenses and disbursements of any law firm or other external counsel to the Administrative Agent). Without limiting the

generality of the foregoing, the Guarantor's liability shall extend to all amounts that constitute part of the Guaranteed Obligations and would be owed by any Obligor to any Secured Party under or in respect of the Finance Documents but for the fact that they are unenforceable or not allowable due to the existence

of a bankruptcy, reorganization or similar proceeding involving such Obligor.

(b) The Guarantor hereby unconditionally and irrevocably agrees that in the event any payment shall be required to be made to any Secured Party under this Guaranty or the Parent Guaranty or the Subsidiary Guaranty or any other guaranty, the Guarantor will contribute, to the maximum extent permitted by law, such amounts to each other guarantor so as to maximize the aggregate amount paid to the Secured Parties under or in respect of the Finance Documents.

Section 2. *Guaranty Absolute.* The Guarantor guarantees that the Guaranteed Obligations will be paid strictly in accordance with the terms of the Finance Documents, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of any Secured Party with respect thereto. The Obligations of the Guarantor under or in respect of this Guaranty are independent of the Guaranteed Obligations or any other Obligations of any other Obligor under or in respect of the Finance Documents, and a separate action or actions may be brought and prosecuted against the Guarantor to enforce this Guaranty, irrespective of whether any action is brought against any other Obligor or whether any other Obligor is joined in any such action or actions. The liability of the Guarantor under this Guaranty shall be irrevocable, absolute and unconditional irrespective of, and the Guarantor hereby irrevocably waives any defenses it may now have or hereafter acquire in any way relating to, any or all of the following:

(a) any lack of validity or enforceability of any Finance Document or any agreement or instrument relating thereto;

(b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Guaranteed Obligations or any other Obligations of any other Obligor under or in respect of the Finance Documents, or any other amendment or waiver of or any consent to departure from any Finance Document, including, without limitation, any increase in the Guaranteed Obligations resulting from the extension of additional credit to any Obligor or any of its Subsidiaries or otherwise;

(c) any taking, exchange, release or non-perfection of any Collateral or any other collateral, or any taking, release or amendment or waiver of, or consent to departure from, any other guaranty, for all or any of the Guaranteed Obligations;

(d) any manner of application of Collateral or any other collateral, or proceeds thereof, to all or any of the Guaranteed Obligations, or any manner of sale or other disposition of any Collateral or any other collateral for all or any of the Guaranteed Obligations or any other Obligations of any Obligor under the Finance Documents or any other assets of any Obligor or any of its Subsidiaries;

(e) any change, restructuring or termination of the corporate structure or existence of any Obligor or any of its Subsidiaries;

(f) any failure of any Secured Party to disclose to any Obligor any information relating to the business, condition (financial or otherwise), operations, performance, properties or prospects of any other Obligor now or hereafter known to such Secured Party (the Guarantor waiving any duty on the part of the Secured Parties to disclose such information);

(g) the failure of any other Person to execute or deliver any other guaranty or agreement or the release or reduction of liability of any other guarantor or surety with respect to the Guaranteed Obligations; or

(h) any other circumstance or any existence of or reliance on any representation by any Secured Party that might otherwise constitute a defense available to, or a discharge of, any Obligor or any other guarantor or surety.

This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Guaranteed Obligations is rescinded or must otherwise be returned by any Secured Party or any other Person upon the insolvency, bankruptcy or reorganization of any other Obligor or otherwise, all as though such payment had not been made.

Section 3. *Waivers and Acknowledgments.* (a) The Guarantor hereby unconditionally and irrevocably waives promptness, diligence, notice of acceptance, presentment, demand for performance, notice of nonperformance, default, acceleration, protest or dishonor and any other notice with respect to any of the Guaranteed Obligations and this Guaranty and any requirement that any Secured Party protect, secure, perfect or insure any Lien or any property subject thereto or exhaust any right or take any action against any Obligor or any other Person or any Collateral.

(b) The Guarantor hereby unconditionally and irrevocably waives any right to revoke this Guaranty and acknowledges that this Guaranty is continuing in nature and applies to all Guaranteed Obligations, whether existing now or in the future.

(c) The Guarantor hereby unconditionally and irrevocably waives (i) any defense arising by reason of any claim or defense based upon an election of

remedies by any Secured Party that in any manner impairs, reduces, releases or otherwise adversely affects the subrogation, reimbursement, exoneration, contribution or indemnification rights of the Guarantor or other rights of the Guarantor to proceed against any of the other Obligors, any other guarantor or any other Person or any Collateral and (ii) any defense based on any right of set-off or counterclaim against or in respect of the Obligations of the Guarantor hereunder.

(d) The Guarantor acknowledges that the Administrative Agent may, in accordance with the Loan Documents, without notice to or demand upon the Guarantor and without affecting the liability of the Guarantor under this Guaranty, foreclose under any mortgage by nonjudicial sale, and the Guarantor hereby waives any defense to the recovery by the Administrative Agent and the other Secured Parties against the Guarantor of any deficiency after such nonjudicial sale and any defense or benefits that may be afforded by applicable law.

(e) The Guarantor hereby unconditionally and irrevocably waives any duty on the part of any Secured Party to disclose to the Guarantor any matter, fact or thing relating to the business, condition (financial or otherwise), operations, performance, properties or prospects of any other Obligor or any of

its Subsidiaries now or hereafter known by such Secured Party.

(f) The Guarantor acknowledges that it will receive substantial direct and indirect benefits from the financing arrangements contemplated by the Finance Documents and that the waivers set forth in Section 2 and this Section 3 are knowingly made in contemplation of such benefits.

Section 4. *Subrogation.* The Guarantor hereby unconditionally and irrevocably agrees not to exercise any rights that it may now have or hereafter acquire against any other Obligor or any other insider guarantor that arise from the existence, payment, performance or enforcement of the Guarantor's Obligations under or in respect of this Guaranty or any other Finance Document, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution or indemnification and any right to participate in any claim or remedy of any Secured Party against any other Obligor or any other insider guarantor or any Collateral, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including, without limitation, the right to take or receive from any other Obligor or any other insider guarantor, directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security on account of such claim, remedy or right, unless and until all of the Guaranteed Obligations and all other amounts payable under this Guaranty shall have been paid in full in cash, all Letters of Credit shall have expired or been terminated and the Commitments shall have expired or been terminated. If any amount shall be paid to the Guarantor in violation of the immediately preceding sentence at any time prior to the latest of (a) the payment in full in cash of the Guaranteed Obligations and all other amounts payable under

this Guaranty, (b) the Maturity Date and (c) the latest date of expiration or termination of all Letters of Credit, such amount shall be received and held in trust for the benefit of the Secured Parties, shall be segregated from other property and funds of the Guarantor and shall forthwith be paid or delivered to the Administrative Agent in the same form as so received (with any necessary endorsement or assignment) to be credited and applied to the Guaranteed Obligations and all other amounts payable under this Guaranty, whether matured or unmatured, in accordance with the terms of the Finance Documents, or to be held as Collateral for any Guaranteed Obligations or other amounts payable under this Guaranty thereafter arising. If (i) all of the Guaranteed Obligations and all other amounts payable under this Guaranty shall have been paid in full in cash, (ii) the Maturity Date shall have occurred and (iii) all Letters of Credit shall have expired or been terminated, the Secured Parties will, at the Guarantor's request and expense, execute and deliver to the Guarantor appropriate documents, without recourse and without representation or warranty, necessary to evidence the transfer by subrogation to the Guarantor of an interest in the Guaranteed Obligations resulting from such payment made by the Guarantor pursuant to this Guaranty.

Section 5. *Payments Free and Clear of Taxes, Etc.* Any and all payments by the Guarantor under this Guaranty or any other Loan Document shall be made, in accordance with the terms of the Credit Agreement, free and clear of and without deduction for any and all present or future Taxes.

Section 6. *Amendments, Etc.* No amendment or waiver of any provision of this Guaranty and no consent to any departure by the Guarantor therefrom shall in any event be effective unless the same shall be in writing and signed by the Administrative Agent and the Guarantor (with the consent of the requisite number of Lenders specified in the Credit Agreement), and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 7. *Notices, Etc.* All notices and other communications provided for hereunder shall be in writing (including telegraphic, telecopy or telex communication or facsimile transmission) and mailed, telegraphed, telecopied, telexed, faxed or delivered to it, if to the Guarantor, at its address specified in Section 10.02 of the Credit Agreement, if to any Agent or any Lender, at its address specified in Section 10.02 of the Credit Agreement, if to any Hedge Bank, at its address specified in the Secured Hedge Agreement to which it is a party, or, as to any party, at such other address as shall be designated by such party in a written notice to each other party. All such notices and other communications shall be deemed to be given or made at such time as shall be set forth in Section 10.02 of the Credit Agreement. Delivery by telecopier of an executed counterpart of a signature page to any amendment or waiver of any provision of this Guaranty shall be effective as delivery of an original executed counterpart thereof.

Section 8. *No Waiver; Remedies.* No failure on the part of any Secured Party to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

Section 9. *Right of Set-off.* Upon (a) the occurrence and during the continuance of any Event of Default and (b) the making of the request or the granting of the consent specified by Section 8.02 of the Credit Agreement to authorize the Administrative Agent to declare the Notes due and payable pursuant to the provisions of said Section 8.02, the Administrative Agent and, after obtaining the prior written consent of the Administrative Agent, each other Agent and each Lender and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Agent, such Lender or such Affiliate to or for the credit or the account of the Guarantor against any and all of the Obligations of the Guarantor now or hereafter existing under the Loan Documents, irrespective of whether such Agent or such Lender shall have made any demand under this Guaranty or any other Loan Document and although such Obligations may be unmatured. Each Agent and each Lender agrees promptly to notify the Guarantor after any such set-off and application; *provided* that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Agent and each Lender and their respective Affiliates under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) that such Agent, such Lender and their respective Affiliates may have.

Section 10. *Continuing Guaranty; Assignments under the Credit Agreement.* This Guaranty is a continuing guaranty and shall (a) remain in full force and effect until the latest of (i) the payment in full in cash of the Guaranteed Obligations (other than with respect to Secured Hedge Agreements and Cash Management Obligations which are not yet due and payable) and all other amounts payable under this Guaranty, (ii) the Maturity Date and (iii) the latest date of expiration or termination of all Letters of Credit, (b) be binding upon the Guarantor, its successors and assigns and (c) inure to the benefit of and be enforceable by the Secured Parties and their successors, transferees and assigns. Without limiting the generality of clause (c) of the immediately preceding sentence, any Secured Party may assign or otherwise transfer all or any portion of its rights and obligations under the Credit Agreement (including, without limitation, all or any portion of its Commitments, the Loans owing to it and the Note or Notes held by it) to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to such Secured Party herein or otherwise, in each case as and to the extent provided in

Section 10.07 of the Credit Agreement. Except as expressly provided in the Credit Agreement, the Guarantor shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Secured Parties.

Section 11. *Execution in Counterparts.* This Guaranty and each amendment, waiver and consent with respect hereto may be executed in any number of counterparts and by different parties thereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Guaranty by telecopier shall be effective as delivery of an original executed counterpart of this Guaranty.

Section 12. *Governing Law; Jurisdiction; Waiver of Jury Trial, Etc.* (a) This Guaranty shall be governed by, and construed in accordance with, the laws of the State of New York.

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS GUARANTY OR ANY OTHER LOAN DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK CITY OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF SUCH STATE, AND BY EXECUTION AND DELIVERY OF THIS GUARANTY, THE GUARANTOR CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THOSE COURTS. THE GUARANTOR IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF *FORUM NON CONVENIENS*, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF ANY LOAN DOCUMENT OR OTHER DOCUMENT RELATED THERETO.

(c) THE GUARANTOR HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, CLAIM, DEMAND OR CAUSE OF ACTION (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO ANY OF THE LOAN DOCUMENTS OR THE TRANSACTIONS RELATED THERETO.

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

WMG ACQUISITION CORP.

By: /s/ Paul Robinson
Title: Vice President

DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF RENTS AND LEASES AND FIXTURE FILING (TENNESSEE)

by and from

WARNER BROS. RECORDS, INC., *"Trustor"*

to

KAY B. HOUSCH, a resident of Davidson County, *"Trustee"*

in favor of

BANK OF AMERICA, N.A.,
in its capacity as Agent, *"Beneficiary"*

Dated as of February 29, 2004

MAXIMUM PRINCIPAL INDEBTEDNESS FOR TENNESSEE RECORDING TAX PURPOSES IS $75,077,810.00.

Location:	**20, 24, 26 Music Square East**
Municipality:	**Nashville**
County:	**Davidson**
State:	**Tennessee**

THE SECURED PARTY (BENEFICIARY) DESIRES THIS FIXTURE FILING TO BE INDEXED AGAINST THE RECORD OWNER OF THE REAL ESTATE DESCRIBED HEREIN

PREPARED BY, RECORDING REQUESTED BY, AND WHEN RECORDED MAIL TO:

Davis Polk & Wardwell
450 Lexington Avenue
New York, New York 10017
Attention: Susan D. Kennedy, Esq.

DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF RENTS AND LEASES AND FIXTURE FILING (TENNESSEE)

THIS DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF RENTS AND LEASES AND FIXTURE FILING (TENNESSEE) (this **"*Deed of Trust*"**) is dated as of February 29, 2004 by and from **Warner Bros. Records, Inc.,** a Delaware corporation (**"*Trustor*"**), whose address is 3300 Warner Boulevard, Burbank, California 91510, to Kay B. Housch, a resident of Davidson County, Tennessee (**"*Trustee*"**), with an address at Suite 310, 222 Second Avenue North, Nashville, Tennessee 37201, for the benefit of **BANK OF AMERICA, N.A.,** a national association, as administrative agent (in such capacity, **"*Agent*"**) for the Secured Parties as defined in the Credit Agreement (defined below), having an address at Independence Center, 15th Floor, NC1-001-15-04, 101 North Tryon Street, Charlotte, North Carolina 28255 (Agent, together with its successors and assigns, **"*Beneficiary*"**).

This instrument covers property which is or may become so affixed to real property as to become fixtures and also constitutes a fixture filing under § 47-9-502(c) of Tennessee Code Annotated. NOTICE PURSUANT TO § 47-28-104 OF TENNESSEE CODE ANNOTATED: This Deed of Trust secures future advances which are "obligatory advances" as defined in the aforesaid statute. This Deed of Trust is for "commercial purposes" as defined in said statute.

ARTICLE 1
DEFINITIONS

Section 1.1 Definitions. All capitalized terms used herein without definition shall have the respective meanings ascribed to them in that certain Credit Agreement dated as of even date herewith, as the same may be amended, amended and restated, supplemented or otherwise modified from time to time (the **"*Credit Agreement*"),** among WMG Acquisition Corp. and the Overseas Borrowers Party thereto, as Borrowers (collectively, **"*Borrower*"**), WMG Holdings Corp. and the other Secured Parties identified therein. As used herein, the following terms shall have the following meanings:

(a) ***"Debtor Relief Laws"*:** the Bankruptcy Code of the United States, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

(b) ***"Event of Default"*:** An Event of Default under and as defined in the Credit Agreement.

(c) ***"Loan Parties"*:** collectively, each Borrower and each Guarantor.

(d) ***"Obligations"*:** means all advances to, and debts, liabilities, obligations, covenants and duties of, any Loan Party arising under any Loan Document or otherwise with respect to any Loan, Letter of Credit, or Secured Hedge Agreement whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against any Loan Party of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding. Without limiting the generality of the foregoing, the Obligations of the Loan Parties under the Loan Documents include (a) the obligation to pay principal, interest, Letter of Credit commissions, charges, expenses, fees, Attorney Costs, indemnities and other amounts payable by any Loan Party under any Loan Document and (b) the obligation of any Loan Party to reimburse any amount in respect of any of the foregoing that any Lender, in its sole discretion, may elect to pay or advance on behalf of such Loan Party. The Credit Agreement

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contains a revolving credit facility which permits Borrower to borrow certain principal amounts, repay all or a portion of such principal amounts, and reborrow the amounts previously paid to the Secured Parties, all upon satisfaction of certain conditions stated in the Credit Agreement. This Deed of Trust secures all advances and re-advances under the Credit Agreement, including, without limitation, those under the revolving credit facility contained therein.

(e) ***"Permitted Liens"*:** Liens described in Sections 7.01 of the Credit Agreement.

(f) ***"Secured Obligations"*:** the payment of all Obligations of Trustor now or hereafter existing under the Loan Documents and the Secured Hedge Agreements (together, the **"Finance Documents"**), whether direct or indirect, absolute or contingent, and whether for principal, reimbursement obligations, interest, fees, premiums, penalties, indemnifications, contract causes of action, costs, expenses or otherwise.

(g) ***"Secured Hedge Agreement"*:** any Swap Contract required or permitted under Article 6 or Article 7 of the Credit Agreement that is entered into by and between any Loan Party and any Hedge Bank.

(h) ***"Secured Parties"*:** Secured Parties as defined in the Credit Agreement and Trustee.

(i) ***"Trust Property"*:** The fee interest in the real property described in Exhibit A attached hereto and incorporated herein by this reference, together with any greater estate in such real property as hereafter may be acquired by Trustor (the ***"Land"***), and all of Trustor's right, title and interest in and to (1) all improvements now owned or hereafter acquired by Trustor, now or at any time situated, placed or constructed upon the Land (the ***"Improvements"***; the Land and Improvements are collectively referred to as the ***"Premises"***), (2) all materials, supplies, equipment, apparatus and other items of personal property now owned or hereafter acquired by Trustor and now or hereafter attached to, installed in or used in connection with any of the Improvements or the Land, and water, gas, electrical, telephone, storm and sanitary sewer facilities and all other utilities whether or not situated in easements (the ***"Fixtures"***), (3) all goods, accounts, general intangibles, instruments, documents, chattel paper and all other personal property of any kind or character, including such items of personal property as defined in the UCC (defined below), now owned or hereafter acquired by Trustor and now or hereafter affixed to, placed upon, used in connection with, arising from or otherwise related to the Premises (the ***"Personalty"***), (4) all reserves, escrows or impounds required under the Credit Agreement or any of the other Loan Documents and all deposit accounts maintained by Trustor with respect to the Trust Property (the ***"Deposit Accounts"***), (5) all leases, licenses, concessions, occupancy agreements or other agreements (written or oral, now or at any time in effect) to which Trustor is a party which grant to any Person a possessory interest in, or the right to use, all or any part of the Trust Property, together with all related security and other deposits (the ***"Leases"***), (6) all of the rents, revenues, royalties, income, proceeds, profits, security and other types of deposits, and other benefits paid or payable by parties to the Leases for using, leasing, licensing possessing, operating from, residing in, selling or otherwise enjoying the Trust Property (the ***"Rents"***), (7) all other agreements, such as construction contracts, architects' agreements, engineers' contracts, utility contracts, maintenance agreements, management agreements, service contracts, listing agreements, guaranties, warranties, permits, licenses, certificates and entitlements in any way relating to the construction, use, occupancy, operation, maintenance, enjoyment or ownership of the Trust Property (the ***"Property Agreements"***), excluding any agreement to the extent that (but only as long as) the terms thereof prohibit the assignment of, or granting a security interest in, such agreement (it being understood and agreed, however, (i) that notwithstanding the foregoing, all rights to payment for money due or to become due pursuant to any such excluded agreement shall be subject to the security interests created by this Deed of Trust and (ii) such excluded agreement shall otherwise be subject to the security interests created by this Deed of Trust upon receiving any necessary approvals or waivers permitting the assignment thereof), (8) all rights, privileges, tenements, hereditaments, rights-of-way, easements,

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appendages and appurtenances appertaining to the foregoing, (9) all property tax refunds payable to Trustor with respect to the Trust Property (the ***"Tax Refunds"***), (10) all accessions, replacements and substitutions for any of the foregoing and all proceeds thereof (the ***"Proceeds"***), (11) subject to the terms of the Credit Agreement governing insurance proceeds, all insurance policies, unearned premiums therefor and proceeds from such policies covering any of the above property now or hereafter acquired by Trustor (the ***"Insurance"***), and (12) subject to the terms of the Credit Agreement governing condemnation awards, all awards, damages, remunerations, reimbursements, settlements or compensation heretofore made or hereafter to be made by any governmental authority pertaining to any condemnation or other taking (or any purchase in lieu thereof) of all or any portion of the Land, Improvements, Fixtures or Personalty (the ***"Condemnation Awards"***). As used in this Deed of Trust, the term "Trust Property" shall mean all or, where the context permits or requires, any portion of the above or any interest therein.

(j) ***"UCC"*:** The Uniform Commercial Code of Tennessee or, if the creation, perfection and enforcement of any security interest herein granted is governed by the laws of a state other than Tennessee, then, as to the matter in question, the Uniform Commercial Code in effect in that state.

ARTICLE 2
GRANT[INSERT ONLY IF DEED OF TRUST IS CAPPED: ; REVOLVING LOAN]

Section 2.1 **Grant.** To secure the full and timely payment of the Obligations and the full and timely performance of the Obligations, Trustor GRANTS, BARGAINS, ASSIGNS, SELLS, CONVEYS and CONFIRMS, unto the Trustee for the benefit of Beneficiary the Trust Property, subject, however, only to the matters set forth on Exhibit B attached hereto (the ***"Permitted Encumbrances"***) and to Permitted Liens, TO HAVE AND TO HOLD the

Trust Property to Trustee, together with all the hereditaments and appurtenances thereunto belonging or in anywise appertaining, and Trustor does hereby bind itself, its successors and assigns to WARRANT AND FOREVER DEFEND the title to the Trust Property unto Beneficiary.

Section 2.2 **Treatment of Borrowings and Repayments.** Pursuant to the Credit Agreement, the amount of the Obligations may increase and decrease from time to time as the Secured Parties advance, Borrower repays, and the Secured Parties re-advance sums pursuant to the Credit Agreement. For purposes of this Deed of Trust, so long as the balance of the Obligations equals or exceeds the maximum principal amount secured hereby (***"Secured Amount"***), the amount of the Obligations secured by this Deed of Trust shall at all times equal only the Secured Amount. Such Secured Amount represents only a portion of the first sums advanced by the Secured Parties in respect of the Obligations.

Section 2.3 **Reduction of Secured Amount.** The Secured Amount shall be reduced only by the last and final sums that Borrower repays with respect to the Obligations and shall not be reduced by any intervening repayments of the Obligations. So long as the balance of the Obligations exceeds the Secured Amount, any payments and repayments of the Obligations shall not be deemed to be applied against, or to reduce, the portion of the Obligations secured by this Deed of Trust. Such payments shall instead be deemed to reduce only such portions of the Obligations as are secured by other collateral located outside of the State of Tennessee.

ARTICLE 3
WARRANTIES, REPRESENTATIONS AND COVENANTS

Trustor warrants, represents and covenants to Beneficiary as follows:

Section 3.1 **Title to Trust Property and Lien of this Instrument.** Trustor owns the Trust Property free and clear of any liens, claims or interests, except the Permitted Encumbrances and

Permitted Liens. This Deed of Trust creates valid, enforceable first priority liens and security interests against the Trust Property, except for Permitted Encumbrances and Permitted Liens.

Section 3.2 **First Lien Status.** Trustor shall preserve and protect the first lien and security interest status of this Deed of Trust. If any lien or security interest other than a Permitted Encumbrance or a Permitted Lien is asserted against the Trust Property, Trustor shall promptly, and at its expense, (a) give Beneficiary a detailed written notice of such lien or security interest (including origin, amount and other terms), and (b) pay the underlying claim in full or take such other action so as to cause it to be released or contest the same as required by and in compliance with the Credit Agreement (including, if applicable under the Credit Agreement, the requirement of providing a bond or other security satisfactory to Beneficiary). Beneficiary has not consented and will not consent to any contract or to any work or to the furnishing of any materials which might be deemed to create a lien or liens superior to the lien of this instrument, either under § 66-11-108 of Tennessee Code Annotated, or otherwise.

Section 3.3 **Payment and Performance.** Trustor covenants and agrees that, so long as any part of the Obligations shall remain unpaid, any Letter of Credit shall be outstanding, any Secured Party shall have any Commitment or any Secured Hedge Agreement shall be in effect, Trustor shall perform and observe all of the terms, covenants and agreements set forth in the Loan Documents on its part to be performed or observed (including without limitation the Subsidiary Guaranty) or that Borrower has agreed to cause Trustor to perform or observe.

Section 3.4 **Replacement of Fixtures.** Trustor shall not, without the prior written consent of Beneficiary, permit any of the Fixtures owned or leased by Trustor to be removed at any time from the Land or Improvements, unless the removed item is removed temporarily for maintenance and repair or is permitted to be removed by the Credit Agreement.

Section 3.5 **Insurance; Condemnation Awards and Insurance Proceeds.**

(a) Insurance. Trustor shall maintain or cause to be maintained with financially sound and reputable insurance companies, insurance with respect to the Trust Property against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts (after giving effect to any self-insurance reasonable and customary for similarly situated Persons engaged in the same or similar businesses as the Trustor) as are customarily carried under similar circumstances by such Persons. Subject to Trustor's right to self-insure set forth in the foregoing sentence, each such policy of insurance shall name Beneficiary as the loss payee (or, in the case of liability insurance, an additional insured) thereunder for the ratable benefit of the Secured Parties, and shall provide for at least 30 days' prior written notice of any material modification or cancellation of such policy. In addition to the foregoing, if any portion of the Trust Property is located in an area identified by the Federal Emergency Management Agency as an area having special flood hazards and in which flood insurance has been made available under the National Flood Insurance Act of 1968 (or any amendment or successor act thereto), then Trustor shall maintain, or cause to be maintained, with a financially sound and reputable insurer, flood insurance in an amount sufficient to comply with all applicable rules and regulations promulgated pursuant to such Act.

(b) Condemnation Awards. All Condemnation Awards awarded to Trustor shall be reinvested and/or applied in accordance with the terms of the Credit Agreement, including without limitation Section 2.05(b) thereof.

(c) Insurance Proceeds. All proceeds of any insurance policies required under the Loan Documents relating to the Trust Property shall be reinvested and/or applied in accordance with the terms of the Credit Agreement, including without limitation Section 2.05(b) thereof.

ARTICLE 4
DEFAULT AND FORECLOSURE

Section 4.1 **Remedies.** Upon the occurrence and during the continuance of an Event of Default, Beneficiary and Trustee, or either of them, may, at their election, exercise any or all of the following rights, remedies and recourses:

(a) Acceleration. Subject to any provisions of the Loan Documents providing for the automatic acceleration of the Obligations upon the occurrence of certain Events of Default, declare the Obligations to be immediately due and payable, without further notice, presentment, protest, notice of intent to accelerate, notice of acceleration, demand or action of any nature whatsoever (each of which hereby is expressly waived by Trustor), whereupon the same shall become immediately due and payable.

(b) Entry on Trust Property. Enter the Trust Property and take exclusive possession thereof and of all books, records and accounts relating thereto or located thereon. If Trustor remains in possession of the Trust Property following the occurrence and during the continuance of an Event of Default, and without Beneficiary's prior written consent, Beneficiary or Trustee may invoke any legal remedies to dispossess Trustor.

(c) Operation of Trust Property. Hold, lease, develop, manage, operate or otherwise use the Trust Property upon such terms and conditions as Beneficiary or Trustee may deem reasonable under the circumstances (making such repairs, alterations, additions and improvements and taking other actions, from time to time, as Beneficiary or Trustee deems necessary or desirable), and apply all Rents and other amounts collected by Beneficiary in connection therewith in accordance with the provisions of Section 4.7.

(d) Sale. Institute proceedings for sale of the Trust Property, either by judicial action or by power of sale, in which case the Trust Property may be sold for cash or credit in one or more parcels. With respect to any notices required or permitted under the UCC, Trustor agrees that ten (10) days' prior written notice shall be deemed commercially reasonable. At any such sale by virtue of any judicial proceedings, power of sale, or any other legal right, remedy or recourse, the title to and right of possession of any such property shall pass to the purchaser thereof, and to the fullest extent permitted by law, Trustor shall be completely and irrevocably divested of all of its right, title, interest, claim, equity, equity of redemption, and demand whatsoever, either at law or in equity, in and to the property sold and such sale shall be a perpetual bar both at law and in equity against Trustor, and against all other Persons claiming or to claim the property sold or any part thereof, by, through or under Trustor. Beneficiary or any of the Secured Parties may be a purchaser at such sale. If Beneficiary or such other Secured Party is the highest bidder, Beneficiary or such other Secured Party may credit the portion of the purchase price that would be distributed to Beneficiary or such other Secured Party against the Obligations in lieu of paying cash. In the event this Deed of Trust is foreclosed by judicial action, appraisement of the Trust Property is waived.

(e) Receiver. Make application to a court of competent jurisdiction for, and obtain from such court as a matter of strict right and without notice to Trustor or regard to the adequacy of the Trust Property for the repayment of the Obligations, the appointment of a receiver of the Trust Property, and Trustor irrevocably consents to such appointment. Any such receiver shall have all the usual powers and duties of receivers in similar cases, including the full power to rent, maintain and otherwise operate the Trust Property upon such terms as may be approved by the court, and shall apply such Rents in accordance with the provisions of Section 4.7.

(f) Other. Exercise, with respect to the Trust Property only, all other rights, remedies and recourses granted under the Loan Documents or otherwise available at law or in equity.

Section 4.2 Separate Sales. The Trust Property may be sold in one or more parcels and in such manner and order as Beneficiary in its sole discretion may elect. The right of sale arising out of any Event of Default shall not be exhausted by any one or more sales.

Section 4.3 Remedies Cumulative, Concurrent and Nonexclusive. Beneficiary or Trustee shall have all rights, remedies and recourses granted in the Loan Documents and available at law or equity (including the UCC), which rights (a) shall be cumulative and concurrent, (b) may be pursued separately, successively or concurrently against Trustor or others obligated under the Loan Documents, or against the Trust Property, or against any one or more of them, at the sole discretion of Beneficiary, (c) may be exercised as often as occasion therefor shall arise, and the exercise or failure to exercise any of them shall not be construed as a waiver or release thereof or of any other right, remedy or recourse, and (d) are intended to be, and shall be, nonexclusive. No action by Beneficiary or Trustee in the enforcement of any rights, remedies or recourses under the Loan Documents or otherwise at law or equity shall be deemed to cure any Event of Default.

Section 4.4 Release of and Resort to Collateral. Beneficiary may release, regardless of consideration and without the necessity for any notice to or consent by the holder of any subordinate lien on the Trust Property, any part of the Trust Property without, as to the remainder, in any way impairing, affecting, subordinating or releasing the lien or security interest created in or evidenced by the Loan Documents or their status as a first and prior lien and security interest in and to the Trust Property. For payment of the Obligations, Beneficiary or Trustee may resort to any other security in such order and manner as Beneficiary may elect.

Section 4.5 Waiver of Redemption, Notice and Marshalling of Assets. To the fullest extent permitted by law, Trustor hereby irrevocably and unconditionally waives and releases (a) to the extent not inconsistent with the terms of the Credit Agreement and the Subsidiary Guaranty, all benefit that might accrue to Trustor by virtue of any present or future statute of limitations or law or judicial decision exempting the Trust Property from attachment, levy or sale on execution or providing for any stay of execution, exemption from civil process, rights of redemption (whether statutory or at common law) or extension of time for payment, (b) all notices of any Event of Default other than any notices specifically required to be given under any Loan Document, (c) all notices of Beneficiary's or Trustee's election to exercise or the actual exercise of any right, remedy or recourse provided for under any Loan Document, other than any notices specifically required to be given under any Loan Document, and (d) any right to a marshalling of assets or a sale in inverse order of alienation.

Section 4.6 Discontinuance of Proceedings. If Beneficiary or Trustee or any other Secured Party shall have proceeded to invoke any right, remedy or recourse permitted under the Loan Documents and shall thereafter elect to discontinue or abandon it for any reason, Beneficiary or Trustee or such other Secured Party, as the case may be, shall have the unqualified right to do so and, in such an event, Trustor, Trustee, Beneficiary and the other Secured Parties shall be restored to their former positions with respect to the Obligations, the Loan Documents, the Trust Property and otherwise, and the rights, remedies, recourses and powers of Beneficiary and Trustee and the other Secured Parties shall continue as if the right, remedy or recourse had never been invoked, but no such discontinuance or abandonment shall waive any Event of Default which may then exist or the right of Beneficiary or Trustee or any other Secured Party thereafter to exercise any right, remedy or recourse under the Loan Documents for such Event of Default.

Section 4.7 Application of Proceeds. The proceeds of any sale of, and the Rents and other amounts generated by the holding, leasing, management, operation or other use of the Trust Property, shall be applied by Beneficiary (or the receiver, if one is appointed) in the following order unless otherwise required by applicable law:

(a) first, to the payment of the costs and expenses of taking possession of the Trust Property and of holding, using, leasing, repairing, improving and selling the same, including, without limitation (1) receiver's fees and expenses, including the repayment of the amounts evidenced by any receiver's certificates, (2) court costs, (3) attorneys' and accountants' fees and expenses, and (4) costs of advertisement;

(b) second, to the payment of the Obligations and performance of the Secured Obligations in the manner and order of preference provided under Section 8.03 of the Credit Agreement, and

(c) thereafter, the balance, if any, after all of the Obligations have been indefeasibly paid in full, to the Borrower or as other required under applicable law.

Section 4.8 Occupancy After Foreclosure. Any sale of the Trust Property or any part thereof in accordance with Section 4.1(d) will divest all right, title and interest of Trustor in and to the property sold. Subject to applicable law, any purchaser at a foreclosure sale will receive immediate possession of the property purchased. If Trustor retains possession of such property or any part thereof subsequent to such sale, Trustor will be considered a tenant at sufferance of the purchaser, and will, if Trustor remains in possession after demand to remove, be subject to eviction and removal, forcible or otherwise, with or without process of law.

Section 4.9 Additional Advances and Disbursements; Costs of Enforcement.

(a) Upon the occurrence and during the continuance of any Event of Default, Beneficiary and Trustee and each of the other Secured Parties shall have the right, but not the obligation, to cure such Event of Default in the name and on behalf of Trustor. All sums advanced and expenses incurred at any time by Beneficiary or Trustee or any other Secured Party under this Section 4.9, or otherwise under this Deed of Trust or any of the other Loan Documents or applicable law, shall, subject to any limitations thereon contained in any Loan Document, be payable on demand and shall bear interest from and including the date that such sum is advanced or expense incurred, to and excluding the date of reimbursement, at the interest rate applicable to Base Rate Loans pursuant to Section 2.08(a) of the Credit Agreement (*provided* that following the occurrence and during the continuance of any Event of Default, interest shall accrue on such sums at the Default Rate applicable to Base Rate Loans pursuant to Section 2.08(b) of the Credit Agreement), and all such sums, together with interest thereon, shall be secured by this Deed of Trust.

(b) Trustor shall pay all expenses (including reasonable attorneys' fees and expenses) of or incidental to the perfection and enforcement of this Deed of Trust, or the enforcement, compromise or settlement of the Obligations or any claim under this Deed of Trust, and for the curing thereof, or for defending or asserting the rights and claims of Beneficiary in respect thereof, by litigation or otherwise.

Section 4.10 No Beneficiary in Possession. Neither the enforcement of any of the remedies under this Article 4, the assignment of the Rents and Leases under Article 5, the security interests under Article 6, nor any other remedies afforded to Beneficiary under the Loan Documents, at law or in equity shall cause Beneficiary or any other Secured Party to be deemed or construed to be a "mortgagee in possession" of the Trust Property, to obligate Beneficiary or any other Secured Party to lease the Trust Property or attempt to do so, or to take any action, incur any expense, or perform or discharge any obligation, duty or liability whatsoever under any of the Leases or otherwise.

ARTICLE 5
ASSIGNMENT OF RENTS AND LEASES

Section 5.1 Assignment. In furtherance of and in addition to the assignment made by Trustor in Section 2.1 of this Deed of Trust, Trustor hereby absolutely and unconditionally assigns, sells, transfers and conveys to Beneficiary all of its right, title and interest in and to all Leases, whether now existing or hereafter entered into, and all of its right, title and interest in and to all Rents. This assignment is an absolute assignment and not an assignment for additional security only. So long as no Event of Default shall have occurred and be continuing, Trustor shall have a revocable license from Beneficiary to exercise all rights extended to the landlord under the Leases, including the right to receive and collect all Rents. The foregoing license is granted subject to the conditional limitation that no Event of Default shall have occurred and be continuing. Upon the occurrence and during the continuance of an Event of Default, whether or not legal proceedings have commenced, and without regard to waste, adequacy of security for the Obligations or solvency of Trustor, the license herein granted shall automatically expire and terminate, without notice to Trustor by Beneficiary (any such notice being hereby expressly waived by Trustor to the extent permitted by applicable law).

Section 5.2 Perfection Upon Recordation. Trustor acknowledges that Beneficiary has taken all actions necessary to obtain, and that upon recordation of this Deed of Trust, Beneficiary shall have, to the extent permitted under applicable law, a valid and fully perfected, first priority, present assignment of the Rents arising out of the Leases and all security for such Leases. Trustor acknowledges and agrees that upon recordation of this Deed of Trust, Beneficiary's interest in the Rents shall be deemed to be present and fully perfected, "choate" and enforced as to Trustor and to the extent permitted under applicable law, all third parties, including, without limitation, any subsequently appointed trustee in any case under Title 11 of the United States Code (the ***"Bankruptcy Code"***), without the necessity of commencing a foreclosure action with respect to this Deed of Trust, making formal demand for the Rents, obtaining the appointment of a receiver or taking any other affirmative action.

Section 5.3 Bankruptcy Provisions. Without limitation of the absolute nature of the assignment of the Rents hereunder, Trustor and Beneficiary agree that (a) this Deed of Trust shall constitute a "security agreement" for purposes of Section 552(b) of the Bankruptcy Code, (b) the security interest created by this Deed of Trust extends to property of Trustor that comprises the Trust Property and was acquired before the commencement of a case in bankruptcy and to all amounts paid as Rents and (c) such security interest shall extend to all Rents acquired by the estate after the commencement of any case in bankruptcy.

Section 5.4 No Merger of Estates. So long as part of the Secured Obligations remain unpaid and undischarged, the fee and leasehold estates to the Trust Property shall not merge, but shall remain separate and distinct, notwithstanding the union of such estates either in Trustor, Beneficiary, any tenant or any third party by purchase or otherwise.

ARTICLE 6
SECURITY AGREEMENT

Section 6.1 **Security Interest.** This Deed of Trust constitutes a "security agreement" within the meaning of the UCC and other applicable law and with respect to the Personalty, Fixtures, Leases, Rents, Deposit Accounts, Property Agreements, Tax Refunds, Proceeds, Insurance and Condemnation Awards. To this end, Trustor grants to Beneficiary a first and prior security interest in the Personalty, Fixtures, Leases, Rents, Deposit Accounts, Property Agreements, Tax Refunds, Proceeds, Insurance, Condemnation Awards and all other Trust Property which is collateral, a security interest in which may be perfected by the filing of a financing statement, to secure the payment of the Obligations and performance of the Secured Obligations, and agrees that Beneficiary shall have all the rights and

remedies of a secured party under the UCC with respect to such collateral. Any notice of sale, disposition or other intended action by Beneficiary with respect to the Personalty, Fixtures, Leases, Rents, Deposit Accounts, Property Agreements, Tax Refunds, Proceeds, Insurance and Condemnation Awards sent to Trustor at least ten (10) days prior to any action under the UCC shall constitute reasonable notice to Trustor. In the event of any inconsistency between the terms of this Deed of Trust and the terms of the Security Agreement with respect to the collateral covered both therein and herein, the Security Agreement shall control and govern to the extent of any such inconsistency.

Section 6.2 **Financing Statements.** Trustor shall prepare and deliver to Beneficiary such financing statements, and shall execute and deliver to Beneficiary such documents, instruments and further assurances, in each case in form and substance satisfactory to Beneficiary, as Beneficiary may, from time to time, reasonably consider necessary to create, perfect and preserve Beneficiary's security interest hereunder. Trustor hereby irrevocably authorizes Beneficiary to cause financing statements (and amendments thereto and continuations thereof) and any such documents, instruments and assurances to be recorded and filed, at such times and places as may be required or permitted by law to so create, perfect and preserve Beneficiary's security interest in the Trust Property hereunder. Trustor represents and warrants to Beneficiary that Trustor's jurisdiction of organization is the State of Delaware. After the date of this Deed of Trust, Trustor shall not change its name, type of organization, organizational identification number (if any), jurisdiction of organization or location (within the meaning of the UCC) without complying in full with the terms of the Loan Documents with respect to any such changes.

Section 6.3 **Fixture Filing.** This Deed of Trust shall also constitute a "fixture filing" for the purposes of the UCC against all of the Trust Property which is or is to become fixtures. The information provided in this Section 6.3 is provided so that this Deed of Trust shall comply with the requirements of the UCC for a deed of trust instrument to be filed as a financing statement. Trustor is the "Debtor" and its name and mailing address are set forth in the preamble of this Deed of Trust immediately preceding Article 1. Beneficiary is the "Secured Party" and its name and mailing address from which information concerning the security interest granted herein may be obtained are also set forth in the preamble of this Deed of Trust immediately preceding Article 1. A statement describing the portion of the Trust Property comprising the fixtures hereby secured is set forth in Section 1.1(i) of this Deed of Trust. Trustor represents and warrants to Beneficiary that Trustor is the record owner of the Trust Property, the employer identification number of Trustor is 95-1976532 and the organizational identification number of Trustor is 0042563.

ARTICLE 7
MISCELLANEOUS

Section 7.1 **Notices.** Any notice required or permitted to be given under this Deed of Trust shall be given in accordance with Section 10.02 of the Credit Agreement.

Section 7.2 **Covenants Running with the Land.** All obligations contained in this Deed of Trust are intended by Trustor and Beneficiary to be, and shall be construed as, covenants running with the Trust Property. As used herein, "Trustor" shall refer to the party named in the first paragraph of this Deed of Trust and to any subsequent owner of all or any portion of the Trust Property. All Persons who may have or acquire an interest in the Trust Property shall be deemed to have notice of, and be bound by, the terms of the Credit Agreement and the other Loan Documents; *provided, however,* that no such party shall be entitled to any rights thereunder without the prior written consent of Beneficiary.

Section 7.3 **Attorney-in-Fact.** Trustor hereby irrevocably appoints Beneficiary as its attorney-in-fact, which agency is coupled with an interest and with full power of substitution, with full authority in the place and stead of Trustor and in the name of Trustor or otherwise (a) to execute and/or record any notices of completion, cessation of labor or any other notices that Beneficiary deems necessary

and appropriate to protect Beneficiary's interest, if Trustor shall fail to do so promptly after written request by Beneficiary, (b) upon the issuance of a deed pursuant to the foreclosure of this Deed of Trust or the delivery of a deed in lieu of foreclosure, to execute all instruments of assignment, conveyance or further assurance with respect to the Leases, Rents, Deposit Accounts, Property Agreements, Tax Refunds, Proceeds, Insurance and Condemnation Awards in favor of the grantee of any such deed and as may be necessary or desirable for such purpose, (c) to prepare and file or record financing statements and continuation statements, and to prepare, execute and file or record applications for registration and like papers necessary to create, perfect or preserve Beneficiary's security interests and rights in or to any of the Trust Property, and (d) after the occurrence and during the continuance of any Event of Default, to perform any obligation of Trustor hereunder; *provided, however,* that (1) Beneficiary shall not under any circumstances be obligated to perform any obligation of Trustor; (2) any sums advanced by Beneficiary in such performance shall be added to and included in the Obligations and shall bear interest at the highest rate at which interest is then computed on any portion of the Obligations; (3) Beneficiary as such attorney-in-fact shall only be accountable for such funds as are actually received by Beneficiary; and (4) Beneficiary shall not be liable to Trustor or any other person or entity for any failure to take any action which it is empowered to take under this Section 7.3.

Section 7.4 **Successors and Assigns.** This Deed of Trust shall be binding upon and inure to the benefit of Beneficiary, the other Secured Parties and Trustor and their respective successors and assigns. Trustor shall not, without the prior written consent of Beneficiary, assign any rights, duties or obligations hereunder.

Section 7.5 **No Waiver.** Any failure by Beneficiary or the other Secured Parties to insist upon strict performance of any of the terms, provisions or conditions of this Deed of Trust shall not be deemed to be a waiver of same, and Beneficiary and the other Secured Parties shall have the right at

any time to insist upon strict performance of all of such terms, provisions and conditions.

Section 7.6 **Credit Agreement.** If any conflict or inconsistency exists between this Deed of Trust and the Credit Agreement, the Credit Agreement shall govern.

Section 7.7 **Release or Reconveyance.** Upon payment in full of the Obligations and performance in full of the Secured Obligations or upon a sale or other disposition of the Trust Property permitted by the Credit Agreement, Beneficiary, at Trustor's request and expense, shall promptly release the liens and security interests created by this Deed of Trust or reconvey the Trust Property to Trustor.

Section 7.8 **Waiver of Stay, Moratorium and Similar Rights.** Trustor agrees, to the full extent that it may lawfully do so, that it will not at any time insist upon or plead or in any way take advantage of any stay, marshalling of assets, extension, statutory or equitable or common law rights of redemption or moratorium law now or hereafter in force and effect so as to prevent or hinder the enforcement (consistent with the terms of the Credit Agreement) of the provisions of this Deed of Trust or the Secured Obligations, or any rights or remedies provided hereunder in favor of Beneficiary or any other Secured Party.

Section 7.9 **Applicable Law.** The provisions of this Deed of Trust regarding the creation, perfection and enforcement of the liens and security interests herein granted shall be governed by and construed under the laws of the state in which the Trust Property is located. All other provisions of this Deed of Trust shall be governed by the laws of the State of New York (including, without limitation, Section 5-1401 of the General Obligations Law of the State of New York).

Section 7.10 **Headings.** The Article, Section and Subsection titles hereof are inserted for convenience of reference only and shall in no way alter, modify or define, or be used in construing, the text of such Articles, Sections or Subsections.

Section 7.11 **Severability.** If any provision of this Deed of Trust shall be held by any court of competent jurisdiction to be unlawful, void or unenforceable for any reason, such provision shall be deemed severable from and shall in no way affect the enforceability and validity of the remaining provisions of this Deed of Trust.

Section 7.12 **Entire Agreement.** This Deed of Trust and the other Loan Documents embody the entire agreement and understanding between Beneficiary and Trustor relating to the subject matter hereof and thereof and supersede all prior agreements and understandings between such parties relating to the subject matter hereof and thereof. Accordingly, the Loan Documents may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties.

Section 7.13 **Beneficiary as Agent; Successor Agents.**

(a) Agent has been appointed to act as Agent hereunder by the other Secured Parties. Agent shall have the right hereunder to make demands, to give notices, to exercise or refrain from exercising any rights, and to take or refrain from taking any action (including, without limitation, the release or substitution of the Trust Property) in accordance with the terms of the Credit Agreement, any related agency agreement among Agent and the other Secured Parties (collectively, as amended, amended and restated, supplemented or otherwise modified or replaced from time to time, the ***"Agency Documents"***) and this Deed of Trust. Trustor and all other Persons shall be entitled to rely on releases, waivers, consents, approvals, notifications and other acts of Agent, without inquiry into the existence of required consents or approvals of the Secured Parties therefor.

(b) Beneficiary shall at all times be the same Person that is Agent under the Agency Documents. Written notice of resignation by Agent pursuant to the Agency Documents shall also constitute notice of resignation as Agent under this Deed of Trust. Removal of Agent pursuant to any provision of the Agency Documents shall also constitute removal as Agent under this Deed of Trust. Appointment of a successor Agent pursuant to the Agency Documents shall also constitute appointment of a successor Agent under this Deed of Trust. Upon the acceptance of any appointment as Agent by a successor Agent under the Agency Documents, that successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring or removed Agent as the Beneficiary under this Deed of Trust, and the retiring or removed Agent shall promptly (i) assign and transfer to such successor Agent all of its right, title and interest in and to this Deed of Trust and the Trust Property, and (ii) execute and deliver to such successor Agent such assignments and amendments and take such other actions, as may be necessary or appropriate in connection with the assignment to such successor Agent of the liens and security interests created hereunder, whereupon such retiring or removed Agent shall be discharged from its duties and obligations under this Deed of Trust. After any retiring or removed Agent's resignation or removal hereunder as Agent, the provisions of this Deed of Trust and the Agency Documents shall inure to its benefit as to any actions taken or omitted to be taken by it under this Deed of Trust while it was Agent hereunder.

ARTICLE 8
LOCAL LAW PROVISIONS

Section 8.1 **Power of Sale.** Beneficiary may require the Trustee, and the Trustee is hereby authorized and empowered, to enter and take possession of the Trust Property and to sell all or part of the Trust Property, at public auction, to the highest bidder for cash, free from equity of redemption, any statutory or common law right of redemption, homestead, dower, marital share, and all other exemptions, after giving notice of the time, place and terms of such sale and of the Trust Property to be sold, by advertising the terms of such sale and of the Trust Property to be sold, by advertising the sale of the property for twenty-one (21) days by three (3) weekly notices in some newspaper published in the

county and state where the Trust Property is situated, which notice may be given before or after entry by the Trustee. The Trustee shall execute a conveyance to the purchaser in fee simple and deliver possession to the purchaser, which the Trustor warrants shall be given without obstruction, hindrance or delay. The Trustee may sell all or any portion of the Trust Property, together or in lots or parcels, and may execute and deliver to the purchaser or purchasers of such property a conveyance in fee simple. The sale or sales by Trustee of less than the whole of the Trust Property shall not exhaust the power of sale herein granted, and Trustee is specifically empowered to make successive sale or sales under such power until the whole of the Trust Property shall be sold; and if the proceeds of such sale or sales of less than the whole of the Trust Property shall be less than the aggregate of the Secured Obligations and the expenses

thereof, this Deed of Trust and the lien, security interest and assignment hereof shall remain in full force and effect as to the unsold portion of the Trust Property; provided, however, that Trustor shall never have any right to require the sale or sales of less than the whole of the Trust Property, but Beneficiary shall have the right at its sole election, to request the Trustee to sell less than the whole of the Trust Property. Beneficiary may bid and become the purchaser of all or any part of the Trust Property at any such sale, and the amount of Beneficiary's successful bid may be credited on the Secured Obligations.

Section 8.2 **Trustees.** The necessity of the Trustee herein named, or any successor in trust, making oath or giving bond, is expressly waived.

The Trustee, or any one acting in his or her stead, shall have, in their discretion, authority to employ all proper agents and attorneys in the execution of this trust and/or in the conducting of any sale made pursuant to the terms hereof, and to pay for such services rendered out of the proceeds of the sale of the Trust Property, should any be realized; and if no sale be made or if the proceeds of sale be insufficient to pay the same, then Trustor hereby undertakes and agrees to pay the cost of such services rendered to said Trustee. Trustee may rely on any document believed by him or her in good faith to be genuine. All money received by Trustee shall, until used or applied as herein provided, be held in trust, but need not be segregated (except to the extent required by law), and Trustee shall not be liable for interest thereon.

If the Trustee shall be made a party to or shall intervene in any action or proceeding affecting the Trust Property or the title thereto, or the interest of the Trustee or Beneficiary under this Deed of Trust, the Trustee and Beneficiary shall be reimbursed by Trustor, immediately and without demand, for all reasonable costs, charges, and attorney's fees incurred by them or either of them in any such case, and the same shall be secured hereby as a further charge and lien upon the Trust Property.

In the event of the death, refusal, or of inability for any cause, on the part of the Trustee named herein, or of any successor trustee, to act at any time when action under the foregoing powers and trust may be required, or for any other reason satisfactory to the Beneficiary, the Beneficiary is authorized, either in its own name or through an attorney or attorneys in fact appointed for that purpose, by written instrument duly registered, to name and appoint a successor or successors to execute this trust, such appointment to be evidenced by writing, duly acknowledged; and when such writing shall have been registered, the substituted trustee named therein shall thereupon be vested with all the right and title, and clothed with all the power of the Trustee named herein and such like power of substitution shall continue so long as any part of the debt secured hereby remains unpaid.

[The remainder of this page has been intentionally left blank]

IN WITNESS WHEREOF, Trustor has on the date set forth in the acknowledgement hereto, effective as of the date first above written, caused this instrument to be duly EXECUTED AND DELIVERED by authority duly given.

TRUSTOR:

WARNER BROS. RECORDS, INC., a
Delaware corporation

By: /s/ Paul Robinson
Name: Paul Robinson
Title: Vice President

STATE OF New York

COUNTY OF New York

Before me, Carroll Smith, a Notary Public in and for said State and County aforesaid, personally appeared Paul Robinson, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be the Vice President of Warner Bros. Records, Inc., the within named bargainor, a corporation, and that he, as such Vice President, being duly authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as such Vice President.

WITNESS my hand and seal at office on this 26 day of February, 2004.

/s/ Carroll E. Smith
Notary Public

[SEAL]

My commission expires:

CARROLL E. SMITH
NOTARY PUBLIC, State of New York
No. 01SM6079992
Qualified in New York County
Commission Expires September 3, 2006

EXHIBIT A

Legal Description

Certain real estate in Davidson County, Tennessee, as follows:

Parcel 1:
Tract I: Being the southerly 34 feet of Lot No. 30 and the northerly 15 feet of Lot No. 31 in John Sigler's Addition to Nashville, as of record in Plan Book 1, page 4, Chancery Court at Nashville.

Said parts of Lots Nos. 30 and 31 adjoin and front together 49 feet on the easterly side of 16th Avenue South, formerly Belmont Avenue, and back between parallel lines 168 feet to an alley.

Tract II: Being the southerly 57 feet of the northerly 72 feet of Lot No. 31 in Sigler's Addition to Nashville, a plan of which is of record in Plan Book 1, page 4, Chancery Court at Nashville, described as follows: Beginning on the easterly margin of 16th Avenue South, formerly Belmont Avenue, 100 feet northerly from the northerly margin of Hawkins Street; thence with the easterly margin of said Avenue northerly 57 feet; thence at right angles to said Avenue, easterly 168 feet to the westerly margin of an alley; thence with said alley southerly 57 feet to a point 100 feet northerly from the northerly margin of Hawkins Street; thence parallel with said street, westerly 168 feet to the beginning.

Parcel 2:
Tract I: Land in Davidson County, Tennessee, being part of Lot No. 29 in John Sigler's Addition to Nashville, a plan of which is of record in Plan Book 1, page 4 of the Chancery Court at Nashville, described as follows:

Beginning on the easterly margin of 16th Avenue South, as widened, formerly Belmont Avenue at a point 113 feet south of Sigler Street, thence south with the east line of 16th Avenue South, 54 feet to a point, and thence eastwardly at right angles to said 16th Avenue South, 163 feet, more or less, to an alley; thence northwardly with said alley 54 feet; thence westwardly 163 feet, more or less to the beginning.

Tract II: Land in Davidson County, Tennessee, being the southerly 5 feet of the easterly part of Lot No. 29, and the northerly 52 feet of the easterly part of Lot No. 30 on the Plan of Sigler's Addition, as of record in Plan Book 1, page 4, Chancery Court at Nashville.

Said parts of Lots Nos. 29 and 30 front together 57 feet on the easterly side of 16th Avenue South, formerly Belmont Avenue, as widened, and run back eastwardly between parallel lines 163 feet to an alley.

More particularly, the said parts of Lots Nos. 29 and 30 are described as follows: Beginning in the easterly margin of 16th Avenue South, as widened at a point 206 feet north of the northerly margin of Hawkins Street, and running thence northwardly along the easterly margin of 16th Avenue South, as widened, 57 feet to a point, being the southwest corner of property conveyed to J. H. Smith, by the Fourth and First National Bank; thence eastwardly along Smith's southerly line 163 feet more or less to the westerly margin of an alley; thence southwardly along the westerly margin of said alley, 57 feet to a point; thence westwardly 163 feet, more or less, to the beginning.

Parcel 3:
Tract 1: Land in Davidson County, Tennessee, being parts of Lots Nos. 28 and 29 of Sigler's Plan of Lots as of record in Plan Book 1, page 4, of the Chancery Court at Nashville, Tennessee, described as follows:

Beginning at a point in the eastern margin of 16th Avenue South, as widened, 58 feet south of the intersection of the same with Sigler Street; thence south along the margin of said 16th Avenue, south 55 feet to a point; thence easterly at right angles to said Avenue, 163 feet, more or less, to an alley; thence northerly along said alley, 55 feet to Matthews southeast corner; thence at right angles, westerly along said Matthews south line, 163 feet, more or less, to the beginning.

Tract 2: Land in Davidson County, Tennessee, being the northerly 55 feet of Lot No. 28 on the plan of Sigler's Addition, as of record in Plat Book 1, page 4, Chancery Court at Nashville.

Said northerly part of Lot No. 28 fronts 55 feet on the easterly side of 16th Avenue South, as widened, and runs back between parallel lines with the southerly margin of Sigler Street, 163 feet, more or less, to an alley.

Being the same property conveyed to Warner Bros. Records, a Delaware corporation, by deed of record in Book 7854, page 366, Register's Office, Davidson County, Tennessee.

Address:
18 Music Square East, Nashville, TN
20 Music Square East, Nashville, TN
22 Music Square East, Nashville, TN
24 Music Square East, Nashville, TN
26 Music Square East, Nashville, TN

Tax Map:
No. 93-13, Parcel 162
No. 93-13, Parcel 163
No. 93-13, Parcel 166

EXHIBIT B

PERMITTED ENCUMBRANCES

Those exceptions set forth in Schedule B of that certain policy of title insurance issued to Beneficiary by Stewart Title Guaranty Company on or about the date hereof pursuant to commitment number 2003191 dated December 22, 2003 (as updated and "marked" as of the date hereof).

AFFIDAVIT IN COMPLIANCE WITH TENN. CODE ANN. § 67-4-409(b)

STATE OF NEW YORK

COUNTY OF NEW YORK

The undersigned, Paul Robinson being first duly sworn, states as follows:

1. That he is the Vice President of Warner Bros. Records, Inc., and makes this Affidavit in compliance with the above indicated tax statute of the State of Tennessee.

2. That the annexed instrument is one of several deeds of trust and mortgages which are being recorded and filed in the State of Tennessee and/or other states to secure certain indebtedness from WMG Acquisition Corp. and certain other borrowers to Bank of America, N.A. and certain other lenders in the maximum amount of $1,300,000,000 ("Total Indebtedness").

3. That the property standing as security for the payment of such debt is located part within and part without the State of Tennessee. The estimated values are as follows:

(a) Property located in the State of Tennessee (Personal and Real):

$15,030,000.

(b) All of the collateral (Personal and Real, both within and without Tennessee): $235,030,000

4. Pursuant to § 67-4-409(b), of the Tennessee Code Annotated, the following allocation is made:

VALUE OF COLLATERAL IN TENNESSEE / VALUE OF COLLATERAL EVERYWHERE		TOTAL INDEBTEDNESS
$15,030,000 / $260,250,000	X	$ 1,300,000,000

(a)	MAXIMUM PRINCIPAL INDEBTEDNESS FOR TENNESSEE RECORDING TAX PURPOSES IS:	$	75,077,810
(b)	Taxable secured indebtedness (above minus $2,000):	$	75,075,810
(c)	Tax at $.11 1/2 per $100:	$	86,337

By: /s/ Paul Robinson
Name: Paul Robinson
Title: Vice President

Date: February , 2004

SWORN TO AND SUBSCRIBED before me this 25th day of February, 2004.

/s/ Carroll E. Smith
Notary Public

CARROLL E. SMITH
NOTARY PUBLIC, STATE of New York
No. O15M6079992

Qualified in New York County
Commission Expires September 3, 2006

[SEAL]

DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF RENTS AND LEASES AND FIXTURE FILING (TENNESSEE)

by and from

WARNER MUSIC GROUP, INC., *"Trustor"*

to

KAY B. HOUSCH, a resident of Davidson County, *"Trustee"*

in favor of

BANK OF AMERICA, N.A.,
in its capacity as Agent, *"Beneficiary"*

Dated as of February 29, 2004

MAXIMUM PRINCIPAL INDEBTEDNESS FOR TENNESSEE RECORDING TAX PURPOSES IS $-0-; TAX EQUAL TO $86,337.00 PAID ON $75,077,810.00 TO THE DAVIDSON COUNTY, TENNESSEE REGISTER'S OFFICE UNDER INSTRUMENT NO. 20040303-0024361

Location:	**21 Music Square West**
Municipality:	**Nashville**
County:	**Davidson**
State:	**Tennessee**

THE SECURED PARTY (BENEFICIARY) DESIRES THIS FIXTURE FILING TO BE INDEXED AGAINST THE RECORD OWNER OF THE REAL ESTATE DESCRIBED HEREIN

PREPARED BY, RECORDING REQUESTED BY, AND WHEN RECORDED MAIL TO:

Davis Polk & Wardwell
450 Lexington Avenue
New York, New York 10017
Attention: Susan D. Kennedy, Esq.

DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF RENTS AND LEASES AND FIXTURE FILING (TENNESSEE)

THIS DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF RENTS AND LEASES AND FIXTURE FILING (TENNESSEE) (this ***"Deed of Trust"***) is dated as of February 29, 2004 by and from **Warner Music Group, Inc.,** a Delaware corporation (***"Trustor"*),** whose address is 75 Rockefeller Plaza, 12th Floor, New York, New York 10019, to Kay B. Housch, a resident of Davidson County, Tennessee ***("Trustee")***, with an address at Suite 310, 222 Second Avenue North, Nashville, Tennessee 37201, for the benefit of **BANK OF AMERICA, N.A.,** a national association, as administrative agent (in such capacity, ***"Agent"***) for the Secured Parties as defined in the Credit Agreement (defined below), having an address at Independence Center, 15th Floor, NC1-001-15-04, 101 North Tryon Street, Charlotte, North Carolina 28255 (Agent, together with its successors and assigns, ***"Beneficiary"***).

This instrument covers property which is or may become so affixed to real property as to become fixtures and also constitutes a fixture filing under § 47-9-502(c) of Tennessee Code Annotated. NOTICE PURSUANT TO § 47-28-104 OF TENNESSEE CODE ANNOTATED: This Deed of Trust secures future advances which are "obligatory advances" as defined in the aforesaid statute. This Deed of Trust is for "commercial purposes" as defined in said statute.

ARTICLE 1
DEFINITIONS

Section 1.1 Definitions. All capitalized terms used herein without definition shall have the respective meanings ascribed to them in that certain Credit Agreement dated as of even date herewith, as the same may be amended, amended and restated, supplemented or otherwise modified from time to time (the ***"Credit Agreement")***, among WMG Acquisition Corp. and the Overseas Borrowers Party thereto, as Borrowers (collectively ***"Borrower"***), WMG Holdings Corp. and the other Secured Parties identified therein. As used herein, the following terms shall have the following meanings:

(a) ***"Debtor Relief Laws":*** the Bankruptcy Code of the United States, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

(b) ***"Event of Default"*:** An Event of Default under and as defined in the Credit Agreement.

(c) ***"Loan Parties"*:** collectively, each Borrower and each Guarantor.

(d) ***"Obligations"*:** means all advances to, and debts, liabilities, obligations, covenants and duties of, any Loan Party arising under any Loan Document or otherwise with respect to any Loan, Letter of Credit, or Secured Hedge Agreement whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against any Loan Party of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding. Without limiting the generality of the foregoing, the Obligations of the Loan Parties under the Loan Documents include (a) the obligation to pay principal, interest, Letter of Credit commissions, charges, expenses, fees, Attorney Costs, indemnities and other amounts payable by any Loan Party under any Loan Document and (b) the obligation of any Loan Party to reimburse any amount in respect of any of the foregoing that any Lender, in its sole discretion, may elect to pay or advance on behalf of such Loan Party. The Credit Agreement

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contains a revolving credit facility which permits Borrower to borrow certain principal amounts, repay all or a portion of such principal amounts, and reborrow the amounts previously paid to the Secured Parties, all upon satisfaction of certain conditions stated in the Credit Agreement. This Deed of Trust secures all advances and re-advances under the Credit Agreement, including, without limitation, those under the revolving credit facility contained therein.

(e) ***"Permitted Liens"*:** Liens described in Sections 7.01 of the Credit Agreement.

(f) ***"Secured Obligations"*:** the payment of all Obligations of Trustor now or hereafter existing under the Loan Documents and the Secured Hedge Agreements (together, the **"Finance Documents"**), whether direct or indirect, absolute or contingent, and whether for principal, reimbursement obligations, interest, fees, premiums, penalties, indemnifications, contract causes of action, costs, expenses or otherwise.

(g) ***"Secured Hedge Agreement"*:** any Swap Contract required or permitted under Article 6 or Article 7 of the Credit Agreement that is entered into by and between any Loan Party and any Hedge Bank.

(h) ***"Secured Parties"*:** Secured Parties as defined in the Credit Agreement and Trustee.

(i) ***"Trust Property"*:** The fee interest in the real property described in Exhibit A attached hereto and incorporated herein by this reference, together with any greater estate in such real property as hereafter may be acquired by Trustor (the ***"Land"***), and all of Trustor's right, title and interest in and to (1) all improvements now owned or hereafter acquired by Trustor, now or at any time situated, placed or constructed upon the Land (the ***"Improvements"***; the Land and Improvements are collectively referred to as the ***"Premises"*),** (2) all materials, supplies, equipment, apparatus and other items of personal property now owned or hereafter acquired by Trustor and now or hereafter attached to, installed in or used in connection with any of the Improvements or the Land, and water, gas, electrical, telephone, storm and sanitary sewer facilities and all other utilities whether or not situated in easements (the ***"Fixtures"***), (3) all goods, accounts, general intangibles, instruments, documents, chattel paper and all other personal property of any kind or character, including such items of personal property as defined in the UCC (defined below), now owned or hereafter acquired by Trustor and now or hereafter affixed to, placed upon, used in connection with, arising from or otherwise related to the Premises (the ***"Personalty"***), (4) all reserves, escrows or impounds required under the Credit Agreement or any of the other Loan Documents and all deposit accounts maintained by Trustor with respect to the Trust Property (the ***"Deposit Accounts"***), (5) all leases, licenses, concessions, occupancy agreements or other agreements (written or oral, now or at any time in effect) to which Trustor is a party which grant to any Person a possessory interest in, or the right to use, all or any part of the Trust Property, together with all related security and other deposits (the ***"Leases"***), (6) all of the rents, revenues, royalties, income, proceeds, profits, security and other types of deposits, and other benefits paid or payable by parties to the Leases for using, leasing, licensing possessing, operating from, residing in, selling or otherwise enjoying the Trust Property (the ***"Rents"***), (7) all other agreements, such as construction contracts, architects' agreements, engineers' contracts, utility contracts, maintenance agreements, management agreements, service contracts, listing agreements, guaranties, warranties, permits, licenses, certificates and entitlements in any way relating to the construction, use, occupancy, operation, maintenance, enjoyment or ownership of the Trust Property (the ***"Property Agreements"***), excluding any agreement to the extent that (but only as long as) the terms thereof prohibit the assignment of, or granting a security interest in, such agreement (it being understood and agreed, however, (i) that notwithstanding the foregoing, all rights to payment for money due or to become due pursuant to any such excluded agreement shall be subject to the security interests created by this Deed of Trust and (ii) such excluded agreement shall otherwise be subject to the security interests created by this Deed of Trust upon receiving any necessary approvals or waivers permitting the assignment thereof), (8) all rights, privileges, tenements, hereditaments, rights-of-way, easements,

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appendages and appurtenances appertaining to the foregoing, (9) all property tax refunds payable to Trustor with respect to the Trust Property (the ***"Tax Refunds"***), (10) all accessions, replacements and substitutions for any of the foregoing and all proceeds thereof (the ***"Proceeds"***), (11) subject to the terms of the Credit Agreement governing insurance proceeds, all insurance policies, unearned premiums therefor and proceeds from such policies covering any of the above property now or hereafter acquired by Trustor (the ***"Insurance"***), and (12) subject to the terms of the Credit Agreement governing condemnation awards, all awards, damages, remunerations, reimbursements, settlements or compensation heretofore made or hereafter to be made by any governmental authority pertaining to any condemnation or other taking (or any purchase in lieu thereof) of all or any portion of the Land, Improvements, Fixtures or Personalty (the ***"Condemnation Awards"***). As used in this Deed of Trust, the term "Trust Property" shall mean all or, where the context permits or requires, any portion of the above or any interest therein.

(j) ***"UCC"*:** The Uniform Commercial Code of Tennessee or, if the creation, perfection and enforcement of any security interest herein granted is governed by the laws of a state other than Tennessee, then, as to the matter in question, the Uniform Commercial Code in effect in that state.

ARTICLE 2
GRANT[INSERT ONLY IF DEED OF TRUST IS CAPPED: ; REVOLVING LOAN]

Section 2.1 Grant. To secure the full and timely payment of the Obligations and the full and timely performance of the Obligations, Trustor GRANTS, BARGAINS, ASSIGNS, SELLS, CONVEYS and CONFIRMS, unto the Trustee for the benefit of Beneficiary the Trust Property, subject,

however, only to the matters set forth on Exhibit B attached hereto (the ***"Permitted Encumbrances"***) and to Permitted Liens, TO HAVE AND TO HOLD the Trust Property to Trustee, together with all the hereditaments and appurtenances thereunto belonging or in anywise appertaining, and Trustor does hereby bind itself, its successors and assigns to WARRANT AND FOREVER DEFEND the title to the Trust Property unto Beneficiary.

Section 2.2 **Treatment of Borrowings and Repayments.** Pursuant to the Credit Agreement, the amount of the Obligations may increase and decrease from time to time as the Secured Parties advance, Borrower repays, and the Secured Parties re-advance sums pursuant to the Credit Agreement. For purposes of this Deed of Trust, so long as the balance of the Obligations equals or exceeds the maximum principal amount secured hereby ***("Secured Amount"),*** the amount of the Obligations secured by this Deed of Trust shall at all times equal only the Secured Amount. Such Secured Amount represents only a portion of the first sums advanced by the Secured Parties in respect of the Obligations.

Section 2.3 **Reduction of Secured Amount.** The Secured Amount shall be reduced only by the last and final sums that Borrower repays with respect to the Obligations and shall not be reduced by any intervening repayments of the Obligations. So long as the balance of the Obligations exceeds the Secured Amount, any payments and repayments of the Obligations shall not be deemed to be applied against, or to reduce, the portion of the Obligations secured by this Deed of Trust. Such payments shall instead be deemed to reduce only such portions of the Obligations as are secured by other collateral located outside of the State of Tennessee.

ARTICLE 3
WARRANTIES, REPRESENTATIONS AND COVENANTS

Trustor warrants, represents and covenants to Beneficiary as follows:

Section 3.1 **Title to Trust Property and Lien of this Instrument.** Trustor owns the Trust Property free and clear of any liens, claims or interests, except the Permitted Encumbrances and

Permitted Liens. This Deed of Trust creates valid, enforceable first priority liens and security interests against the Trust Property, except for Permitted Encumbrances and Permitted Liens.

Section 3.2 **First Lien Status.** Trustor shall preserve and protect the first lien and security interest status of this Deed of Trust. If any lien or security interest other than a Permitted Encumbrance or a Permitted Lien is asserted against the Trust Property, Trustor shall promptly, and at its expense, (a) give Beneficiary a detailed written notice of such lien or security interest (including origin, amount and other terms), and (b) pay the underlying claim in full or take such other action so as to cause it to be released or contest the same as required by and in compliance with the Credit Agreement (including, if applicable under the Credit Agreement, the requirement of providing a bond or other security satisfactory to Beneficiary). Beneficiary has not consented and will not consent to any contract or to any work or to the furnishing of any materials which might be deemed to create a lien or liens superior to the lien of this instrument, either under § 66-11-108 of Tennessee Code Annotated, or otherwise.

Section 3.3 **Payment and Performance.** Trustor covenants and agrees that, so long as any part of the Obligations shall remain unpaid, any Letter of Credit shall be outstanding, any Secured Party shall have any Commitment or any Secured Hedge Agreement shall be in effect, Trustor shall perform and observe all of the terms, covenants and agreements set forth in the Loan Documents on its part to be performed or observed (including without limitation the Subsidiary Guaranty) or that Borrower has agreed to cause Trustor to perform or observe.

Section 3.4 **Replacement of Fixtures.** Trustor shall not, without the prior written consent of Beneficiary, permit any of the Fixtures owned or leased by Trustor to be removed at any time from the Land or Improvements, unless the removed item is removed temporarily for maintenance and repair or is permitted to be removed by the Credit Agreement.

Section 3.5 **Insurance; Condemnation Awards and Insurance Proceeds.**

(a) Insurance. Trustor shall maintain or cause to be maintained with financially sound and reputable insurance companies, insurance with respect to the Trust Property against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts (after giving effect to any self-insurance reasonable and customary for similarly situated Persons engaged in the same or similar businesses as the Trustor) as are customarily carried under similar circumstances by such Persons. Subject to Trustor's right to self-insure set forth in the foregoing sentence, each such policy of insurance shall name Beneficiary as the loss payee (or, in the case of liability insurance, an additional insured) thereunder for the ratable benefit of the Secured Parties, and shall provide for at least 30 days' prior written notice of any material modification or cancellation of such policy. In addition to the foregoing, if any portion of the Trust Property is located in an area identified by the Federal Emergency Management Agency as an area having special flood hazards and in which flood insurance has been made available under the National Flood Insurance Act of 1968 (or any amendment or successor act thereto), then Trustor shall maintain, or cause to be maintained, with a financially sound and reputable insurer, flood insurance in an amount sufficient to comply with all applicable rules and regulations promulgated pursuant to such Act.

(b) Condemnation Awards. All Condemnation Awards awarded to Trustor shall be reinvested and/or applied in accordance with the terms of the Credit Agreement, including without limitation Section 2.05(b) thereof.

(c) Insurance Proceeds. All proceeds of any insurance policies required under the Loan Documents relating to the Trust Property shall be reinvested and/or applied in accordance with the terms of the Credit Agreement, including without limitation Section 2.05(b) thereof.

ARTICLE 4
DEFAULT AND FORECLOSURE

Section 4.1 **Remedies.** Upon the occurrence and during the continuance of an Event of Default, Beneficiary and Trustee, or either of them, may, at their election, exercise any or all of the following rights, remedies and recourses:

(a) Acceleration. Subject to any provisions of the Loan Documents providing for the automatic acceleration of the Obligations upon the occurrence of certain Events of Default, declare the Obligations to be immediately due and payable, without further notice, presentment, protest, notice of intent to accelerate, notice of acceleration, demand or action of any nature whatsoever (each of which hereby is expressly waived by Trustor), whereupon the same shall become immediately due and payable.

(b) Entry on Trust Property. Enter the Trust Property and take exclusive possession thereof and of all books, records and accounts relating thereto or located thereon. If Trustor remains in possession of the Trust Property following the occurrence and during the continuance of an Event of Default, and without Beneficiary's prior written consent, Beneficiary or Trustee may invoke any legal remedies to dispossess Trustor.

(c) Operation of Trust Property. Hold, lease, develop, manage, operate or otherwise use the Trust Property upon such terms and conditions as Beneficiary or Trustee may deem reasonable under the circumstances (making such repairs, alterations, additions and improvements and taking other actions, from time to time, as Beneficiary or Trustee deems necessary or desirable), and apply all Rents and other amounts collected by Beneficiary in connection therewith in accordance with the provisions of Section 4.7.

(d) Sale. Institute proceedings for sale of the Trust Property, either by judicial action or by power of sale, in which case the Trust Property may be sold for cash or credit in one or more parcels. With respect to any notices required or permitted under the UCC, Trustor agrees that ten (10) days' prior written notice shall be deemed commercially reasonable. At any such sale by virtue of any judicial proceedings, power of sale, or any other legal right, remedy or recourse, the title to and right of possession of any such property shall pass to the purchaser thereof, and to the fullest extent permitted by law, Trustor shall be completely and irrevocably divested of all of its right, title, interest, claim, equity, equity of redemption, and demand whatsoever, either at law or in equity, in and to the property sold and such sale shall be a perpetual bar both at law and in equity against Trustor, and against all other Persons claiming or to claim the property sold or any part thereof, by, through or under Trustor. Beneficiary or any of the Secured Parties may be a purchaser at such sale. If Beneficiary or such other Secured Party is the highest bidder, Beneficiary or such other Secured Party may credit the portion of the purchase price that would be distributed to Beneficiary or such other Secured Party against the Obligations in lieu of paying cash. In the event this Deed of Trust is foreclosed by judicial action, appraisement of the Trust Property is waived.

(e) Receiver. Make application to a court of competent jurisdiction for, and obtain from such court as a matter of strict right and without notice to Trustor or regard to the adequacy of the Trust Property for the repayment of the Obligations, the appointment of a receiver of the Trust Property, and Trustor irrevocably consents to such appointment. Any such receiver shall have all the usual powers and duties of receivers in similar cases, including the full power to rent, maintain and otherwise operate the Trust Property upon such terms as may be approved by the court, and shall apply such Rents in accordance with the provisions of Section 4.7.

(f) Other. Exercise, with respect to the Trust Property only, all other rights, remedies and recourses granted under the Loan Documents or otherwise available at law or in equity.

Section 4.2 Separate Sales. The Trust Property may be sold in one or more parcels and in such manner and order as Beneficiary in its sole discretion may elect. The right of sale arising out of any Event of Default shall not be exhausted by any one or more sales.

Section 4.3 Remedies Cumulative, Concurrent and Nonexclusive. Beneficiary or Trustee shall have all rights, remedies and recourses granted in the Loan Documents and available at law or equity (including the UCC), which rights (a) shall be cumulative and concurrent, (b) may be pursued separately, successively or concurrently against Trustor or others obligated under the Loan Documents, or against the Trust Property, or against any one or more of them, at the sole discretion of Beneficiary, (c) may be exercised as often as occasion therefor shall arise, and the exercise or failure to exercise any of them shall not be construed as a waiver or release thereof or of any other right, remedy or recourse, and (d) are intended to be, and shall be, nonexclusive. No action by Beneficiary or Trustee in the enforcement of any rights, remedies or recourses under the Loan Documents or otherwise at law or equity shall be deemed to cure any Event of Default.

Section 4.4 Release of and Resort to Collateral. Beneficiary may release, regardless of consideration and without the necessity for any notice to or consent by the holder of any subordinate lien on the Trust Property, any part of the Trust Property without, as to the remainder, in any way impairing, affecting, subordinating or releasing the lien or security interest created in or evidenced by the Loan Documents or their status as a first and prior lien and security interest in and to the Trust Property. For payment of the Obligations, Beneficiary or Trustee may resort to any other security in such order and manner as Beneficiary may elect.

Section 4.5 Waiver of Redemption, Notice and Marshalling of Assets. To the fullest extent permitted by law, Trustor hereby irrevocably and unconditionally waives and releases (a) to the extent not inconsistent with the terms of the Credit Agreement and the Subsidiary Guaranty, all benefit that might accrue to Trustor by virtue of any present or future statute of limitations or law or judicial decision exempting the Trust Property from attachment, levy or sale on execution or providing for any stay of execution, exemption from civil process, rights of redemption (whether statutory or at common law) or extension of time for payment, (b) all notices of any Event of Default other than any notices specifically required to be given under any Loan Document, (c) all notices of Beneficiary's or Trustee's election to exercise or the actual exercise of any right, remedy or recourse provided for under any Loan Document, other than any notices specifically required to be given under any Loan Document, and (d) any right to a marshalling of assets or a sale in inverse order of alienation.

Section 4.6 Discontinuance of Proceedings. If Beneficiary or Trustee or any other Secured Party shall have proceeded to invoke any right, remedy or recourse permitted under the Loan Documents and shall thereafter elect to discontinue or abandon it for any reason, Beneficiary or Trustee or such other Secured Party, as the case may be, shall have the unqualified right to do so and, in such an event, Trustor, Trustee, Beneficiary and the other Secured Parties shall be restored to their former positions with respect to the Obligations, the Loan Documents, the Trust Property and otherwise, and the rights, remedies, recourses and powers of Beneficiary and Trustee and the other Secured Parties shall continue as if the right, remedy or recourse had never been invoked, but no such discontinuance or abandonment shall waive any Event of Default which may then exist or the right of Beneficiary or Trustee or any other Secured Party thereafter to exercise any right, remedy or recourse under the Loan Documents for such Event of Default.

Section 4.7 Application of Proceeds. The proceeds of any sale of, and the Rents and other amounts generated by the holding, leasing, management, operation or other use of the Trust Property, shall be applied by Beneficiary (or the receiver, if one is appointed) in the following order unless otherwise required by applicable law:

(a) first, to the payment of the costs and expenses of taking possession of the Trust Property and of holding, using, leasing, repairing, improving and selling the same, including, without limitation (1) receiver's fees and expenses, including the repayment of the amounts evidenced by any receiver's certificates, (2) court costs, (3) attorneys' and accountants' fees and expenses, and (4) costs of advertisement;

(b) second, to the payment of the Obligations and performance of the Secured Obligations in the manner and order of preference provided under Section 8.03 of the Credit Agreement, and

(c) thereafter, the balance, if any, after all of the Obligations have been indefeasibly paid in full, to the Borrower or as other required under applicable law.

Section 4.8 Occupancy After Foreclosure. Any sale of the Trust Property or any part thereof in accordance with Section 4.1(d) will divest all right, title and interest of Trustor in and to the property sold. Subject to applicable law, any purchaser at a foreclosure sale will receive immediate possession of the property purchased. If Trustor retains possession of such property or any part thereof subsequent to such sale, Trustor will be considered a tenant at sufferance of the purchaser, and will, if Trustor remains in possession after demand to remove, be subject to eviction and removal, forcible or otherwise, with or without process of law.

Section 4.9 Additional Advances and Disbursements; Costs of Enforcement.

(a) Upon the occurrence and during the continuance of any Event of Default, Beneficiary and Trustee and each of the other Secured Parties shall have the right, but not the obligation, to cure such Event of Default in the name and on behalf of Trustor. All sums advanced and expenses incurred at any time by Beneficiary or Trustee or any other Secured Party under this Section 4.9, or otherwise under this Deed of Trust or any of the other Loan Documents or applicable law, shall, subject to any limitations thereon contained in any Loan Document, be payable on demand and shall bear interest from and including the date that such sum is advanced or expense incurred, to and excluding the date of reimbursement, at the interest rate applicable to Base Rate Loans pursuant to Section 2.08(a) of the Credit Agreement *(provided* that following the occurrence and during the continuance of any Event of Default, interest shall accrue on such sums at the Default Rate applicable to Base Rate Loans pursuant to Section 2.08(b) of the Credit Agreement), and all such sums, together with interest thereon, shall be secured by this Deed of Trust.

(b) Trustor shall pay all expenses (including reasonable attorneys' fees and expenses) of or incidental to the perfection and enforcement of this Deed of Trust, or the enforcement, compromise or settlement of the Obligations or any claim under this Deed of Trust, and for the curing thereof, or for defending or asserting the rights and claims of Beneficiary in respect thereof, by litigation or otherwise.

Section 4.10 No Beneficiary in Possession. Neither the enforcement of any of the remedies under this Article 4, the assignment of the Rents and Leases under Article 5, the security interests under Article 6, nor any other remedies afforded to Beneficiary under the Loan Documents, at law or in equity shall cause Beneficiary or any other Secured Party to be deemed or construed to be a "mortgagee in possession" of the Trust Property, to obligate Beneficiary or any other Secured Party to lease the Trust Property or attempt to do so, or to take any action, incur any expense, or perform or discharge any obligation, duty or liability whatsoever under any of the Leases or otherwise.

ARTICLE 5
ASSIGNMENT OF RENTS AND LEASES

Section 5.1 Assignment. In furtherance of and in addition to the assignment made by Trustor in Section 2.1 of this Deed of Trust, Trustor hereby absolutely and unconditionally assigns, sells, transfers and conveys to Beneficiary all of its right, title and interest in and to all Leases, whether now existing or hereafter entered into, and all of its right, title and interest in and to all Rents. This assignment is an absolute assignment and not an assignment for additional security only. So long as no Event of Default shall have occurred and be continuing, Trustor shall have a revocable license from Beneficiary to exercise all rights extended to the landlord under the Leases, including the right to receive and collect all Rents. The foregoing license is granted subject to the conditional limitation that no Event of Default shall have occurred and be continuing. Upon the occurrence and during the continuance of an Event of Default, whether or not legal proceedings have commenced, and without regard to waste, adequacy of security for the Obligations or solvency of Trustor, the license herein granted shall automatically expire and terminate, without notice to Trustor by Beneficiary (any such notice being hereby expressly waived by Trustor to the extent permitted by applicable law).

Section 5.2 Perfection Upon Recordation. Trustor acknowledges that Beneficiary has taken all actions necessary to obtain, and that upon recordation of this Deed of Trust, Beneficiary shall have, to the extent permitted under applicable law, a valid and fully perfected, first priority, present assignment of the Rents arising out of the Leases and all security for such Leases. Trustor acknowledges and agrees that upon recordation of this Deed of Trust, Beneficiary's interest in the Rents shall be deemed to be present and fully perfected, "choate" and enforced as to Trustor and to the extent permitted under applicable law, all third parties, including, without limitation, any subsequently appointed trustee in any case under Title 11 of the United States Code (the ***"Bankruptcy Code"*),** without the necessity of commencing a foreclosure action with respect to this Deed of Trust, making formal demand for the Rents, obtaining the appointment of a receiver or taking any other affirmative action.

Section 5.3 Bankruptcy Provisions. Without limitation of the absolute nature of the assignment of the Rents hereunder, Trustor and Beneficiary agree that (a) this Deed of Trust shall constitute a "security agreement" for purposes of Section 552(b) of the Bankruptcy Code, (b) the security interest created by this Deed of Trust extends to property of Trustor that comprises the Trust Property and was acquired before the commencement of a case in bankruptcy and to all amounts paid as Rents and (c) such security interest shall extend to all Rents acquired by the estate after the commencement of any case in bankruptcy.

Section 5.4 No Merger of Estates. So long as part of the Secured Obligations remain unpaid and undischarged, the fee and leasehold estates to the Trust Property shall not merge, but shall remain separate and distinct, notwithstanding the union of such estates either in Trustor, Beneficiary, any tenant or any third party by purchase or otherwise.

ARTICLE 6
SECURITY AGREEMENT

Section 6.1 **Security Interest.** This Deed of Trust constitutes a "security agreement" within the meaning of the UCC and other applicable law and with respect to the Personalty, Fixtures, Leases, Rents, Deposit Accounts, Property Agreements, Tax Refunds, Proceeds, Insurance and Condemnation Awards. To this end, Trustor grants to Beneficiary a first and prior security interest in the Personalty, Fixtures, Leases, Rents, Deposit Accounts, Property Agreements, Tax Refunds, Proceeds, Insurance, Condemnation Awards and all other Trust Property which is collateral, a security interest in which may be perfected by the filing of a financing statement, to secure the payment of the Obligations and performance of the Secured Obligations, and agrees that Beneficiary shall have all the rights and

remedies of a secured party under the UCC with respect to such collateral. Any notice of sale, disposition or other intended action by Beneficiary with respect to the Personalty, Fixtures, Leases, Rents, Deposit Accounts, Property Agreements, Tax Refunds, Proceeds, Insurance and Condemnation Awards sent to Trustor at least ten (10) days prior to any action under the UCC shall constitute reasonable notice to Trustor. In the event of any inconsistency between the terms of this Deed of Trust and the terms of the Security Agreement with respect to the collateral covered both therein and herein, the Security Agreement shall control and govern to the extent of any such inconsistency.

Section 6.2 **Financing Statements.** Trustor shall prepare and deliver to Beneficiary such financing statements, and shall execute and deliver to Beneficiary such documents, instruments and further assurances, in each case in form and substance satisfactory to Beneficiary, as Beneficiary may, from time to time, reasonably consider necessary to create, perfect and preserve Beneficiary's security interest hereunder. Trustor hereby irrevocably authorizes Beneficiary to cause financing statements (and amendments thereto and continuations thereof) and any such documents, instruments and assurances to be recorded and filed, at such times and places as may be required or permitted by law to so create, perfect and preserve Beneficiary's security interest in the Trust Property hereunder. Trustor represents and warrants to Beneficiary that Trustor's jurisdiction of organization is the State of Delaware. After the date of this Deed of Trust, Trustor shall not change its name, type of organization, organizational identification number (if any), jurisdiction of organization or location (within the meaning of the UCC) without complying in full with the terms of the Loan Documents with respect to any such changes.

Section 6.3 **Fixture Filing.** This Deed of Trust shall also constitute a "fixture filing" for the purposes of the UCC against all of the Trust Property which is or is to become fixtures. The information provided in this Section 6.3 is provided so that this Deed of Trust shall comply with the requirements of the UCC for a deed of trust instrument to be filed as a financing statement. Trustor is the "Debtor" and its name and mailing address are set forth in the preamble of this Deed of Trust immediately preceding Article 1. Beneficiary is the "Secured Party" and its name and mailing address from which information concerning the security interest granted herein may be obtained are also set forth in the preamble of this Deed of Trust immediately preceding Article 1. A statement describing the portion of the Trust Property comprising the fixtures hereby secured is set forth in Section 1.1(i) of this Deed of Trust. Trustor represents and warrants to Beneficiary that Trustor is the record owner of the Trust Property, the employer identification number of Trustor is 13-3565869.

ARTICLE 7
MISCELLANEOUS

Section 7.1 **Notices.** Any notice required or permitted to be given under this Deed of Trust shall be given in accordance with Section 10.02 of the Credit Agreement.

Section 7.2 **Covenants Running with the Land.** All obligations contained in this Deed of Trust are intended by Trustor and Beneficiary to be, and shall be construed as, covenants running with the Trust Property. As used herein, "Trustor" shall refer to the party named in the first paragraph of this Deed of Trust and to any subsequent owner of all or any portion of the Trust Property. All Persons who may have or acquire an interest in the Trust Property shall be deemed to have notice of, and be bound by, the terms of the Credit Agreement and the other Loan Documents; *provided, however,* that no such party shall be entitled to any rights thereunder without the prior written consent of Beneficiary.

Section 7.3 **Attorney-in-Fact.** Trustor hereby irrevocably appoints Beneficiary as its attorney-in-fact, which agency is coupled with an interest and with full power of substitution, with full authority in the place and stead of Trustor and in the name of Trustor or otherwise (a) to execute and/or record any notices of completion, cessation of labor or any other notices that Beneficiary deems necessary and appropriate to protect Beneficiary's interest, if Trustor shall fail to do so promptly after written

request by Beneficiary, (b) upon the issuance of a deed pursuant to the foreclosure of this Deed of Trust or the delivery of a deed in lieu of foreclosure, to execute all instruments of assignment, conveyance or further assurance with respect to the Leases, Rents, Deposit Accounts, Property Agreements, Tax Refunds, Proceeds, Insurance and Condemnation Awards in favor of the grantee of any such deed and as may be necessary or desirable for such purpose, (c) to prepare and file or record financing statements and continuation statements, and to prepare, execute and file or record applications for registration and like papers necessary to create, perfect or preserve Beneficiary's security interests and rights in or to any of the Trust Property, and (d) after the occurrence and during the continuance of any Event of Default, to perform any obligation of Trustor hereunder; *provided, however,* that (1) Beneficiary shall not under any circumstances be obligated to perform any obligation of Trustor; (2) any sums advanced by Beneficiary in such performance shall be added to and included in the Obligations and shall bear interest at the highest rate at which interest is then computed on any portion of the Obligations; (3) Beneficiary as such attorney-in-fact shall only be accountable for such funds as are actually received by Beneficiary; and (4) Beneficiary shall not be liable to Trustor or any other person or entity for any failure to take any action which it is empowered to take under this Section 7.3.

Section 7.4 **Successors and Assigns.** This Deed of Trust shall be binding upon and inure to the benefit of Beneficiary, the other Secured Parties and Trustor and their respective successors and assigns. Trustor shall not, without the prior written consent of Beneficiary, assign any rights, duties or obligations hereunder.

Section 7.5 **No Waiver.** Any failure by Beneficiary or the other Secured Parties to insist upon strict performance of any of the terms, provisions or conditions of this Deed of Trust shall not be deemed to be a waiver of same, and Beneficiary and the other Secured Parties shall have the right at any time to insist upon strict performance of all of such terms, provisions and conditions.

Section 7.6 **Credit Agreement.** If any conflict or inconsistency exists between this Deed of Trust and the Credit Agreement, the Credit Agreement shall govern.

Section 7.7 **Release or Reconveyance.** Upon payment in full of the Obligations and performance in full of the Secured Obligations or upon a sale or other disposition of the Trust Property permitted by the Credit Agreement, Beneficiary, at Trustor's request and expense, shall promptly release the liens and security interests created by this Deed of Trust or reconvey the Trust Property to Trustor.

Section 7.8 **Waiver of Stay, Moratorium and Similar Rights.** Trustor agrees, to the full extent that it may lawfully do so, that it will not at any time insist upon or plead or in any way take advantage of any stay, marshalling of assets, extension, statutory or equitable or common law rights of redemption or moratorium law now or hereafter in force and effect so as to prevent or hinder the enforcement (consistent with the terms of the Credit Agreement) of the provisions of this Deed of Trust or the Secured Obligations, or any rights or remedies provided hereunder in favor of Beneficiary or any other Secured Party.

Section 7.9 **Applicable Law.** The provisions of this Deed of Trust regarding the creation, perfection and enforcement of the liens and security interests herein granted shall be governed by and construed under the laws of the state in which the Trust Property is located. All other provisions of this Deed of Trust shall be governed by the laws of the State of New York (including, without limitation, Section 5-1401 of the General Obligations Law of the State of New York).

Section 7.10 **Headings.** The Article, Section and Subsection titles hereof are inserted for convenience of reference only and shall in no way alter, modify or define, or be used in construing, the text of such Articles, Sections or Subsections.

Section 7.11 **Severability.** If any provision of this Deed of Trust shall be held by any court of competent jurisdiction to be unlawful, void or unenforceable for any reason, such provision shall be deemed severable from and shall in no way affect the enforceability and validity of the remaining provisions of this Deed of Trust.

Section 7.12 **Entire Agreement.** This Deed of Trust and the other Loan Documents embody the entire agreement and understanding between Beneficiary and Trustor relating to the subject matter hereof and thereof and supersede all prior agreements and understandings between such parties relating to the subject matter hereof and thereof. Accordingly, the Loan Documents may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties.

Section 7.13 **Beneficiary as Agent; Successor Agents.**

(a) Agent has been appointed to act as Agent hereunder by the other Secured Parties. Agent shall have the right hereunder to make demands, to give notices, to exercise or refrain from exercising any rights, and to take or refrain from taking any action (including, without limitation, the release or substitution of the Trust Property) in accordance with the terms of the Credit Agreement, any related agency agreement among Agent and the other Secured Parties (collectively, as amended, amended and restated, supplemented or otherwise modified or replaced from time to time, the ***"Agency Documents")*** and this Deed of Trust. Trustor and all other Persons shall be entitled to rely on releases, waivers, consents, approvals, notifications and other acts of Agent, without inquiry into the existence of required consents or approvals of the Secured Parties therefor.

(b) Beneficiary shall at all times be the same Person that is Agent under the Agency Documents. Written notice of resignation by Agent pursuant to the Agency Documents shall also constitute notice of resignation as Agent under this Deed of Trust. Removal of Agent pursuant to any provision of the Agency Documents shall also constitute removal as Agent under this Deed of Trust. Appointment of a successor Agent pursuant to the Agency Documents shall also constitute appointment of a successor Agent under this Deed of Trust. Upon the acceptance of any appointment as Agent by a successor Agent under the Agency Documents, that successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring or removed Agent as the Beneficiary under this Deed of Trust, and the retiring or removed Agent shall promptly (i) assign and transfer to such successor Agent all of its right, title and interest in and to this Deed of Trust and the Trust Property, and (ii) execute and deliver to such successor Agent such assignments and amendments and take such other actions, as may be necessary or appropriate in connection with the assignment to such successor Agent of the liens and security interests created hereunder, whereupon such retiring or removed Agent shall be discharged from its duties and obligations under this Deed of Trust. After any retiring or removed Agent's resignation or removal hereunder as Agent, the provisions of this Deed of Trust and the Agency Documents shall inure to its benefit as to any actions taken or omitted to be taken by it under this Deed of Trust while it was Agent hereunder.

ARTICLE 8
LOCAL LAW PROVISIONS

Section 8.1 **Power of Sale.** Beneficiary may require the Trustee, and the Trustee is hereby authorized and empowered, to enter and take possession of the Trust Property and to sell all or part of the Trust Property, at public auction, to the highest bidder for cash, free from equity of redemption, any statutory or common law right of redemption, homestead, dower, marital share, and all other exemptions, after giving notice of the time, place and terms of such sale and of the Trust Property to be sold, by advertising the terms of such sale and of the Trust Property to be sold, by advertising the sale of the property for twenty-one (21) days by three (3) weekly notices in some newspaper published in the

county and state where the Trust Property is situated, which notice may be given before or after entry by the Trustee. The Trustee shall execute a conveyance to the purchaser in fee simple and deliver possession to the purchaser, which the Trustor warrants shall be given without obstruction, hindrance or delay. The Trustee may sell all or any portion of the Trust Property, together or in lots or parcels, and may execute and deliver to the purchaser or purchasers of such property a conveyance in fee simple. The sale or sales by Trustee of less than the whole of the Trust Property shall not exhaust the power of sale herein

granted, and Trustee is specifically empowered to make successive sale or sales under such power until the whole of the Trust Property shall be sold; and if the proceeds of such sale or sales of less than the whole of the Trust Property shall be less than the aggregate of the Secured Obligations and the expenses thereof, this Deed of Trust and the lien, security interest and assignment hereof shall remain in full force and effect as to the unsold portion of the Trust Property; provided, however, that Trustor shall never have any right to require the sale or sales of less than the whole of the Trust Property, but Beneficiary shall have the right at its sole election, to request the Trustee to sell less than the whole of the Trust Property. Beneficiary may bid and become the purchaser of all or any part of the Trust Property at any such sale, and the amount of Beneficiary's successful bid may be credited on the Secured Obligations.

Section 8.2 **Trustees.** The necessity of the Trustee herein named, or any successor in trust, making oath or giving bond, is expressly waived.

The Trustee, or any one acting in his or her stead, shall have, in their discretion, authority to employ all proper agents and attorneys in the execution of this trust and/or in the conducting of any sale made pursuant to the terms hereof, and to pay for such services rendered out of the proceeds of the sale of the Trust Property, should any be realized; and if no sale be made or if the proceeds of sale be insufficient to pay the same, then Trustor hereby undertakes and agrees to pay the cost of such services rendered to said Trustee. Trustee may rely on any document believed by him or her in good faith to be genuine. All money received by Trustee shall, until used or applied as herein provided, be held in trust, but need not be segregated (except to the extent required by law), and Trustee shall not be liable for interest thereon.

If the Trustee shall be made a party to or shall intervene in any action or proceeding affecting the Trust Property or the title thereto, or the interest of the Trustee or Beneficiary under this Deed of Trust, the Trustee and Beneficiary shall be reimbursed by Trustor, immediately and without demand, for all reasonable costs, charges, and attorney's fees incurred by them or either of them in any such case, and the same shall be secured hereby as a further charge and lien upon the Trust Property.

In the event of the death, refusal, or of inability for any cause, on the part of the Trustee named herein, or of any successor trustee, to act at any time when action under the foregoing powers and trust may be required, or for any other reason satisfactory to the Beneficiary, the Beneficiary is authorized, either in its own name or through an attorney or attorneys in fact appointed for that purpose, by written instrument duly registered, to name and appoint a successor or successors to execute this trust, such appointment to be evidenced by writing, duly acknowledged; and when such writing shall have been registered, the substituted trustee named therein shall thereupon be vested with all the right and title, and clothed with all the power of the Trustee named herein and such like power of substitution shall continue so long as any part of the debt secured hereby remains unpaid.

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IN WITNESS WHEREOF, Trustor has on the date set forth in the acknowledgement hereto, effective as of the date first above written, caused this instrument to be duly EXECUTED AND DELIVERED by authority duly given.

TRUSTOR:

WARNER MUSIC GROUP, INC., a
Delaware corporation

By: /s/ Paul Robinson
Name: Paul Robinson
Title: Vice President

STATE OF New York

COUNTY OF New York

Before me, Carroll Smith, a Notary Public in and for said State and County aforesaid, personally appeared Paul Robinson, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be the Vice President of Warner Music Group, Inc., the within named bargainor, a corporation, and that he, as such Vice President, being duly authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as such Vice President.

WITNESS my hand and seal at office on this the 26th day of February, 2004.

/s/ Carroll E. Smith
Notary Public

[SEAL]

My commission expires:

CARROLL E. SMITH
NOTARY PUBLIC, State of New York
No. 01SM6079992

Qualified in New York County
Commission Expires September 3, 2006

EXHIBIT A

Legal Description

A tract of land in the First Civil District of Metropolitan Nashville-Davidson County, Tennessee, and being Lots 8, 9, 10 and 11 in O. H. Hayes Plan of Small Lots, as of record in Book 1, page 69, Chancery Court, Davidson County, Tennessee, and being more fully described according to a Boundary and As Built Survey dated June 13, 1989, prepared by Ragan-Smith-Murphy & Associates, Inc. as follows:

Beginning at an iron pin set on the west right of way line of Music Square East (50-foot right of way) at the northeast corner of a tract of land conveyed to Ronald K. Kerr as of record in Deed Book 7840, page 466, Register's Office, for Davidson County, Tennessee, and said pin also being 50.12 feet from the intersection of the north right of way line of Roy Acuff Place and the west right of way line of Music Square East, as measured along the west right of way line of Music Square East; thence leaving said west right of way line and with the north line of Kerr, N 86 degrees 14 minutes 43 seconds W, a distance of 152.30 feet to an iron pin set on the east right of way line of Alley No. 440 (a 16-foot alley); thence, with the east line of said alley N 05 degrees 14 minutes 16 seconds E, a distance of 199.85 feet to an existing iron pin; said pin being the southwest corner of a tract of land conveyed to Francis R. Zambon by deed recorded in Book 5136, page 585, Register's Office for Davidson County, Tennessee; thence with the south line of Zambon S 86 degrees 17 minutes 34 seconds E, a distance of 152.34 feet to an existing iron pin on the west right of way line of Music Square East; thence, with said west right of way line S 05 degrees 15 minutes 00 seconds W, distance of 199.97 feet to the point of beginning and containing 30,440 square feet or 0.699 acres, more or less.

Being the same property conveyed to Warner Music Group, Inc., a Delaware corporation, by quitclaim deed of record in Instrument #20031007-0148608, Register's Office, Davidson County, Tennessee.

Address:
21 Music Square West, Nashville, TN

No. 93-13, Parcel 134 and Parcel 136

EXHIBIT B

PERMITTED ENCUMBRANCES

Those exceptions set forth in Schedule B of that certain policy of title insurance issued to Beneficiary by Stewart Title Guaranty Company on or about the date hereof pursuant to commitment number 2003192 dated December 22, 2003 (as updated and "marked" as of the date hereof).

DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF RENTS AND LEASES AND FIXTURE FILING (CALIFORNIA)

by and from

WARNER BROS. RECORDS, INC., *"Trustor"*

to

MTC FINANCIAL INC. (dba TRUSTEE CORPS), *"Trustee"*

in favor of

BANK OF AMERICA, N.A.,
in its capacity as Agent, *"Beneficiary"*

Dated as of February 29, 2004

Location:	**Burbank, California**
County:	**Los Angeles**

THE SECURED PARTY (BENEFICIARY) DESIRES THIS FIXTURE FILING TO BE INDEXED AGAINST THE RECORD OWNER OF THE REAL ESTATE DESCRIBED HEREIN

PREPARED BY, RECORDING REQUESTED BY, AND WHEN RECORDED MAIL TO:

Davis Polk & Wardwell
450 Lexington Avenue
New York, New York 10017
Attention: Susan D. Kennedy, Esq.

DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF RENTS AND LEASES AND FIXTURE FILING (CALIFORNIA)

THIS DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF RENTS AND LEASES AND FIXTURE FILING (CALIFORNIA) (this "***Deed of Trust***") is dated as of February 29, 2004 by and from **WARNER BROS. RECORDS**, **INC.**, a Delaware corporation ("***Trustor***")**,** whose address is 3300 Warner Boulevard, Burbank, California 91505 to **MTC FINANCIAL INC**. **(dba TRUSTEE CORPS),** a California corpoation (***"Trustee"***) with an office at 2112 Business Center Drive, Second Floor-Suite 201, Irvine, California 92612 for the benefit of **BANK OF AMERICA**, **N.A.,** a national association, as administrative agent (in such capacity, ***"Agent"***) for the Secured Parties as defined in the Credit Agreement (defined below); having an address at Independence Center, 15th Floor, NC1-001-15-04, 101 North Tryon Street, Charlotte, North Carolina 28255 (Agent, together with its successors and assigns, "***Beneficiary***").

The maximum principal amount of obligations secured by this instrument is $1,500,000,000 plus any Hedging Obligations (as defined in the Credit Agreement) from time to time.

ARTICLE 1
DEFINITIONS

Section 1.1 **Definitions.** All capitalized terms used herein without definition shall have the respective meanings ascribed to them in that certain Credit Agreement dated as of even date herewith, as the same may be amended, amended and restated, supplemented or otherwise modified from time to time (the ***"Credit Agreement***")**,** among WMG Acquisition Corp. and the Overseas Borrowers named therein, as Borrowers (collectively, "***Borrower***")**,** WMG Holdings Corp., Agent, as Administrative Agent, Swing Line Lender and L/C Issuer and the other Secured Parties identified therein. As used herein, the following terms shall have the following meanings:

(a) ***"Debtor Relief Laws":*** the Bankruptcy Code of the United States, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

(b) ***"Event of Default":*** *An* Event of Default under and as defined in the Credit Agreement.

(c) ***"Loan Parties":*** collectively, each Borrower and each Guarantor.

(d) ***"Obligations":*** means all advances to, and debts, liabilities, obligations, covenants and duties of, any Loan Party arising under any Loan Document or otherwise with respect to any Loan or Letter of Credit or Secured Hedge Agreement, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against any Loan Party of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding,

regardless of whether such interest and fees are allowed claims in such proceeding. Without limiting the generality of the foregoing, the Obligations of the Loan Parties under the Loan Documents include (a) the obligation to pay principal, interest, Letter of Credit commissions, charges, expenses, fees, Attorney Costs, indemnities and other amounts payable by any Loan Party under any Loan Document and (b) the obligation of any Loan Party to reimburse any amount in respect of any of the foregoing that any Lender, in its sole discretion, may elect to pay or advance on behalf of such Loan Party. The Credit Agreement contains a revolving credit facility which permits Borrower to borrow certain principal amounts, repay all or a portion of such principal amounts, and reborrow the amounts previously paid to the Secured Parties,

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all upon satisfaction of certain conditions stated in the Credit Agreement. This Deed of Trust secures all advances and re-advances under the Credit Agreement, including, without limitation, those under the revolving credit facility contained therein.

(e) ***"Permitted Liens":*** Liens described in Sections 7.01 of the Credit Agreement.

(f) ***"Secured Obligations":*** the payment of all Obligations of Trustor now or hereafter existing under the Loan Documents and the Secured Hedge Agreements (together, the "**Finance Documents**")**,** whether direct or indirect, absolute or contingent, and whether for principal, reimbursement obligations, interest, fees, premiums, penalties, indemnifications, contract causes of action, costs, expenses or otherwise.

(g) ***"Secured Hedge Agreement":*** any Swap Contract required or permitted under Article 6 or Article 7 of the Credit Agreement that is entered into by and between any Loan Party and any Hedge Bank.

(h) ***"Secured Parties":*** Secured Parties as defined in the Credit Agreement and Trustee.

(i) ***"Trust Property":*** The fee interest in the real property described in Exhibit A attached hereto and incorporated herein by this reference, together with any greater estate in such real property as hereafter may be acquired by Trustor (the ***"Land"),*** and all of Trustor's right, title and interest in and to (1) all improvements now owned or hereafter acquired by Trustor, now or at any time situated, placed or constructed upon the Land (the "***Improvements***"; the Land and Improvements are collectively referred to as the "***Premises***")**,** (2) all materials, supplies, equipment, apparatus and other items of personal property now owned or hereafter acquired by Trustor and now or hereafter attached to, installed in or used in connection with any of the Improvements or the Land, and water, gas, electrical, telephone, storm and sanitary sewer facilities and all other utilities whether or not situated in easements (the "***Fixtures***"), (3) all goods, accounts, general intangibles, instruments, documents, chattel paper and all other personal property of any kind or character, including such items of personal property as defined in the UCC (defined below), now owned or hereafter acquired by Trustor and now or hereafter affixed to, placed upon, used in connection with, arising from or otherwise related to the Premises (the ***"Personalty***"), (4) all reserves, escrows or impounds required under the Credit Agreement or any of the other Loan Documents and all deposit accounts maintained by Trustor with respect to the Trust Property (the "***Deposit Accounts***"), (5) all leases, licenses, concessions, occupancy agreements or other agreements (written or oral, now or at any time in effect) to which Trustor is a party which grant to any Person a possessory interest in, or the right to use, all or any part of the Trust Property, together with all related security and other deposits (the "***Leases***"), (6) all of the rents, revenues, royalties, income, proceeds, profits, security and other types of deposits, and other benefits paid or payable by parties to the Leases for using, leasing, licensing possessing, operating from, residing in, selling or otherwise enjoying the Trust Property (the "***Rents***"), (7) all other agreements, such as construction contracts, architects' agreements, engineers' contracts, utility contracts, maintenance agreements, management agreements, service contracts, listing agreements, guaranties, warranties, permits, licenses, certificates and entitlements in any way relating to the construction, use, occupancy, operation, maintenance, enjoyment or ownership of the Trust Property (the "***Property Agreements***"), excluding any agreement to the extent that (but only as long as) the terms thereof prohibit the assignment of, or granting a security interest in, such agreement (it being understood and agreed, however, (i) that notwithstanding the foregoing, all rights to payment for money due or to become due pursuant to any such excluded agreement shall be subject to the security interests created by this Deed of Trust and (ii) such excluded agreement shall otherwise be subject to the security interests created by this Deed of Trust upon receiving any necessary approvals or waivers permitting the assignment thereof), (8) all rights, privileges, tenements, hereditaments, rights-of-way, easements, appendages and appurtenances appertaining to the foregoing, (9) all property tax refunds payable to Trustor with respect to the Trust Property (the "***Tax Refunds***"), (10) all accessions, replacements and

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substitutions for any of the foregoing and all proceeds thereof (the "***Proceeds***"), (11) subject to the terms of the Credit Agreement governing insurance proceeds, all insurance policies, unearned premiums therefor and proceeds from such policies covering any of the above property now or hereafter acquired by Trustor (the "***Insurance***"), and (12) subject to the terms of the Credit Agreement governing condemnation awards, all awards, damages, remunerations, reimbursements, settlements or compensation heretofore made or hereafter to be made by any governmental authority pertaining to any condemnation or other taking (or any purchase in lieu thereof) of all or any portion of the Land, Improvements, Fixtures or Personalty (the "***Condemnation Awards***"). As used in this Deed of Trust, the term "Trust Property" shall mean all or, where the context permits or requires, any portion of the above or any interest therein.

(j) ***"UGC":*** The Uniform Commercial Code of California or, if the creation, perfection and enforcement of any security interest herein granted is governed by the laws of a state other than California, then, as to the matter in question, the Uniform Commercial Code in effect in that state.

ARTICLE 2
GRANT[INSERT ONLY IF DEED OF TRUST IS CAPPED: ; REVOLVING LOAN]

Section 2.1 **Grant.** To secure the full and timely payment of the Obligations and the full and timely performance of the Secured Obligations, Trustor GRANTS, BARGAINS, ASSIGNS, SELLS, CONVEYS and CONFIRMS, unto the Trustee for the benefit of Beneficiary, with POWER OF SALE as described herein and RIGHT OF ENTRY AND POSSESSION, the Trust Property, subject, however, only to the matters set forth on Exhibit B attached hereto (the ***"Permitted Encumbrances"***) and to Permitted Liens, TO HAVE AND TO HOLD the Trust Property to Trustee and Beneficiary, and Trustor does hereby bind itself, its successors and assigns to WARRANT AND FOREVER DEFEND the title to the Trust Property unto Beneficiary.

ARTICLE 3
WARRANTIES, REPRESENTATIONS AND COVENANTS

Trustor warrants, represents and covenants to Beneficiary as follows:

Section 3.1 **Title to Trust Property and Lien of this Instrument.** Trustor owns the Trust Property free and clear of any liens, claims or interests, except the Permitted Encumbrances and Permitted Liens. This Deed of Trust creates valid, enforceable first priority liens and security interests against the Trust Property, except for Permitted Encumbrances and Permitted Liens.

Section 3.2 **First Lien Status.** Trustor shall preserve and protect the first lien and security interest status of this Deed of Trust. If any lien or security interest other than a Permitted Encumbrance or a Permitted Lien is asserted against the Trust Property, Trustor shall promptly, and at its expense, (a) give Beneficiary a detailed written notice of such lien or security interest (including origin, amount and other terms), and (b) pay the underlying claim in full or take such other action so as to cause it to be released or contest the same as required by and in compliance with the Credit Agreement (including, if applicable under the Credit Agreement, the requirement of providing a bond or other security satisfactory to Beneficiary).

Section 3.3 **Payment and Performance.** Trustor covenants and agrees that, so long as any part of the Obligations shall remain unpaid, any Letter of Credit shall be outstanding, any Secured Party shall have any Commitment or any Secured Hedge Agreement shall be in effect, Trustor shall perform and observe all of the terms, covenants and agreements set forth in the Loan Documents on its part to be performed or observed (including without limitation the Subsidiary Guaranty) or that Borrower has agreed to cause Trustor to perform or observe.

Section 3.4 **Replacement of Fixtures.** Trustor shall not, without the prior written consent of Beneficiary, permit any of the Fixtures owned or leased by Trustor to be removed at any time from the Land or Improvements, unless the removed item is removed temporarily for maintenance and repair or is permitted to be removed by the Credit Agreement.

Section 3.5 **Insurance; Condemnation Awards and Insurance Proceeds.**

(a) Insurance. Trustor shall maintain or cause to be maintained with financially sound and reputable insurance companies, insurance with respect to the Trust Property against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts (after giving effect to any self-insurance reasonable and customary for similarly situated Persons engaged in the same or similar businesses as the Trustor) as are customarily carried under similar circumstances by such Persons. Subject to Trustor's right to self-insure set forth in the foregoing sentence, each such policy of insurance shall name Beneficiary as the loss payee (or, in the case of liability insurance, an additional insured) thereunder for the ratable benefit of the Secured Parties, and shall provide for at least 30 days' prior written notice of any material modification or cancellation of such policy. In addition to the foregoing, if any portion of the Trust Property is located in an area identified by the Federal Emergency Management Agency as an area having special flood hazards and in which flood insurance has been made available under the National Flood Insurance Act of 1968 (or any amendment or successor act thereto), then Trustor shall maintain, or cause to be maintained, with a financially sound and reputable insurer, flood insurance in an amount sufficient to comply with all applicable rules and regulations promulgated pursuant to such Act.

(b) Condemnation Awards. All Condemnation Awards awarded to Trustor shall be reinvested and/or applied in accordance with the terms of the Credit Agreement, including without limitation Section 2.05(b) thereof, the provisions of which are incorporated herein by this reference.

(c) Insurance Proceeds. All proceeds of any insurance policies required under the Loan Documents relating to the Trust Property shall be reinvested and/or applied in accordance with the terms of the Credit Agreement, including without limitation Section 2.05(b) thereof, the provisions of which are incorporated herein by this reference.

ARTICLE 4
DEFAULT AND FORECLOSURE

Section 4.1 **Remedies.** Upon the occurrence and during the continuance of an Event of Default, Beneficiary and Trustee, or either of them, may, at their election, exercise any or all of the following rights, remedies and recourses:

(a) Acceleration. Subject to any provisions of the Loan Documents providing for the automatic acceleration of the Obligations upon the occurrence of certain Events of Default, declare the Obligations to be immediately due and payable, without further notice, presentment, protest, notice of intent to accelerate, notice of acceleration, demand or action of any nature whatsoever (each of which hereby is expressly waived by Trustor), whereupon the same shall become immediately due and payable.

(b) Entry on Trust Property. Enter the Trust Property and take exclusive possession thereof and of all books, records and accounts relating thereto or located thereon. If Trustor remains in possession of the Trust Property following the occurrence and during the continuance of an Event of Default, and without Beneficiary's prior written consent, Beneficiary or Trustee may invoke any legal remedies to dispossess Trustor.

(c) Operation of Trust Property. Hold, lease, develop, manage, operate or otherwise use the Trust Property upon such terms and conditions as Beneficiary or Trustee may deem reasonable under the circumstances (making such repairs, alterations, additions and improvements and taking other actions, from time to time, as Beneficiary or Trustee deems necessary or desirable), and apply all Rents and other amounts collected by Beneficiary in connection therewith in accordance with the provisions of Section 4.7.

(d) Sale. Institute proceedings for sale of the Trust Property, either by judicial action or by power of sale, in which case the Trust Property may be sold for cash or credit in one or more parcels. With respect to any notices required or permitted under the UCC, Trustor agrees that ten (10) days' prior written notice shall be deemed commercially reasonable. At any such sale by virtue of any judicial proceedings, power of sale, or any other legal right, remedy or recourse, the title to and right of possession of any such property shall pass to the purchaser thereof, and to the fullest extent permitted by law, Trustor shall be completely and irrevocably divested of all of its right, title, interest, claim, equity, equity of redemption, and demand whatsoever, either at law or in equity, in and to the property sold and such sale shall be a perpetual bar both at law and in equity against Trustor, and against all other Persons claiming or to claim the property sold or any part thereof, by, through or under Trustor. Beneficiary or any of the Secured Parties may be a purchaser at such sale. If Beneficiary or such other Secured Party is the highest bidder, Beneficiary or such other Secured Party may credit the portion of the purchase price that would

be distributed to Beneficiary or such other Secured Party against the Obligations in lieu of paying cash. In the event this Deed of Trust is foreclosed by judicial action, appraisement of the Trust Property is waived.

(e) Receiver. Make application to a court of competent jurisdiction for, and obtain from such court as a matter of strict right and without notice to Trustor or regard to the adequacy of the Trust Property for the repayment of the Obligations, the appointment of a receiver of the Trust Property, and Trustor irrevocably consents to such appointment. Any such receiver shall have all the usual powers and duties of receivers in similar cases, including the full power to rent, maintain and otherwise operate the Trust Property upon such terms as may be approved by the court, and shall apply such Rents in accordance with the provisions of Section 4.7.

(f) Other. Exercise, with respect to the Trust Property only, all other rights, remedies and recourses granted under the Loan Documents or otherwise available at law or in equity.

Section 4.2 Separate Sales. The Trust Property may be sold in one or more parcels and in such manner and order as Beneficiary in its sole discretion may elect. The right of sale arising out of any Event of Default shall not be exhausted by any one or more sales.

Section 4.3 Remedies Cumulative, Concurrent and Nonexclusive. Beneficiary or Trustee shall have all rights, remedies and recourses granted in the Loan Documents and available at law or equity (including the UCC), which rights (a) shall be cumulative and concurrent, (b) may be pursued separately, successively or concurrently against Trustor or others obligated under the Loan Documents, or against the Trust Property, or against any one or more of them, at the sole discretion of Beneficiary, (c) may be exercised as often as occasion therefor shall arise, and the exercise or failure to exercise any of them shall not be construed as a waiver or release thereof or of any other right, remedy or recourse, and (d) are intended to be, and shall be, nonexclusive. No action by Beneficiary or Trustee in the enforcement of any rights, remedies or recourses under the Loan Documents or otherwise at law or equity shall be deemed to cure any Event of Default.

Section 4.4 Release of and Resort to Collateral. Beneficiary may release, regardless of consideration and without the necessity for any notice to or consent by the holder of any subordinate lien on the Trust Property, any part of the Trust Property without, as to the remainder, in any

way impairing, affecting, subordinating or releasing the lien or security interest created in or evidenced by the Loan Documents or their status as a first and prior lien and security interest in and to the Trust Property. For payment of the Obligations, Beneficiary or Trustee may resort to any other security in such order and manner as Beneficiary may elect.

Section 4.5 Waiver of Redemption, Notice and Marshalling of Assets. To the fullest extent permitted by law, Trustor hereby irrevocably and unconditionally waives and releases (a) to the extent not inconsistent with the terms of the Credit Agreement and the Subsidiary Guaranty, all benefit that might accrue to Trustor by virtue of any present or future statute of limitations or law or judicial decision exempting the Trust Property from attachment, levy or sale on execution or providing for any stay of execution, exemption from civil process, redemption or extension of time for payment, (b) all notices of any Event of Default other than any notices specifically required to be given under any Loan Document, (c) all notices of Beneficiary's or Trustee's election to exercise or the actual exercise of any right, remedy or recourse provided for under any Loan Document, other than any notices specifically required to be given under any Loan Document, and (d) any right to a marshalling of assets or a sale in inverse order of alienation.

Section 4.6 Discontinuance of Proceedings. If Beneficiary or Trustee or any other Secured Party shall have proceeded to invoke any right, remedy or recourse permitted under the Loan Documents and shall thereafter elect to discontinue or abandon it for any reason, Beneficiary or Trustee or such other Secured Party, as the case may be, shall have the unqualified right to do so and, in such an event, Trustor, Trustee, Beneficiary and the other Secured Parties shall be restored to their former positions with respect to the Obligations, the Loan Documents, the Trust Property and otherwise, and the rights, remedies, recourses and powers of Beneficiary and Trustee and the other Secured Parties shall continue as if the right, remedy or recourse had never been invoked, but no such discontinuance or abandonment shall waive any Event of Default which may then exist or the right of Beneficiary or Trustee or any other Secured Party thereafter to exercise any right, remedy or recourse under the Loan Documents for such Event of Default.

Section 4.7 Application of Proceeds. The proceeds of any sale of, and the Rents and other amounts generated by the holding, leasing, management, operation or other use of the Trust Property, shall be applied by Beneficiary (or the receiver, if one is appointed) in the following order unless otherwise required by applicable law:

(a) first, to the payment of the costs and expenses of taking possession of the Trust Property and of holding, using, leasing, repairing, improving and selling the same, including, without limitation (1) receiver's fees and expenses, including the repayment of the amounts evidenced by any receiver's certificates, (2) court costs, (3) attorneys' and accountants' fees and expenses, and (4) costs of advertisement;

(b) second, to the payment of the Obligations and performance of the Secured Obligations in the manner and order of preference provided under Section 8.03 of the Credit Agreement, and

(c) thereafter, the balance, if any, after all of the Obligations have been indefeasibly paid in full, to the Borrower or as other required under applicable law.

Section 4.8 Occupancy After Foreclosure. Any sale of the Trust Property or any part thereof in accordance with Section 4.1(d) will divest all right, title and interest of Trustor in and to the property sold. Subject to applicable law, any purchaser at a foreclosure sale will receive immediate possession of the property purchased. If Trustor retains possession of such property or any part thereof subsequent to such sale, Trustor will be considered a tenant at sufferance of the purchaser, and will, if

Trustor remains in possession after demand to remove, be subject to eviction and removal, forcible or otherwise, with or without process of law.

Section 4.9 Additional Advances and Disbursements; Costs of Enforcement.

(a) Upon the occurrence and during the continuance of any Event of Default, Beneficiary and Trustee and each of the other Secured Parties shall have the right, but not the obligation, to cure such Event of Default in the name and on behalf of Trustor. All sums advanced and expenses incurred at any time by Beneficiary or Trustee or any other Secured Party under this Section 4.9, or otherwise under this Deed of Trust or any of the other Loan Documents or applicable law, shall, subject to any limitations thereon contained in any Loan Document, be payable on demand and shall bear interest from and including the date that such sum is advanced or expense incurred, to and excluding the date of reimbursement, at the interest rate applicable to Base Rate Loans pursuant to Section 2.08(a) of the Credit Agreement (*provided* that following the occurrence and during the continuance of any Event of Default, interest shall accrue on such sums at the Default Rate applicable to Base Rate Loans pursuant to Section 2.08(b) of the Credit Agreement), and all such sums, together with interest thereon, shall be secured by this Deed of Trust.

(b) Trustor shall pay all expenses (including reasonable attorneys' fees and expenses) of or incidental to the perfection and enforcement of this Deed of Trust, or the enforcement, compromise or settlement of the Obligations or any claim under this Deed of Trust, and for the curing thereof, or for defending or asserting the rights and claims of Beneficiary in respect thereof, by litigation or otherwise.

Section 4.10 No Beneficiary in Possession. Neither the enforcement of any of the remedies under this Article 4, the assignment of the Rents and Leases under Article 5, the security interests under Article 6, nor any other remedies afforded to Beneficiary under the Loan Documents, at law or in equity shall cause Beneficiary or any other Secured Party to be deemed or construed to be a "mortgagee in possession" of the Trust Property, to obligate Beneficiary or any other Secured Party to lease the Trust Property or attempt to do so, or to take any action, incur any expense, or perform or discharge any obligation, duty or liability whatsoever under any of the Leases or otherwise.

ARTICLE 5
ASSIGNMENT OF RENTS AND LEASES

Section 5.1 Assignment. In furtherance of and in addition to the assignment made by Trustor in Section 2.1 of this Deed of Trust, Trustor hereby absolutely and unconditionally assigns, sells, transfers and conveys to Beneficiary all of its right, title and interest in and to all Leases, whether now existing or hereafter entered into, and all of its right, title and interest in and to all Rents. This assignment is an absolute assignment and not an assignment for additional security only. So long as no Event of Default shall have occurred and be continuing, Trustor shall have a revocable license from Beneficiary to exercise all rights extended to the landlord under the Leases, including the right to receive and collect all Rents. The foregoing license is granted subject to the conditional limitation that no Event of Default shall have occurred and be continuing. Upon the occurrence and during the continuance of an Event of Default, whether or not legal proceedings have commenced, and without regard to waste, adequacy of security for the Obligations or solvency of Trustor, the license herein granted shall automatically expire and terminate, without notice to Trustor by Beneficiary (any such notice being hereby expressly waived by Trustor to the extent permitted by applicable law).

Section 5.2 Perfection Upon Recordation. Trustor acknowledges that Beneficiary has taken all actions necessary to obtain, and that upon recordation of this Deed of Trust, Beneficiary shall have, to the extent permitted under applicable law, a valid and fully perfected, first priority, present assignment of the Rents arising out of the Leases and all security for such Leases. Trustor acknowledges

and agrees that upon recordation of this Deed of Trust, Beneficiary's interest in the Rents shall be deemed to be present and fully perfected, "choate" and enforced as to Trustor and to the extent permitted under applicable law, all third parties, including, without limitation, any subsequently appointed trustee in any case under Title 11 of the United States Code (the "***Bankruptcy Code***"), without the necessity of commencing a foreclosure action with respect to this Deed of Trust, making formal demand for the Rents, obtaining the appointment of a receiver or taking any other affirmative action.

Section 5.3 Bankruptcy Provisions. Without limitation of the absolute nature of the assignment of the Rents hereunder, Trustor and Beneficiary agree that (a) this Deed of Trust shall constitute a "security agreement" for purposes of Section 552(b) of the Bankruptcy Code, (b) the security interest created by this Deed of Trust extends to property of Trustor that comprises the Trust Property and was acquired before the commencement of a case in bankruptcy and to all amounts paid as Rents and (c) such security interest shall extend to all Rents acquired by the estate after the commencement of any case in bankruptcy.

Section 5.4 No Merger of Estates. So long as part of the Secured Obligations remain unpaid and undischarged, the fee and leasehold estates to the Trust Property shall not merge, but shall remain separate and distinct, notwithstanding the union of such estates either in Trustor, Beneficiary, any tenant or any third party by purchase or otherwise.

ARTICLE 6
SECURITY AGREEMENT

Section 6.1 Security Interest. This Deed of Trust constitutes a "security agreement" on personal property within the meaning of the UCC and other applicable law and with respect to the Personalty, Fixtures, Leases, Rents, Deposit Accounts, Property Agreements, Tax Refunds, Proceeds, Insurance and Condemnation Awards. To this end, Trustor grants to Beneficiary a first and prior security interest in the Personalty, Fixtures, Leases, Rents, Deposit Accounts, Property Agreements, Tax Refunds, Proceeds, Insurance, Condemnation Awards and all other Trust Property which is collateral, a security interest in which may be perfected by the filing of a financing statement, to secure the payment of the Obligations and performance of the Secured Obligations, and agrees that Beneficiary shall have all the rights and remedies of a secured party under the UCC with respect to such property. Any notice of sale, disposition or other intended action by Beneficiary with respect to the Personalty, Fixtures, Leases, Rents, Deposit Accounts, Property Agreements, Tax Refunds, Proceeds, Insurance and Condemnation Awards sent to Trustor at least ten (10) days prior to any action under the UCC shall constitute reasonable notice to Trustor. In the event of any inconsistency between the terms of this Deed of Trust and the terms of the Security Agreement with respect to the collateral covered both therein and herein, the Security Agreement shall control and govern to the extent of any such inconsistency.

Section 6.2 Financing Statements. Trustor shall prepare and deliver to Beneficiary such financing statements, and shall execute and deliver to Beneficiary such documents, instruments and further assurances, in each case in form and substance satisfactory to Beneficiary, as Beneficiary may, from time to time, reasonably consider necessary to create, perfect and preserve Beneficiary's security interest hereunder. Trustor hereby irrevocably authorizes Beneficiary to cause financing statements (and amendments thereto and continuations thereof) and any such documents, instruments and assurances to be recorded and filed, at such times and places as may be required or permitted by law to so create, perfect and preserve Beneficiary's security interest in the Trust Property hereunder. Trustor represents and warrants to Beneficiary that Trustor's jurisdiction of organization is the State of Delaware.

After the date of this Deed of Trust, Trustor shall not change its name, type of organization, organizational identification number (if any), jurisdiction of organization or location (within the meaning of the UCC) without complying in full with the terms of the Loan Documents with respect to any such changes. Any sale of

any personal property hereunder shall be conducted in any manner permitted by Section 9601 of Division 9 of the UCC or any other applicable section of the UCC.

Section 6.3 **Fixture Filing.** This Deed of Trust shall also constitute a "fixture filing" for the purposes of the UCC against all of the Trust Property which is or is to become fixtures. The information provided in this Section 6.3 is provided so that this Deed of Trust shall comply with the requirements of the UCC for a deed of trust instrument to be filed as a financing statement. Trustor is the "Debtor" and its name and mailing address are set forth in the preamble of this Deed of Trust immediately preceding Article 1. Beneficiary is the "Secured Party" and its name and mailing address from which information concerning the security interest granted herein may be obtained are also set forth in the preamble of this Deed of Trust immediately preceding Article 1. A statement describing the portion of the Trust Property comprising the fixtures hereby secured is set forth in Section 1.1(i) of this Deed of Trust. Trustor represents and warrants to Beneficiary that Trustor is the record owner of the Trust Property, the employer identification number of Trustor is 95-1976532 and the organizational identification number of Trustor is 0042563.

ARTICLE 7
MISCELLANEOUS

Section 7.1 **Notices.** Any notice required or permitted to be given under this Deed of Trust shall be given in accordance with Section 10.02 of the Credit Agreement, the provisions of which are incorporated herein by this reference, except that notices required by applicable law shall be given solely in the manner specified by such law.

Section 7.2 **Covenants Running with the Land.** All obligations contained in this Deed of Trust are intended by Trustor and Beneficiary to be, and shall be construed as, covenants running with the Trust Property. As used herein, "Trustor" shall refer to the party named in the first paragraph of this Deed of Trust and to any subsequent owner of all or any portion of the Trust Property. All Persons who may have or acquire an interest in the Trust Property shall be deemed to have notice of, and be bound by, the terms of the Credit Agreement and the other Loan Documents; *provided, however,* that no such party shall be entitled to any rights thereunder without the prior written consent of Beneficiary.

Section 7.3 **Attorney-in-Fact.** Trustor hereby irrevocably appoints Beneficiary as its attorney-in-fact, which agency is coupled with an interest and with full power of substitution, with full authority in the place and stead of Trustor and in the name of Trustor or otherwise (a) to execute and/or record any notices of completion, cessation of labor or any other notices that Beneficiary deems necessary and appropriate to protect Beneficiary's interest, if Trustor shall fail to do so promptly after written request by Beneficiary, (b) upon the issuance of a deed pursuant to the foreclosure of this Deed of Trust or the delivery of a deed in lieu of foreclosure, to execute all instruments of assignment, conveyance or further assurance with respect to the Leases, Rents, Deposit Accounts, Property Agreements, Tax Refunds, Proceeds, Insurance and Condemnation Awards in favor of the grantee of any such deed and as may be necessary or desirable for such purpose, (c) to prepare and file or record financing statements and continuation statements, and to prepare, execute and file or record applications for registration and like papers necessary to create, perfect or preserve Beneficiary's security interests and rights in or to any of the Trust Property, and (d) after the occurrence and during the continuance of any Event of Default, to perform any obligation of Trustor hereunder; *provided, however,* that (1) Beneficiary shall not under any circumstances be obligated to perform any obligation of Trustor; (2) any sums advanced by Beneficiary in such performance shall be added to and included in the Obligations and shall bear interest at the highest rate at which interest is then computed on any portion of the Obligations; (3) Beneficiary as such attorney-in-fact shall only be accountable for such funds as are actually received by Beneficiary; and (4) Beneficiary shall not be liable to Trustor or any other person or entity for any failure to take any action which it is empowered to take under this Section 7.3.

Section 7.4 **Successors and Assigns.** This Deed of Trust shall be binding upon and inure to the benefit of Beneficiary, the other Secured Parties and Trustor and their respective successors and assigns. Trustor shall not, without the prior written consent of Beneficiary, assign any rights, duties or obligations hereunder.

Section 7.5 **No Waiver.** Any failure by Beneficiary or the other Secured Parties to insist upon strict performance of any of the terms, provisions or conditions of this Deed of Trust shall not be deemed to be a waiver of same, and Beneficiary and the other Secured Parties shall have the right at any time to insist upon strict performance of all of such terms, provisions and conditions.

Section 7.6 **Credit Agreement.** If any conflict or inconsistency exists between this Deed of Trust and the Credit Agreement, the Credit Agreement shall govern.

Section 7.7 **Release or Reconveyance.** Upon payment in full of the Obligations and performance in full of the Secured Obligations or upon a sale or other disposition of the Trust Property permitted by the Credit Agreement, Beneficiary, at Trustor's request and expense, shall promptly release the liens and security interests created by this Deed of Trust or reconvey the Trust Property to Trustor.

Section 7.8 **Waiver of Stay, Moratorium and Similar Rights.** Trustor agrees, to the full extent that it may lawfully do so, that it will not at any time insist upon or plead or in any way take advantage of any stay, marshalling of assets, extension, redemption or moratorium law now or hereafter in force and effect so as to prevent or hinder the enforcement (consistent with the terms of the Credit Agreement) of the provisions of this Deed of Trust or the Secured Obligations, or any rights or remedies provided hereunder in favor of Beneficiary or any other Secured Party.

Section 7.9 **Applicable Law.** This Deed of Trust shall be governed by, and construed in accordance with, the laws of the State of New York (including, without limitation, Section 5-1401 of the General Obligations Law of the State of New York, but excluding its conflicts of law rules), except that the provisions of this Deed of Trust regarding the creation, perfection and enforcement of the liens and security interests herein granted shall be governed by and construed under the laws of the state in which the Trust Property is located.

Section 7.10 **Headings.** The Article, Section and Subsection titles hereof are inserted for convenience of reference only and shall in no way alter, modify or define, or be used in construing, the text of such Articles, Sections or Subsections.

Section 7.11 **Severability.** If any provision of this Deed of Trust shall be held by any court of competent jurisdiction to be unlawful, void or unenforceable for any reason, such provision shall be deemed severable from and shall in no way affect the enforceability and validity of the remaining provisions of this Deed of Trust.

Section 7.12 **Entire Agreement.** This Deed of Trust and the other Loan Documents embody the entire agreement and understanding between Beneficiary and Trustor relating to the subject matter hereof and thereof and supersede all prior agreements and understandings between such parties relating to the subject matter hereof and thereof. Accordingly, the Loan Documents may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties.

Section 7.13 **Beneficiary as Agent; Successor Agents.**

(a) Agent has been appointed to act as Agent hereunder by the other Secured Parties. Agent shall have the right hereunder to make demands, to give notices, to exercise or refrain from

exercising any rights, and to take or refrain from taking any action (including, without limitation, the release or substitution of the Trust Property) in accordance with the terms of the Credit Agreement, any related agency agreement among Agent and the other Secured Parties (collectively, as amended, amended and restated, supplemented or otherwise modified or replaced from time to time, the ***"Agency Documents")*** and this Deed of Trust. Trustor and all other Persons shall be entitled to rely on releases, waivers, consents, approvals, notifications and other acts of Agent, without inquiry into the existence of required consents or approvals of the Secured Parties therefor.

(b) Beneficiary shall at all times be the same Person that is Agent under the Agency Documents. Written notice of resignation by Agent pursuant to the Agency Documents shall also constitute notice of resignation as Agent under this Deed of Trust. Removal of Agent pursuant to any provision of the Agency Documents shall also constitute removal as Agent under this Deed of Trust. Appointment of a successor Agent pursuant to the Agency Documents shall also constitute appointment of a successor Agent under this Deed of Trust. Upon the acceptance of any appointment as Agent by a successor Agent under the Agency Documents, that successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring or removed Agent as the Beneficiary under this Deed of Trust, and the retiring or removed Agent shall promptly (i) assign and transfer to such successor Agent all of its right, title and interest in and to this Deed of Trust and the Trust Property, and (ii) execute and deliver to such successor Agent such assignments and amendments and take such other actions, as may be necessary or appropriate in connection with the assignment to such successor Agent of the liens and security interests created hereunder, whereupon such retiring or removed Agent shall be discharged from its duties and obligations under this Deed of Trust. After any retiring or removed Agent's resignation or removal hereunder as Agent, the provisions of this Deed of Trust and the Agency Documents shall inure to its benefit as to any actions taken or omitted to be taken by it under this Deed of Trust while it was Agent hereunder.

ARTICLE 8
LOCAL LAW PROVISIONS

Section 8.1 **Inspection.** Without limiting the generality of the foregoing, Trustor agrees that the Secured Parties will have the same right, power and authority to enter and inspect the Premises as is granted to a secured lender under California Civil Code § 2929.5, and that Beneficiary will have the right to appoint a receiver to enter and inspect the Premises at reasonable times and after reasonable notice to the extent such authority is provided under applicable law, including the authority given to the Beneficiary under C.C.P. § 564(c).

Section 8.2 **Environmental Provisions.** Without limiting any other rights or remedies of the Beneficiary or any other Secured Party, Trustor acknowledges and agrees that the provisions of the Credit Agreement and the other Loan Documents relating to environmental matters, including without limitation, Sections 5.09 and 10.03 of the Credit Agreement, are "environmental provisions," as that term is defined in C.C.P. § 736(f)(2), made by Trustor relating to the real property security. Trustor, the Beneficiary and the other Secured Parties intend for the foregoing sections to serve as the Beneficiary's and the other Secured Parties' written demand and Trustor's response concerning the environmental condition of the Premises as required by C.C.P. § 726.5. To the extent that any of Trustor's obligations hereunder are not made valid and enforceable under C.C.P. § 736(a), such obligations shall, to the fullest extent not prohibited by law, be enforceable under the laws of the State of California other than C.C.P. § 736, as provided in C.C.P. § 736(d).

Section 8.3 **Remedies.**

(a) Where the Trust Property consists of real property and personal property, any reinstatement of the obligation secured hereby, following default and an election by the Beneficiary to

accelerate the maturity of said obligation, which is made by Trustor or any other person or entity permitted to exercise the right of reinstatement under Section 2924c of the California Civil Code or any successor statute, shall, in accordance with the terms of Section 9604(a)(3)(C) of the UCC, not prohibit the Beneficiary from conducting a sale or other disposition of any personal property or fixtures or from otherwise proceeding against or continuing to proceed against any personal property or fixtures in any manner permitted by the UCC; nor shall any such reinstatement invalidate, rescind or otherwise affect any sale, disposition or other proceeding held, conducted or instituted with respect to any personal property or fixtures prior to such reinstatement or pending at the time of such reinstatement. Any sums paid to Beneficiary in effecting any reinstatement pursuant to Section 2924c of the California Civil Code shall be applied to the Secured Obligations and to the Beneficiary's and Trustee's reasonable costs and expenses in the manner required by Section 2924c.

(b) Should the Beneficiary elect to sell any portion of the Trust Property which is real property or which is personal property or fixtures that Beneficiary has elected under Section 9604(a)(l)(B) of the UCC to sell together with real property in accordance with the laws governing a sale of real property, the Beneficiary or the Trustee shall give such notice of default and election to sell as may then be required by law. Thereafter, upon the expiration of such time and the giving of such notice of sale as may then be required by law, and without the necessity of any demand on Trustor, the Trustee, at the time

and place specified in the notice of sale, shall sell said real property or part thereof at public auction to the highest bidder for cash in lawful money of the United States. The Trustee may, and upon request of the Beneficiary shall, from time to time, postpone any sale hereunder by public announcement thereof at the time and place noticed therefor.

(c) If the Trust Property consists of several lots, parcels or items of Trust Property, the Beneficiary may: (i) designate the order in which such lots, parcels or items shall be offered for sale or sold, or (ii) elect to sell such lots, parcels or items through a single sale, or through two or more successive sales, or in any other manner the Beneficiary deems in its best interest. Should the Beneficiary desire that more than one sale or other disposition of the Trust Property be conducted, the Beneficiary may, at its option, cause the same to be conducted simultaneously, or successively, on the same day, or at such different days or times and in such order as the Beneficiary may deem to be in its best interests, and no such sale shall terminate or otherwise affect the lien of this Deed of Trust on any part of the Trust Property not sold until all Secured Obligations have been fully paid and the other conditions set forth in the Credit Agreement for release of liens have been satisfied. In the event the Beneficiary elects to dispose of the Trust Property through more than one sale, Trustor agrees to pay the costs and expenses of each such sale and of any judicial proceedings wherein the same may be made, including reasonable compensation to the Trustee and the Beneficiary, their agents and counsel, and to pay all expenses, liabilities and advances made or incurred by the Trustee or Beneficiary in connection with such sale or sales, together with interest on all such advances made by the Trustee or Beneficiary at the lower of the Default Rate and the maximum rate permitted by law to be charged by the Trustee or Beneficiary.

Section 8.4 Additional Provisions.

(a) Notwithstanding anything to the contrary contained herein, the Beneficiary's rights and remedies under California Code of Civil Procedure Section 736 shall not be waived, limited or otherwise adversely affected by virtue of a full or partial credit bid upon foreclosure of this Deed of Trust.

(b) GRANTOR PLEASE NOTE: IN THE EVENT OF YOUR DEFAULT, THIS DEED OF TRUST AND APPLICABLE LAW PERMITS THE TRUSTEE TO SELL THE TRUST PROPERTY AT A SALE HELD WITHOUT SUPERVISION BY ANY COURT AFTER EXPIRATION OF A PERIOD PRESCRIBED BY LAW. UNLESS YOU PROVIDE AN ADDRESS FOR THE GIVING OF NOTICE, YOU MAY NOT BE ENTITLED TO OTHER NOTICE OF THE COMMENCEMENT OF SALE PROCEEDINGS. BY EXECUTION OF THIS DEED OF TRUST, YOU CONSENT TO THIS

PROCEDURE. IF YOU HAVE ANY QUESTIONS CONCERNING IT, YOU SHOULD CONSULT YOUR LEGAL ADVISOR. BENEFICIARY AND TRUSTEE URGE YOU TO GIVE BENEFICIARY PROMPT NOTICE OF ANY CHANGE IN YOUR ADDRESS SO THAT YOU MAY RECEIVE ANY NOTICE OF DEFAULT AND NOTICE OF SALE GIVEN PURSUANT TO THIS DEED OF TRUST.

(c) Without limitation of the foregoing, Trustor hereby specifically, unconditionally and irrevocably waives all rights of a property owner granted under California Code of Civil Procedure Section 1265.225(a), which provides for allocation of condemnation proceeds between a property owner and a lienholder, and any other law or successor statute of similar import.

Section 8.5 Waivers.

(a) Trustor, in addition to, and without limitation of any other waivers contained in this Deed of Trust, unconditionally waives any defense to the enforcement of this Deed of Trust, including:

i. All presentments, demands for performance, notices of nonperformance, protests, notices of protest and notices of dishonor with respect to the Secured Obligations, and notices of acceptance of this Deed of Trust;

ii. Any right to require the Beneficiary to proceed against Borrower or any guarantor at any time or to proceed against or exhaust any security held by the Beneficiary at any time or to pursue any other remedy whatsoever at any time;

iii. The defense of any statute of limitations affecting the liability of Trustor hereunder, the liability of any of the Borrower or any guarantor under the Loan Documents, or the enforcement hereof, to the extent permitted by law;

iv. Any defense arising by reason of any invalidity or unenforceability of (or any limitation of liability in) any of the Loan Documents or any disability of Trustor or any guarantor or of any manner in which Beneficiary has exercised its rights and remedies under the Loan Documents, or by any cessation from any cause whatsoever of the liability of Trustor or the Borrower or any guarantor;

v. Without limitation on clause iv above, any defense based upon any lack of authority of the officers, directors, partners or agents acting or purporting to act on behalf of Trustor or the Borrower or any principal of Trustor or the Borrower or any defect in the formation of Trustor or the Borrower or any principal of Trustor or the Borrower;

vi. Any defense based upon the application by Trustor or the Borrower of the proceeds of the Loans for purposes other than the purposes represented by Trustor or the Borrower to the Beneficiary or intended or understood by the Beneficiary or Trustor;

vii. Any defense based upon an election of remedies by the Beneficiary, including any election to proceed by judicial or nonjudicial foreclosure of any security, whether real property or personal property security, or by deed in lieu thereof, and whether or not every aspect of any foreclosure sale is commercially reasonable, or any election of remedies, including remedies relating to real property or personal property security, which destroys or otherwise impairs the subrogation rights of Trustor or the rights of Trustor to proceed against any of the Borrower or any guarantor for reimbursement, or both (including, without limitation, California Code of Civil Procedure Sections 580a, 580b, 580d and 726);

viii. Any defense based upon any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in any other aspects more burdensome than that of a principal;

ix. Any defense based upon the Beneficiary's election, in any proceeding instituted under the Federal Bankruptcy Code, of the application of Section 1111(b)(2) of the Federal Bankruptcy Code or any successor statute;

x. Any defense based upon any borrowing or any grant of a security interest under Section 364 of the Federal Bankruptcy Code;

xi. Any duty of the Beneficiary to advise Trustor of any information known to the Beneficiary regarding the financial condition of the Borrower and all other circumstances affecting the Borrower's ability to perform its obligations to the Beneficiary, it being agreed that Trustor assumes the responsibility for being and keeping informed regarding such condition or any such circumstances;

xii. Any right of subrogation, reimbursement, exoneration, contribution or indemnity, or any right to enforce any remedy which the Beneficiary now has or may hereafter have against the Borrower or any benefit of, or any right to participate in, any security now or hereafter held by the Beneficiary; and

xiii. Without limiting the generality of the foregoing or any other provision hereof, any rights and benefits which might otherwise be available to Trustor under California Civil Code Sections 2787 to 2855, inclusive, 2899, and 3433.

Section 8.6 Subrogation. Trustor understands that the exercise by the Beneficiary of certain rights and remedies may affect or eliminate Trustor's right of subrogation against the Borrower or any guarantor and that Trustor may therefore incur partially or totally nonreimbursable liability hereunder. Nevertheless, Trustor hereby authorizes and empowers Beneficiary, its successors, endorsees and assigns, to exercise in its or their sole discretion, any rights and remedies, or any combination thereof, which may then be available, it being the purpose and intent of Trustor that the obligations hereunder shall be absolute, continuing, independent and unconditional under any and all circumstances. Notwithstanding any other provision of this Deed of Trust to the contrary, Trustor hereby subordinates to the repayment in full of all of the Borrower's and each other obligor's obligations under the Loan Documents any claim or other rights which Trustor may now have or hereafter acquire against the Borrower or any guarantor of all or any of the obligations of the Borrower hereunder that arise from the existence or performance of such of the Borrower's obligations under any of the Loan Documents, including any right of subrogation, reimbursement, exoneration, contribution or indemnification, any right to participate in any claim or remedy of the Beneficiary against the Borrower or any Collateral which the Beneficiary now has or hereafter acquires, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, by any payment made hereunder or otherwise, including, without limitation, the right to take or receive from the Borrower, directly or indirectly, in cash or other property or by setoff or in any other manner, payment or security on account of such claim or other rights. Trustor understands that: (i) Section 580d of the California Code of Civil Procedure generally prohibits a deficiency judgment against a borrower after a non-judicial foreclosure; (ii) Trustor's subrogation rights may be destroyed by a non-judicial foreclosure under the Deed of Trust (because Trustor may not be able to pursue the Borrower for a deficiency judgment by reason of the application of Section 580d of the California Code of Civil Procedure); and (iii) under Union Bank v. Gradsky, 265 Cal. App. 2nd 40 (1968), a lender may be stopped from pursuing a guarantor for a deficiency judgment after a non-judicial foreclosure (on the theory that a guarantor should be exonerated if a lender elects a remedy that eliminates the guarantor's subrogation rights) absent an explicit waiver. Without limitation on the generality of the other waivers contained in this Deed of Trust, Trustor hereby waives (A) the defense that might otherwise be available under Gradsky, supra (or any similar judicial decision or statute) in the event the Beneficiary pursues a non-judicial foreclosure, and (B) all rights and defenses arising out of an election of remedies by the creditor, even though that election of remedies, such as a nonjudicial foreclosure with respect to

security for a guaranteed obligation, has destroyed the guarantor's rights of subrogation and reimbursement against the principal by the operation of Section 580d of the Code of Civil Procedure or otherwise. In addition, Trustor waives all rights and defenses that Trustor may have because the debtor's debt is secured by real property. This means, among other things that the creditor may collect from the guarantor without first foreclosing on any real or personal property collateral pledged by the debtor, and if the creditor forecloses on any real property collateral pledged by the debtor: (i) the amount of the debt may be reduced only by the price for which the collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price; and (ii) the creditor may collect from the guarantor even if the creditor, by foreclosing on the real property collateral, has destroyed any right the guarantor may have to collect from the debtor. This is an unconditional and irrevocable waiver of any rights and defenses the guarantor may have because the debtor's debt is secured by real property. These rights and defenses include, but are not limited to, any rights or defenses based upon Section 580a, 580b, 580d or 726 of the Code of Civil Procedure.

Section 8.7 Independent Obligations. The obligations of Trustor hereunder are independent of the obligations of the Borrower and, in the event of any default hereunder, a separate action or actions may be brought and prosecuted against Trustor to foreclose this Deed of Trust whether or not Trustor is the alter ego of the Borrower and whether or not the Borrower is joined therein or a separate action or actions are brought against the Borrower. The Beneficiary's rights hereunder shall not be exhausted until all of the Secured Obligations have been fully paid and performed.

Section 8.8 Subordination. Without limitation on the waiver and release contained above: (i) Trustor subordinates all present and future indebtedness owing by the Borrower to Trustor to the obligations at any time owing by the Borrower to the Beneficiary under the Credit Agreement and the other Loan Documents; (ii) Trustor assigns all such indebtedness to the Beneficiary as security for the Secured Obligations, and (iii) Trustor agrees to make no claim on such indebtedness until all obligations of Borrower under the Credit Agreement and the other Loan Documents have been fully discharged. Trustor further agrees not to assign all or any part of such indebtedness unless the Beneficiary is given prior notice and such assignment is expressly made subject to the terms of this Deed of Trust. If the Beneficiary so requests, (i) all instruments evidencing such indebtedness shall be duly endorsed and delivered to the Beneficiary, (ii) all security for such indebtedness shall be duly assigned and delivered to the Beneficiary, (iii) such indebtedness shall be enforced, collected and held by Trustor as trustee for the Beneficiary and shall be paid over to the Beneficiary on account of the Secured Obligations but without reducing or affecting in any manner the liability of Trustor under the other provisions of this Deed of Trust, and (iv) Trustor shall execute, file and record such documents and instruments and take such other action as the Beneficiary deems necessary or appropriate to perfect, preserve and enforce the Beneficiary's rights in and to such indebtedness and any security therefor. If Trustor fails to take any such action, the Beneficiary, as attorney-in-fact for Trustor, is hereby authorized to do so in the name of Trustor. The foregoing power of attorney is coupled with an interest and cannot be revoked.

Section 8.9 Other Collateral. Trustor acknowledges that this Deed of Trust is one of a number of mortgages, deeds of trust and other security documents **("Other Security Instruments")** that secure the Secured Obligations and the obligations of the Borrower and other obligors under the Loan Documents (the **"Other Obligations").** Trustor agrees that the lien of this Deed of Trust shall be absolute and unconditional and shall not in any manner be affected or impaired by any acts or omissions whatsoever of the Beneficiary, and without limiting the generality of the foregoing, the lien hereof shall not be impaired by any acceptance by the Beneficiary of any security for or guarantees of the Secured Obligations and/or the Other Obligations, or by

any failure, neglect or omission on the part of the Beneficiary to realize upon or protect any Obligation or Other Obligation or any collateral security therefor including the Other Security Instruments. The lien hereof shall not in any manner be impaired or affected by any release (except as to the Premises released), sale, pledge, surrender, compromise, settlement, renewal, extension, indulgence, alteration, changing, modification or disposition of any of the

Secured Obligations or Other Obligations or of any of the collateral security therefor, including the Other Security Instruments or of any guarantee thereof, and, to the fullest extent permitted by applicable law, the Beneficiary may at its discretion foreclose, exercise any power of sale, or exercise any other remedy available to it under any or all of the Other Security Instruments without first exercising or enforcing any of its rights and remedies hereunder. Such exercise of Beneficiary's rights and remedies under any or all of the Other Security Instruments shall not in any manner impair the indebtedness hereby secured or the lien of this Deed of Trust and any exercise of the rights or remedies of the Beneficiary hereunder shall not impair the lien of any of the Other Security Instruments or any of the Trustee's or Beneficiary's rights and remedies thereunder. To the fullest extent permitted by applicable law, Trustor specifically consents and agrees the Beneficiary may exercise its rights and remedies hereunder and under the Other Security Instruments separately or concurrently and in any order that it may deem appropriate and waives any rights of subrogation.

Section 8.10 **Trustee.** The Trustee accepts appointment hereunder when this Deed of Trust, duly executed and acknowledged, is made a public record. The Beneficiary may remove the Trustee at any time or from time to time and appoint a successor trustee, and upon such appointment, all powers, duties, rights and authority of Trustee shall thereupon become vested in such successor. Such substitute trustee shall be appointed in any manner permitted or authorized by applicable law, including without limitation by written instrument duly recorded in the county or counties where the real property encumbered hereby is located, which appointment may be executed by any authorized agent of the Beneficiary or in any other manner permitted by applicable law. The Trustee shall be entitled to receive, and Trustor shall pay, reasonable and customary compensation to the Trustee for its services rendered hereunder after any Event of Default and reimbursement to the Trustee for its expenses (including attorneys' fees and expenses) in connection herewith or the exercise of any right, power or remedy hereunder

[The remainder of this page has been intentionally left blank]

IN WITNESS WHEREOF, Trustor has on the date set forth in the acknowledgement hereto, effective as of the date first above written, caused this instrument to be duly EXECUTED AND DELIVERED by authority duly given.

TRUSTOR: **WARNER BROS. RECORDS, INC.,**
a Delaware corporation

By: /s/ Paul Robinson
Name: Paul Robinson
Title: Vice President

ACKNOWLEDGMENT

State of New York)
)
County of New York)

On February 26, 2004, before me, the undersigned, a notary public in and for said State, personally appeared Paul Robinson personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her respective authorized capacity, and that by his/her signatures on the instrument, the person or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Signature /s/ Carroll E. Smith (seal)

Capacity of signatory:
CARROLL E. SMITH
NOTARY PUBLIC, State of New York
No. 01SM6079992
Qualified in New York County
Commission Expires September 3, 2006

EXHIBIT A

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF LOS ANGELES, DESCRIBED AS FOLLOWS:

PARCEL 1:

LOTS 38 AND 39 OF TRACT NO. 7553, IN THE CITY OF BURBANK, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN

ON MAP RECORDED IN BOOK 99 PAGES 16 AND 17 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 2:

A NON-EXCLUSIVE EASEMENT FOR VEHICULAR INGRESS AND EGRESS AS SET FORTH IN THAT CERTAIN DECLARATION OF COVENANTS, CONDITIONS RESTRICTIONS AND EASEMENTS DATED AUGUST 1, 1989 EXECUTED BY 3300 RIVERSIDE DRIVE CORPORATION, A DELAWARE CORPORATION, AS MORE PARTICULARLY DESCRIBED THEREIN AND RECORDED AUGUST 7, 1989, AS INSTRUMENT NO. 89-1263386, OFFICIAL RECORDS.

END OF LEGAL DESCRIPTION

EXHIBIT B

PERMITTED ENCUMBRANCES

Those exceptions set forth in Schedule B of that certain policy of title insurance issued to Beneficiary by Stewart Title of California, Inc. on or about the date hereof pursuant to order number 040207595 dated 12/17/03 (Reference: 03151269).

TRADEMARK SECURITY AGREEMENT

This Trademark Security Agreement (as amended, amended and restated, supplemented or otherwise modified from time to time, the **"Trademark Security Agreement"**), dated February 29, 2004, is made by the Persons listed on the signature pages hereof (collectively, the **"Grantors"**) in favor of Bank of America, N.A., as administrative agent (the **"Administrative Agent"**) for the Secured Parties (as defined in the Credit Agreement referred to below).

WHEREAS, WMG Acquisition Corp., a Delaware corporation, has entered into a Credit Agreement dated as of February 29, 2004, (as amended, amended and restated, supplemented or otherwise modified from time to time, the **"Credit Agreement"),** with WMG Holdings Corp., a Delaware Corporation **("Holdings"),** Bank of America, N.A., as the L/C Issuer, the Swing Line Lender and the Administrative Agent, the other Agents named therein and the Lenders party thereto.

WHEREAS, as a condition precedent to the making of the Loans and the issuance of Letters of Credit by the Lenders under the Credit Agreement and entry into Secured Hedge Agreements by the Hedge Banks from time to time, each Grantor has executed and delivered that certain Security Agreement dated February 29, 2004 made by the Grantors to the Administrative Agent (as amended, amended and restated, supplemented or otherwise modified from time to time, the **"Security Agreement"**). Terms defined in the Credit Agreement and not otherwise defined herein are used herein as defined in the Security Agreement.

WHEREAS, under the terms of the Security Agreement, the Grantors have granted to the Administrative Agent, for the ratable benefit of the Secured Parties, a security interest in, among other property, certain Trademarks of the Grantors, and have agreed as a condition thereof to execute this Trademark Security Agreement for recording with the United States Patent and Trademark Office and any other appropriate governmental authorities.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Grantor agrees as follows:

SECTION 1. *Grant of Security.* Each Grantor hereby grants to the Administrative Agent for the ratable benefit of the Secured Parties a continuing security interest in all of such Grantor's right, title and interest in and to the following (all of the following items or types of property being herein collectively referred to as the **"Trademark Collateral"**), whether now owned or existing or hereafter acquired or arising:

(i) each Trademark owned by the Grantor, including, without limitation, each Trademark registration and application therefor, referred to in Schedule 1 hereto, and all of the goodwill of the business connected with the use of, or symbolized by, each Trademark;

(ii) each Trademark license to which the Grantor is a party, including, without limitation, each Trademark license referred to in Schedule 2 hereto, and all of the goodwill of the

business connected with the use of, or symbolized by, each Trademark licensed pursuant thereto; and

(iii) any and all Proceeds of, collateral for, income, royalties and other payments now or hereafter due and payable with respect to, and Supporting Obligations relating to, any and all of the foregoing, including, without limitation, all Proceeds of and revenues from any and all claims for damages and injunctive relief for past, present and future infringement, dilution, misappropriation, violation, misuse or breach with respect to any of the foregoing, with the right but not the obligation, to sue for and collect, or otherwise recover, such damages.

SECTION 2. *No Transfer of Grantor's Rights.* Except to the extent expressly permitted in the Credit Agreement, each Grantor agrees not to sell, license, exchange, assign, or otherwise transfer or dispose of, or grant any rights with respect to, or mortgage or otherwise encumber, any of the Trademark Collateral.

SECTION 3. *Security for Obligations.* The grant of continuing security interest in the Trademark Collateral by each Grantor under this Trademark Security Agreement secures the payment of all Obligations of such Grantor, now or hereafter existing under or in respect of the Finance Documents, whether direct or indirect, absolute or contingent, and whether for principal, reimbursement obligations, interest, premiums, penalties, fees, indemnifications, contract causes of action, costs, expenses or otherwise.

SECTION 4. *Recordation.* Each Grantor authorizes and requests that the Commissioner for Trademarks and any other applicable government officer record this Trademark Security Agreement.

SECTION 5. *Execution in Counterparts.* This Trademark Security Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

SECTION 6. *Grants, Rights and Remedies.* This Trademark Security Agreement has been executed and delivered by the Grantors for the purpose of recording the grant of security interest herein with the U.S. Patent and Trademark Office. The security interest granted hereby has been granted to the Administrative Agent in connection with the Security Agreement and is expressly subject to the terms and conditions thereof. The Security Agreement (and all, rights and remedies of the Administrative Agent thereunder) shall remain in full force and effect in accordance with its terms.

SECTION 7. *Governing Law.* This Trademark Security Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, each Grantor has caused this Trademark Security Agreement to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

WMG ACQUISITION CORP.

By: /s/ Paul Robinson
Name: Paul Robinson
Title: Vice President

Address for Notices:
c/o Warner Music Group Inc.
75 Rockefeller Plaza
New York, New York 10019
Attention: Paul Robinson
Telephone: (212) 275-2143
Facsimile: (212) 275-3601

WMG HOLDINGS CORP.

By: /s/ Paul Robinson
Name: Paul Robinson
Title: Vice President

Address for Notices:
c/o Warner Music Group Inc.
75 Rockefeller Plaza
New York, New York 10019
Attention: Paul Robinson
Telephone: (212) 275-2143
Facsimile: (212) 275-3601

Other Grantors:

A. P. SCHMIDT CO.
ATLANTIC/143 L.L.C.
ATLANTIC/MR VENTURES INC.
ATLANTIC/MR II INC.
ATLANTIC RECORDING CORPORATION
BERNA MUSIC, INC.
BIG BEAT RECORDS INC.
BIG TREE RECORDING CORPORATION
BUTE SOUND LLC
CAFE AMERICANA INC.
CHAPPELL & INTERSONG MUSIC GROUP (AUSTRALIA) LIMITED
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FHK, INC.
FIDDLEBACK MUSIC PUBLISHING COMPANY, INC.
FOSTER FREES MUSIC, INC.
FOZ MAN MUSIC LLC
INSIDE JOB, INC.
INTERSONG U.S.A., INC.
JADAR MUSIC CORP.
LAVA TRADEMARK HOLDING COMPANY LLC
LEM AMERICA, INC.
LONDON-SIRE RECORDS, INC.

MCGUFFIN MUSIC INC.
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NVC INTERNATIONAL INC.
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WB MUSIC CORP.
WBM/HOUSE OF GOLD MUSIC, INC.
WBPI HOLDINGS LLC
WBR MANAGEMENT SERVICES INC.
WBR/QRI VENTURE, INC.
WBR/RUFFNATION VENTURES, INC.
WBR/SIRE VENTURES INC.
WE ARE MUSICA INC.
WEA EUROPE INC.
WEA INC.
WEA INTERNATIONAL INC.
WEA LATINA MUSICA INC.
WEA MANAGEMENT SERVICES INC.
WIDE MUSIC, INC.
WMG MANAGEMENT SERVICES INC.
WMG TRADEMARK HOLDING COMPANY LLC

All by: /s/ Paul Robinson

Name: Paul Robinson
Title: Vice President

COPYRIGHT SECURITY AGREEMENT

This Copyright Security Agreement (as amended, amended and restated, supplemented or otherwise modified from time to time, the **"Copyright Security Agreement"**), dated February 29, 2004, is made by the Persons listed on the signature pages hereof (collectively, the **"Grantors"**) in favor of Bank of America, N.A., as administrative agent (the **"Administrative Agent"**) for the Secured Parties (as defined in the Credit Agreement referred to below).

WHEREAS, WMG Acquisition Corp., a Delaware corporation, has entered into a Credit Agreement dated as of February 29, 2004, (as amended, amended and restated, supplemented or otherwise modified from time to time, the **"Credit Agreement"**), with WMG Holdings Corp., a Delaware Corporation (**"Holdings"**), Bank of America, N.A., as the L/C Issuer, the Swing Line Lender and Administrative Agent, the other Agents named therein and the Lenders party thereto.

WHEREAS, as a condition precedent to the making of the Loans and the issuance of Letters of Credit by the Lenders under the Credit Agreement and entry into Secured Hedge Agreements by the Hedge Banks from time to time, each Grantor has executed and delivered that certain Security Agreement dated February 29, 2004 made by the Grantors to the Administrative Agent (as amended, amended and restated, supplemented or otherwise modified from time to time, the **"Security Agreement")**. Terms defined in the Security Agreement not otherwise define herein are used as defined in the Security Agreement.

WHEREAS, under the terms of the Security Agreement, the Grantors have granted to the Administrative Agent, for the ratable benefit of the Secured Parties, a security interest in, among other property, certain Copyrights of the Grantors, and have agreed as a condition thereof to execute this Copyright Security Agreement for recording with the U.S. Copyright Office and any other appropriate governmental authorities.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Grantor agrees as follows:

SECTION 1. *Grant of Security.* Each Grantor hereby grants to the Administrative Agent for the ratable benefit of the Secured Parties a continuing security interest in all of such Grantor's right, title and interest in and to the following (all of the following items or types of property being herein collectively referred to as the **"Copyright Collateral"**), whether now owner or existing or hereafter acquired or arising:

(i) each Copyright, owned by the Grantor, including, without limitation, each Copyright registration and application therefore, referred to in Schedule 1 hereto;

(ii) each exclusive Copyright license to which the Grantor is a party, including, without limitation, each Copyright License referred to in Schedule 1 hereto; and

(iii) any and all Proceeds of, collateral for, income, royalties and other payments now or hereafter due and payable with respect to and supporting obligations relating to, any and

all of the foregoing, including, without limitation, all Proceeds of and revenues from any and all claims for damages and injunctive relief for past, present and future infringement, dilution, misappropriation, violation, misuse or breach with respect to any of the foregoing, with the right, but not the obligation, to sue for and collect, or otherwise recover, such damages.

SECTION 2. *No Transfer of Grantor's Rights.* Except to the extent expressly permitted in the Credit Agreement, each Grantor agrees not to sell, license, exchange, assign, or otherwise transfer or dispose of, or grant any rights with respect to, or mortgage or otherwise encumber, any of the Copyright Collateral.

SECTION 3. *Security for Obligations.* The grant of continuing security interest in the Copyright Collateral by each Grantor under this Copyright Security Agreement secures the payment of all Obligations of such Grantor, now or hereafter existing under or in respect of the Finance Documents, whether direct or indirect, absolute or contingent, and whether for principal, reimbursement obligations, interest, premiums, penalties, fees, indemnifications, contact causes of action, costs, expenses or otherwise.

SECTION 4. *Recordation.* Each Grantor authorizes and requests that the Register of Copyrights and any other applicable government office record this Copyright Security Agreement.

SECTION 5. *Execution in Counterparts.* This Copyright Security Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

SECTION 6. *Grants, Rights and Remedies.* This Copyright Security Agreement has been executed and delivered by the Grantors for the purpose of recording the grant of security interest herein with the U.S. Copyright Office. The security interest granted hereby has been granted to the Administrative Agent in connection with the Security Agreement and is expressly subject to the terms and conditions thereof. The Security Agreement (and all rights and remedies of the Administrative Agent thereunder) shall remain in full force and effect in accordance with its terms.

SECTION 7. *Governing Law.* This Copyright Security Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, each Grantor has caused this Copyright Security Agreement to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

WMG ACQUISITION CORP.

By: /s/ Paul Robinson
Name: Paul Robinson
Title: Vice President

Address for Notices:
c/o Warner Music Group Inc.
75 Rockefeller Plaza
New York, New York 10019
Attention: Paul Robinson
Telephone: (212) 275-2143
Facsimile: (212) 275-3601

WMG HOLDINGS CORP.

By: /s/ Paul Robinson
Name: Paul Robinson
Title: Vice President

Address for Notices:
c/o Warner Music Group Inc.
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Other Grantors:

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COTILLION MUSIC, INC.
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CRK MUSIC INC.
E/A MUSIC, INC.
ELEKSYLUM MUSIC, INC.
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WEA MANAGEMENT SERVICES INC.
WIDE MUSIC, INC.
WMG MANAGEMENT SERVICES INC.
WMG TRADEMARK HOLDING COMPANY LLC

All by: /s/ Paul Robinson
Name: Paul Robinson

Title: Vice President

Exhibit 10.13

Execution Version

STOCKHOLDERS AGREEMENT

among

WMG Parent Corp.

WMG Holdings Corp.

WMG Acquisition Corp.

and

Certain Stockholders of WMG Parent Corp. and WMG Holdings Corp.

Dated as of February 29, 2004

TABLE OF CONTENTS

STOCKHOLDERS AGREEMENT

This Stockholders Agreement (the "Agreement") is made as of February 29, 2004 by and among:

(i) WMG Parent Corp., a Delaware corporation (the "Company");

(ii) WMG Holdings Corp., a Delaware corporation ("Midco");

(iii) WMG Acquisition Corp., a Delaware corporation (the "Purchaser");

(iv) each Person executing this Agreement and listed as an Investor on the signature pages hereto (collectively, the "Investors");

(v) each Person executing this Agreement and listed as a Seller on the signature pages hereto (collectively, the "Sellers");

(vi) each Person executing this Agreement and listed as a Manager on the signature pages hereto (collectively, the "Managers" and together with the Investors and the Sellers, the "Stockholders"); and

(vii) such other Persons, if any, that from time to time become party hereto as holders of Other Holder Shares (as defined below) pursuant to Section 6.5 solely in the capacity of permitted assignees with respect to certain registration rights hereunder (collectively, the "Other Holders").

RECITALS

1. The Company has been formed for the purpose of acquiring (the "Acquisition"), indirectly through one or more subsidiaries, pursuant to a Purchase Agreement, dated as of November 24, 2003 (the "Acquisition Agreement"), between Time Warner Inc. and the Purchaser, the Warner Recorded Music Business and the Warner Music Publishing Business (as defined in the Acquisition Agreement).

2. Upon the Closing (as defined below), the Common Stock (as defined below) of the Company, the common stock and the Preferred Stock (as defined below) of Midco and all Options, Warrants and Convertible Securities (each as defined below) are held as set forth on Schedule 1 hereto.

3. The parties believe that it is in the best interests of the Company, Midco and the Stockholders to set forth their agreements on certain matters.

AGREEMENT

Therefore, the parties hereto hereby agree as follows:

1. EFFECTIVENESS; DEFINITIONS.

1.1. Closing. This Agreement shall become effective upon consummation of the closing under the Acquisition Agreement (the "Closing").

1.2. Definitions. Certain terms are used in this Agreement as specifically defined herein. These definitions are set forth or referred to in Section 11.2 hereof.

2. VOTING AGREEMENT.

2.1. Election of Directors.

2.1.1. Board Size. Each holder of Company Shares hereby agrees to cast all votes to which such holder is entitled in respect of the Company Shares, whether at any annual or special meeting, by written consent or otherwise, to fix the number of members of the board of directors of the Company (the "Board") at thirteen (subject to reduction as set forth in Section 2.1.3).

2.1.2. Designation of Directors. Subject to Section 2.1.3, there at all times shall be: (i) five THL Directors, (ii) three Bain Directors, (iii) one Providence Director, (iv) one Lexa Director, (iv) one director who at all times shall be the then current chief executive officer of the Company (the "CEO Director"), who shall initially be Edgar Bronfinan, Jr., with Mr. Bronfman also to serve as Chairman of the Board during his tenure as the CEO Director, and (v) two additional directors (the "Independent Directors"). Each holder of Company Shares hereby agrees to cast all votes to which such holder is entitled in respect of the Company Shares, whether at any annual or special meeting, by written consent or otherwise, so as to elect as the Company's directors:

(i) the number of THL Directors as determined under Section 2.1.3, designated as follows: (A) first, one director designated by Thomas H. Lee Equity Fund V, L.P., if it then holds any Company Shares, (B) then, one director designated by Thomas H. Lee Parallel Fund V, L.P., if it then holds any Company Shares, (C) then, one director designated by THL WMG Equity Investors, L.P., if it then holds any Company Shares and (D) then, such other directors designated by the Majority THL Investors as the remaining THL Directors;

(ii) the number of Bain Directors as determined under Section 2.1.3, designated as follows: (A) first, one director designated by Bain Capital VII Coinvestment Fund, L.P., if (1) it then holds any Company Shares or (2) it is then the sole member of Bain Capital VII Coinvestment Fund, LLC and the latter then holds any Company Shares, it being understood and agreed that Bain Capital VII Coinvestment Fund, L.P. is intended to be a third party beneficiary of this Section

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2.1.2(ii)(A) and the related provisions of Section 2.2 and shall be entitled to enforce such provisions of this Agreement as though it were a party hereto, and (B) then, such other directors designated by the Majority Bain Investors as the remaining Bain Directors;

(iii) the number of Providence Directors as determined under Section 2.1.3, designated by Providence Equity Partners IV, L.P., if it then holds any Company Shares, otherwise by the Majority Providence Investors;

(iv) the number of Lexa Directors as determined under Section 2.1.3, designated by Music Capital Partners, L.P., if it then holds any Company Shares, otherwise by the Majority Lexa Investors;

(v) one director as the CEO Director; and

(vi) two directors as the Independent Directors designated unanimously by the members of the Board elected pursuant to clauses (i) through (v) above.

2.1.3. Sell-Down Provisions.

2.1.3.1. The number of THL Directors, Bain Directors, Providence Directors and Lexa Directors shall automatically be reduced effective at and after such time as the applicable Investor Group ceases to hold Shares representing both the requisite Total Investment and Voting Stock Investment as set forth in the table below, subject to adjustment pursuant to Section 2.1.3.2:

	Total Investment	Voting Stock Investment	# of Directors
THL Directors	at least $445,000,000	at least $30,260,000	5
	at least $380,000,000	at least $25,840,000	4
	at least $265,000,000	at least $18,020,000	3
	at least $175,000,000	at least $11,900,000	2
	at least $45,000,000	at least $3,060,000	1
	less than $45,000,000	less than $3,060,000	0
Bain Directors	at least $265,000,000	at least $18,020,000	3
	at least $175,000,000	at least $11,900,000	2
	at least $45,000,000	at least $3,060,000	1
	less than $45,000,000	less than $3,060,000	0
Providence Directors	at least $45,000,000	at least $3,060,000	1
	less than $45,000,000	less than $3,060,000	0
Lexa Directors	at least $45,000,000	at least $3,060,000	1
	less than $45,000,000	less than $3,060,000	0

No increase after the Closing in the Total Investment or Voting Stock Investment represented by the Shares held by any Investor Group shall entitle such Investor Group to designate a greater number of directors than that which such Investor Group was entitled to designate immediately prior to such increase. Upon any reduction in the number of THL Directors, Bain Directors, Providence Directors or Lexa Directors: (i) the applicable Investor Group promptly shall cause one or more of its designated directors, as the case may be, to resign and (ii) the number of members of the Board shall likewise be reduced.

2.1.3.2. The threshold amounts for Total Investment and Voting Stock Investment in the table above shall automatically be proportionately reduced effective immediately prior to any event that a majority of the entire Board in good faith determines to be a Proportionate Reduction Event; provided, however, that no such adjustment shall be made to the extent that the effect of such Proportionate Reduction Event, in the good faith determination of a majority of the entire Board, is to offset the effect of any increase (proportionate or otherwise) in the Total Investment of the Shares held by each of the applicable Investor Groups occurring since the later of: (i) the most recent Proportionate Reduction Event, if any, for which an adjustment was made pursuant to this Section 2.1.3.2 and (ii) the Closing; and provided, further, that no adjustment pursuant to this Section 2.1.3.2 shall entitle any Investor Group to designate a greater number of directors than that which such Investor Group was entitled to designate immediately prior to the event giving rise to such adjustment.

2.1.4. CEO Director. If at any time a person serving as the CEO Director ceases to be the chief executive officer of the Company, the Company and the holders of Company Shares agree promptly to act in accordance with the provisions hereof to cause the removal of such director and, at such time as a succeeding chief executive officer of the Company is appointed in conformity with the provisions hereof, the election of such person as the CEO Director. The CEO Director may not be removed, with or without cause, so long as such director continues to serve as the chief executive officer of the Company.

2.1.5. Independent Directors. An Independent Director may be removed with, and only with, the consent of each Investor Group then entitled to designate at least one director pursuant to Section 2.1.

2.1.6. Further Assurances. The Company and each holder of Company Shares hereby agrees to take, at any time and from time to time, all actions necessary to accomplish the provisions of this Section 2.1.

2.2. Removal and Replacement; Vacancies. Members of the Board designated by a particular Investor Group (or member thereof) may be removed by, and only by, such Investor Group (or member thereof). The CEO Director and the Independent Directors may be removed only in accordance with Section 2.1.4 or 2.1.5, respectively. If, prior to his or her election to the Board, any designee for Investor Director or Independent Director is unable or unwilling to serve

as a director, then the applicable designating Person or group, as set forth in Section 2.1.2, shall be entitled to nominate a replacement. If, following election to the Board, any Investor Director or Independent Director resigns, is removed, or is unable to serve for any reason prior to the expiration of his or her term as a director, then, subject to Section 2.1.3, the applicable designating Person or group, as set forth in Section 2.1.2, shall designate a replacement. If any designating Person or group fails to designate a person to fill any directorship, then such directorship shall be vacant.

2.3. Grant of Proxies. Each holder of Company Shares hereby grants an irrevocable proxy coupled with an interest to vote, including in any action by written consent, such holder's Company Shares in accordance with such holder's agreements contained in Sections 2.1 and 2.2 to: (a) each Investor Group then entitled to designate any Investor Directors solely in respect of the election or removal of such Investor Group's Investor Directors and (b) the Company otherwise. Each of the foregoing proxies shall be valid and remain in effect until the provisions of Sections 2.1 and 2.2 expire pursuant to Section 2.10.

2.4. Certain Actions. The Company, Midco and the holders of Shares agree that, in addition to any other approval required by the certificate of incorporation of the Company or Midco or by applicable law, the approval of a majority of the entire Board and the approval of the Requisite Stockholder Majority shall be required to do any of the following:

2.4.1. Approve the annual operating budget of the Company and its subsidiaries, modify in any material respect any such budget or take any action that is or would be reasonably likely to be in material variance therefrom.

2.4.2. Effect a Change of Control transaction.

2.4.3. Incur any indebtedness, assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other Person (provided that the Company or any of its subsidiaries may provide cross-guarantees for any indebtedness that has been approved under this Section 2.4.3), or make any loan, advance or capital contribution to any Person (other than the Company or any of its subsidiaries), in each case outstanding at any time, or enter into or effect any transaction or series of related transactions involving the issuance by the Company or any of its subsidiaries of any debt or equity securities, including rights to acquire any debt or equity securities, in each case in an amount in excess of $100,000,000.

2.4.4. Enter into or effect any transaction or series of related transactions, involving the sale, lease, exchange or other disposal by the Company or any of its subsidiaries of any assets for consideration having a fair market value (as reasonably determined by the Board) in excess of $100,000,000, other than (i) transactions between and among any of the Company and its direct or indirect wholly-owned subsidiaries and (ii) sales of inventory in the ordinary course of business.

2.4.5. Enter into or effect any transaction or series of related transactions, involving the purchase, rent, license, exchange or other acquisition by the Company or

any of its subsidiaries of any assets for consideration having a fair market value (as reasonably determined by the Board) in excess of $50,000,000, other than purchases, rentals, licenses, exchanges or other acquisitions of equipment and supplies in the ordinary course of business.

2.4.6. Enter into or effect any transaction or series of related transactions, involving the merger or consolidation of the Company or any of its subsidiaries with or into any Person, the assets that are the subject of such merger or consolidation having a fair market value (as reasonably determined by the Board) in excess of $50,000,000, other than a merger or consolidation of a direct or indirect wholly-owned subsidiary of the Company with or into the Company or another direct or indirect wholly-owned subsidiary of the Company.

2.4.7. Register any equity securities under the Securities Act in connection with, or consummate, an Initial Public Offering, including an Initial Public Offering initiated pursuant to Section 6.1 or register any equity securities under the Securities Act of any subsidiary of the Company; provided, however, that no such approval shall be required for the inclusion of any Registrable Securities in any registration statement relating to an Initial Public Offering pursuant to the exercise by the holders thereof of piggyback registration rights under Section 6.2, if applicable.

2.4.8. Hire or remove, with or without cause, the chief executive officer of the Company or the chief executive officer of the Purchaser from time to time.

Solely for purposes of this Section 2.4, a majority of the entire Board shall mean a majority of the number of members of the Board that are disinterested directors with respect to such transaction as determined in accordance with the Company's by-laws.

2.5. Committees. The Company shall, and each holder of Company Shares shall use its best efforts to, cause the Board to maintain the following committees: (i) an Executive Committee, to be chaired by a THL Director, if any, selected by the Majority THL Investors, and including a Bain Director and a Providence Director, if any, selected by the applicable Investor Group, and the CEO Director (ii) an Audit Committee, (iii) a Compensation Committee and (iv) if the Board determines in its discretion, a Governance Committee. No committee shall have the power to act for the Board where such action would otherwise require the vote or consent of a majority of the entire Board under applicable law, pursuant to the Company's certificate of incorporation or by-laws or pursuant to this Agreement.

2.6. Significant Transactions. Subject to receipt of any approval that may be required by Section 2.4, if a vote of holders of Shares is required under any applicable law or stock exchange regulations in connection with a Change of Control transaction being implemented pursuant to Section 4.2, each holder of Shares agrees to cast all votes to which such holder is entitled in respect of the Shares, whether at any annual or special meeting, by written consent or otherwise, in such manner as the Requisite Stockholder Majority may instruct by written notice to approve any sale, recapitalization, merger, consolidation, reorganization or any other transaction or series of transactions involving the Company or its subsidiaries (or all or any

portion of their respective assets) in connection with, or in furtherance of, the exercise by the Requisite Stockholder Majority of their rights under Section 4.2. Each holder of Shares hereby grants to each member of such Requisite Stockholder Majority an irrevocable proxy coupled with an interest to vote, including in any action by written consent, such holder's Shares in accordance with such holder's agreements contained in this Section 2.6, which proxy shall be valid and remain in effect until the provisions of this Section 2.6 expire pursuant to Section 2.10.

2.7. Consent to Amendment. Each holder of Company Shares agrees to cast all votes to which such holder is entitled in respect of the Company Shares, whether at any annual or special meeting, by written consent or otherwise, in such manner as the Requisite Stockholder Majority may instruct by written notice to increase the number of authorized shares of Stock to the extent necessary to permit the Company to comply with the provisions of its certificate of incorporation with respect to the conversion of shares of Class L Common Stock into shares of Class A Common Stock. Each holder of Shares hereby grants to each member of such Requisite Stockholder Majority an irrevocable proxy coupled with an interest to vote, including in any action by written consent, such holder's Shares in accordance with such holder's agreements contained in this Section 2.7, which proxy shall be valid and remain in effect until the provisions of this Section 2.7 expire pursuant to Section 2.10.

2.8. Midco's and Purchaser's Directors. The Company will cause the board of directors of Midco and Purchaser to consist at all times of the same members as the Board of the Company at such time.

2.9. The Company and Midco. The Company and Midco will not to give effect to any action by any holder of Shares or any other Person which is in contravention of this Section 2.

2.10. Period. Each of the foregoing provisions of this Section 2 shall expire on the earlier of (a) a Change of Control and (b) with respect to any particular provision, the last date permitted by applicable law (including the rules of the Commission and any exchange upon which equity securities of the Company might be listed).

3. TRANSFER RESTRICTIONS.

3.1. Transfers Allowed. Until the expiration of the provisions of this Section 3, no holder of Shares shall Transfer any of such holder's Shares to any other Person except as follows:

3.1.1. Permitted Transferees. Subject to Section 3.4, but without regard to any other restrictions on transfer contained elsewhere in this Agreement, any holder of Shares may Transfer any or all of such Shares to such holder's Permitted Transferees, so long as such Permitted Transferee agrees to be bound by the terms of this Agreement in accordance with Section 3.2 (if not already bound hereby).

3.1.2. Distributions and Charitable Contributions. At or after the closing of the Initial Public Offering, any holder of Shares may Transfer any or all of such Shares (a) in a pro rata Transfer to its partners, members or stockholders or (b) to a Charitable

Organization, without regard to any other restrictions on transfer contained elsewhere in this Agreement (other than the provisions of Section 6.3.4, if applicable). Any Shares so Transferred shall conclusively be deemed thereafter not to be Shares under this Agreement but may be deemed Other Holder Shares if and to the extent so provided in Section 6.5.

3.1.3. Public Transfers. Any holder of Shares may Transfer any or all of such Shares: (a) in a Public Offering or (b) after the closing of the Initial Public Offering, pursuant to Rule 144 or a block sale to a financial institution in the ordinary course of its trading business, in each case in compliance with Section 3.3 and Section 3.4, but without regard to any other restrictions on transfer contained elsewhere in this Agreement (other than the provisions of Section 6.3.4, if applicable). Shares Transferred pursuant to this Section 3.1.3 shall conclusively be deemed thereafter not to be Shares under this Agreement.

3.1.4. Tag Along and Drag Along. Any holder of Shares may Transfer any or all of such Shares pursuant to Section 4.2, without regard to any other restrictions on transfer contained elsewhere in this Agreement (other than the provisions of Section 6.3.4, if applicable). A Participating Seller may Transfer Shares pursuant to and in accordance with the provisions of Section 4.1 without regard to any other restrictions on transfer contained elsewhere in this Agreement (other than the provisions of Section 6.3.4, if applicable). Shares so Transferred shall conclusively be deemed thereafter not to be Shares under this Agreement.

3.1.5. Other Private Transfers. In addition to any Transfers made in accordance with Sections 3.1.1, 3.1.2, 3.1.3 and 3.1.4, any holder of Shares may Transfer any or all of such Shares subject to compliance with all of the following conditions:

(i) if such Transfer is during the Lock-Up Period in respect of such Shares, with the consent of the Requisite Stockholder Majority and in compliance with Section 4.4;

(ii) in compliance with Section 4.1;

(iii) in compliance with Section 3.4; and

(iv) if applicable, in compliance with Section 6.3.4.

Any Shares so Transferred to a Person other than a Stockholder or a Permitted Transferee shall conclusively be deemed thereafter not to be Shares under this Agreement but may be deemed Other Holder Shares if and to the extent so provided in Section 6.5.

3.2. Permitted Transferees. Any Permitted Transferee receiving Shares in a Transfer pursuant to Section 3.1.1 or 3.1.5 shall be subject to the terms and conditions of, and be entitled to enforce, this Agreement to the same extent, and in the same capacity, as the Stockholder that Transfers the Shares to such Permitted Transferee as if such Permitted Transferee were such

Stockholder. Prior to the initial Transfer of any Shares to any Permitted Transferee pursuant to Section 3.1.1 or 3.1.5, and as a condition thereto, each holder of Shares effecting such Transfer shall (i) cause such Permitted Transferee to deliver to the Company and each of the Stockholders (other than the transferor) its written agreement, in form and substance reasonably satisfactory to the Company, to be bound by the terms and conditions of this Agreement to the extent described in the preceding sentence and (ii) remain directly liable for the performance by the Permitted Transferee of all obligations of such Permitted Transferee under this Agreement. To the extent a Permitted Transferee is not an individual, a trust or an estate, and the transferor or an Affiliate thereof shall cease to control such Permitted Transferee, (i) such change of control shall be deemed to be a Transfer of the Shares held by such Permitted Transferee subject to the Transfer restrictions contained or referenced in this Section 3 and (ii) to the extent such Permitted Transferee then holds assets in addition to Shares, the determination of the purchase price deemed to have been paid for the Shares held by such Permitted Transferee in such deemed Transfer for purposes of the provisions of Sections 3 and 4 shall be made by the Board in good faith; provided that, Music Capital Partners, L.P. ceasing to control its

Permitted Transferee ALP Music Capital Partners, L.P. following the transfer referred to in the second sentence of the definition of Permitted Transferee shall not be a deemed a Transfer of Shares pursuant to the provisions of the foregoing sentence.

3.3. Restrictions on Public Transfers. After the Initial Public Offering, each Specified Holder promptly shall notify each Related Stockholder (i) when it has commenced a measurement period for purposes of the Rule 144 group volume limit in connection with a Sale that is subject to such limit and (ii) what the volume limit for that measurement period, determined as of its commencement, will be. Each Related Stockholder shall be entitled to effect Sales that are subject to the Rule 144 group volume limit pro rata during the applicable measurement period based on its percentage ownership of Shares held by all holders of Shares at the start of such measurement period. In the event any Related Stockholder agrees to forego its full pro rata share of the Rule 144 group volume limit by written notice to the Specified Holder and all other Related Stockholders, the remainder shall be re-allocated pro rata among Specified Holder and all other Related Stockholders in like manner (except that the Shares held by such forfeiting Related Holder at the start of such measurement period shall be excluded from such calculation). The provisions of this Section 3.3 shall not apply to any Transfer of Shares (i) in a Public Offering or (ii) not subject to volume limitation under Rule 144. For purposes of this Section 3.3, a "Specified Holder" means a holder of Shares whose sale of Shares pursuant to Rule 144 would be subject to aggregation with another Stockholder (such other Stockholder being a "Related Stockholder").

3.4. Restrictions on Transfers to Strategic Investors. In addition to any other provision of this Agreement, no holder of Shares shall Transfer any Shares pursuant to Sections 3.1.1, 3.1.3 or 3.1.5 of this Agreement to a Strategic Investor without the approval of a majority of the entire Board and the approval of the Requisite Stockholder Majority. If any Prospective Selling Stockholder proposes to Transfer any Shares pursuant to Sections 3.1.1, 3.1.3 or 3.1.5 to any Prospective Buyer, the Prospective Selling Stockholder shall furnish a written notice (which notice may be the same notice as the Tag Along Notice, if any, delivered pursuant to Section 4.1 or the Sale Notice, if any, delivered pursuant to Section 4.4, in each case so long as such notice

includes all of the information required by the next sentence) to the Company and each other holder of Shares at least ten business days prior to such proposed Transfer. Such notice shall set forth the principal terms of the proposed Transfer, including (i) the number and class of the Shares to be Transferred, (ii) the per share purchase price or the formula by which such price is to be determined and (iii) the name and address of the Prospective Buyer. If the Prospective Buyer (or an Affiliate thereof) has previously been determined by a majority of the entire Board and the Requisite Stockholder Majority to be a Strategic Investor, or is presumed to be a Strategic Investor pursuant to the definition thereof, and such determination or presumption has not been reversed by written notice to all holders of Shares, the Prospective Selling Stockholder shall not Transfer any Shares to such Prospective Buyer without the written approval of a majority of the entire Board and of the Requisite Stockholder Majority. If the Prospective Buyer (or an Affiliate thereof) has not previously been determined by a majority of the entire Board and the Requisite Stockholder Majority to be a Strategic Investor, or is not presumed to be a Strategic Investor pursuant to the definition thereof, the Prospective Selling Stockholder may Transfer Shares to such Prospective Buyer unless, within eight business days after the date of delivery of the notice required by the second preceding sentence, the majority of the entire Board and the Requisite Stockholder Majority deliver written notice to the Prospective Selling Stockholder and all other Stockholders that such Prospective Buyer has been designated a Strategic Investor. If, within such time period, a notice designating such Prospective Buyer a Strategic Investor is delivered, than the Prospective Selling Stockholder shall not Transfer any Shares to such Prospective Buyer. In the event any proposed Transfer to a Strategic Investor is approved in accordance with the foregoing, such approval shall also apply to Transfers made to such Prospective Buyer by any Tag Along Sellers. Notwithstanding anything in this Agreement to the contrary, the restrictions in this Section 3.4 shall not apply, to any Transfers (i) to the Company or any of its subsidiaries, (ii) to any Stockholder, (iii) to any Affiliated Fund of any Stockholder, (iv) by any Seller to Time Warner Inc. or any of its wholly owned subsidiaries, (v) pursuant to Rule 144 effected as "brokers' transactions" (as defined in Rule 144); or (vi) pursuant to an underwritten Public Offering or, following the Initial Public Offering, pursuant to Rule 144 directly to a "market maker" (as defined in Rule 144) or pursuant to a block sale to a financial institution in the ordinary course of its trading business, in each case of this clause (vi) in which, to the knowledge of the Prospective Selling Stockholder (after reasonable due inquiry), the underwriter(s), market maker(s) or block sale purchaser(s) do not intend to resell such Shares to any Person that, after giving effect to such resale, would own, directly or indirectly, more than five percent (5%) of then outstanding shares of the applicable class of Shares.

3.5. Impermissible Transfer. Any attempted Transfer of Shares not permitted under the terms of this Section 3 shall be null and void, and neither the Company nor Midco shall in any way give effect to any such impermissible Transfer.

3.6. Notice of Transfer. To the extent any Stockholder or Permitted Transferee shall Transfer any Shares, such Stockholder or Permitted Transferee shall, within three business days following consummation of such Transfer, deliver notice thereof to the Company and each other Stockholder.

3.7. Period. Each of the foregoing provisions of this Section 3 shall expire upon a Change of Control.

4. "TAG ALONG" AND "DRAG ALONG" RIGHTS AND RIGHT OF FIRST OFFER.

4.1. Tag Along. Subject to prior compliance with Section 4.4, if applicable, if any Prospective Selling Stockholder proposes to Sell any Shares to any Prospective Buyer(s) (including a First Offer Purchaser pursuant to Section 4.4) in a Transfer pursuant to Section 3.1.5, other than a Transfer by a holder pursuant to the exercise of such holder's rights under this Section 4.1:

4.1.1. Notice. The Prospective Selling Stockholder shall, prior to any such proposed Transfer, furnish a written notice (the "Tag Along Notice") to each of the other holders of Shares (each, a "Tag Along Holder") and to each holder of Seller Warrants (who shall also be a "Tag Along Holder" if and to the extent such holder exercises or conditionally exercises such holder's Seller Warrants on or prior to the Tag-Along Deadline). The Tag Along Notice shall include:

(a) the principal terms and conditions of the proposed Sale, including (i) the number and class of the Shares to be purchased from the Prospective Selling Stockholder, (ii) the fraction(s) expressed as a percentage, determined by dividing the number of Shares of each class to be purchased from the Prospective Selling Stockholder by the total number of Shares of each such class held by the Prospective Selling Stockholder (the "Tag Along Sale Percentage"), (iii) the per share purchase price or the formula by which such price is to be determined and the payment terms, including a description of any non-cash consideration sufficiently detailed to permit valuation thereof, (iv) the name and address of each Prospective Buyer and (v) the proposed Transfer date; and

(b) an invitation to each Tag Along Holder to make an offer to include in the proposed Sale to the applicable Prospective Buyer(s) Shares of the same class(es) being sold by the Prospective Selling Stockholder held by such Tag Along Holder (not in any event to exceed the Tag Along Sale Percentage of the total number of Shares of the applicable class held by such Tag Along Holder, assuming the exercise in full of all Seller Warrants exercised or conditionally exercised prior to the Tag-Along Deadline), on the same terms and conditions (subject to Section 4.3.4 in the case of Options, Warrants and Convertible Securities), with respect to each Share Sold, as the Prospective Selling Stockholder shall Sell each of its Shares.

4.1.2. Exercise. Within five (ten if the proposed Transfer is not also the subject of a currently effective Sale Notice under Section 4.4) business days after the date of delivery of the Tag Along Notice (such date the "Tag-Along Deadline"), each Tag Along Holder desiring to make an offer to include Shares in the proposed Sale (each a "Participating Seller" and, together with the Prospective Selling Stockholder, collectively, the "Tag Along Sellers") shall furnish a written notice (the "Tag Along Offer") to the Prospective Selling Stockholder indicating the number of Shares which such Participating Seller desires to have included in the proposed Sale (subject to the

limitation set forth in Section 4.1.1(b)). Each Tag Along Holder who does not make a Tag Along Offer in compliance with the above requirements, including the time period, shall be deemed to have waived all of such holder's rights with respect to such Sale, and the Tag Along Sellers shall thereafter be free to Sell to the Prospective Buyer, at a per share price no greater than the per share price set forth in the Tag Along Notice and on other principal terms and conditions which are not materially more favorable to the Tag Along Sellers than those set forth in the Tag Along Notice, without any further obligation to such non-accepting Tag Along Holder pursuant to this Section 4.1.

4.1.3. Exercise by Holders of Warrants. The holders of Seller Warrants shall have the right to exercise the Seller Warrants and participate as Tag Along Holders on the same terms and conditions as all other Tag Along Holders and shall have the right to make the effectiveness of such exercise conditional upon the consummation of the proposed sale to the Prospective Buyer.

4.1.4. Irrevocable Offer. The offer of each Participating Seller contained in such holder's Tag Along Offer shall be irrevocable, and, to the extent such offer is accepted, such Participating Seller shall be bound and obligated to Sell in the proposed Sale on the same terms and conditions, with respect to each Share Sold (subject to Section 4.3.4 in the case of Options, Warrants and Convertible Securities), as the Prospective Selling Stockholder, up to such number of Shares as such Participating Seller shall have specified in such holder's Tag Along Offer; provided, however, that if the principal terms of the proposed Sale change with the result that the per share price shall be less than the per share price set forth in the Tag Along Notice or the other principal terms and conditions shall be materially less favorable to the Tag Along Sellers than those set forth in the Tag Along Notice, each Participating Seller shall be permitted to withdraw the offer contained in such holder's Tag Along Offer by written notice to the Prospective Selling Stockholder and upon such withdrawal shall be released from such holder's obligations thereunder.

4.1.5. Reduction of Shares Sold. The Prospective Selling Stockholder shall attempt to obtain the inclusion in the proposed Sale of the entire number of Shares which each of the Tag Along Sellers requested to have included in the Sale (as evidenced in the case of the Prospective Selling Stockholder by the Tag Along Notice and in the case of each Participating Seller by such Participating Seller's Tag Along Offer). In the event the Prospective Selling Stockholder shall be unable to obtain the inclusion of such entire number of Shares in the proposed Sale, the number of Shares to be sold in the proposed Sale shall be allocated among the Tag Along Sellers in proportion, as nearly as practicable, as follows:

(i) there shall be first allocated to each Tag Along Seller a number of Shares equal to the lesser of (A) the number of Shares offered (or proposed, in the case of the Prospective Selling Stockholder) to be included by such Tag Along Seller in the proposed Sale pursuant to this Section 4.1, and (B) a number of Shares equal to such Tag Along Seller's Pro Rata Portion; and

(ii) the balance, if any, not allocated pursuant to clause (i) above shall be allocated to the Prospective Selling Stockholder, or in such other manner as the Prospective Selling Stockholder may otherwise agree.

4.1.6. Additional Compliance. If prior to consummation, the terms of the proposed Sale shall change with the result that the per share price to be paid in such proposed Sale shall be greater than the per share price set forth in the Tag Along Notice or the other principal terms of such proposed Sale shall be materially more favorable to the Tag Along Sellers than those set forth in the Tag Along Notice, the Tag Along Notice shall be null and void, and it shall be necessary for a separate Tag Along Notice to be furnished, and the terms and provisions of this Section 4.1 separately complied with, in order to consummate such proposed Sale pursuant to this Section 4.1; provided, however, that in the case of such a separate Tag Along Notice, the applicable period to which reference is made in Sections 4.1.1 and 4.1.2 shall be three business days and two business days, respectively. In addition, if the Prospective Selling Stockholders have not completed the proposed Sale by the end of the 180th day after the date of delivery of: (i) if the proposed Transfer is also the subject of a currently effective Sale Notice under Section 4.4, such Sale Notice and (ii) otherwise, the Tag Along Notice, each Participating Seller shall be released from such holder's obligations under such holder's Tag Along Offer, the Tag Along Notice shall be null and void, and it shall be necessary for a separate Tag Along Notice to be furnished, and the terms and provisions of this Section 4.1 separately complied with, in order to consummate such proposed Sale pursuant to this Section 4.1, unless the failure to complete such proposed Sale resulted from any failure by any Participating Seller to comply with the terms of this Section 4.

4.2. Drag Along. Each holder of Shares hereby agrees, if requested by the Requisite Stockholder Majority, to Sell the same percentage (the "Drag Along Sale Percentage") of each class of such Shares that is proposed to be sold by the Prospective Selling Stockholders to a Prospective Buyer in a Change of Control transaction that has received the requisite approval under Section 2.4, in the manner and on the terms set forth in this Section 4.2; provided, however, that no such Prospective Buyer shall be a member of a Principal Investor Group forming part of the acting Requisite Stockholder Majority, any Affiliate of any such member or any Person more than five percent (5%) of the economic interests in or voting power of which are directly or indirectly beneficially owned by any such member, unless such proposed Sale is approved by vote or written consent of each of the Investor Groups, each voting separately.

4.2.1. Exercise. The Prospective Selling Stockholders shall furnish a written notice (the "Drag Along Notice") to each other holder of Shares at least ten business days prior to the consummation of the Change of Control transaction. The Drag Along Notice shall set forth the

principal terms and conditions of the proposed Sale, including (i) the number and class of Shares to be acquired from the Prospective Selling Stockholders, (ii) the Drag Along Sale Percentage for each class, (iii) the per share consideration to be received in the proposed Sale for each class, (iv) the name and address of the Prospective Buyer and (v) if known, the proposed Transfer date. If the Prospective Selling Stockholders consummate the proposed Sale to which reference is made in the Drag Along Notice, each other holder of Shares (each a "Participating Seller", and, together

with the Prospective Selling Stockholders, collectively, the "Drag Along Sellers") shall: (i) be bound and obligated to Sell the Drag Along Sale Percentage of such holder's Shares of each class in the proposed Sale on the same terms and conditions, with respect to each Share Sold (subject to Section 4.3.4 in the case of Options, Warrants and Convertible Securities) as the Prospective Selling Stockholders shall Sell each Share in the Sale (subject to Section 4.3.4 in the case of Options, Warrants and Convertible Securities); and (ii) except as provided in Section 4.3.1, shall receive the same form and amount of consideration per Share to be received by the Prospective Selling Stockholders for the corresponding class of Shares (on an as converted basis, if applicable). Except as provided in Section 4.3.1, if any holders of Shares of any class are given an option as to the form and amount of consideration to be received, all holders of Shares of such class will be given the same option. Unless otherwise agreed by the Drag Along Sellers, any non-cash consideration shall be allocated among the Drag Along Sellers pro rata based upon the aggregate amount of consideration to be received by such Drag Along Sellers. If at the end of the 180th day after the date of delivery of the Drag Along Notice the Prospective Selling Stockholders have not completed the proposed Sale, the Drag Along Notice shall be null and void, each Participating Seller shall be released from such holder's obligation under the Drag Along Notice and it shall be necessary for a separate Drag Along Notice to be furnished and the terms and provisions of this Section 4.2 separately complied with, in order to consummate such proposed Sale pursuant to this Section 4.2.

4.3. Miscellaneous. The following provisions shall be applied to any proposed Sale to which Sections 4.1, 4.2 or 4.4 applies:

4.3.1. Certain Legal Requirements. In the event the consideration to be paid in exchange for Shares in a proposed Sale pursuant to Section 4.1 or Section 4.2 includes any securities, and the receipt thereof by a Participating Seller would require under applicable law (a) the registration or qualification of such securities or of any Person as a broker or dealer or agent with respect to such securities where such registration or qualification is not otherwise required for the Sale by the Prospective Selling Stockholder(s) or (b) the provision to any Tag Along Seller or Drag Along Seller of any specified information regarding the Company or any of its subsidiaries, such securities or the issuer thereof that is not otherwise required to be provided for the Sale by the Prospective Selling Stockholder(s), then such Participating Seller shall not have the right to Sell Shares in such proposed Sale. In such event, the Prospective Selling Stockholder(s) shall (i) in the case of a Sale pursuant to Section 4.1, have the right, but not the obligation, and (ii) in the case of a Sale pursuant to Section 4.2, have the obligation to cause to be paid to such Participating Seller in lieu thereof, against surrender of the Shares (in accordance with Section 4.3.6 hereof) which would have otherwise been Sold by such Participating Seller to the Prospective Buyer in the proposed Sale, an amount in cash equal to the Fair Market Value of such Shares as of the date such securities would have been issued in exchange for such Shares.

4.3.2. Further Assurances. Each Participating Seller and First Offer Purchaser, whether in such holder's capacity as a Participating Seller, First Offer Purchaser,

stockholder, officer or director of the Company (subject to such officer's or director's fiduciary duty), or otherwise, shall take or cause to be taken all such actions as may be necessary or reasonably desirable in order expeditiously to consummate each Sale pursuant to Section 4.1, Section 4.2 or Section 4.4 and any related transactions, including executing, acknowledging and delivering consents, assignments, waivers and other documents or instruments; furnishing information and copies of documents; filing applications, reports, returns, filings and other documents or instruments with governmental authorities; and otherwise cooperating with the Prospective Selling Stockholder(s) and the Prospective Buyer; provided, however, that Participating Sellers shall be obligated to become liable in respect of any representations, warranties, covenants, indemnities or otherwise to the Prospective Buyer solely to the extent provided in the immediately following sentence. Without limiting the generality of the foregoing, each Participating Seller agrees to execute and deliver such agreements as may be reasonably specified by the Prospective Selling Stockholder(s) to which such Prospective Selling Stockholder(s) will also be party, including agreements to (a) (i) make individual representations, warranties, covenants and other agreements as to the unencumbered title to its Shares and the power, authority and legal right to Transfer such Shares and the absence of any Adverse Claim with respect to such Shares and (ii) be liable as to such representations, warranties, covenants and other agreements, in each case to the same extent (on a pro rata basis) as the Prospective Selling Stockholder(s), and (b) in the case of a Sale pursuant to Sections 4.1 or 4.2, be liable (whether by purchase price adjustment, indemnity payments or otherwise) in respect of representations, warranties, covenants and agreements in respect of the Company and its subsidiaries; provided, however, that the aggregate amount of liability described in this clause (b) in connection with any Sale of Shares shall not exceed the lesser of (i) such Participating Seller's pro rata portion of any such liability, to be determined in accordance with such Participating Seller's portion of the aggregate proceeds to all Participating Sellers and Prospective Selling Stockholder(s) in connection with such Sale or (ii) the proceeds to such Participating Seller in connection with such Sale.

4.3.3. Sale Process. The Requisite Stockholder Majority, in the case of a proposed Sale pursuant to Section 4.2, or the Prospective Selling Stockholder, in the case of a proposed Sale pursuant to Section 4.1 and 4.4, shall, in their sole discretion, decide whether or not to pursue, consummate, postpone or abandon any proposed Sale and the terms and conditions thereof. No holder of Shares nor any Affiliate of any such holder shall have any liability to any other holder of Shares or the Company arising from, relating to or in connection with the pursuit, consummation, postponement, abandonment or terms and conditions of any proposed Sale except to the extent such holder shall have failed to comply with the provisions of this Section 4.

4.3.4. Treatment of Options, Warrants and Convertible Securities. Each Participating Seller agrees that to the extent such Participating Seller desires to include Options, Warrants or Convertible Securities in any Sale of Shares pursuant to Section 4, such Participating Seller shall be deemed to have exercised, converted or exchanged such Options, Warrants or Convertible Securities immediately prior to the closing of such Sale

to the extent necessary to Sell Stock to the Prospective Buyer, except to the extent permitted under the terms of any such Option, Warrant or Convertible Security and agreed by the Prospective Buyer. If any Participating Seller shall Sell Options, Warrants or Convertible Securities in any Sale pursuant to Section 4, such Participating Seller shall receive in exchange for such Options, Warrants or Convertible Securities consideration in the amount (if greater than zero) equal to the purchase price received by the Prospective Selling Stockholder(s) in such Sale for the number of shares of each class of Stock that would be issued upon exercise, conversion or exchange of such Options, Warrants or Convertible Securities less the exercise price, if any, of such Options, Warrants or Convertible Securities (to the extent exercisable, convertible or exchangeable at the time of such Sale), subject to reduction for any tax or other amounts required to be withheld under applicable law.

4.3.5. Expenses. All reasonable costs and expenses incurred by the Prospective Selling Stockholder(s) or the Company in connection with any proposed Sale pursuant to Section 4.2 (whether or not consummated), and all reasonable costs and expenses incurred by the Prospective Selling Stockholder(s) or the Company in order to comply with the requirements of this Section 4 in connection with any proposed Sale pursuant to Section 4.1 or Section 4.4 (whether or not consummated), including all attorneys fees and charges, all accounting fees and charges and all finders, brokerage or investment banking fees, charges or commissions, shall be paid by the Company. The reasonable fees and expenses of a single legal counsel representing any or all of the Participating Sellers in connection with any proposed Sale pursuant to this Section 4 (whether or not consummated) shall be paid by the Company. Any other costs and expenses incurred by or on behalf of any or all of the Participating Sellers in connection with any proposed Sale pursuant to this Section 4 (whether or not consummated) shall be borne by such Participating Seller(s).

4.3.6. Closing. The closing of a Sale to which Section 4.1, 4.2 or 4.4 applies shall take place (i) on the proposed Transfer date, if any, specified in the Tag Along Notice, Drag Along Notice or Sale Notice, as applicable (provided that consummation of any Transfer may be extended beyond such date to the extent necessary to obtain any applicable governmental approval or other required approval or to satisfy other conditions), (ii) if no proposed Transfer date was required to be specified in the Drag Along Notice, at such time as the Prospective Selling Stockholders shall specify by notice to each Participating Seller and (iii) at such place as the Prospective Selling Stockholders) shall specify by notice to each Participating Seller, and in any event subject to Section 2.4 in the case of a Sale to which Section 4.2 applies. At the closing of such Sale, each Participating Seller shall deliver the certificates evidencing the Shares to be Sold by such Participating Seller, duly endorsed, or with stock (or equivalent) powers duly endorsed, for transfer with signature guaranteed, free and clear of any liens or encumbrances, with any stock (or equivalent) transfer tax stamps affixed, against delivery of the applicable consideration.

4.4. Right of First Offer. If any Prospective Selling Stockholder proposes to Sell any Shares in a Transfer (including to another Stockholder or the Company or any of its subsidiaries)

described in Section 3.1.5, other than a Transfer by a holder pursuant to the exercise of such holder's rights under Section 4.1:

4.4.1. Notice. The Prospective Selling Stockholder shall furnish a written notice of such proposed Sale (a "Sale Notice") to each other holder of Acquisition Shares (each, a "First Offer Holder") prior to any such proposed Transfer. The Sale Notice shall include:

(a) (i) the number and class(es) of Shares proposed to be sold by the Prospective Selling Stockholder (the "Subject Shares"), (ii) the per share purchase price or the formula by which such price is to be determined and (iii) the proposed Transfer date; and

(b) an invitation to each First Offer Holder to make an offer to purchase (subject to Section 4.4.6 below) any number of the Subject Shares at such price.

4.4.2. Exercise.

4.4.2.1. Within twenty business days after the date of delivery of the Sale Notice (the "First Offer Deadline"), each First Offer Holder may make an offer to purchase any number of the Subject Shares at the price set forth in the Sale Notice by furnishing a written notice (the "First Offer Notice") of such offer specifying a number of Subject Shares offered to be purchased from the Prospective Selling Stockholder (each such Person delivering such notice, a "First Offer Purchaser").

4.4.2.2. Each Person not furnishing a First Offer Notice that complies with the above requirements, including the applicable time periods, shall be deemed to have waived all of such Person's rights to purchase such Shares under this Section 4.4.2 and the Prospective Selling Stockholder shall thereafter be free to Sell the Subject Shares to the First Offer Purchasers and/or any Prospective Buyer, at a per share purchase price no less than the price set forth in the Sale Notice, without any further obligation to such Person pursuant to this Section 4.4.

4.4.3. Irrevocable Offer. The offer of each First Offer Purchaser contained in a First Offer Notice shall be irrevocable, and, subject to Section 4.4.6 below, to the extent such offer is accepted, such First Offer Purchaser shall be bound and obligated to purchase the number of Subject Shares set forth in such First Offer Purchaser's First Offer Notice.

4.4.4. Acceptance of Offers. Within five business days after the First Offer Deadline, the Prospective Selling Stockholder shall inform each First Offer Purchaser, by written notice (the "Acceptance Notice"), of whether or not the Prospective Selling Stockholder will accept all (but not less than all) offers of the First Offer Purchasers. In

the event the Prospective Selling Stockholder fails to furnish the Acceptance Notice within the specified time period, the Prospective Selling Stockholder shall be deemed to have decided not to Sell the Subject Shares to the First Offer Purchasers. If the Prospective Selling Stockholder decides not to Sell the Subject Shares to the First Offer Purchasers, each First Offer Purchaser shall be released from such holder's obligations under such holder's irrevocable offer. Acceptance of such offers by the Prospective Selling Stockholder is without prejudice to the Prospective Selling Stockholder's discretion under Section 4.3.3 to determine whether or not to consummate any Sale.

4.4.5. Additional Compliance. If at the end of the 180th day after the date of delivery of the Sale Notice, the Prospective Selling Stockholder and First Offer Purchasers or Prospective Buyer (if not a First Offer Purchaser), if any, have not completed the Sale of the Subject Shares (other than due to the failure of any First Offer Purchaser to perform its obligations under this Section 4.4), each First Offer Purchaser shall be released from such holder's obligations under such holder's irrevocable offer, the Sale Notice shall be null and void, and it shall be necessary for a separate Sale Notice to be furnished, and the terms and provisions of this Section 4.4 separately complied with, in order to consummate a Transfer of such Subject Shares; provided, however, that in the case of such a separate Sale Notice in which the class(es) of Subject Shares and the per share price are unchanged and the number of Subject Shares is substantially the same, the applicable period to which reference is made in Section 4.4.1 and 4.4.2.1 shall be three business days and two business days, respectively.

4.4.6. Determination of the Number of Subject Shares to be Sold.

4.4.6.1. In the event that the number of Shares offered to be purchased by the First Offer Purchasers is less than the number of Subject Shares, the Prospective Selling Stockholder may accept the offers of the First Offer Purchasers and, at the option of the Prospective Selling Stockholder, sell any remaining Subject Shares which the First Offer Purchasers did not elect to purchase to one or more Prospective Buyers at a price per share that is no less than the price set forth in the Sale Notice. Such sales, if any, to Prospective Buyer(s) other than the First Offer Purchasers may be consummated together with the sale to the First Offer Purchasers or otherwise.

4.4.6.2. In the event that a single Prospective Buyer or group of Prospective Buyers is unwilling to purchase less than all of the Subject Shares and the number of Shares offered to be purchased by the First Offer Purchasers is less than the number of Subject Shares, the Prospective Selling Stockholder may Sell all (but not less than all) of the Subject Shares to such Prospective Buyer or group of Prospective Buyers at a price per share that is no less than the price set forth in the Sale Notice rather than Sell the Subject Shares to the First Offer Purchasers.

4.4.6.3. In the event that the Prospective Selling Stockholder has accepted the offers of the First Offer Purchasers and the aggregate number of Subject Shares offered to be purchased by (and to be sold to) the First Offer

Purchasers is equal to or exceeds the aggregate number of Subject Shares, the Subject Shares shall be sold to the First Offer Purchasers as follows:

(i) there shall be first allocated to each First Offer Purchaser a number of Shares of each applicable class equal to the lesser of (A) the number of Shares of such class offered to be purchased by such First Offer Purchaser pursuant such holder's First Offer Notice, and (B) a number of Shares of such class equal to such First Offer Purchaser's Pro Rata Portion; and

(ii) the balance, if any, not allocated pursuant to clause (i) above shall be allocated to those First Offer Purchasers which offered to purchase a number of Shares of the applicable class in excess of such Person's Pro Rata Portion pro rata to each such First Offer Purchaser based upon the amount of such excess, or in such other manner as the First Offer Purchasers may otherwise agree.

In the event any holders of Shares exercise such holders' rights under Section 4.1 to sell Shares in connection with a Sale to First Offer Purchasers pursuant to this Section 4.4, such Shares (as the case may be, reduced in accordance with Section 4.1.5) shall be deemed to be Subject Shares for purposes of this Section 4.4 and shall be allocated among the First Offer Purchasers in accordance with this Section 4.4.6.

4.5. Period. The provisions of Section 4.4 shall expire as to any Share on the earlier of (a) a Change of Control or (b) the expiration of the Lock-Up Period in respect of such Share. Each of the other provisions of this Section 4 above shall expire on a Change of Control.

4.6. Post-Termination Tag Along. In connection with a Change of Control in which any Investor Group immediately prior to such Change of Control continues to hold Shares or receives securities of another Person or Persons in consideration thereof, which Shares or securities are of a class that is not publicly traded, if any such Investor Group or member thereof receives "tag along" rights in respect of its Shares or such securities in connection with such Change of Control (whether such "tag along" rights are in respect of another Investor Group or any other holder of Shares or such securities), each other holder of Acquisition Shares shall receive pari passu "tag along" rights on a pro rata basis.

5. RIGHT OF PARTICIPATION. Subject to Section 5.3, the Company shall not, and shall not permit any direct or indirect subsidiary of the Company (the Company and each such subsidiary, an "Issuer") to, issue or sell any shares of any of its capital stock or any securities convertible into or exchangeable for any shares of its capital stock, issue or grant any options or warrants for the purchase of, or enter into any agreements providing for the issuance (contingent or otherwise) of, any of its capital stock or any stock or securities convertible into or exchangeable for any shares of its capital stock, in each case, to any Person (each an "Issuance" of "Subject Securities"), except in compliance with the provisions of Section 5.1 or Section 5.2.

5.1. Right of Participation.

5.1.1. Offer. Not fewer than ten business days prior to the consummation of an Issuance, a notice (the "Participation Notice") shall be furnished by the Issuer to each holder of Acquisition Shares (the "Participation Offerees"). The Participation Notice shall include:

(a) the principal terms and conditions of the proposed Issuance, including (i) the amount and kind of Subject Securities to be included in the Issuance, (ii) the number of Equivalent Shares represented by such Subject Securities (if applicable), (iii) the percentage of the total number of Equivalent Shares of the Company outstanding as of immediately prior to giving effect to such Issuance which the number of Equivalent Shares of the Company held by such Participation Offeree constitutes (the "Participation Portion"), (iv) the maximum and minimum price (including if applicable, the maximum and minimum Price Per Equivalent Share) per unit of the Subject Securities, including a description of any non-cash

consideration sufficiently detailed to permit valuation thereof, (v) the proposed manner of disposition, (vi) the name and address of the Person to whom the Subject Securities will be issued (the "Prospective Subscriber") and (vii) if known, the proposed Issuance date; and

(b) an offer by the Issuer to issue, at the option of each Participation Offeree, to such Participation Offeree such portion of the Subject Securities to be included in the Issuance as may be requested by such Participation Offeree (not to exceed the Participation Portion of the total amount of Subject Securities to be included in the Issuance), on the same economic terms and conditions, with respect to each unit of Subject Securities issued to the Participation Offerees, as each of the Prospective Subscribers shall be issued units of Subject Securities.

5.1.2. Exercise.

5.1.2.1. General. Each Participation Offeree desiring to accept the offer contained in the Participation Notice shall accept such offer by furnishing a written notice of such acceptance to the Issuer within eight business days after the date of delivery of the Participation Notice specifying the amount of Subject Securities (not in any event to exceed the Participation Portion of the total amount of Subject Securities to be included in the Issuance) which such Participation Offeree desires to be issued (each a "Participating Buyer"). Each Participation Offeree who does not accept such offer in compliance with the above requirements, including the applicable time periods, shall be deemed to have waived all of such holder's rights with respect to such Issuance, and the Issuer shall thereafter be free to issue Subject Securities in such Issuance to the Prospective Subscriber and any Participating Buyers, at a price no less than the minimum price set forth in the Participation Notice and on other principal terms not substantially more favorable to the Prospective Subscriber than those set forth in the Participation Notice, without any further obligation to such non-accepting

Participation Offerees pursuant to Section 5. If, prior to consummation, the terms of such proposed Issuance shall change with the result that the price shall be less than the minimum price set forth in the Participation Notice or the other principal terms shall be substantially more favorable to the Prospective Subscriber than those set forth in the Participation Notice, it shall be necessary for a separate Participation Notice to be furnished, and the terms and provisions of this Section 5.1 separately complied with, in order to consummate such Issuance pursuant to this Section 5.1; provided, however, that in such case of a separate Participation Notice, the applicable period to which reference is made in Section 5.1.1 and in the first sentence of Section 5.1.2.1 shall be three business days and two business days respectively.

5.1.2.2. Irrevocable Acceptance. The acceptance of each Participating Buyer shall be irrevocable except as hereinafter provided, and each such Participating Buyer shall be bound and obligated to acquire in the Issuance on the same terms and conditions, with respect to each unit of Subject Securities issued, as the Prospective Subscriber, such amount of Subject Securities as such Participating Buyer shall have specified in such Participating Buyer's written commitment.

5.1.2.3. Time Limitation. If at the end of the 180th day after the date of the effectiveness of the Participation Notice the Issuer has not completed the Issuance, each Participating Buyer shall be released from such holder's obligations under the written commitment, the Participation Notice shall be null and void, and it shall be necessary for a separate Participation Notice to be furnished, and the terms and provisions of this Section 5.1 separately complied with, in order to consummate such Issuance pursuant to this Section 5.1; provided, however, that in such case of a separate Participation Notice, the applicable period to which reference is made in Section 5.1.1 and in the first sentence of Section 5.1.2.1 shall be three business days and two business days, respectively.

5.1.3. Other Securities. The Issuer may condition the participation of the Participation Offerees in an Issuance upon the purchase by such Participation Offerees of any securities (including debt securities) other than Subject Securities ("Other Securities") in the event that the participation of the Prospective Subscriber in such Issuance is so conditioned. In such case, each Participating Buyer shall acquire in the Issuance, together with the Subject Securities to be acquired by it, Other Securities in the same proportion to the Subject Securities to be acquired by it as the proportion of Other Securities to Subject Securities being acquired by the Prospective Subscriber in the Issuance, on the same terms and conditions, as to each unit of Subject Securities and Other Securities issued to the Participating Buyers, as the Prospective Subscriber shall be issued units of Subject Securities and Other Securities.

5.1.4. Certain Legal Requirements. In the event that the participation in the Issuance by a holder of Shares as a Participating Buyer would require under applicable

law (i) the registration or qualification of such securities or of any Person as a broker or dealer or agent with respect to such securities where such registration or qualification is not otherwise required for the Issuance or (ii) the provision to any participant in the Sale of any specified information regarding the Company or any of its subsidiaries or the securities that is not otherwise required to be provided for the Issuance, such holder of Shares shall not have the right to participate in the Issuance. Without limiting the generality of the foregoing, it is understood and agreed that neither the Company nor the Issuer shall be under any obligation to effect a registration of such securities under the Securities Act or similar state statutes.

5.1.5. Further Assurances. Each Participation Offeree and each Stockholder to whom the Shares held by such Participation Offeree were originally issued, shall, whether in such holder's capacity as a Participating Buyer, Stockholder, officer or director of the Company, or otherwise, take or cause to be taken all such reasonable actions as may be necessary or reasonably desirable in order expeditiously to consummate each Issuance pursuant to this Section 5.1 and any related transactions, including executing, acknowledging and delivering consents, assignments, waivers and other documents or instruments; filing applications, reports, returns, filings and other documents or instruments with governmental authorities; and otherwise cooperating with the Issuer and the Prospective Subscriber. Without limiting the generality of the foregoing, each such Participating Buyer and Stockholder agrees to execute and deliver such subscription and other agreements specified by the Issuer to which the Prospective Subscriber will be party.

5.1.6. Expenses. All costs and expenses incurred by the Issuer in connection with any proposed Issuance of Subject Securities (whether or not consummated), including all attorney's fees and charges, all accounting fees and charges and all finders, brokerage or investment banking fees, charges or commissions, shall be paid by the Company or the Issuer. The reasonable fees and charges of a single legal counsel representing any or all of the holders of Shares in connection with such proposed Issuance of Subject Securities (whether or not consummated) shall be paid by the Company or the Issuer. Any other

costs and expenses incurred by or on behalf of any holder of Shares in connection with such proposed Issuance of Subject Securities (whether or not consummated) shall be borne by such holder.

5.1.7. Closing. The closing of an Issuance pursuant to Section 5.1 shall take place on (i) the proposed date of Issuance, if any, set forth in the Participation Notice (provided that consummation of any Transfer may be extended beyond such date to the extent necessary to obtain any applicable governmental approval or other required approval or to satisfy other conditions), (ii) if no proposed Transfer date was required to be specified in the Participation Notice, at such time as the Issuer shall specify by notice to each Participating Buyer and (iii) at such place as the Issuer shall specify by notice to each Participating Buyer. At the closing of any Issuance under this Section 5.1.7, each Participating Buyer shall be delivered the notes, certificates or other instruments evidencing the Subject Securities (and, if applicable, Other Securities) to be issued to such Participating Buyer, registered in the name of such Participating Buyer or such

holder's designated nominee, free and clear of any liens or encumbrances, with any transfer tax stamps affixed, against delivery by such Participating Buyer of the applicable consideration.

5.2. Post-Issuance Notice. Notwithstanding the requirements of Section 5.1, the Issuer may proceed with any Issuance prior to having complied with the provisions of Section 5.1; provided that the Issuer shall:

(a) provide to each holder of Shares who would have been a Participation Offeree in connection with such Issuance (i) with prompt notice of such Issuance and (ii) the Participation Notice described in Section 5.1.1 in which the actual price per unit of Subject Securities (and, if applicable, actual Price Per Equivalent Share) shall be set forth;

(b) offer to issue to such holder of Shares such number of securities of the type issued in the Issuance as may be requested by such holder (not to exceed the Participation Portion that such holder would have been entitled to pursuant to Section 5.1 multiplied by the number of Subject Securities included in the Issuance) on the same economic terms and conditions with respect to such securities as the subscribers in the Issuance received; and

(c) keep such offer open for a period of ten business days, during which period, each such holder may accept such offer by sending a written acceptance to the Issuer committing to purchase an amount of such securities (not in any event to exceed the Participation Portion that such holder would have been entitled to pursuant to Section 5.1 multiplied by the number of Subject Securities included in such issuance).

5.3. Excluded Transactions.

5.3.1. The provisions of this Section 5 shall not apply to Issuances by the Company as follows:

(a) Any Issuance of Common Stock upon the exercise or conversion of any Common Stock, Options, Warrants or Convertible Securities outstanding on the date hereof or Issued after the date hereof in compliance with the provisions of this Section 5;

(b) Any Issuance of shares of Common Stock, Options, Warrants or Convertible Securities to officers, employees, directors or consultants of the Company or its subsidiaries in connection with such Person's employment arrangements with the Company or its subsidiaries;

(c) Any Issuance of shares of Common Stock, Options, Warrants or Convertible Securities in connection with any business combination or acquisition transaction involving the Company or any of its subsidiaries;

(d) Any Issuance of shares of Common Stock, Options, Warrants or Convertible Securities in connection with any joint venture or strategic partnership approved by the Board;

(e) Any Issuance of shares of Common Stock, Options, Warrants or Convertible Securities in connection with the incurrence or guarantee of indebtedness by the Company or any of its subsidiaries; or

(f) Any Issuance of Common Stock pursuant to the Initial Public Offering.

5.3.2. The provisions of this Section 5 also shall not apply to:

(a) The Issuance of Shares to the Investors and Seller Warrants to the Sellers in connection with the Closing;

(b) Any Issuance of shares of Stock pursuant to the Seller Warrants; or

(c) Any Issuance of shares of Stock in connection with any stock split, stock dividend or recapitalization.

5.4. Certain Provisions Applicable to Options, Warrants and Convertible Securities. In the event that the Issuance of Subject Securities shall result in any increase in the number of shares of Stock issuable upon exercise, conversion or exchange of any Options, Warrants or Convertible Securities, the number of shares (or Equivalent Shares, if applicable) of Subject Securities (and Other Securities, if applicable) which the holders, of such Options, Warrants or Convertible Securities, as the case may be, shall be entitled to purchase pursuant to Section 5.1, if any, shall be reduced, share for share, by the amount of any such increase.

5.5. Acquired Shares. Any Subject Securities constituting Stock acquired by any holder of Shares pursuant to this Section 5 shall be deemed for all purposes hereof to be Shares hereunder.

5.6. Period. Each of the foregoing provisions of this Section 5 shall expire on the earlier of (a) a Change of Control or (b) the closing of the Initial Public Offering.

6. REGISTRATION RIGHTS. The Company will perform and comply, and cause each of its subsidiaries to perform and comply, with such of the following provisions as are applicable to it. Each Holder will perform and comply with such of the following provisions as are applicable to such Holder.

6.1. Demand Registration Rights for Investor Registrable Securities.

6.1.1. General. One or more members of an Investor Group or the Seller (the "Initiating Investors"), by notice to the Company specifying the intended method or methods of disposition, may request that the Company effect the registration under the Securities Act for a Public Offering of all or a specified part of the Registrable Securities

held by such Initiating Investors; provided, however, that the value of Registrable Securities that the Initiating Investors propose to sell in such Public Offering is at least twenty million dollars ($20,000,000); and provided, further, that the Initial Public Offering may not be initiated pursuant to this Section 6.1 without the approval of a majority of the entire Board and the approval of the Requisite Stockholder Majority. The Company will then use its best efforts to (i) effect the registration under the Securities Act (including by means of a shelf registration pursuant to Rule 415 under the Securities Act if so requested and if the Company is then eligible to use such registration) of the Registrable Securities which the Company has been requested to register by such Initiating Investors together with all other Registrable Securities which the Company has been requested to register pursuant to Section 6.2 by other Holders, all to the extent requisite to permit the disposition (in accordance with the intended methods thereof as aforesaid and as otherwise specified by the Principal Participating Holders) of the Registrable Securities which the Company has been so requested to register, and (ii) if requested by the Principal Participating Holders, obtain acceleration of the effective date of the registration statement relating to such registration; provided, however, that the Company shall not be obligated to take any action to effect any such registration pursuant to this Section 6.1.1:

(a) during the effectiveness of any Principal Lock-Up Agreement entered into in connection with any registration statement pertaining to an underwritten public offering of securities of the Company for its own account (other than a Rule 145 Transaction, or a registration relating solely to employee benefit plans);

(b) upon the request of any member of an Investor Group on any form other than Form S-3 (or any successor form) if the Company has previously effected a number of registrations of Registrable Securities under this Section 6.1.1 upon the request of the members of such Investor Group on any form other than Form S-3 (or any successor form) equaling or exceeding five (5), two (2), one (1) and one (1) with respect to the THL Investors, the Bain Investors, the Providence Investors and the Lexa Investors, respectively; provided, however, that any registration of Registrable Securities (i) which does not become and remain effective for at least 270 days in accordance with the provisions of this Section 6 or (ii) pursuant to which the Initiating Investors and all other holders of Registrable Securities joining therein are not able to include at least 90% of the Registrable Securities which they desired to include, shall not be included in the calculation of the numbers of registrations contemplated by this clause (b); or

(c) upon the request of the Seller on any form other than Form S-3 (or any successor form).

6.1.2. Form. Except as otherwise provided above, each registration requested pursuant to Section 6.1.1 shall be effected by the filing of a registration statement on Form S-1 (or any other form which includes substantially the same information as would be required to be included in a registration statement on such form as currently

constituted), unless the use of a different form has been agreed to in writing by the Principal Participating Holders; provided that if any registration requested pursuant to this Section 6.1 is proposed to be effected on Form S-3 (or any successor or similar short-form registration statement) and is in connection with an underwritten offering, and if the managing underwriter shall advise the Company in writing that, in its opinion, it is of material importance to the success of such proposed offering to include in such registration statement information not required to be included pursuant to such form, then the Company will supplement such registration statement as reasonably requested by such managing underwriter.

6.1.3. Payment of Expenses. The Company shall pay all Registration Expenses in connection with registrations of Registrable Securities pursuant to this Section 6.1, including all reasonable expenses (other than fees and disbursements of counsel that do not constitute Registration Expenses) that any Holder incurs in connection with each registration of Registrable Securities requested pursuant to this Section 6.1.

6.1.4. Additional Procedures. In the case of a registration pursuant to Section 6.1 hereof, whenever the Principal Participating Holders shall request that such registration shall be effected pursuant to an underwritten offering, the Company shall include such information in the written notices to Holders referred to in Section 6.2. In such event, the right of any Holder to have securities owned by such Holder included in such registration pursuant to Section 6.1 shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting (unless otherwise mutually agreed upon by the Principal Participating Holders and such Holder). If requested by the Principal Participating Holders, the Company together with the Holders proposing to distribute their securities through the underwriting will enter into an underwriting agreement with the underwriters for such offering containing such representations and warranties by the Company and such Holders and such other terms and provisions as are customarily contained in underwriting agreements with respect to secondary distributions, including customary indemnity and contribution provisions (subject, in each case, to the limitations on such liabilities set forth in this Agreement).

6.1.5. Suspension of Registration. If the filing, initial effectiveness or continued use of a registration statement, including a shelf registration statement pursuant to Rule 415 under the Securities Act, in respect of a registration pursuant to this Section 6.1 at any time would require the Company to make a public disclosure of material non-public information, which disclosure in the good faith judgment of the Board (after consultation with external legal counsel) (i) would be required to be made in any registration statement so that such registration statement would not be materially misleading, (ii) would not

be required to be made at such time but for the filing, effectiveness or continued use of such registration statement and (iii) would have a material adverse effect on the Company or its business or on the Company's ability to effect a material proposed acquisition, disposition, financing, reorganization, recapitalization or similar transaction, then the Company may, upon giving prompt written notice of such action to the Holders participating in such registration, delay the filing or initial effectiveness of, or suspend

use of, such registration statement; provided, that the Company shall not be permitted to do so (i) more than two times during any 12 month period, (ii) for a period exceeding 30 days on any one occasion or (iii) for a period exceeding 60 days in any 12 month period. In the event the Company exercises its rights under the preceding sentence, such Holders agree to suspend, promptly upon their receipt of the notice referred to above, their use of any prospectus relating to such registration in connection with any sale or offer to sell Registrable Securities. The Company shall promptly notify such Holders of the expiration of any period during which it exercised its rights under this Section 6.1.5. The Company agrees that, in the event it exercises its rights under this Section 6.1.5, it shall, within 30 days following such Holders' receipt of the notice of suspension, update the suspended registration statement as may be necessary to permit the Holders to resume use thereof in connection with the offer and sale of their Registrable Securities in accordance with applicable law.

6.2. Piggyback Registration Rights.

6.2.1. Piggyback Registration.

6.2.1.1. General. Each time the Company proposes to register any shares of Common Stock under the Securities Act on a form which would permit registration of Registrable Securities for sale to the public, for its own account and/or for the account of any other Person (pursuant to Section 6.1 or otherwise) for sale in a Public Offering, the Company will give notice to all Holders of its intention to do so. Any Holder may, by written response delivered to the Company within 20 days after the date of delivery of such notice, request that all or a specified part of such Holder's Registrable Securities be included in such registration. The Company thereupon will use its reasonable efforts to cause to be included in such registration under the Securities Act all Registrable Securities which the Company has been so requested to register by such Holders, to the extent required to permit the disposition (in accordance with the methods to be used by the Company or other Holders in such Public Offering) of the Registrable Securities to be so registered; provided that (i) if, at any time after giving written notice of its intention to register any securities, the Company shall determine for any reason not to proceed with the proposed registration of the securities to be sold by it, the Company may, at its election, give written notice of such determination to each Holder and, thereupon, shall be relieved of its obligation to register any Registrable Securities in connection with such registration (but not from its obligation to pay the Registration Expenses in connection therewith), and (ii) if such registration involves an underwritten offering, all Holders requesting to be included in the Company's registration must sell their Registrable Securities to the underwriters selected by the Company on the same terms and conditions as apply to the Company, with such differences as may be customary or appropriate in combined primary and secondary offerings. No registration of Registrable Securities effected under this Section 6.2 shall relieve the Company of any of its obligations to effect registrations of Registrable Securities pursuant to Section 6.1 hereof.

6.2.1.2. Excluded Transactions. The Company shall not be obligated to effect any registration of Registrable Securities under this Section 6.2 incidental to the registration of any of its securities in connection with:

(a) Any Public Offering relating to employee benefit plans or dividend reinvestment plans;

(b) Any Public Offering relating to the acquisition or merger after the date hereof by the Company or any of its subsidiaries of or with any other businesses; or

(c) The Initial Public Offering, unless such offering shall have been initiated pursuant to Section 6.1.1.

6.2.2. Payment of Expenses. The Company will pay all Registration Expenses in connection with registrations of Registrable Securities pursuant to this Section 6.2

6.2.3. Additional Procedures. Holders participating in any Public Offering pursuant to this Section 6.2 shall take all such actions and execute all such documents and instruments that are reasonably requested by the Company to effect the sale of their Registrable Securities in such Public Offering, including being parties to the underwriting agreement entered into by the Company and any other selling shareholders in connection therewith and being liable in respect of the representations and warranties and the other agreements (including customary selling stockholder representations, warranties, indemnifications and "lock-up" agreements) for the benefit of the underwriters contained therein; provided, however, that (a) with respect to individual representations, warranties, indemnities and agreements of sellers of Registrable Securities in such Public Offering, the aggregate amount of such liability shall not exceed such holder's net proceeds from such offering and (b) to the extent selling stockholders give further representations, warranties and indemnities, then with respect to all other representations, warranties and indemnities of sellers of shares in such Public Offering, the aggregate amount of such liability shall not exceed the lesser of (i) such holder's pro rata portion of any such liability, in accordance with such holder's portion of the total number of Registrable Securities included in the offering, and (ii) such holder's net proceeds from such offering.

6.2.4. Registration Statement Form. The Company shall select the registration statement form for any registration pursuant to this Section 6.2 (other than a registration that is also pursuant to Section 6.1); provided that if any registration requested pursuant to this Section 6.2 is proposed to be effected on Form S-3 (or any successor form) and is in connection with an underwritten offering, and if the managing underwriter shall advise the Company in writing that, in its opinion, it is of material importance to the success of such proposed offering to include in such registration statement information not required to be included pursuant to such form, then the Company will supplement such registration statement as reasonably requested by such managing underwriter.

6.3. Certain Other Provisions.

6.3.1. Underwriter's Cutback. In connection with any registration of shares, the underwriter may determine that marketing factors (including an adverse effect on the per share offering price) require a limitation of the number of shares to be underwritten. Notwithstanding any contrary provision of this Section 6 and subject to the terms of this Section 6.3.1, the underwriter may limit the number of shares which would otherwise be included in such registration by excluding any or all Registrable Securities from such registration (it being understood that, if the registration in question involves a registration for sale of securities for the Company's own account, then the number of shares which the Company seeks to have registered in such registration shall not be subject to exclusion, in whole or in part, under this Section 6.3.1). Upon receipt of notice from the underwriter of the need to reduce the number of shares to be included in the registration, the Company shall advise all holders of the Company's securities that would otherwise be registered and underwritten pursuant hereto, and the number of shares of such securities, including Registrable Securities, that may be included in the registration shall be allocated in the following manner, unless the underwriter shall determine that marketing factors require a different allocation: shares, other than Registrable Securities, requested to be included in such registration by other shareholders shall be excluded unless the Company, with the consent of the parties required to approve any amendment or waiver of this Agreement pursuant to Section 10.2, has granted registration rights which are to be treated on an equal basis with Registrable Securities for the purpose of the exercise of the underwriter cutback (such shares afforded such equal treatment being "Parity Shares"); and, if a limitation on the number of shares is still required, the number of Registrable Securities, Parity Shares and other shares of Common Stock that may be included in such registration shall be allocated among the holders thereof in proportion, as nearly as practicable, as follows:

(i) there shall be first allocated to each such holder requesting that its Registrable Securities or Parity Shares be registered in such registration a number of such shares to be included in such registration equal to the lesser of (A) the number of such shares requested to be registered by such holder, and (B) a number of such shares equal to such holder's Pro Rata Portion;

(ii) the balance, if any, not allocated pursuant to clause (i) above shall be allocated to those holders requesting that their Registrable Securities or Parity Shares be registered in such registration which requested to register a number of such shares in excess of such holder's Pro Rata Portion pro rata to each such holder based upon the number of Registrable Securities and Parity Shares held by such holder, or in such other manner as the holders requesting that their Registrable Securities or Parity Shares be registered in such registration may otherwise agree; and

(iii) the balance, if any, not allocated pursuant to clause (ii) above shall be allocated to shares, other than Registrable Securities and Parity Shares, requested to be included in such registration by other stockholders.

For purposes of any underwriter cutback, all Registrable Securities held by any Holder shall also include any Registrable Securities held by the partners, retired partners, shareholders or Affiliates of such Holder, or the estates and family members of any such Holder or such partners and retired partners, any trusts for the benefit of any of the foregoing Persons and, at the election of such Holder or such partners, retired partners, trusts or Affiliates, any Charitable Organization to which any of the foregoing shall have contributed Common Stock prior to the execution of the underwriting agreement in connection with such underwritten offering, and such Holder and other Persons shall be deemed to be a single selling Holder, and any pro rata reduction with respect to such selling Holder shall be based upon the aggregate amount of Common Stock owned by all entities and individuals included in such selling Holder, as defined in this sentence. No securities excluded from the underwriting by reason of the underwriter's marketing limitation shall be included in such registration. Upon delivery of a written request that Registrable Securities be included in the underwriting pursuant to Section 6.1.1 or 6.2.1.1, the Holder thereof may not thereafter elect to withdraw therefrom without the written consent of the Principal Participating Holders; provided that, if the managing underwriter of any underwritten offering shall advise the Holders participating in a registration pursuant to Section 6.1 that the Registrable Securities covered by the registration statement cannot be sold in such offering within a price range acceptable to the Principal Participating Investors, then the Principal Participating Investors shall have the right to notify the Company that they have determined that the registration statement be abandoned or withdrawn, in which event the Company shall abandon or withdraw such registration statement.

6.3.2. Registration Procedures. If and in each case when the Company is required to effect a registration of any Registrable Securities as provided in this Section 6, the Company shall promptly:

(i) prepare and, in any event within sixty days (forty-five days in the case of a Form S-3 registration) after the end of the period under Section 6.2.1.1 within which a piggyback request for registration may be given to the Company, file with the Commission a registration statement with respect to such Registrable Securities and use its best efforts to cause such registration statement to become effective within ninety days of the initial filing;

(ii) prepare and file with the Commission such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective for a period not in excess of 270 days (or such shorter period which will terminate when all Registrable Securities covered by such registration statement have been sold) and to comply with the provisions of the Securities Act and the Exchange Act with respect to the disposition of all securities covered by such registration statement during such period in accordance with the intended methods of disposition by the seller or sellers thereof set forth in such registration statement; provided that before filing a registration statement or prospectus, or any

amendments or supplements thereto in accordance with Sections 6.1 or 6.2, the Company will furnish to counsel selected pursuant to Section 6.3.3 hereof copies of all documents proposed to be filed, which documents will be subject to the review of such counsel;

(iii) furnish to each seller of such Registrable Securities such number of copies of such registration statement and of each amendment and supplement thereto (in each case including all exhibits filed therewith), such number of copies of the prospectus included in such registration statement (including each preliminary prospectus and summary prospectus), in conformity with the requirements of the Securities Act, and such other documents as such seller may reasonably request in order to facilitate the disposition of the Registrable Securities by such seller;

(iv) use its best efforts to register or qualify such Registrable Securities covered by such registration in such jurisdictions as each seller shall reasonably request, and do any and all other acts and things which may be reasonably necessary or advisable to enable such seller to consummate the disposition in such jurisdictions of the Registrable Securities owned by such seller, except that the Company shall not for any such purpose be required to qualify generally to do business as a foreign corporation in any jurisdiction where, but for the requirements of this clause (iv), it would not be obligated to be so qualified or to consent to general service of process in any such jurisdiction;

(v) notify each seller of any such Registrable Securities covered by such registration statement, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of the Company's becoming aware that the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing, and at the request of any such seller, prepare and furnish to such seller a reasonable number of copies of an amended or supplemental prospectus as may be necessary so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus shall not include 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 not misleading in the light of the circumstances then existing;

(vi) otherwise use its best efforts to comply with all applicable rules and regulations of the Commission, and make available to its security holders, as soon as reasonably practicable (but not more than 18 months) after the effective date of the registration statement, an earnings statement which shall satisfy the provisions of Section 11(a) of the Securities Act;

(vii) (i) if such Registrable Securities are Common Stock (including Common Stock issuable upon conversion, exchange or exercise of another

security), use its best efforts to list such Registrable Securities on any securities exchange or authorize for quotation on each other market (including, if applicable, the National Association of Securities Dealers, Inc. (the "NASD") Automated Quotation System) on which the Common Stock is then listed or authorized for quotation if such Registrable Securities are not already so listed or authorized for quotation; and (ii) use its best efforts to provide a transfer agent and registrar for such Registrable Securities covered by such registration statement not later than the effective date of such registration statement;

(viii) enter into such customary agreements (including an underwriting agreement in customary form), which may include indemnification provisions in favor of underwriters and other Persons in addition to the provisions of Section 6.4 hereof, and take such other actions as the Principal Participating Holders or the underwriters, if any, reasonably requested in order to expedite or facilitate the disposition of such Registrable Securities;

(ix) obtain a "cold comfort" letter or letters from the Company's independent public accountants in customary form and covering matters of the type customarily covered by "cold comfort" letters as the Principal Participating Holders shall reasonably request;

(x) make available for inspection by any seller of such Registrable Securities covered by such registration statement, by any managing underwriter or underwriters participating in any disposition to be effected pursuant to such registration statement and by any attorney, accountant or other agent retained by any such seller or any such managing underwriter(s), all pertinent financial and other records, pertinent corporate documents and properties of the Company, and cause all of the Company's officers, directors and employees to supply all information reasonably requested by any such seller, underwriter, attorney, accountant or agent in connection with such registration statement (subject to each party referred to in this clause (x) entering into customary confidentiality agreements in a form reasonably acceptable to the Company);

(xi) notify counsel (selected pursuant to Section 6.3.3 hereof) for the Holders of Registrable Securities included in such registration statement and the managing underwriter or agent, immediately, and confirm the notice in writing (a) when the registration statement, or any post-effective amendment to the registration statement, shall have become effective, or any supplement to the prospectus or any amendment to the prospectus shall have been filed, (b) of the receipt of any comments from the Commission, (c) of any request of the Commission to amend the registration statement or amend or supplement the prospectus or for additional information, and (d) of the issuance by the Commission of any stop order suspending the effectiveness of the registration statement or of any order preventing or suspending the use of any preliminary prospectus, or of the suspension of the qualification of the registration statement

for offering or sale in any jurisdiction, or of the institution or threatening of any proceedings for any of such purposes;

(xii) make every commercially reasonable effort to prevent the issuance of any stop order suspending the effectiveness of the registration statement or of any order preventing or suspending the use of any preliminary prospectus and, if any such order is issued, to obtain the withdrawal of any such order as soon as practicable;

(xiii) if requested by the managing underwriter or agent or any Holder of Registrable Securities covered by the registration statement, incorporate in a prospectus supplement or post-effective amendment such information as the managing underwriter or agent or such Holder reasonably requests to be included therein, including, with respect to the number of Registrable Securities being sold by such Holder to such underwriter or agent, the purchase price being paid therefor by such underwriter or agent and with respect to any other terms of the underwritten offering of the Registrable Securities to be sold in such offering; and make all required filings of such prospectus supplement or post-effective amendment as soon as practicable after being notified of the matters incorporated in such prospectus supplement or post-effective amendment;

(xiv) cooperate with the Holders of Registrable Securities covered by the registration statement and the managing underwriter or agent, if any, to facilitate the timely preparation and delivery of certificates (not bearing any restrictive legends) representing securities to be sold under the registration statement, and enable such securities to be in such denominations and registered in such names as the managing underwriter or agent, if any, or such Holders may request;

(xv) obtain for delivery to the Holders of Registrable Securities being registered and to the underwriter or agent an opinion or opinions from counsel for the Company in customary form and in form, substance and scope reasonably satisfactory to such Holders, underwriters or agents and their counsel;

(xvi) 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 NASD; and

(xvii) use its commercially reasonable best efforts to make available the executive officers of the Company to participate with the Holders of Registrable Securities and any underwriters in any "road shows" that may be reasonably requested by the Holders in connection with distribution of the Registrable Securities.

6.3.3. Selection of Underwriters and Counsel. The underwriters and legal counsel to be retained by the Company in connection with any Public Offering shall be selected by the Board; provided that, in the case of an offering following a request therefor under Section 6.1.1, such underwriters and counsel shall be reasonably acceptable to the Principal Participating Holders. In connection with any registration of Registrable Securities pursuant to Sections 6.1 and 6.2 hereof, the Principal Participating Holders may select one counsel to represent all Holders of Registrable Securities covered by such registration; provided, however, that in the event that the counsel selected as provided above is also acting as counsel to the Company in connection with such registration, the remaining Holders shall be entitled to select one additional counsel to represent, at such Holders' expense, all such remaining Holders.

6.3.4. Holder Lock-Up. In connection with each underwritten Public Offering each Holder agrees to become bound by and to execute and deliver such lock-up agreement with the underwriter(s) of such Public Offering restricting such Holder's right to (a) Transfer, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable for such Common Stock or (b) enter into any swap or other arrangement that transfers to another any of the economic consequences of ownership of Common Stock, as is entered into by the Principal Participating Holders with the underwriter(s) of such Public Offering (the "Principal Lock-Up Agreement"); provided, however, that no Holder shall be required to enter into a lock-up agreement covering a period of greater than 90 days (180 days in the case of the Initial Public Offering) following the effectiveness of the related registration statement. Notwithstanding the foregoing, such lock-up agreement shall not apply to (i) transactions relating to shares of Common Stock or other securities acquired in open market transactions after the completion of the Initial Public Offering, (ii) Transfers to Permitted Transferees of such Holder in accordance with the terms of this Agreement, (iii) conversions of shares of Stock into other classes of Stock without change of holder and (iv) during the period preceding the execution of the underwriting agreement, Transfers to a Charitable Organization in accordance with the terms of this Agreement.

6.3.5. Company Lock-Up. If any registration pursuant to Section 6.1 of this Agreement shall be in connection with an underwritten public offering, the Company agrees not to effect any public sale or distribution of any Common Stock of the Company (or securities convertible into or exchangeable or exercisable for Common Stock) (in each case, other than as part of such underwritten public offering and other than pursuant to a registration on Form S-4 or S-8) for its own account, within 90 days (or such shorter period as the managing underwriters may require) after, the effective date of such registration (except as part of such registration).

6.3.6. Other Agreements. The Company covenants and agrees that, so long as any Person holds any Registrable Securities in respect of which any registration rights provided for in Section 6.1 of this Agreement remain in effect, the Company will not, directly or indirectly, grant to any Person or agree to or otherwise become obligated in respect of (i) rights of registration in the nature or substantially in the nature of those set forth in Section 6.1 of this Agreement that would have priority over the Registrable

Securities with respect to the inclusion of such securities in any registration or (ii) demand registration rights exercisable prior to such time as the Investors can first exercise their rights under Section 6.1.

6.4. Indemnification and Contribution.

6.4.1. Indemnities of the Company. In the event of any registration of any Registrable Securities or other debt or equity securities of the Company or any of its subsidiaries under the Securities Act pursuant to this Section 6 or otherwise, and in connection with any registration statement or any other disclosure document produced by or on behalf of the Company or any of its subsidiaries including reports required and other documents filed under the Exchange Act, and other documents pursuant to which any debt or equity securities of the Company or any of its subsidiaries are sold (whether or not for the account of the Company or its subsidiaries), the Company will, and hereby does, and will cause each of its subsidiaries, jointly and severally, to indemnify and hold harmless each holder of Registrable Securities, 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 partners, advisory board members, directors, officers, trustees, members and shareholders, and each other Person, if any, who controls any such holder or any such 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 any losses, claims, damages or liabilities (or actions or proceedings in respect thereof), joint or several, to which such Covered Person may be or become subject under the Securities Act, the Exchange Act, any other securities or other law of any jurisdiction, the common law or otherwise, insofar as such losses, claims, damages or liabilities (or actions or proceedings in respect thereof) arise out of or are based upon (i) any untrue statement or alleged untrue statement of any material fact contained or incorporated by reference in any registration statement under the Securities Act, any preliminary prospectus or final prospectus included therein, or any related summary 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, (ii) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to

make the statements therein not misleading or (iii) any violation or alleged violation by the Company or any of its subsidiaries of any federal, state, foreign or common law rule or regulation applicable to the Company or any of its subsidiaries and relating to action or inaction in connection with any such registration, disclosure document or other document or report, and will reimburse such Covered Person for any legal or any other expenses incurred by it in connection with investigating or defending any such loss, claim, damage, liability, action or proceeding; provided, however, that neither the Company nor any of its subsidiaries shall be liable to any Covered Person in any such case to the extent that any such loss, claim, damage, liability, action or proceeding arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in such

registration statement, any such preliminary prospectus, final prospectus, summary prospectus, amendment or supplement, incorporated document or other such disclosure document or other document or report, in reliance upon and in conformity with written information furnished to the Company or to any of its subsidiaries through an instrument duly executed by such Covered Person specifically stating that it is for use in the preparation thereof. The indemnities of the Company and of its subsidiaries contained in this Section 6.4.1 shall remain in full force and effect regardless of any investigation made by or on behalf of such Covered Person and shall survive any transfer of securities or any termination of this Agreement.

6.4.2. Indemnities to the Company. Subject to Section 6.4.4, the Company and any of its subsidiaries may require, as a condition to including any securities in any registration statement filed pursuant to this Section 6, that the Company and any of its subsidiaries shall have received an undertaking satisfactory to it from the prospective seller of such securities, severally and not jointly, to indemnify and hold harmless the Company and any of its subsidiaries, each director of the Company or any of its subsidiaries, each officer of the Company or any of its subsidiaries who shall sign such registration statement and each other Person (other than such seller), if any, who controls the Company and any of its subsidiaries within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act and each other prospective seller of such securities with respect to any statement in or omission from such registration statement, any preliminary prospectus, final prospectus or summary prospectus included therein, or any amendment or supplement thereto, or any other disclosure document (including reports and other documents filed under the Exchange Act or any document incorporated therein) or other document or report, if such statement or omission was made in reliance upon and in conformity with written information furnished to the Company or any of its subsidiaries through an instrument executed by such seller specifically stating that it is for use in the preparation of such registration statement, preliminary prospectus, final prospectus, summary prospectus, amendment or supplement, incorporated document or other document or report. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Company, any of its subsidiaries or any such director, officer or controlling Person and shall survive any transfer of securities or any termination of this Agreement.

6.4.3. Contribution. If the indemnification provided for in Sections 6.4.1 or 6.4.2 hereof is unavailable to a party that would have been entitled to indemnification pursuant to the foregoing provisions of this Section 6.4 (an "Indemnitee") in respect of any losses, claims, damages or liabilities (or actions or proceedings in respect thereof) referred to therein, then each party that would have been an indemnifying party thereunder shall, subject to Section 6.4.4 and in lieu of indemnifying such Indemnitee, contribute to the amount paid or payable by such Indemnitee as a result of such losses, claims, damages or liabilities (or actions or proceedings in respect thereof) in such proportion as is appropriate to reflect the relative fault of such indemnifying party on the one hand and such Indemnitee on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions or

proceedings in respect thereof). The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by such indemnifying party or such Indemnitee and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The parties agree that it would not be just or equitable if contribution pursuant to this Section 6.4.3 were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the preceding sentence. The amount paid or payable by a contributing party as a result of the losses, claims, damages or liabilities (or actions or proceedings in respect thereof) referred to above in this Section 6.4.3 shall include any legal or other expenses reasonably incurred by such Indemnitee in connection with investigating or defending any such action or claim. 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.

6.4.4. Limitation on Liability of Holders of Registrable Securities. The liability of each holder of Registrable Securities in respect of any indemnification or contribution obligation of such holder arising under this Section 6.4 shall not in any event exceed an amount equal to the net proceeds to such holder (after deduction of all underwriters' discounts and commissions) from the disposition of the Registrable Securities disposed of by such holder pursuant to such registration.

6.4.5. Indemnification Procedures. Promptly after receipt by an Indemnitee of written notice of the commencement of any action or proceeding with respect to which a claim for indemnification may be made pursuant to this Section 6.4, such Indemnitee will, if a claim in respect thereof is to be made against an indemnifying party, give written notice to the latter of the commencement of such action or proceeding; provided that the failure of the Indemnitee to give notice as provided herein shall not relieve the indemnifying party of its obligations under this Section 6.4, except to the extent that the indemnifying party is materially prejudiced by such failure to give notice. In case any such action or proceeding is brought against an Indemnitee, the indemnifying party will be entitled to participate in and to assume the defense thereof (at its expense), jointly with any other indemnifying party similarly notified to the extent that it may wish, with counsel reasonably satisfactory to such Indemnitee, and after notice from the indemnifying party to such Indemnitee of its election so to assume the defense thereof, the indemnifying party will not be liable to such Indemnitee for any legal or other expenses subsequently incurred by the latter in connection with the defense thereof other than reasonable costs of investigation and shall have no liability for any settlement made by the Indemnitee without the consent of the indemnifying party, such consent not to be unreasonably withheld. Notwithstanding the foregoing, if in such Indemnitee's reasonable judgment a conflict of interest between such Indemnitee and the indemnifying parties may exist in respect of such action or proceeding or the indemnifying party does not assume the defense of any such action or proceeding within a reasonable time after notice of commencement, the Indemnitee shall have the right to assume or continue its

own defense and the indemnifying party shall be liable for any reasonable expenses therefor, but in no event will bear the expenses for more than one firm of counsel for all Indemnitees in each jurisdiction who shall be approved by the Principal Participating Holders in the registration in respect of which such indemnification is sought. No indemnifying party will settle any action or proceeding or consent to the entry of any judgment without the prior written consent of the Indemnitee, unless such settlement or judgment (i) includes as an unconditional term thereof the giving by the claimant or plaintiff of a release to such Indemnitee from all liability in respect of such action or proceeding and (ii) does not involve the imposition of equitable remedies or the imposition of any obligations on such Indemnitee and does not otherwise adversely affect such Indemnitee, other than as a result of the imposition of financial obligations for which such Indemnitee will be indemnified hereunder.

6.5. Permitted Assignees.

6.5.1. Piggyback Registration Rights. The rights of a holder of Registrable Securities to cause the Company to register its Registrable Securities pursuant to Section 6.2 may be assigned (but only with all related obligations as set forth below) in a Transfer effected in accordance with the terms of this Agreement to: (a) an Affiliate of such holder, (b) a Charitable Organization or (c) any other transferee that in the case of this clause (c) acquires shares of Registrable Securities either (i) for consideration of at least $10,000,000 or (ii) having a then fair market value (determined in good faith by the Board) of at least $10,000,000 (the transferees in clauses (a) through (c) each a "Permitted Piggyback Assignee"). Without prejudice to any other or similar conditions imposed hereunder with respect to any such Transfer, no assignment permitted under the terms of this Section 6.5.1 shall be effective unless the Permitted Piggyback Assignee, if not a Stockholder, has delivered to the Company a written acknowledgment and agreement in form and substance reasonably satisfactory to the Company that such Registrable Securities in respect of which such assignment is made shall be deemed Other Holder Shares and shall be subject to all of the provisions of this Agreement relating to Other Holder Shares and that such Permitted Piggyback Assignee shall be bound by, and shall be an Other Holder party to, this Agreement and the holder of Other Holder Shares hereunder. A transferee to whom rights are transferred pursuant to this Section 6.5.1 may not again transfer such rights to any Person, other than as provided in this Section 6.5.1.

7. COVENANTS.

7.1. Information Rights.

7.1.1. Historical Financial Information. The Company will furnish each holder of Shares or Seller Warrants representing a Total Investment of at least twenty five million dollars ($25,000,000), the following:

7.1.1.1. As soon as available, and in any event within 120 days after the end of each fiscal year of the Company, the consolidated balance sheet of the

Company and its subsidiaries as at the end of each such fiscal year and the consolidated statements of income, cash flows and changes in stockholders' equity for such year of the Company and its subsidiaries, setting forth in each case in comparative form the figures for the next preceding fiscal year, accompanied by the report of independent certified public accountants of recognized national standing, to the effect that, except as set forth therein, such consolidated financial statements have been prepared in accordance with generally accepted accounting principles applied on a basis consistent with prior years and fairly present in all material respects the financial condition of the Company and its subsidiaries at the dates thereof and the results of their operations and changes in their cash flows and stockholders' equity for the periods covered thereby.

7.1.1.2. As soon as available, and in any event within 60 days after the end of each fiscal quarter of the Company, the consolidated balance sheet of the Company and its subsidiaries as at the end of such quarter and the consolidated statements of income, cash flows and changes in stockholders' equity for such quarter and the portion of the fiscal year then ended of the Company and its subsidiaries, setting forth in each case the figures for the corresponding periods of the previous fiscal year in comparative form, all in reasonable detail.

7.1.2. Period. Each of the foregoing provisions of this Section 7.1 shall expire on the earlier of (a) a Change of Control or (b) the closing of the Initial Public Offering.

7.2. Confidentiality. Each holder of Shares or Seller Warrants agrees that it will keep confidential and will not disclose, divulge or use for any purpose, other than to monitor its investment in the Company and its subsidiaries, any confidential information obtained from the Company pursuant to the terms of this Agreement, unless such confidential information (i) is known or becomes known to the public in general (other than as a result of a breach of this Section 7.2 by such holder or its Affiliates), (ii) is or has been independently developed or conceived by such holder without use of the Company's confidential information or (iii) is or has been made known or disclosed to such holder by a third party (other than an Affiliate of such holder) without a breach of any obligation of confidentiality such third party may have to the Company that is known to such holder; provided, however, that a holder may disclose confidential information (a) to its attorneys, accountants, consultants, and other professionals to the extent necessary to obtain their services in connection with monitoring its investment in the Company, (b) to any prospective purchaser of any Shares from such holder as long as such prospective purchaser agrees to be bound by the provisions of this Section 7.2, (c) to any Affiliate, partner or member of such holder in the ordinary course of business, (d) if the holder is the Seller and is advised by outside counsel of recognized national standing that it is required to disclose such information to fulfill its public filing requirements, or (e) as may otherwise be required by law, provided that such holder takes reasonable steps to minimize the extent of any such required disclosure; and provided, further, however, that the acts and omissions of any Person to whom such holder may disclose confidential information pursuant to clauses (a) through (c) of the preceding proviso shall be attributable to such holder for purposes of determining such holder's compliance with this Section 7.2. Each of the parties hereto

acknowledge that the holders of Shares may review the business plans and related proprietary information of many enterprises, including enterprises which may have products or services which compete directly or indirectly with those of the Company. Nothing in this Section 7.2 shall preclude or in any way

restrict the holders of Shares or Seller Warrants or their Affiliates from investing or participating in any particular enterprise, or trading in the securities thereof, whether or not such enterprise has products or services that compete with those of the Company.

7.3. Directors' and Officers' Insurance. The Company shall purchase, within a reasonable period following the Closing, and maintain for such periods as the Board shall in good faith determine, at its expense, insurance in an amount determined in good faith by the Board to be appropriate, on behalf of any person who after the Closing is or was a director or officer of the Company, or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including any direct or indirect subsidiary of the Company, against any expense, liability or loss asserted against such Person and incurred by such Person in any such capacity, or arising out of such Person's status as such, subject to customary exclusions. The provisions of this Section 7.3 shall survive any termination of this Agreement.

7.4. Exercise of Rights Under Seller MMT Warrant Agreement. If a majority of the entire Board and the Requisite Stockholder Majority elect to exercise the rights of the Purchaser Entities (as defined in the Seller MMT Warrant Agreement) under Section 23 of the Seller MMT Warrant Agreement to defease the Seller MMT Warrants, then

7.4.1. the aggregate consideration to be paid in the sale transaction referred to in Section 23 of the Seller MMT Warrant Agreement shall be allocated as if the Seller MMT Warrants had been exercised in full immediately prior to the closing of such sale transaction and the amount of consideration to be allocated in respect of the Seller MMT Warrants will be deposited in an escrow account established in accordance with Section 23 of the Seller MMT Warrant Agreement;

7.4.2. if the holders of the Seller MMT Warrants subsequently exercise the MMT Warrants, (i) such holders will pay the exercise price to the escrow agent to be added to the escrow account, (ii) the escrow agent will distribute to such holders the amounts of cash and securities to which they are entitled under the MMT Warrants, and (iii) the escrow agent will distribute the balance of the cash and securities (or the proceeds thereof, if the Required Stockholder Majority, directs that such securities shall be sold prior to such distribution) held in the escrow account in accordance with the allocation of the aggregate consideration (other than the escrowed consideration) paid in the sale transaction (which allocation (A) shall be made in good faith by the Board, whose determination shall be conclusive and binding and (B) shall provide that any options or restricted stock which shall not have become vested or unrestricted at or prior to the closing of such sale transaction shall not receive any portion of such distribution); and

7.4.3. if the Seller MMT Warrants subsequently expire unexercised, the escrow agent will distribute all of the cash and securities (or the proceeds thereof, if the Required

Stockholder Majority, directs that such securities shall be, sold prior to such distribution) held in the escrow account in accordance with the allocation described in clause (iii) of Section 7.4.2.

7.5. Seller Information Rights. In connection with any contemplated exercise of the Seller Warrants, at any Seller's request, the Company will make available to the Sellers the Company's annual budget for the then current fiscal year to the extent available, any available financial projections and the opportunity to have one meeting to discuss such budget and projections with the Company's officers at a mutually agreeable time; provided, however that (i) the Sellers will have the opportunity to exercise their rights under this Section 7.5 in connection with a potential Major Music Transaction (as defined in the MMT Warrant Agreement) and (ii) otherwise no earlier than 6 months following the completion of the Seller's prior exercise of rights under this Section 7.5.

8. REMEDIES.

8.1. Generally. The parties shall have all remedies available at law, in equity or otherwise in the event of any breach or violation of this Agreement or any default hereunder. The parties acknowledge and agree that in the event of any breach of this Agreement, in addition to any other remedies which may be available, each of the parties hereto shall be entitled to specific performance of the obligations of the other parties hereto and, in addition, to such other equitable remedies (including preliminary or temporary relief) as may be appropriate in the circumstances.

8.2. Deposit. Without limiting the generality of Section 8.1, if any holder of Shares fails to deliver to the purchaser thereof the certificate or certificates evidencing Shares to be Sold pursuant to Section 4, such purchaser may, at its option, in addition to all other remedies it may have, deposit the purchase price for such Shares with any national bank or trust company having combined capital, surplus and undivided profits in excess of One Hundred Million Dollars ($100,000,000) (the "Escrow Agent") and the Company or Midco, as the case may be, shall cancel on its books the certificate or certificates representing such Shares and thereupon all of such holder's rights in and to such Shares shall terminate. Thereafter, upon delivery to such purchaser by such holder of the certificate or certificates evidencing such Shares (duly endorsed, or with stock powers duly endorsed, for transfer, with signature guaranteed, free and clear of any liens or encumbrances, and with any transfer tax stamps affixed), such purchaser shall instruct the Escrow Agent to deliver the purchase price (without any interest from the date of the closing to the date of such delivery, any such interest to accrue to such purchaser) to such holder.

9. LEGENDS.

9.1. Restrictive Legend. Each certificate representing Shares shall have the following legend endorsed conspicuously thereupon:

"THE VOTING OF THE SHARES OF STOCK REPRESENTED BY THIS CERTIFICATE, AND THE SALE, ENCUMBRANCE OR OTHER DISPOSITION THEREOF, ARE SUBJECT TO THE PROVISIONS OF A STOCKHOLDERS

AGREEMENT TO WHICH THE ISSUER AND CERTAIN OF ITS STOCKHOLDERS ARE PARTY, A COPY OF WHICH MAY BE INSPECTED AT THE PRINCIPAL OFFICE OF THE ISSUER OR OBTAINED FROM THE ISSUER WITHOUT CHARGE."

Any Person who acquires Shares which are not subject to all or part of the terms of this Agreement shall have the right to have such legend (or the applicable portion thereof) removed from certificates representing such Shares.

9.2. 1933 Act Legends. Each certificate representing Shares shall have the following legend endorsed conspicuously thereupon:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE WERE ISSUED IN A PRIVATE PLACEMENT, WITHOUT REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), AND MAY NOT BE SOLD, ASSIGNED, PLEDGED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION UNDER THE ACT COVERING THE TRANSFER OR AN OPINION OF COUNSEL, SATISFACTORY TO THE ISSUER, THAT REGISTRATION UNDER THE ACT IS NOT REQUIRED."

9.3. Stop Transfer Instruction. The Company or Midco will instruct any transfer agent not to register the Transfer of any Shares until the conditions specified in the foregoing legends and this Agreement are satisfied.

9.4. Termination of 1933 Act Legend. The requirement imposed by Section 9.2 hereof shall cease and terminate as to any particular Shares (a) when, in the opinion of counsel reasonably acceptable to the Company, such legend is no longer required in order to assure compliance by the Company and Midco with the Securities Act or (b) when such Shares have been effectively registered under the Securities Act or transferred pursuant to Rule 144. Wherever (x) such requirement shall cease and terminate as to any Shares or (y) such Shares shall be transferable under paragraph (k) of Rule 144, the holder thereof shall be entitled to receive from the Company or Midco, as the case may be, without expense, new certificates not bearing the legend set forth in Section 9.2 hereof.

10. AMENDMENT, TERMINATION, ETC.

10.1. Oral Modifications. This Agreement may not be orally amended, modified, extended or terminated, nor shall any oral waiver of any of its terms be effective.

10.2. Written Modifications. This Agreement may be amended, modified, extended or terminated, and the provisions hereof may be waived, only by an agreement in writing signed by the Company, Midco and holders of a Majority in Interest of the Shares; provided, however, that:

(a) the consent of each of the Investor Groups shall be required for any amendment, modification, extension, termination or waiver (an "Amendment") of

the provisions of Section 2, Section 12.8 or this clause (a) of Section 10.2; provided, however, that such consent shall not be required for any Amendment of the provisions of Section 2 adopted with the consent of a majority of the entire Board and the Requisite Stockholder Majority (i) in connection with the consummation of, or at any time following, an Initial Public Offering that has been approved in accordance with Section 2.4, other than an Amendment of the provisions of Section 2.1.2 (excluding Amendments to the extent relating to the Independent Directors), Section 2.1.3, Section 2.1.4 or Section 2.10, or any related provisions of Section 2.2, Section 2.3 or Section 2.8, or (ii) in connection with any transaction described in Section 2.4.5 or 2.4.6 that has been approved in accordance with Section 2.4, to the extent such Amendment does no more than increase the number of directors of the Company and/or extend Board designation rights to any Person related to such transaction other than a member of an Investor Group or its Affiliates;

(b) the consent of each of the Investor Groups shall be required for any Amendment of the provisions of Section 4.1, Section 4.6, any related provisions of Section 3.1.5 or Section 4.3 or this clause (b) of Section 10.2;

(c) the consent of, as applicable, at least (i) three Investor Groups (if a total of four are then parties to this Agreement), (ii) two Investor Groups (if a total of three are then parties to this Agreement) and (iii) all Investor Groups (if a total of less than three are then parties to this Agreement), shall be required for any Amendment to the provisions of Section 5 or this clause (c) of Section 10.2;

(d) the consent of any Investor Group shall be required for any Amendment that discriminates against such Investor Group as such under this Agreement;

(e) the consent of the Requisite Stockholder Majority shall be required for any Amendment that discriminates against the Principal Investor Groups as such under this Agreement;

(f) the consent of the holders of a Majority in Interest of the Seller Warrants shall be required for any Amendment that discriminates against the holders of Warrants or Seller Warrants, as such, or the holders of Shares receivable upon exercise thereof, as such, under this Agreement;

(g) the consent of the holders of a Majority in Interest of the Management Shares shall be required for any Amendment that discriminates against the holders of Management Shares as such under this Agreement;

(h) the consent of the holders of a Majority in Interest of the Other Holder Shares shall be required for any Amendment that discriminates against the holders of Other Holder Shares as such under this Agreement; and

(i) the consent of any party shall be required for any Amendment that discriminates against such party.

Each such Amendment shall be binding upon each party hereto and each holder of Shares, Other Holder Shares or Seller Warrants subject hereto. In addition, each party hereto and each holder of Shares, Other Holder Shares or Seller Warrants subject hereto may waive any right hereunder by an instrument in writing signed by such party or holder. To the extent the Amendment of any Section of this Agreement would require a specific consent pursuant this Section 10.2, any Amendment to the definitions used in such Section shall also require the specified consent.

10.3. Withdrawal from Agreement. At any time following the Initial Public Offering, any holder of Shares or Other Holder Shares (other than a holder of Management Shares) that, together with its Affiliates, holds less than five percent (5%) of the then outstanding shares of Common Stock may elect (on behalf of itself and its Affiliates (collectively, the "Withdrawing Holders")), by written notice to the other parties hereto, to withdraw from this Agreement and thereby terminate this Agreement as to the Withdrawing Holders. From the date of delivery of such withdrawal notice, the Withdrawing Holders shall cease to be parties to this Agreement and shall no longer be subject to the obligations of this Agreement or have rights under this Agreement, and the Shares or Other Holder Shares held by the Withdrawing Holders shall conclusively be deemed thereafter not to be Shares or Other Holder Shares, as the case may be, under this Agreement; provided, however, that such Withdrawing Holders, if they constitute an Investor Group, shall comply with such Investor Group's obligations under Section 2.1.3 to cause the resignation of any Investor Directors designated by such Investor Group; provided, further, that the Withdrawing Holders shall nonetheless be obligated under Section 6.3.4 with respect to any Pending Underwritten Offering to the same extent that they would have been obligated if they had not withdrawn; and provided, further, that the rights and obligations of such Withdrawing Holders under Section 6.4 shall survive such withdrawal.

10.4. Effect of Termination. No termination under this Agreement shall relieve any Person of liability for breach prior to termination.

11. DEFINITIONS. For purposes of this Agreement:

11.1. Certain Matters of Construction. In addition to the definitions referred to or set forth below in this Section 11:

(i) The words "hereof", "herein", "hereunder" and words of similar import shall refer to this Agreement as a whole and not to any particular Section or provision of this Agreement, and reference to a particular Section of this Agreement shall include all subsections thereof;

(ii) The word "including" shall mean including, without limitation;

(iii) Definitions shall be equally applicable to both nouns and verbs and the singular and plural forms of the terms defined; and

(iv) The masculine, feminine and neuter genders shall each include the other.

11.2. Definitions. The following terms shall have the following meanings:

"Acceptance Notice" shall have the meaning set forth in Section 4.4.4.

"Acquisition" shall have the meaning set forth in the Recitals.

"Acquisition Agreement" shall have the meaning set forth in the Recitals.

"Acquisition Shares" shall mean: (a) for purposes of Sections 4.4.1, 4.6, and 5.1 all shares of Stock held by (i) the members of any Investor Group, (ii) the Sellers or (iii) their respective Permitted Transferees; and (b) for all other purposes, all Shares held by (i) the members of any Investor Group, (ii) the Sellers or (iii) their respective Permitted Transferees.

"Adverse Claim" shall have the meaning set forth in Section 8-102 of the applicable Uniform Commercial Code.

"Affiliate" shall mean, with respect to any specified Person, (a) any other Person which directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such specified Person (for the purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise); provided, however, that neither the Company nor any of its subsidiaries shall be deemed an Affiliate of any of the Stockholders (and *vice versa)*, (b) if such specified Person is an investment fund, any other investment fund the primary investment advisor to which is the primary investment advisor to such specified Person and (c) if such specified Person is a natural Person, any Family Member of such natural Person. Music Capital Partners, L.P and ALP Music Partners, L.P. shall be deemed to be Affiliates of each other for purposes of Section 12.8.

"Affiliated Fund" shall mean, with respect to any specified Person, an investment fund that is an Affiliate of such Person.

"Agreement" shall have the meaning set forth in the Preamble.

"Amendment" shall have the meaning set forth in Section 10.2.

"Bain Director" shall mean a member of the Board of Directors designated by one or more Bain Investors.

"Bain Investors" shall mean, as of any date, Bain Capital Integral Investors, LLC, Bain Capital VII Coinvestment Fund, LLC and BCIP TCV, LLC, and their respective Permitted Transferees, in each case only if such Person is then a Stockholder and holds any Shares.

"Board" shall have the meaning set forth in Section 2.1.1.

"business day" shall mean any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by law to be closed in the City of New York.

"CEO Director" shall have the meaning set forth in Section 2.1.1.

"Change of Control" shall mean the occurrence of (a) any consolidation or merger of the Company with or into any other corporation or other Person, or any other corporate reorganization or transaction (including the acquisition of capital stock of the Company), whether or not the Company is a party thereto, in which the stockholders of the Company immediately prior to such consolidation, merger, reorganization or transaction, own capital stock either (i) representing directly, or indirectly through one or more entities, less than 50% of the economic interests in or voting power of the Company or other surviving entity immediately after such consolidation, merger, reorganization or transaction or (ii) that does not directly, or indirectly through one or more entities, have the power to elect a majority of the entire board of directors of the Company or other surviving entity immediately after such consolidation, merger, reorganization or transaction, (b) any transaction or series of related transactions, whether or not the Company is a party thereto, after giving effect to which in excess of fifty percent (50%) of the Company's voting power is owned by any Person and its "affiliates" or "associates" (as such terms are defined in the rules adopted by the Commission under the Exchange Act), excluding (except with respect to a transaction or series of related transactions in connection with which the "drag along right" under Section 4.2 is being exercised) the Investor Groups; or (c) a sale, lease or other disposition of all or substantially all of the assets of the Company; provided that (x) any consolidation or merger effected exclusively to change the domicile of the Corporation or to form a holding company in which the stockholders of the Company immediately prior to such consolidation or merger own capital stock representing economic interests and voting power with respect to such redomiciled entity or holding company in substantially the same proportions as their ownership of capital stock of the Company shall be excluded from clauses (a) and (b) above and (y) any Initial Public Offering or any bona fide primary or secondary public offering following the occurrence of an Initial Public Offering shall be excluded from clause (b) above.

"Charitable Organization" shall mean a charitable organization as described by Section 501(c)(3) of the Internal Revenue Code of 1986, as in effect from time to time.

"Class A Stock" shall mean the Class A Common Stock, par value $.001 per share, of the Company.

"Class L Stock" shall mean the Class L Common Stock, par value $.001 per share, of the Company.

"Closing" shall have the meaning set forth in Section 1.1.

"Commission" shall mean the Securities and Exchange Commission.

"Common Stock" shall mean the common stock of the Company, including the Class A Stock and the Class L Stock.

"Company" shall have the meaning set forth in the Preamble.

"Company Shares" shall mean Shares in respect of capital stock of the Company.

"Convertible Securities" shall mean any evidence of indebtedness, shares of stock (other than Stock) or other securities (other than Options and Warrants) which are directly or indirectly convertible into or exchangeable or exercisable for shares of Stock.

"Covered Person" shall have the meaning set forth in Section 6.4.1.

"Drag Along Notice" shall have the meaning set forth in Section 4.2.1.

"Drag Along Sale Percentage" shall have the meaning set forth in Section 4.2.

"Drag Along Sellers" shall have the meaning set forth in Section 4.2.1.

"Equivalent Shares" shall mean, at any date of determination, (a) as to any outstanding shares of Stock, such number of shares of Stock and (b) as to any outstanding Options, Warrants or Convertible Securities which constitute Shares, the maximum number of shares of Stock for which or into which such Options, Warrants or Convertible Securities may at the time be exercised, converted or exchanged (or which will become exercisable, convertible or exchangeable on or prior to, or by reason of, the transaction or circumstance in connection with which the number of Equivalent Shares is to be determined).

"Escrow Agent" shall have the meaning set forth in Section 8.2.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as in effect from time to time.

"Fair Market Value" shall mean, as of any date, as to any Share, the Board's good faith determination of the fair value of such Share as of the applicable reference date.

"Family Member" shall mean, with respect to any natural Person, (i) any lineal descendant or ancestor or sibling (by birth or adoption) of such natural Person, (ii) any spouse or former spouse of any of the foregoing, (iii) any legal representative or estate of any of the foregoing, (iv) any trust maintained for the benefit of the foregoing and (v) any corporation, private charitable foundation or other organization controlled by the foregoing.

"First Offer Deadline" shall have the meaning set forth in Section 4.4.2.1.

"First Offer Holder" shall have the meaning set forth in Section 4.4.1.

"First Offer Notice" shall have the meaning set forth in Section 4.4.2.1.

"First Offer Purchaser" shall have the meaning set forth in Section 4.4.2.1.

"Holders" shall mean the holders of Registrable Securities under this Agreement.

"Indemnitee" shall have the meaning set forth in Section 6.4.3.

"Independent Directors" shall have the meaning set forth in Section 2.1.1.

"Initial Public Offering" shall mean the initial Public Offering registered on Form S-1 (or any successor form under the Securities Act).

"Initiating Investors" shall have the meaning set forth in Section 6.1.1.

"Investor Directors" shall mean the THL Directors, the Bain Directors, the Providence Directors and the Lexa Directors.

"Investor Group" shall mean any one of (a) the THL Investors, collectively, (b) the Bain Investors, collectively, (c) the Providence Investors, collectively and (d) the Lexa Investors, collectively. Where this Agreement provides for the vote, consent or approval of any Investor Group, such vote, consent or approval shall be determined by the Majority THL Investors, the Majority Bain Investors, the Majority Providence Investors or the Majority Lexa Investors, as the case may be, except as otherwise specifically set forth herein.

"Investors" shall have the meaning set forth in the Preamble.

"Issuance" shall have the meaning set forth in Section 5.

"Issuer" shall have the meaning set forth in Section 5.

"Lexa Director" shall mean a member of the Board of Directors designated in accordance with Section 2.1.2(iv).

"Lexa Investors" shall mean, as of any date, Music Capital Partners, L.P and, from and after a Lexa Triggering Event, ALP Music Partners, L.P. and their respective Permitted Transferees, in each case only if such Person is then a Stockholder and holds any Shares.

"Lexa Triggering Event" shall mean the earlier to occur of Edgar Bronfman, Jr. (a) ceasing to serve as the chief executive officer of the Company and the senior executive officer of the Company's Recorded Music Business and Music Publishing Business (as such terms are defined in the Acquisition Agreement) or (b) ceasing to control (as such term is used in the definition of "Affiliate") the general partner of Music Capital Partners, L.P.

"Lock-Up Period" shall mean the period commencing from the effective date hereof and continuing through (i) in respect of any Acquisition Shares, the earlier to occur of (a) the seven

year anniversary of the date of the Closing and (b) the closing of the Initial Public Offering and (ii) otherwise, the closing of the Initial Public Offering.

"Majority Bain Investors" shall mean, as of any date, the holders of a Majority in Interest of the Shares held by the Bain Investors.

"Majority in Interest" shall mean, (a) with respect to a set of Shares and/or Other Holder Shares of a single class, a majority of such Shares and/or Other Holder Shares, (b) with respect to a set of Shares and/or Other Holder Shares of more than one class, a majority in aggregate Purchase Price Value of such Shares and/or Other Holder Shares and (c) with respect to the Seller Warrants, a majority of the Seller MMT Warrants and a majority of the Seller Three-Year Warrants.

"Majority Lexa Investors" shall mean, as of any date, the holders of a Majority in Interest of the Shares held by the Lexa Investors.

"Majority Providence Investors" shall mean, as of any date, the holders of a Majority in Interest of the Shares held by the Providence Investors.

"Majority THL Investors" shall mean, as of any date, the holders of a Majority in Interest of the Shares held by the THL Investors.

"Management Shares" shall mean (a) all shares of Stock held by a Manager, whenever issued, including all shares of Stock issued upon the exercise, conversion or exchange of any Options, Warrants or Convertible Securities and (b) all Options, Warrants and Convertible Securities held by a Manager, treating such Options, Warrants and Convertible Securities as a number of Management Shares equal to the maximum number of shares of Stock for which or into which such Options, Warrants or Convertible Securities may at the time be exercised, converted or exchanged (or which will become exercisable, convertible or exchangeable on or prior to, or by reason of, the transaction or circumstance in connection with which the number of Management Shares is to be determined); provided, however, in connection with a Transfer to a Manager of any Shares that are not then Management Shares, such Shares shall not become Management Shares as a result of such Transfer if such Manager is then a Permitted Transferee of the holder of such Shares. Any Management Shares that are Transferred by the holder thereof to such holder's Permitted Transferees shall remain Management Shares in the hands of such Permitted Transferee. For the avoidance of doubt, any Shares held by any Lexa Investor (other than Shares Transferred to such Lexa Investor under the circumstances described in the preceding sentence) shall not be deemed Management Shares.

"Managers" shall have the meaning set forth in the Preamble and shall include any current employee of the Company or any of its subsidiaries and any Permitted Transferee of any current employee of the Company or any of its subsidiaries that, at any time, holds Shares or Other Shares.

"Midco" shall have the meaning set forth in the Preamble.

"NASD" shall have the meaning set forth in Section 6.3.2(vii).

"Options" shall mean any options to subscribe for, purchase or otherwise directly acquire Stock, other than any such option held by the Company or Midco or any right to purchase shares pursuant to this Agreement.

"Other Holder Shares" shall mean (a) all shares of Stock held by an Other Holder, whenever issued, including all shares of Stock issued upon the exercise, conversion or exchange of any Options, Warrants or Convertible Securities and (b) all Options, Warrants and Convertible Securities held by an Other Holder, treating such Options, Warrants and Convertible Securities as a number of Other Holder Shares equal to the maximum number of shares of Stock for which or into which such Options, Warrants or Convertible Securities may at the time be exercised, converted or exchanged (or which will become exercisable, convertible or exchangeable on or prior to, or by reason of, the transaction or circumstance in connection with which the number of Other Holder Shares is to be determined).

"Other Holders" shall have the meaning set forth in the Preamble.

"Other Securities" shall have the meaning set forth in Section 5.1.3.

"Parity Shares" shall have the meaning set forth in Section 6.3.1.

"Participating Buyer" shall have the meaning set forth in Section 5.1.2.1.

"Participating Seller" shall have the meaning set forth in Section 4.1.2 and 4.2.1.

"Participation Notice" shall have the meaning set forth in Section 5.1.1.

"Participation Offerees" shall have the meaning set forth in Section 5.1.1.

"Participation Portion" shall have the meaning set forth in Section 5.1.1.

"Pending Underwritten Offering" means, with respect to any Withdrawing Holder withdrawing from this Agreement pursuant to Section 10.3, any underwritten Public Offering for which a registration statement relating thereto is or has been filed with the Commission either prior to, or not later than the sixtieth day after, the effectiveness of such Withdrawing Holder's withdrawal from this Agreement.

"Permitted Piggyback Assignee" shall have the meaning set forth in Section 6.5.1.

"Permitted Transferee" shall mean, in respect of any Stockholder or Permitted Transferee, any Affiliate of such Stockholder or Permitted Transferee to the extent such Person agrees to be bound by the terms of this Agreement in accordance with Section 3.2. In addition, upon the occurrence of a Lexa Triggering Event and until the earlier to occur of: (i) the completion of a period of sixty (60) days thereafter and (ii) the completion of the Transfer described in the following, ALP Music Partners, L.P. shall be deemed a Permitted Transferee of Music Capital Partners, L.P. for purposes of a single Transfer by Music Capital Partners, L.P. to

ALP Music Partners, L.P., as one of its limited partners, of a number of Shares equal to such limited partner's proportionate interest in all of the Shares then held by Music Capital Partners, L.P., to the extent such limited partner agrees to be bound by the terms of this Agreement in accordance with Section 3.2. In addition, any Stockholder shall be a Permitted Transferee of the Permitted Transferees of itself; provided, however, that the foregoing shall not apply as between Music Capital Partners, L.P. and ALP Music Partners, L.P.

"Person" shall mean any individual, partnership, corporation, company, association, trust, joint venture, limited liability company, unincorporated organization, entity or division, or any government, governmental department or agency or political subdivision thereof.

"Price Per Equivalent Share" shall mean the Board's good faith determination of the price per Equivalent Share of any Convertible Securities or Options which are the subject of an Issuance pursuant to Section 5 hereof.

"Preferred Stock" shall mean the 10% Cumulative Preferred Stock, par value $.001 per share, of Midco.

"Principal Investor Group" shall mean any one of (a) the THL Investors, collectively, (b) the Bain Investors, collectively and (c) the Providence Investors, collectively; provided, however, that any such Investor Group shall cease to be a Principal Investor Group at such time after the Closing, and at all times thereafter, as (i) such Investor Group ceases to hold Shares representing a Total Investment of at least $45,000,000 (subject to adjustment as provided below) or (ii) such Investor Group ceases to hold Shares representing a Voting Stock Investment of at least $3,060,000 (subject to adjustment as provided below). The threshold amounts for Total Investment and Voting Stock Investment set forth above shall automatically be proportionately reduced effective immediately prior to any Proportionate Reduction Event if and only if, and in the same manner as, any adjustment is made pursuant to Section 2.1.3.2 with respect to such Proportionate Reduction Event; provided that no adjustment pursuant to the foregoing shall cause any former Principal Investor Group to again become a Principal Investor Group.

"Principal Lock-Up Agreement" shall have the meaning set forth in Section 6.3.4.

"Principal Participating Holders" shall mean, with respect to any Public Offering, (i) the two holders (determined in accordance with Section 6.3.1) including the greatest number of Registrable Securities in such Public Offering, (ii) if there are more than two such holders including the greatest number of Registrable Securities in such Public Offering, all of such holders and (iii) if there is only one such holder including any Registrable Securities in such Public Offering, such holder. Where this Agreement provides for the vote, consent or approval of the Principal Participating Holders, such vote, consent or approval shall be required of each such holder as identified in the preceding sentence.

"Pro Rata Portion" shall mean:

(i) for purposes of Section 4.1.5, with respect to each Tag Along Seller, a number of Shares equal to the aggregate number of Shares that the Prospective Buyer is willing to purchase in the proposed Sale, multiplied by a fraction, the numerator of which is the aggregate number of Shares held by such Tag Along Seller and the denominator of which is the aggregate number of Shares held by all Tag Along Sellers, assuming the exercise of any Seller Warrant that is exercised or conditionally exercised prior to the Tag-Along Deadline;

(ii) for purposes of Section 4.4.6, with respect to each First Offer Purchaser, a number of Shares equal to the aggregate number of Subject Shares of the applicable class multiplied by a fraction, the numerator of which is the aggregate number of Shares of the applicable class held by such First Offer Purchaser and the denominator of which is the aggregate number of Shares of the applicable class held by all First Offer Purchasers; and

(iii) for purposes of Section 6.3, with respect to each holder of Registrable Securities or Parity Shares requesting that such shares be registered in such registration statement, a number of such shares equal to the aggregate number of shares of Common Stock to be registered in such registration (excluding any shares to be registered for the account of the Company) multiplied by a fraction, the numerator of which is the aggregate number of Registrable Securities and Parity Shares held by such holder, and the denominator of which is the aggregate number of Registrable Securities and Parity Shares held by all holders requesting that their Registrable Securities or Parity Shares be registered in such registration.

"Proportionate Reduction Event" shall mean, at any time that immediately prior thereto there are at least two Investor Groups each of which is then entitled to designate at least one director pursuant to Section 2.1, the consummation of any transaction or series of related transactions (including any dividend, distribution, redemption, stock repurchase or comparable transaction), whether or not the Company or Midco is a party thereto, that effects a reduction in the Total Investment of the Shares held by each such Investor Group that, in the good faith determination of a majority of the entire Board, is substantially proportionate with respect to each such Investor Group.

"Prospective Buyer" shall mean any Person proposing to purchase shares from a Prospective Selling Stockholder.

"Prospective Selling Stockholder" shall mean:

(i) for purposes of Section 3.4, any Stockholder that proposes to Transfer any Shares to any Prospective Buyer;

(ii) for purposes of Section 4.1, any Stockholder that proposes to Transfer any Shares to any Prospective Buyer, including a First Offer Purchaser pursuant to Section 4.4;

(iii) for purposes of Section 4.2, any Stockholder forming part of the acting Requisite Stockholder Majority that has elected to exercise the drag along right provided by such Section; and

(iv) for purposes of Section 4.4, any Stockholder that proposes to Transfer any Shares in a transaction that is subject to such Section.

"Prospective Subscriber" shall have the meaning set forth in Section 5.1.1.

"Providence Director" shall mean a member of the Board of Directors designated by one or more Providence Investors.

"Providence Investors" shall mean, as of any date, Providence Equity Partners IV, L.P. and Providence Equity Operating Partners IV, L.P., and their respective Permitted Transferees, in each case only if such Person is then a Stockholder and holds any Shares.

"Public Offering" shall mean a public offering and sale of Common Stock for cash pursuant to an effective registration statement under the Securities Act.

"Purchase Price Value" shall mean: (a) $1,000, in the case of a share of Class A Stock, (b) $81,000, in the case of a share of Class L Stock and (c) $10,000, in the case of a share of Preferred Stock, in each case appropriately adjusted for any stock split, stock dividend, combination, recapitalization or the like involving such class.

"Purchaser" shall have the meaning set forth in the Preamble.

"Registrable Securities" shall mean (a) all shares of Class A Stock, (b) all shares of Class A Stock issuable upon conversion of shares of Class L Stock, (c) all shares of Class A Stock issuable upon exercise, conversion or exchange of any Option, Warrant or Convertible Security and (d) all shares of Class A Stock directly or indirectly issued or issuable with respect to the securities referred to in clauses (a), (b) or (c) above by way of stock dividend or stock split or in connection with a combination of shares, recapitalization, merger, consolidation or other reorganization, in each case constituting Shares or Other Holder Shares. As to any particular Registrable Securities, such shares shall cease to be Registrable Securities when (i) such securities shall have ceased to be Shares or Other Holder Shares hereunder, (ii) a registration statement with respect to the sale of such securities shall have become effective under the Securities Act and such securities shall have been disposed of in accordance with such registration statement, (iii) such securities shall have been Transferred pursuant to Rule 144 or Rule 145, (iv) disposition of such securities may be made under Rule 144 or 145 and the holder of such securities holds no more than one percent of the shares of the applicable class outstanding as shown by the most recent report or statement published by the Company, (v) subject to the provisions of Section 8.2 hereof, such securities shall have been otherwise transferred, new certificates for them not bearing a legend restricting further transfer shall have been delivered by the Company and subsequent disposition of them shall not require registration of them under the Securities Act and such securities may be distributed without volume limitation or other restrictions on transfer under Rule 144 or Rule 145 (including without

application of paragraphs (c), (e) (f) and (h) of Rule 144), (vi) such securities shall have ceased to be outstanding or (vii) the holder thereof shall have withdrawn from this Agreement pursuant to Section 10.3.

"Registration Expenses" means any and all expenses incident to performance of or compliance with Section 6 of this Agreement (other than underwriting discounts and commissions paid to underwriters and transfer taxes, if any), including (a) all Commission and securities exchange or NASD registration and filing fees, (b) all fees and expenses of complying with securities or blue sky laws (including reasonable fees and disbursements of counsel for the underwriters in connection with blue sky qualifications of the Registrable Securities), (c) all printing, messenger and delivery expenses, (d) all fees and expenses incurred in connection with the listing of the Registrable Securities on any securities exchange or NASD pursuant to Section 6.3.2(vii) and all rating agency fees, (e) the fees and disbursements of counsel for the Company and of its independent public accountants, including the expenses of any special audits and/or "cold comfort" letters required by or incident to such performance and compliance, (f) the reasonable fees and disbursements of one counsel for the Holders selected pursuant to the terms of Section 6, (g) any fees and disbursements customarily paid by the issuers of securities, and (h) expenses incurred in connection with any road show (including the reasonable out-of-pocket expenses of the Holders).

"Regulation D" shall mean Regulation D under the Securities Act.

"Requisite Stockholder Majority" shall mean at any time the approval of (a) (i) any Principal Investor Group then holding Shares representing a Total Investment that is no less than that of any other Principal Investor Group and (ii) any other Principal Investor Group, if any and (b) if there are no Principal Investor Groups, the holders of a majority of the outstanding Class A Stock constituting Shares.

"Rule 144" shall mean Rule 144 under the Securities Act (or any successor Rule).

"Rule 145" shall mean Rule 145 under the Securities Act (or any successor Rule).

"Rule 145 Transaction" shall mean a registration on Form S-4 (or any successor Form) pursuant to Rule 145.

"Sale" shall mean a Transfer for value and the terms "Sell" and "Sold" shall have correlative meanings.

"Sale Notice" shall have the meaning set forth in Section 4.4.1.

"Securities Act" shall mean the Securities Act of 1933, as in effect from time to time.

"Seller MMT Warrant Agreement" shall mean the Agreement (MMT Warrants) of even date herewith by and among the Company, Midco and the Sellers.

"Seller MMT Warrants" shall mean the warrants issued pursuant to the Seller MMT Warrant Agreement.

"Seller Three-Year Warrants" shall mean the warrants issued pursuant to the Warrant Agreement (Three-Year Warrants) of even date herewith by and among the Company, Midco and the Sellers.

"Seller Warrants" shall mean the Seller MMT Warrants and the Seller Three-Year Warrants.

"Sellers" shall have the meaning set forth in the Preamble.

"Shares" shall mean (a) all shares of Stock held by a Stockholder, whenever issued, including all shares of Stock issued upon the exercise, conversion or exchange of any Options, Warrants (including the Seller Warrants) or Convertible Securities and (b) all Options, Warrants (excluding the Seller Warrants) and Convertible Securities held by a Stockholder (treating such Options, Warrants and Convertible Securities as a number of Shares equal to the number of Equivalent Shares represented by such Options, Warrants and Convertible Securities for all purposes of this Agreement except as otherwise specifically set forth herein). Shares shall include Management Shares for all purposes of this Agreement except with respect to Sections 5 and 7.

"Stock" shall mean the Common Stock and the Preferred Stock.

"Stockholders" shall have the meaning set forth in the Preamble.

"Strategic Investor" shall mean, with respect to any proposed Transfer, any (a) Person that is determined by (i) a majority of the entire Board and (ii) the Requisite Stockholder Majority to be a competitor of the Company or any of its subsidiaries or a potential strategic investor in the Company or any of its subsidiaries and (b) any Affiliate of any such Person. For purposes hereof, without limiting the foregoing, any Person with substantial operations in the Recorded Music Business (as defined in the Acquisition Agreement) or the Music Publishing Business (as defined in the Acquisition Agreement) shall be presumed to be a Strategic Investor unless (i) a majority of the entire Board and (ii) the Requisite Stockholder Majority otherwise determine.

"Subject Securities" shall have the meaning set forth in Section 5.

"Subject Shares" shall have the meaning set forth in Section 4.4.

"Tag Along Deadline" shall have the meaning set forth in Section 4.1.2.

"Tag Along Holder" shall have the meaning set forth in Section 4.1.1.

"Tag Along Notice" shall have the meaning set forth in Section 4.1.1.

"Tag Along Offer" shall have the meaning set forth in Section 4.1.2.

"Tag Along Sale Percentage" shall have the meaning set forth in Section 4.1.1.

"Tag Along Sellers" shall have the meaning set forth in Section 4.1.2.

"THL Director shall mean a member of the Board of Directors designated by one or more THL Investors.

"THL Investors" shall mean, as of any date, Thomas H. Lee Equity Fund V, L.P., Thomas H. Lee Parallel Fund V, L.P., Thomas H. Lee Equity (Cayman) Fund V, L.P., Putnam Investments Holdings, LLC, Putnam Investments Employees' Securities Company I LLC, Putnam Investments Employees Securities Company II LLC, 1997 Thomas H. Lee Nominee Trust, Thomas H. Lee Investors Limited Partnership and THL WMG Equity Investors, L.P., and their respective Permitted Transferees, in each case only if such Person is then a Stockholder and holds any Shares.

"Total Investment" shall mean at any time, (a) with respect to a set of Shares, the aggregate Purchase Price Value of such Shares, (b) with respect to a set of Seller MMT Warrants only or Seller Three-Year Warrants only, the aggregate Purchase Price Value of the maximum number of shares of Stock issuable upon exercise thereof (without regard to whether any such outstanding Seller MMT Warrants are then exercisable) and (c) with respect to a set of Seller MMT Warrants and Seller Three-Year Warrants, the greater of (i) the aggregate Purchase Price Value of the maximum number of shares of Stock issuable upon exercise of such Seller MMT Warrants (without regard to whether any such outstanding Seller MMT Warrants are then exercisable) and (ii) the aggregate Purchase Price Value of the maximum number of shares of Stock issuable upon exercise of such Seller Three-Year Warrants.

"Transfer" shall mean any sale, pledge, assignment, encumbrance or other transfer or disposition of any Shares or Other Holder Shares to any other Person, whether directly, indirectly, voluntarily, involuntarily, by operation of law, pursuant to judicial process or otherwise.

"Voting Stock Investment" shall mean, with respect to a set of Shares at any time, the aggregate Purchase Price Value of such Shares that are outstanding shares of Class A Stock.

"Warrants" shall mean any warrants to subscribe for, purchase or otherwise directly acquire Stock.

"Withdrawing Holders" shall have the meaning set forth in Section 10.3.

12. MISCELLANEOUS.

12.1. Authority; Effect. Each party hereto represents and warrants to and agrees with each other party that the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized on behalf of such party and do not violate any agreement or other instrument applicable to such party or by which its assets are bound. This Agreement does not, and shall not be construed to, give rise to the creation of a partnership among any of the parties hereto, or to constitute any of such parties members of a

joint venture or other association. The Company and Midco shall be jointly and severally liable for all obligations of each such party pursuant to this Agreement.

12.2. Notices. Any notices and other communications required or permitted in this Agreement shall be effective if in writing and (a) delivered personally, (b) sent by facsimile, or (c) sent by overnight courier, in each case, addressed as follows:

If to the Company, the Purchaser or Midco, to it:

In care of Thomas H. Lee Partners, L.P.
75 State Street
Boston, Massachusetts 02109
Facsimile: (617) 227-3514
Attention: Scott Sperling

with copies to:

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017
Facsimile: (212) 455-2502
Attention: John Finley, Esq.
Brian Stadler, Esq.

and

Ropes & Gray LLP
One International Place
Boston, Massachusetts 02210
Facsimile: (617) 951-7050
Attention: Alfred Rose, Esq.

If to a Stockholder or an Other Holder, to it at the address set forth in the records of the Company.

Notice to the holder of record of any shares of capital stock shall be deemed to be notice to the holder of such shares for all purposes hereof.

Unless otherwise specified herein, such notices or other communications shall be deemed effective (a) on the date received, if personally delivered, (b) on the date received if delivered by facsimile on a business day, or if not delivered on a business day, on the first business day thereafter and (b) two business days after being sent by overnight courier. Each of the parties hereto shall be entitled to specify a different address by giving notice as aforesaid to each of the other parties hereto.

12.3. Binding Effect, Etc. Except for restrictions on the Transfer of Shares or Seller Warrants set forth in other agreements, plans or other documents, this Agreement constitutes the

entire agreement of the parties with respect to its subject matter, supersedes all prior or contemporaneous oral or written agreements or discussions with respect to such subject matter, and shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, representatives, successors and permitted assigns. Except as otherwise expressly provided herein, no Holder party hereto may assign any of its respective rights or delegate any of its respective obligations under this Agreement without the prior written consent of the other parties hereto, and any attempted assignment or delegation in violation of the foregoing shall be null and void.

12.4. Descriptive Headings. The descriptive headings of this Agreement are for convenience of reference only, are not to be considered a part hereof and shall not be construed to define or limit any of the terms or provisions hereof.

12.5. Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one instrument.

12.6. Severability. In the event that any provision hereof would, under applicable law, be invalid or unenforceable in any respect, such provision shall be construed by modifying or limiting it so as to be valid and enforceable to the maximum extent compatible with, and possible under, applicable law. The provisions hereof are severable, and in the event any provision hereof should be held invalid or unenforceable in any respect, it shall not invalidate, render unenforceable or otherwise affect any other provision hereof.

12.7. No Recourse. Notwithstanding anything that may be expressed or implied in this Agreement, the Company and each Stockholder covenant, agree and acknowledge that no recourse under this Agreement or any documents or instruments delivered in connection with this Agreement shall be had against any current or future director, officer, employee, general or limited partner or member of any Stockholder or of any Affiliate or assignee thereof, as such, whether by the enforcement of any assessment or by any legal or equitable proceeding, or by virtue of any statute, regulation or other applicable law, it being expressly agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by any current or future officer, agent or employee of any Stockholder or any current or future member of any Stockholder or any current or future director, officer, employee, partner or member of any Stockholder or of any Affiliate or assignee thereof, as such, for any obligation of any Stockholder under this Agreement or any documents or instruments delivered in connection with this Agreement for any claim based on, in respect of or by reason of such obligations or their creation.

12.8. Aggregation of Shares. All Shares held by a Stockholder and its Affiliates shall be aggregated together for purposes of determining the availability of any rights under Sections 3.3, 4, 5, 6 and 7. Within any Investor Group, the Stockholders may allocate the ability to exercise any rights under this Agreement in any manner that such Investor Group (by a Majority in Interest of the Shares held by such Investor Group) sees fit.

13. GOVERNING LAW.

13.1. Governing Law. This Agreement and all claims arising out of or based upon this Agreement or relating to the subject matter hereof shall be governed by and construed in accordance with the domestic substantive laws of the State of Delaware without giving effect to any choice or conflict of laws provision or rule that would cause the application of the domestic substantive laws of any other jurisdiction.

13.2. Consent to Jurisdiction. Each party to this Agreement, by its execution hereof, (a) hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the State of Delaware for the purpose of any action, claim, cause of action or suit (in contract, tort or otherwise), inquiry, proceeding or investigation arising out of or based upon this Agreement or relating to the subject matter hereof, (b) hereby waives to the extent not prohibited by applicable law, and agrees not to assert, and agrees not to allow any of its subsidiaries to assert, by way of motion, as a defense or otherwise, in any such action, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that any such proceeding brought in one of the above-named courts is improper, or that this Agreement or the subject matter hereof or thereof may not be enforced in or by such court and (c) hereby agrees not to commence or maintain any action, claim, cause of action or suit (in contract, tort or otherwise), inquiry, proceeding or investigation arising out of or based upon this Agreement or relating to the subject matter hereof or thereof other than before one of the above-named courts nor to make any motion or take any other action seeking or intending to cause the transfer or removal of any such action, claim, cause of action or suit (in contract, tort or otherwise), inquiry, proceeding or investigation to any court other than one of the above-named courts whether on the grounds of inconvenient forum or otherwise. Notwithstanding the foregoing, to the extent that any party hereto is or becomes a party in any litigation in connection with which it may assert indemnification rights set forth in this agreement, the court in which such litigation is being heard shall be deemed to be included in clause (a) above. Notwithstanding the foregoing, any party to this Agreement may commence and maintain an action to enforce a judgment of any of the above-named courts in any court of competent jurisdiction. Each party hereto hereby consents to service of process in any such proceeding in any manner permitted by Delaware law, and agrees that service of process by registered or certified mail, return receipt requested, at its address specified pursuant to Section 12.2 hereof is reasonably calculated to give actual notice.

13.3. WAIVER OF JURY TRIAL. TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW WHICH CANNOT BE WAIVED, EACH PARTY HERETO HEREBY WAIVES AND COVENANTS THAT IT WILL NOT ASSERT (WHETHER AS PLAINTIFF, DEFENDANT OR OTHERWISE) ANY RIGHT TO TRIAL BY JURY IN ANY FORUM IN RESPECT OF ANY ISSUE OR ACTION, CLAIM, CAUSE OF ACTION OR

SUIT (IN CONTRACT, TORT OR OTHERWISE), INQUIRY, PROCEEDING OR INVESTIGATION ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE SUBJECT MATTER HEREOF OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE TRANSACTIONS CONTEMPLATED HEREBY, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING. EACH PARTY HERETO ACKNOWLEDGES THAT IT HAS BEEN INFORMED BY THE OTHER PARTIES HERETO THAT THIS

SECTION 13.3 CONSTITUTES A MATERIAL INDUCEMENT UPON WHICH THEY ARE RELYING AND WILL RELY IN ENTERING INTO THIS AGREEMENT. ANY PARTY HERETO MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION 13.3 WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF EACH SUCH PARTY TO THE WAIVER OF ITS RIGHT TO TRIAL BY JURY.

13.4. Exercise of Rights and Remedies. No delay of or omission in the exercise of any right, power or remedy accruing to any party as a result of any breach or default by any other party under this Agreement shall impair any such right, power or remedy, nor shall it be construed as a waiver of or acquiescence in any such breach or default, or of any similar breach or default occurring later; nor shall any such delay, omission nor waiver of any single breach or default be deemed a waiver of any other breach or default occurring before or after that waiver.

[Signature pages follow]

IN WITNESS WHEREOF, each of the undersigned has duly executed this Agreement (or caused this Agreement to be executed on its behalf by its officer or representative thereunto duly authorized) under seal as of the date first above written.

THE COMPANY:

WMG PARENT CORP.

By: /s/ Scott Sperling
Name: Scott Sperling
Title: President

MIDCO:

WMG HOLDINGS CORP.

By: /s/ Scott Sperling
Name: Scott Sperling
Title: President

PURCHASER:

WMG ACQUISITION CORP.

By: /s/ Scott Sperling
Name: Scott Sperling
Title: President

THE INVESTORS:

THOMAS H. LEE EQUITY FUND V, L.P.
By: THL Equity Advisors V, LLC, its general partner
By: Thomas H. Lee Partners, L.P., its sole member
By: Thomas H. Lee Advisors, LLC, its general partner

By: *
Name:
Title: Principal Managing Director

THOMAS H. LEE PARALLEL FUND V, L.P.
By: THL Equity Advisors V, LLC, its general partner
By: Thomas H. Lee Partners, L.P., its sole member
By: Thomas H. Lee Advisors, LLC, its general partner

By: *
Name:
Title: Principal Managing Director

THOMAS H. LEE EQUITY (CAYMAN) FUND V, L.P.
By: THL Equity Advisors V, LLC, its general partner
By: Thomas H. Lee Partners, L.P., its sole member
By: Thomas H. Lee Advisors, LLC, its general partner

By: *
Name:
Title: Principal Managing Director

THL WMG EQUITY INVESTORS, L.P.
By: THL Equity Advisors V, LLC, its general partner
By: Thomas H. Lee Partners, L.P., its sole member
By: Thomas H. Lee Advisors, LLC, its general partner

By: *
Name:
Title: Principal Managing Director

* The signature appearing immediately below shall serve as a signature at each place indicated with an "*" on this page above:

/s/ Thomas H. Lee
Name: Thomas H. Lee

1997 THOMAS H. LEE NOMINEE TRUST

By: U.S. Bank, N.A., not personally, but solely as Trustee under the 1997 Thomas H. Lee Nominee Trust

By: /s/ Gerald R. Wheeler
Name: Gerald R. Wheeler
Title: Vice President

THOMAS H. LEE INVESTORS LIMITED PARTNERSHIP
By: THL Investment Management Corp., its general partner

By: /s/ Thomas H. Lee
Name: Thomas H. Lee
Title: Chief Executive Officer

PUTNAM INVESTMENTS HOLDINGS, LLC
By: Putnam Investments, LLC, its managing member

By: *
Name: William H. Woolverton
Title: Managing Director

PUTNAM INVESTMENTS EMPLOYEES' SECURITIES COMPANY I LLC
By: Putnam Investments Holdings, LLC, its managing member
By: Putnam Investments, LLC, its managing member

By: *
Name: William H. Woolverton
Title: Managing Director

PUTNAM INVESTMENTS EMPLOYEES' SECURITIES COMPANY II LLC
By: Putnam Investments Holdings, LLC, its managing member
By: Putnam Investments, LLC, its managing member

By: *
Name: William H. Woolverton
Title: Managing Director

* The signature appearing immediately below shall serve as a signatureat each place indicated with an "*" on this page above:

/s/ William H. Woolverton
Name: William H. Woolverton

BAIN CAPITAL INTEGRAL INVESTORS, LLC

By: *
Name:
Title: Managing Director

BAIN CAPITAL VII COINVESTMENT FUND, LLC
By: Bain Capital VII Coinvestment Fund, L.P., it sole member
By: Bain Capital Partners VII, L.P., its general partner
By: Bain Capital Investors, LLC, its general partner

By: *
Name:
Title: Managing Director

BCIP TCV, LLC
By: Bain Capital Investors, LLC

By: *
Name:
Title: Managing Director

* The signature appearing immediately below shall serve as a signature at each place indicated with an "*" on this page above:

/s/ Ian Loring
Name: Ian Loring

PROVIDENCE EQUITY PARTNERS IV, L.P.
By: Providence Equity Partners GP IV L.P.,
its general partner
By: Providence Equity Partners IV LLC,
its general partner

By: *
Name:
Title:

PROVIDENCE EQUITY OPERATING PARTNERS IV, L.P.
By: Providence Equity Partners GP IV L.P.,
its general partner
By: Providence Equity Partners IV LLC,
its general partner

By: *
Name:
Title:

* The signature appearing immediately below shall serve as a signature at each place indicated with an "*" on this page above:

/s/ Mark J. Masiello
Name: Mark J. Masiello

MUSIC CAPITAL PARTNERS, L.P.
By: Music Partners Capital Limited,
its general partner

By: /s/ Edgar M. Bronfman, Jr.
Name: Edgar M. Bronfman, Jr.
Title: President

/s/ Edgar Bronfman, Jr.
Edgar Bronfman, Jr.

THE MANAGERS:

/s/ Lyor Cohen
Lyor Cohen

HISTORIC TW INC.,

by /s/ Robert Marcus
Name: Robert Marcus
Title: Senior Vice President

Schedule 1
Holdings of Shares

Holder	WMG Parent Corp. Class A Common Stock	WMG Parent Corp. Class L Common Stock	WMG Holdings Corp. Preferred Stock
Thomas H. Lee Equity Fund V, L.P.	27,503.70221	3,055.96691	12,942.91869
Thomas H. Lee Parallel Fund V, L.P.	7,136.10822	792.90091	3,358.16858
Thomas H. Lee Equity (Cayman) Fund V, L.P.	378.96291	42.10699	178.33549
Putnam Investments Holdings, LLC	214.94276	23.88253	101.14954
Putnam Investments Employees' Securities Company I LLC	184.74662	20.52740	86.93958
Putnam Investments Employees' Securities Company II LLC	164.95229	18.32803	77.62461
1997 Thomas H. Lee Nominee Trust	66.24873	7.36097	31.17587
Thomas H. Lee Investors Limited Partnership	50.33625	5.59292	23.68765
THL WMG Equity Investors, L.P.	8,840.00000	982.22222	4,160.00000
Bain Capital Integral Investors, LLC	13,476.67700	1,486.84568	6,290.31260
BCIP TCV, LLC	70.62300	18.40988	84.88740
Bain Capital VII Coinvestment Fund, LLC	5,492.70000	610.30000	2,584.80000
Providence Equity Partners IV L.P.	10,167.20700	1,129.68967	4,784.56800
Providence Equity Operating Partners IV L.P.	32.79300	3.64367	15.43200
Music Capital Partners, L.P.	11,220.00000	1,246.66667	5,280.00000
Warrants			
Historic TW Inc. - MMT Warrant	21,117.35331	2,346.37259	9937.57803
Historic TW Inc. - Three-Year Warrant	15,000,000	1,666.6667	7,058.82353
Restricted Stock			
Edgar Bronfman, Jr.	2883.9136	0	0
Lyor Cohen	2098.9543	0	0

AMENDMENT NO. 1 TO
STOCKHOLDERS AGREEMENT

This Amendment No. 1 (the "Amendment"), dated as of July 30, 2004, to the Stockholders Agreement dated as of February 29, 2004 among WMG Parent Corp., a Delaware corporation (the "Company"), WMG Holdings Corp., a Delaware corporation ("Midco"), WMG Acquisition Corp., a Delaware corporation, the Investors named therein and certain other parties thereto (the "Agreement"), is made by the Company, Midco and the undersigned Investors. Capitalized terms used and not otherwise defined herein shall have the same meaning as specified in the Agreement.

RECITALS

WHEREAS, the Company, Midco and the undersigned Investors desire to amend the Agreement pursuant to Section 10.2 thereof to better effectuate the intent of the parties thereto; and

WHEREAS, the undersigned Investors constitute (i) the holders of at least a Majority in Interest of the Shares, (ii) the Majority THL Investors, the Majority Bain Investors, the Majority Providence Investors and the Majority Lexa Investors and (iii) the Requisite Stockholder Majority.

NOW, THEREFORE, the parties hereto hereby agree as follows:

1. Amendment to Section 2.4. The first paragraph of Section 2.4 of the Agreement is amended and restated in its entirety to read as follows:

2.4. Certain Actions. The Company, Midco and the holders of Shares agree that, in addition to any other approval required by the certificate of incorporation of the Company or Midco or by applicable law, the approval of a majority of the entire Board and, except with respect to Section 2.4.1, the approval of the Requisite Stockholder Majority, shall be required to do any of the following:

2. Effect of Amendment. Except to the extent expressly modified hereby, the provisions of the Agreement shall remain unmodified and the Agreement, as amended hereby, is confirmed as being in full force and effect.

3. Governing Law. This Amendment and all claims arising out of or based upon this Amendment or relating to the subject matter hereof shall be governed by and construed in accordance with the domestic substantive laws of the State of Delaware without giving effect to any choice or conflict of laws provision or rule that would cause the application of the domestic substantive laws of any other jurisdiction.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, each of the undersigned has duly executed this Amendment (or caused this Amendment to be executed on its behalf by its officer or representative thereunto duly authorized) under seal as of the date first above written.

THE COMPANY: **WMG PARENT CORP.**

By: /s/ Edgar Bronfman, Jr.
Name: Edgar Bronfman, Jr.
Title: Chief Executive Officer

MIDCO: **WMG HOLDINGS CORP.**

By: /s/ Paul Robinson
Name: Paul Robinson
Title: SVP & Deputy General Counsel

SIGNATURE PAGE
AMENDMENT NO. 1 TO STOCKHOLDERS AGREEMENT

THE INVESTORS: **THOMAS H. LEE EQUITY FUND V, L.P.**

By: THL Equity Advisors V, LLC, its general partner
By: Thomas H. Lee Partners, L.P., its sole member
By: Thomas H. Lee Advisors, LLC, its general partner

By: *
Name:

Title:

THOMAS H. LEE PARALLEL FUND V, L.P.
By: THL Equity Advisors V, LLC, its general partner
By: Thomas H. Lee Partners, L.P., its sole member
By: Thomas H. Lee Advisors, LLC, its general partner

By: *
Name:
Title:

THOMAS H. LEE EQUITY (CAYMAN) FUND V, L.P.
By: THL Equity Advisors V, LLC, its general partner
By: Thomas H. Lee Partners, L.P., its sole member
By: Thomas H. Lee Advisors, LLC, its general partner

By: *
Name:
Title:

THL WMG EQUITY INVESTORS, L.P.
By: THL Equity Advisors V, LLC, its general partner
By: Thomas H. Lee Partners, L.P., its sole member
By: Thomas H. Lee Advisors, LLC, its general partner

By: *
Name:
Title:

* The signature appearing immediately below shall serve as a signature at each place indicated with an "*" on this page above:

/s/ Thomas H. Lee
Name: Thomas H. Lee
Title: Managing Director

1997 THOMAS H. LEE NOMINEE TRUST
By: US Bank, not personally, but solely as Trustee under the 1997 Thomas H. Lee Nominee Trust

By: /s/ Paul D. Allen
Name: Paul D. Allen
Title: Vice President

THOMAS H. LEE INVESTORS LIMITED PARTNERSHIP
By: THL Investment Management Corp., its general partner

By: /s/ Thomas H. Lee
Name: Thomas H. Lee
Title: Chief Executive Officer

PUTNAM INVESTMENT HOLDINGS, LLC
By: Putnam Investments, LLC, its managing member

By: *
Name: Charles A. Ruys de Perez
Title: Managing Director

PUTNAM INVESTMENTS EMPLOYEES' SECURITIES COMPANY I LLC
By: Putnam Investment Holdings, LLC, its managing member
By: Putnam Investments, LLC, its managing member

By: *
Name: Charles A. Ruys de Perez

Title: Managing Director

PUTNAM INVESTMENTS EMPLOYEES' SECURITIES COMPANY II LLC
By: Putnam Investment Holdings, LLC, its managing member
By: Putnam Investments, LLC, its managing member

By: *
Name: Charles A. Ruys de Perez
Title: Managing Director

* The signature appearing immediately below shall serve as a signature at each place indicated with an "*" on this page above:

/s/ Charles A. Ruys de Perez
Name: Charles A. Ruys de Perez

BAIN CAPITAL INTEGRAL INVESTORS, LLC

By: *
Name:
Title: Managing Director

BAIN CAPITAL VII COINVESTMENT FUND, LLC
By: Bain Capital VII Coinvestment Fund, L.P.,
its sole member
By: Bain Capital Partners VII, L.P.,
its general partner
By: Bain Capital Investors, LLC,
its general partner

By: *
Name:
Title: Managing Director

BCIP TCV, LLC
By: Bain Capital Investors, LLC

By: *
Name:
Title: Managing Director

* The signature appearing immediately below shall serve as a signature at each place indicated with an "*" on this page above:

/s/ Ian Loring
Name:

PROVIDENCE EQUITY PARTNERS IV, L.P.
By: Providence Equity Partners GP IV L.P.,
its general partner
By: Providence Equity Partners IV LLC,
its general partner

By: *
Name:
Title:

PROVIDENCE EQUITY OPERATING PARTNERS IV, L.P.

By: Providence Equity Partners GP IV L.P.,
its general partner
By: Providence Equity Partners IV LLC,
its general partner

By: *
Name:
Title:

* The signature appearing immediately below shall serve as a signature at each place indicated with an "*"on this page above:

/s/ Glenn M. Creamer
Name: Glenn M. Creamer

MUSIC CAPITAL PARTNERS, L.P.
By: MUSIC PARTNERS CAPITAL LIMITED
its general partner

By /s/ Gary Fuhrman
Name: Gary Fuhrman
Title: Vice President

Exhibit 10.15

SELLER ADMINSTRATIVE SERVICES AGREEMENT

Between

TIME WARNER INC.

and

WMG ACQUISITION CORP.

Dated February 29, 2004

TABLE OF CONTENTS

SELLER ADMINISTRATIVE SERVICES AGREEMENT (this "Seller Administrative Services Agreement"), dated February 29, 2004, between TIME WARNER INC. ("Seller") and WMG ACQUISITION CORP. ("Purchaser").

In consideration of the mutual covenants contained in this Seller Administrative Services Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

ARTICLE I

Definitions

SECTION 1.01. Definitions. Capitalized terms used but not defined herein shall have the respective meanings assigned to them in the Purchase Agreement (as defined herein).

SECTION 1.02. Certain Terms.

"Purchase Agreement" means that Purchase Agreement, dated as of November 24, 2003, between Seller and Purchaser.

"Services" means the services identified on Exhibit A.

"Service Categories" means the categories of Service Items as identified on Exhibit A or otherwise agreed by the parties.

"Service Items" means the individual service items included within the various Service Categories identified on Exhibit A or otherwise agreed by the parties.

SECTION 1.03. Usage Generally; Interpretation. References in this Seller Administrative Services Agreement to any gender include references to all genders. Any term defined in this Seller Administrative Services Agreement in the singular form shall have the correlative meaning in the plural form, and any term defined in this Seller Administrative Services Agreement in the plural form shall have the correlative meaning in the singular form. References in this Seller Administrative Services Agreement to a party or other Person include their respective successors and permitted assigns. The words "include", "includes" and "including" when used in this Seller Administrative Services Agreement shall be deemed to be followed by the phrase "without limitation". Unless the context otherwise requires, references in this Seller Administrative Services Agreement to Articles, Sections and Exhibits shall be deemed references to Articles and Sections of, and Exhibits to, this Seller Administrative Services Agreement. Unless the context otherwise requires, the words "hereof", "hereby" and "herein" and words of similar meaning when used in this Seller Administrative Services Agreement refer to this Seller Administrative Services Agreement in its entirety and not

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to any particular Article, Section or provision of this Seller Administrative Services Agreement.

ARTICLE II

Services

SECTION 2.01. Agreement to Provide Services. (a) Seller shall provide the Services to the Acquired Companies and in respect of the Acquired Assets as provided herein. Purchaser shall provide input and assistance to Seller in connection with the performance of the Services as reasonably requested by Seller, and shall advise Seller as to the desired manner and nature of the Services to be provided. Seller shall determine the Seller personnel who shall perform the Services. Seller may, at its option, from time to time delegate any of or all its obligations under this Seller Administrative Services Agreement to any one or more of its Affiliates. In addition, Seller may, as it deems necessary or desirable, engage the services of other professionals and consultants in connection with the performance of the Services; provided, that the Purchaser consents in writing to such engagement, which consent shall not be unreasonably withheld; and provided further Seller shall remain directly and fully liable to Purchaser for the performance of its obligations hereunder notwithstanding the engagement of any such professionals or consultants. During the term of this Seller Administrative Services Agreement, Seller shall use its reasonable efforts to make its corporate resources available as reasonably requested by Purchaser and the Acquired Companies in connection with the transition and integration of the Acquired Companies and the Acquired Assets, during normal business hours, provided, that the provision of such corporate resources does not interfere with the conduct of business of Seller and does not result in any cost to Seller.

(b) Unless otherwise agreed by the parties, the Services shall be:

(i) performed by Seller in a reasonably prompt and professional manner that is substantially the same manner in which Seller currently provides similar services for the Acquired Companies or in respect of the Acquired Assets, as the case may be; and

(ii) used by the Acquired Companies or the entities holding the Acquired Assets, as the case may be, for substantially the same purpose and in substantially the same manner as the Acquired Companies and the entities holding the Acquired Assets currently use similar such services.

(c) Notwithstanding anything herein to the contrary, this Seller Administrative Services Agreement is not intended to amend, replace or otherwise affect in any manner any existing contractual relationships between Seller and its Subsidiaries, on the one hand, and Purchaser and the Acquired Companies, on the other hand.

SECTION 2.02. Change Orders. (a) Service Additions. Exhibit A may be amended at any time by the mutual written agreement of the parties to add additional Services.

(b) Service Deletions. Upon prior written notice (a "Service Deletion Notice") delivered to Seller not less than the requisite number of days prior to termination as specified in Exhibit A, Purchaser may:

(i) terminate this Seller Administrative Services Agreement with respect to any Service Category; or

(ii) terminate this Seller Administrative Services Agreement with respect to any individual Service Item included in the Services, so long as the other remaining Service Items in the relevant Service Category can thereafter still be practicably provided by Seller pursuant to this Seller Administrative Services Agreement. If Seller reasonably determines that it cannot thereafter practicably provide the other Service Items in the relevant Service Category, then Seller shall so notify Purchaser within 30 days after Seller's receipt of the relevant Service Deletion Notice and such termination with respect to such Service Item shall not take effect.

(c) Termination by Seller. Except as otherwise provided in Exhibit A, upon not less than 180 days' prior written notice to Purchaser, Seller may terminate this Seller Administrative Services Agreement with respect to any Service Category included in the Services if Seller and its Affiliates cease to provide such Service Category to Seller's Subsidiaries, divisions and business units. Notwithstanding the foregoing provision, Services under Human Resources and Benefits and Treasury as described on Exhibit A shall not be terminated until the respective Default Termination Date.

(d) Return of Books and Records. Upon the request of Purchaser after the termination of a Service with respect to which Seller holds books, records or files, including current and archived copies of computer files, (i) owned by Purchaser or its Affiliates and used by Seller in connection with the provision of a Service to the Acquired Companies or in respect of the Acquired Assets, or (ii) created by Seller and in Seller's possession as a function of and relating to provision of Services to the Acquired Companies or in respect of the Acquired Assets, such books and records shall be returned to Purchaser. The Acquired Companies shall be entitled to retain and use any such materials. Seller shall return all such books, records or files as soon as reasonably practicable. Purchaser shall bear Seller's costs and expenses associated with the return of such documents. At its expense, Seller may make a copy of such books, records or files for its legal files.

SECTION 2.03. No Management Authority. Notwithstanding any other provision hereof, Seller shall not be authorized by, and shall have no responsibility under, this Seller Administrative Services Agreement to manage the affairs of the Acquired Companies.

ARTICLE III

Compensation

SECTION 3.01. Compensation for Services. As compensation for Services rendered pursuant to this Seller Administrative Services Agreement, Purchaser shall pay to Seller an amount equal to the Cost of Services as specified in Exhibit A for each Service Category.

SECTION 3.02. Adjustments to Cost of Services. (a) Adjustments Due to Service Additions or Deletions. If at any time the parties mutually agree to add any Service Categories or Service Items to the Services to be provided to the Acquired Companies or in respect of the Acquired Assets hereunder, then concurrently with the addition of such Service Item or Service Category, as the case may be, the parties shall work in good faith to agree upon the then-current Cost of Services as appropriate to reflect such addition. If at any time this Seller Administrative Services Agreement is terminated with respect to any Service Item in accordance with Section 2.02, then not less than 30 days prior to such termination, Seller and Purchaser shall work in good faith to mutually agree upon an appropriate decrease, if any, to the then-current Cost of Services.

(b) Adjustments Due to Variances in Usage of Services. If, at any time, usage of any Service Category varies materially from the projected patterns of usage employed by the parties to determine the then-applicable Cost of Services with respect to such Service Category, then either Purchaser or Seller, by written notice (a "Cost Adjustment Request") to the other, may trigger a review of the then-applicable Cost of Services attributable to such Service Category. Within 45 days after any Cost Adjustment Request, Seller and Purchaser shall agree upon an appropriate adjustment, if any, to the Cost of Services applicable to such Service Category so that such Cost of Services shall more appropriately reflect the actual direct cost to Seller of providing Services within such Service Category at then-current usage rates.

SECTION 3.03. Payment Terms. (a) Seller shall bill Purchaser at the end of each month for an amount equal to the sum of the Cost of Services for that month. Purchaser shall pay such amount in full within 45 days after receipt of invoice. Each invoice shall set forth in reasonable detail the calculation of the charges and amounts upon which the sum of the Cost of Services is comprised, broken down by the Cost of Services for each Service during the month to which such invoice relates. Other remedies for non-payment notwithstanding, if any payment is not received by Seller on or before the

date such amount is due, then a late payment interest charge, calculated at a 6% per annum rate, on the past amount due shall become immediately due and payable in addition to the amount owed under this Seller Administrative Services Agreement. If at any time this Seller Administrative Services Agreement is terminated with respect to any Service Item in accordance with Section 2.02, then not more than 45 days after such termination, Seller shall return to Purchaser any amounts prepaid by Purchaser to Seller in respect of the days in the month during which the effectiveness of the termination occurred which fall after such termination.

(b) If Purchaser has any objection to the amount of the invoice, it shall have the right to inspect Seller's records with respect thereto. Following such inspection, the parties shall endeavor in good faith to resolve any disagreement with respect to charges and costs hereunder. Thereafter, Purchaser will be entitled to a prompt refund of any amounts paid in excess of the amounts required hereunder, and Seller shall promptly pay any deficiency amounts (with interest at 6% per annum) found to be due as a result of such inspection.

SECTION 3.04. Disclaimer of Warranty. EXCEPT AS EXPRESSLY SET FORTH IN THIS SELLER ADMINISTRATIVE SERVICES AGREEMENT, THE SERVICES TO BE PURCHASED UNDER THIS SELLER ADMINISTRATIVE SERVICES AGREEMENT ARE FURNISHED WITHOUT WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNEES FOR ANY PARTICULAR PURPOSE. SELLER DOES NOT MAKE ANY WARRANTY THAT ANY SERVICE COMPLIES WITH ANY LAW, DOMESTIC OR FOREIGN.

SECTION 3.05. Books and Records. Seller shall maintain complete and accurate books of account as necessary to support its calculations of the Cost of Services and shall make such books available to Purchaser, upon reasonable notice, during normal business hours; provided, however, that to the extent Seller's books contain information relating to any other aspect of Seller's business, Seller and Purchaser shall negotiate a procedure to provide Purchaser the necessary access while preserving the confidentiality of such other records. In performing the Services, Seller shall be entitled to assume that all books and records provided by Purchaser or the Acquired Companies are true and accurate.

ARTICLE IV

Term

SECTION 4.01. Commencement. This Seller Administrative Services Agreement is effective as of the Closing Date and shall remain in effect with respect to a particular Service until the Default Termination date as specified in Exhibit A unless and until terminated in accordance with Section 4.02.

SECTION 4.02. Termination. This Seller Administrative Services Agreement may be terminated as follows:

(a) By Purchaser. With respect to any Service Category, at any time upon prior written notice to Seller as provided in Exhibit A.

(b) By Either Party. If either party materially breaches any of its obligations under this Seller Administrative Services Agreement, the non-breaching party may terminate this Seller Administrative Services Agreement, including the provision of Services pursuant hereto, effective at any time upon not less than 30 days written notice of termination to the breaching party, provided said breaching party does not cure such

default within 30 days after receiving written notice thereof from the non-breaching party.

In the event of any termination of this Seller Administrative Services Agreement, each party shall remain liable for all obligations of such party accrued hereunder prior to the date of such termination, including all obligations of Purchaser to pay any amounts due to Seller hereunder.

ARTICLE V

Indemnification; Limitation of Liability

SECTION 5.01. Indemnification by Purchaser. Purchaser shall indemnify and hold harmless Seller, its Affiliates, partners, officers, employees, agents and permitted assigns (each, a "Seller Party" and, together, the "Seller Parties") from and against any and all losses, liabilities, claims, litigation, damages, penalties, actions, demands or expenses, including the reasonable fees and expenses of counsel (collectively, "Losses") incurred by Seller and arising out of, in connection with or by reason of this Seller Administrative Services Agreement or any Services provided by Seller hereunder, except to the extent such Losses arise out of Seller's material breach under this Seller Administrative Services Agreement or Seller's gross negligence or willful misconduct.

SECTION 5.02. Limitation on Liability; Indemnification by Seller. (a) No Seller Party shall be liable (whether such liability is direct or indirect, in contract or tort or otherwise) to Purchaser or any of its Affiliates, partners, officers employees, agents, auditors or permitted assigns, for any Losses arising out of, related to, or in connection with the Services or this Seller Administrative Services Agreement, except to the extent that such Losses arise out of Seller's material breach under this Seller Administrative Services Agreement or Seller's gross negligence or willful misconduct.

(b) Seller shall indemnify and hold harmless Purchaser, its Affiliates, partners, officers, employees, agents and permitted assigns (each an "Purchaser Party") from and against any and all Losses incurred by such Purchaser Party and arising out of, in connection with or by reason of this Seller Administrative Services Agreement or any Services provided by Seller hereunder, which arise out of Seller's material breach of this Seller Administrative Services Agreement or Seller's gross negligence or willful misconduct.

(c) IN NO EVENT SHALL ANY SELLER PARTY BE LIABLE WHETHER IN CONTRACT, IN TORT (INCLUDING NEGLIGENCE AND STRICT LIABILITY) OR OTHERWISE TO ANY PURCHASER PARTY FOR ANY CONSEQUENTIAL DAMAGES (INCLUDING LOSS OF

PROFITS) AS A RESULT OF ANY BREACH, PERFORMANCE OR NON-PERFORMANCE BY ANY SELLER PARTY OF THIS SELLER ADMINISTRATIVE SERVICES AGREEMENT.

(d) The provisions of this Article V shall survive indefinitely, notwithstanding any termination of all or any portion of this Seller Administrative Services Agreement.

ARTICLE VI

Other Covenants

SECTION 6.01. Attorney-in-Fact. On a case-by-case basis, Purchaser shall execute documents necessary to appoint Seller as its attorney-in-fact for the sole purpose of executing any and all documents and instruments reasonably required to be executed in connection with the performance by Seller of any Service under this Seller Administrative Services Agreement.

ARTICLE VII

Other Matters

SECTION 7.01. Title to Data. Purchaser acknowledges that it will acquire no right, title or interest (including any license rights or rights of use) in any firmware or software, and the licenses therefor that are owned by Seller or its Affiliates, by reason of their provision of the Services provided hereunder. Seller agrees that all records, data, files, input materials and other information received or computed that relate to Purchaser or its Affiliates are the property of Purchaser or its Affiliates, respectively.

SECTION 7.02. Notices. All notices, request and other communications to any party hereunder shall be in writing (including facsimile transmission) and shall be given,

if to Seller, to:

Time Warner Inc,
75 Rockefeller Plaza
New York, NY 10019
Fax: (212) 258-3172
Attn: General Counsel

with copies to:

Cravath, Swaine & Moore LLP
825 Eighth Avenue
New York, New York 10019
Fax: (212) 474-3700
Attn: Richard Hall, Esq.

if to Purchaser, to:

WMG Acquisition Corp.
In care of Thomas H. Lee Partners, L.P.
75 State Street
Boston, Massachusetts 02109
Fax: (617) 227-3514
Attn: Scott Sperling

with copies to:

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017
Fax: (212) 455-2502
Attn: John Finley, Esq.
Brian Stadler, Esq.

or such other address or facsimile number as such party may hereafter specify for the purpose by notice to the other parties hereto. All such notices, requests and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 5 p.m. in the place of receipt and such day is a business day, in the place of receipt. Otherwise, any such notice, request or communication shall be deemed not to have been received until the next succeeding business day in the place of receipt.

SECTION 7.03. Amendments; No Waivers. (a) Any provision of this Seller Administrative Services Agreement may be amended or waived if, but only if, such amendment or waiver is in writing and is signed, in the case of an amendment, by each party to this Seller Administrative Services

Agreement or, in the case of a waiver, by each party against whom the waiver is to be effective.

(b) No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

SECTION 7.04. Governing Law. This Seller Administrative Services Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof; provided, however, that the laws of the respective jurisdictions of incorporation of each of the parties hereto shall govern the relative rights, obligations, powers, duties and other internal affairs of such party and its board of directors.

SECTION 7.05. Enforcement. (a) Each party hereby consents to the exclusive jurisdiction of the United States Federal courts located in the State of New York with respect to disputes arising out of this Seller Administrative Services Agreement.

(b) Other than as specified in Article V, there are not any intended third-party beneficiaries of any provision of this Seller Administrative Services Agreement.

SECTION 7.06. Severability. If any term, provision, covenant, restriction or other condition of this Seller Administrative Services Agreement is held by a court of competent jurisdiction or other authority to be invalid, illegal or incapable of being enforced by any rule or law, or public policy, all other terms, provisions, covenants, restrictions and conditions of this Seller Administrative Services Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to either party. Upon such a determination, the parties shall negotiate in good faith to modify this Seller Administrative Services Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are consummated to the extent possible.

SECTION 7.07. Confidentiality. Except as otherwise required under applicable law, each party agrees that it and its respective Affiliates will maintain as confidential, and not use, any and all information provided by either party to the other or otherwise obtained by such party in connection with or as a result of this Seller Administrative Services Agreement. Nothing contained in this Section shall limit or affect in any way obligations of the parties to maintain the confidentiality of information pursuant to the Purchase Agreement. Notwithstanding anything herein to the contrary, each party to this Seller Administrative Services Agreement (and any employee, representative or other agent of such party) may disclose to any and all persons, without limitation of any kind, the U.S. federal income tax treatment and the U.S. federal income tax structure of the transactions contemplated by this Seller Administrative Services Agreement and all materials of any kind (including opinions or other tax analyses) that are provided to it relating to such tax treatment and tax structure. However, no such party shall disclose any information relating to such tax treatment or tax structure to the extent nondisclosure is reasonably necessary in order to comply with applicable securities laws.

SECTION 7.08. Counterparts. This Seller Administrative Services Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties.

SECTION 7.09. Independent Contractors. No agency, partnership or joint venture is established by this Seller Administrative Services Agreement. Neither party shall enter into, incur liabilities or hold itself out to third parties as having the authority to enter into and incur any contractual obligations, expenses, or liabilities on behalf of the other party.

SECTION 7.10. Assignment. Other than as provided in Section 2.01, neither this Seller Administrative Services Agreement nor any of the rights, interests or obligations hereunder shall be assigned, in whole or in part, by operation of law or otherwise by either party without the prior written consent of the other party.

Notwithstanding the foregoing, Purchaser may assign all or a portion of its rights hereunder to one or more of its Subsidiaries, provided that no such assignment shall relieve Purchaser of any obligations hereunder. Any purported assignment without such consent shall be void. Subject to the preceding sentences, this Seller Administrative Services Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the parties and their respective successors and assigns.

SECTION 7.11. WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS SELLER ADMINISTRATIVE SERVICES AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

SECTION 7.12. Entire Agreement. This Seller Administrative Services Agreement and the Purchase Agreement constitute the entire agreement between the parties with respect to the subject matter of this Seller Administrative Services Agreement and supersede all prior agreements and understandings, both oral and written, between the parties with respect to the subject matter of this Seller Administrative Services Agreement.

SECTION 7.13. Captions. The captions herein are included for convenience of reference only and shall be ignored as in the construction or interpretation hereof.

IN WITNESS WHEREOF, the parties have caused this Seller Administrative Services Agreement to be duly executed as of the day and year first written above.

TIME WARNER INC.,

By /s/ Douglas S. Phillips
Name: Douglas S. Phillips
Title: Vice President

WMG ACQUISITION CORP.,

By _____
Name:
Title:

IN WITNESS WHEREOF, the parties have caused this Seller Administrative Services Agreement to be duly executed as of the day and year first written above.

TIME WARNER INC.,

By _____
Name:
Title:

WMG ACQUISITION CORP.,

By /s/ Scott Sperling
Name: Scott Sperling
Title: President

Exhibit A - Services

Service Category:	**Accounting**
Default Termination:	December 31, 2004
Termination Notice by Purchaser:	30 days
Service Items:	Audit services performed to assist Purchaser with its audits of the Acquired Companies.
Cost of Services:	For internal accounting work, costs of services represent an allocation of employee compensation (including benefits) and other out-of-pocket costs directly attributable to the provision of such internal accounting work, based on actual time spent on projects performed to assist Purchaser. External audit fees to the extent attributable to Purchaser-related projects will be passed through to Purchaser at Seller's cost or paid directly by Purchaser. If Seller's normal practice prior to Closing was to value costs of Accounting services in order to make intra-company allocations for those services for purposes of Seller's financial statements, then cost calculations will be conducted in accordance with that past practice to the extent reasonably possible.

Service Category:	**Taxes**
Default Termination:	December 31, 2004.
Termination Notice by Purchaser:	30 days
Service Items:	In each case, to the extent currently provided by Seller with respect to the Acquired Companies: (1) Income tax planning and consulting. (2) Preparing and filing tax returns, including coordination of external service providers.

(3) Responding to and defending Purchaser in all audit requests.

(4) Providing tax accounting services, including coordination of external service providers.

Cost of Services: For services performed internally at Seller, cost of services will be based on an allocation of compensation (including benefits) and all other out-of-pocket costs directly attributable to the provision of such internal tax work, based on actual time spent on Purchaser-related projects.

External fees and out-of-pocket expenses to the extent attributable to Purchaser-related projects relating to tax accounting, compliance and other areas, including tax accounting fees and return preparation fees, will be passed through to Purchaser at Seller's cost or paid directly by Purchaser.

External fees and out-of-pocket expenses to the extent attributable to Purchaser-related projects related to tax audits will be reimbursed by Purchaser.

If Seller's normal practice prior to Closing was to value costs of Tax services in order to make intra-company allocations for those services for purposes of Seller's financial statements, then cost calculations will be conducted in accordance with that past practice to the extent reasonably possible.

Service Category: **Human Resources and Benefits**

Default Termination: December 31, 2004

Termination Notice by Purchaser: 3 months

Service Items: Maintain and administer benefits plans existing at the Closing or any benefits plans substantially similar to those existing at the Closing, in which employees of Purchaser are eligible to participate, in accordance with Article V of the Purchase Agreement. Seller shall not be required, directly or indirectly, to advance its own funds in connection with the funding of any 401K plans.

If requested by Purchaser, Seller will cooperate and assist Purchaser on Purchaser's conversion to its own benefits plans (to the extent applicable).

Cost of Services: Reasonable direct costs, including (i) staff costs, (ii) operational costs associated with the administration of human resources, compensation and employee benefit programs, and (iii) the reasonable fees for external consultants. For services performed internally at Seller, staff costs will be based on an allocation of reasonable compensation (including benefits) and reasonable out-of-pocket costs, in each case directly attributable to the provision of such internal services, based on actual time spent on Purchaser-related projects.

External fees and out-of-pocket expenses, customary and consistent with Seller's past experience, and to the extent attributable to Purchaser-related projects relating to human resources and benefits services will be passed through to Purchaser at Seller's cost, or paid directly by Purchaser.

If Seller's normal practice prior to Closing was to value costs of Human Resources and Benefits services in order to make intra-company allocations for those services for purposes of Seller's financial statements, then cost calculations will be conducted in accordance with that past practice to the extent reasonably possible.

Relationship to Purchase Agreement: Nothing contained herein is intended to amend or supersede the provisions of Article V of the Purchase Agreement.

Service Category: **Information Technology**

Default Termination: April 15, 2004 for the telephone (PBX) services specified below; December 31, 2004 for all other information technology services

Termination Notice by Purchaser: 30 days for telephone (PBX) services; 6 months for shared global network services and managed services.

Service Items: Seller services will consist of:

(1) maintenance services relating to existing telephone (PBX) systems at 75 Rockefeller Plaza and 1290 Avenue of the Americas;

(2) management of the existing shared global network for Purchaser, including Internet services (domestic and International) and Extranet services (for third-party business-to-business network services); and

(3) managed services, hosting and disaster recovery for systems currently under management at AOL sites including servers, storage devices and network gear.

Cost of Services:

For telephone (PBX) services, the entire cost of those services including (i) stuff cost (including the benefits provided to the staff) and (ii) operational costs associated with the provision of telephone services.

For the management of a shared global network for Purchaser, the costs will reflect the actual direct cost to Seller (including, without limitation, Seller's staff costs, including benefits payable to staff), the cost of technical support services, and the allocable cost of shared global network services (based on current shared use allocation).

For the managed services, disaster recovery and support of systems supporting HRIS, DOC, decision Support, Royalty and other applications for Purchaser, the costs will reflect the actual direct cost to Seller (including, without limitation, Seller's staff costs, including benefits payable to staff), the cost of technical support services, and the allocable cost of managed services (based on current shared use allocation).

Each of the above costs will be passed through to Purchaser at Seller's cost or paid directly by Purchaser.

Leases:

Lease agreements will be treated as follows:

(1) Leases for SUN servers supporting Royalty as well as HRIS, DOC, decision Support and other applications will be continued by Seller until December 31st 2004 with a termination option upon a 30 days notice carrying the remaining cost of the lease.

(2) Lease for EMC storage occupied by various data sources will be continued by Seller until December 31st 2004 with a termination option upon a 30 days notice carrying the remaining cost of the lease.

The cost for the continuations set forth above will be passed through to Purchaser at Seller's cost or paid directly by Purchaser.

Licenses:

Until June 30, 2005, for all nontransferable licenses used by Purchaser, Seller will continue to support, enable and renew the licenses for Purchaser to the extent that Seller is permitted by the terms of such licenses to provide such services. Purchaser shall not be entitled to sublicense such licenses to any third party.

The agreements include the continuation of fees-free usage based on "all you can eat" enterprise agreements, when applicable and as is used currently.

The Purchaser will notify the Seller 30 days ahead of termination of usage of any given license.

Licenses/contractual rates include but are not limited to the following:

- ATT
- PeopleSoft
- MCI
- Verizon
- TW Telcom
- AOL Personal Accounts
- Sun (SunOne)
- Oracle
- Veritas
- Embarcadero
- Verasign
- Cisco

- Trend Micro
- Hyperion

The direct costs for the continuation of support of the licenses/contractual rates, as applicable, set forth above will be passed through to Purchaser at Seller's cost or paid directly by Purchaser.

Service Category:	**Legal**
Default Termination:	December 31, 2004, except that the Default Termination date for corporate administrative matters in the United Kingdom shall be June 1, 2004.
Termination Notice by Purchaser:	30 days
Service Items:	Work performed by Seller's in-house attorneys at the request of Purchaser in connection with general intellectual property matters, legislation and regulatory matters, anti-trust matters, litigation matters, corporate administrative and financial matters (including corporate administrative matters in the United Kingdom, including with respect to the entity WMG Acquisition (UK) Limited), copyrights, patents and trade marks (excluding human resources and employment law and tax). Legal work performed by outside counsel related to the business of Purchaser, including litigation, and billed to Seller. Seller shall not be required to provide legal services to Purchaser or the Acquired Companies if to do so would give rise to a legal conflict, as determined by the parties in their reasonable discretion.
Cost of Services:	For internal legal work, costs of services represent an allocation of lawyer compensation (including benefits) and other out of pocket costs directly attributable to the provision of such internal legal work, based on actual time spent on Purchaser-related projects. For outside legal work, costs of services represent amounts billed. If Seller's normal practice prior to Closing was to value costs of Legal services in order to make intra-company allocations for those services for purposes of Seller's financial statements, then cost calculations will be conducted in accordance with that past practice to the extent reasonably possible.

Service Category:	**Treasury**
Default Termination:	June 30, 2004; provided, however, that if Purchaser requests an extension of the Default Termination date, Seller shall consider such request in good faith.
Termination Notice by Purchaser:	30 days
Service Items:	Provision of services relating to international cash management and currency management, and advisory services relating to domestic cash management. Seller shall not be required, directly or indirectly, to advance its own funds to Purchaser.
Cost of Services:	$30,000 per month. If treasury services are provided for a portion of a month, the cost of services will be pro rated for the number of days in the month for which such services are provided.

Service Category:	**Payroll Services in the United Kingdom and France**
Default Termination:	June 30, 2004
Termination Notice by Purchaser:	30 days
Service Items:	Seller will assist Purchaser with the provision of payroll services for employees of the Acquired Companies in the United Kingdom and France, in a manner consistent with the payroll services provided for such employees prior to Closing. Seller shall not be required, directly or indirectly, to advance its own funds in connection with the payroll services.
Cost of Services:	For services performed internally by Seller, the cost of services will be an allocation of employee compensation (including benefits) and other out-of-pocket costs attributable to the provision of such internal payroll services, based on the actual time spent on Purchaser-related projects. For services conducted by third parties, the cost of services will be the fees and out-of-pocket expenses billed by any such third parties. Such third party fees and expenses will be passed through to Purchaser at Seller's cost or paid directly by Purchaser. If Seller's normal practice prior to Closing was to value costs of Payroll Services in order to make intra-company allocations for those services for purposes of Seller's financial statements, the cost calculations will be conducted in accordance with that past practice to the extent reasonably possible.

Service Category:	**Travel Services**
Default Termination:	December 31, 2004; thereafter renewing automatically on an annual basis unless terminated by either party on 60 days' written notice to the other party.
Termination Notice (prior to December 31, 2004) by Purchaser:	60 days.
Service Items:	The service items shall consist of: (i) account management oversight by the Director of Travel, whose responsibilities include management of the WorldTravel BTI onsite operation, vendor contract negotiations, vendor mandate compliance and management of the operating budget, (ii) the services of the Corporate Hotel Program Administrator, whose responsibilities include contract negotiations and management of the global hotel program, and (iii) rental of space to travel agents dedicated to the Acquired Companies in the Seller's facilities (collectively, the "Shared Travel Management Services"); provided, however, that the Shared Travel Management Services will be consistent with, and only to the extent of, the past practices of Seller prior to the date of this Agreement with respect to the provision of such Shared Travel Management Services to the Acquired Companies, and shall not include any services to be provided by WorldTravel BTI to the Acquired Companies, or any associated obligations, costs and expenses of such services to be provided by WorldTravel BTI, pursuant to the agreement between the Acquired Companies and WorldTravel BTI with respect to the provision of certain travel services (the "Acquired Companies/WorldTravel Agreement"). Seller will use reasonable efforts to include the Acquired Companies in Seller's volume discount programs with third party providers of travel services. In the event that Seller is advised by any such third party provider that it will not be able to include the Acquired Companies in any volume discount program, Seller shall promptly inform Purchaser of that fact. Purchaser acknowledges and agrees that the Acquired Companies are party to the Acquired

	Companies/WorldTravel Agreement, and Seller is not responsible in any manner for any of the services, obligations, costs or expenses covered by the Acquired Companies/WorldTravel Agreement.
Cost of Services:	$16,000 per month, for the period ending December 31, 2004. In the event that Seller provides travel services after December 31, 2004, the cost of those services shall be negotiated in good faith by the parties. If travel services are provided for a portion of a month, the cost of services will be pro rated for the number of days in the month for which such services are provided.

Service Category:	**Real Estate Management**
Default Termination:	December 31, 2004, or, if earlier, the effective date of termination of the Lease Harbor General License Agreement between Seller and Lease Harbor LLC ("Lease Harbor") dated April 1, 2002 and related Services Order Form Agreement (the "License Agreement").
Termination Notice by Purchaser:	30 days
Service Item:	Purchaser shall be permitted to continue to have access to and to use the Lease Harbor real estate management system licensed under the License Agreement in the manner in which the Acquired Companies currently use such system, subject to the following: (1) Purchaser acknowledges and agrees that the Acquired Companies constitute an "end-user" under the License Agreement and that Purchaser and the Acquired Companies are bound by, and shall comply with, the representations and warranties and all terms and conditions of the License Agreement as if Purchaser were a signatory to the License Agreement. (2) Purchaser shall take no action prohibited under the License Agreement which would constitute a breach or violation of such Agreement, including, without limitation, the confidentiality provisions set forth therein, and Purchaser agrees that no third party shall be granted or allowed access to the Lease Harbor service without agreeing, in writing, to keep all data and information contained therein confidential as set forth in the License Agreement. (3) Purchaser acknowledges that disclosure or use of data and information from the Lease Harbor service in violation of the License Agreement could cause irreparable harm to Lease Harbor and Seller for which monetary damages may be difficult to ascertain or an inadequate remedy. Purchaser therefore agrees that Seller will have the right, in addition to its other rights and remedies, to seek and

	obtain injunctive relief for any violation of its obligations hereunder.
Cost of Services:	The cost for Purchaser's continued usage of the Lease Harbor system shall be at the same rate paid by Seller under the License Agreement and shall be directly paid by Purchaser as invoiced by Lease Harbor.

Service Category:	**Messenger Services**
Default Termination:	April 14, 2004
Termination Notice by Purchaser:	Not Applicable
Service Item:	Purchaser shall be permitted to continue to have access to and to use the messenger services at 75 Rockefeller Plaza, consistent with the manner in which the Acquired Companies currently use such services.
Cost of Services:	For services performed internally by Seller, the cost of services will be an allocation of employee compensation (including benefits) and other out-of-pocket costs attributable to the provision of such internal payroll services, based on the actual time spent on Purchaser-related projects. For services conducted by third parties, the cost of services will be the fees and out-of-pocket expenses billed by any such third parties. Such third party fees and expenses will be passed through to Purchaser at Seller's cost or paid directly by Purchaser. If Seller's normal practice prior to Closing was to value costs of Payroll Services in order to make intra-company allocations for those services for purposes of Seller's financial statements, then cost calculations will be conducted in accordance with that past practice to the extent reasonable possible.

AMENDMENT NO. 1, dated as of July 1, 2004 (this "Amendment"), to the Seller Administrative Services Agreement, dated February 29, 2004, between TIME WARNER INC. ("Seller") and WMG ACQUISITION CORP. ("Purchaser") (the "Seller Services Agreement").

WHEREAS, Seller and Purchaser wish to amend the Seller Services Agreement upon the terms and in accordance with the conditions set forth in this Amendment.

Capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Seller Services Agreement.

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties hereby agree as follows:

SECTION 1. Amendment. Exhibit A of the Seller Services Agreement is hereby amended to add, to the end of that exhibit, the terms of Schedule 1 hereto.

SECTION 2. Seller Services Agreement. Except as specifically amended hereby, the Seller Services Agreement shall continue in full force and effect in accordance with the provisions thereof as in existence on the date hereof. This Amendment shall become effective as of the date hereof. On and after the date hereof, any reference to the Seller Services Agreement shall mean the Seller Services Agreement as amended hereby.

SECTION 3. Governing Law. This Seller Agreement shall be governed by, and constructed in accordance with, the laws of the State of New York, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof; provided, however, that the laws of the respective jurisdictions of incorporation of each of the parties hereto shall govern the relative rights, obligations, powers, duties and other internal affairs of such party and its board of directors.

SECTION 4. Enforcement. Each party hereby consents to the exclusive jurisdiction of the United States Federal courts located in the State of New York with respect to disputes arising out of this Agreement.

SECTION 5. Severability. If any term, provision, covenant, restriction or other condition of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, illegal or incapable of being enforced by any rule or law, or public policy, all other terms, provisions, covenants, restrictions and conditions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to either party. Upon such a determination, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are consummated to the extent possible.

SECTION 6. Counterparts. This Agreement may be executed in one of more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties.

SECTION 7. Independent Contractors. No agency, partnership or joint venture is established by this Agreement. Neither party shall enter into any agreements, incur liabilities or hold itself out to third parties as having the authority to enter into and incur any contractual obligations, expenses, or liabilities on behalf of the other party.

SECTION 8. Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned, in whole or in part, by operation of law or otherwise by either party without the prior written consent of the other party. Subject to the preceding sentences, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the parties and their respective successors and assigns.

SECTION 9. WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

SECTION 10. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior understandings, both oral and written, between the parties with respect to the subject matter hereof.

SECTION 11. Captions. The captions herein are included for convenience of reference only and shall be ignored as in the construction of interpretation hereof.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the day and year first written above.

TIME WARNER INC.,

By /s/ James W. Barge
Name: James W. Barge
Title: Senior Vice President & Controller

WMG ACQUISITION CORP.,

By /s/ Paul Robinson
Name: Paul Robinson
Title: SVP, Deputy General Counsel

Schedule 1

Service Category:	**DX Online Services**
Default Termination:	December 31, 2004, provided that the term will be automatically renewed after that date on a monthly basis. After December 31, 2004, either party may terminate by providing 30 days prior written notice to the other party.
Termination Notice (prior to December 31, 2004) by Purchaser:	30 days, provided that either Purchaser or Seller may terminate the DX Online Services earlier if it provides 30 days prior written notice to the other party.
Service Items:	Seller shall provide DX Online Services to Purchaser, consistent with past practice. DX Online is a web-based solution designed and developed by Time Warner Corporate Transportation & Logistics to manage small package shipping from major Time Warner administrative facilities. DX Online enables the user to communicate shipment requirements, maintain shared and personal address books, ship to mailing lists and track shipments to destination. DX Online also enable the user to manage vendor account numbers and individual user charge codes, thereby simplifying the process of distributing shipment costs to departments. DX Services include maintenance by Purchaser of the DX Online site (including enhancements and fixes as they are made for Time Warner locations), use of the DX Admin Help Line and e-mail address for customer service issues and technical support services provided by the DX Online Manager. DX Services do not include services (or maintenance) peripheral to DX Online, such as Pitney Bowes software, hardware, package processing equipment, small package vendor rates or mail center access to the Internet.
Cost of Services:	$5,500 per month. In the event that DX Online Services are provided for a portion of a month, the cost of services will be pro rated for the number of days in the month for which such services are provided.

Exhibit 10.17

PURCHASER ADMINISTRATIVE SERVICES AGREEMENT

Between

TIME WARNER INC.

and

WMG ACQUISITION CORP.

Dated February 29, 2004

TABLE OF CONTENTS

PURCHASER ADMINISTRATIVE SERVICES AGREEMENT (this "Purchaser Administrative Services Agreement"), dated February 29, 2004, between TIME WARNER INC. ("Seller") and WMG ACQUISITION CORP. ("Purchaser").

In consideration of the mutual covenants contained in this Purchaser Administrative Services Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

ARTICLE I

Definitions

SECTION 1.01. Definitions. Capitalized terms used but not defined herein shall have the respective meanings assigned to them in the Purchase. Agreement (as defined herein).

SECTION 1.02. Certain Terms.

"Purchase Agreement" means that Purchase Agreement, dated as of November 24, 2003, between Seller and Purchaser.

"Services" means the services identified on Exhibit A.

"Service Categories" means the categories of Service Items as identified on Exhibit A or otherwise agreed by the parties.

"Service Items" means the individual service items included within the various Service Categories identified on Exhibit A or otherwise agreed by the parties.

SECTION 1.03. Usage Generally: Interpretation. References in this Purchaser Administrative Services Agreement to any gender include references to all genders. Any term defined in this Purchaser Administrative Services Agreement in the singular form shall have the correlative meaning in the plural form, and any term defined in this Purchaser Administrative Services Agreement in the plural form shall have the correlative meaning in the singular form. References in this Purchaser Administrative Services Agreement to a party or other Person include their respective successors and permitted assigns. The words "include", "includes" and "including" when used in this Purchaser Administrative Services Agreement shall be deemed to be followed by the phrase "without limitation". Unless the context otherwise requires, references in this Purchaser Administrative Services Agreement to Articles, Sections and Exhibits shall be deemed references to Articles and Sections of, and Exhibits to, this Purchaser Administrative Services Agreement. Unless the context otherwise requires, the words "hereof", "hereby" and "herein" and words of similar meaning when used in this Purchaser Administrative Services Agreement refer to this Purchaser Administrative

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Services Agreement in its entirety and not to any particular Article, Section or provision of this Purchaser Administrative Services Agreement.

ARTICLE II

Services

SECTION 2.01. Agreement to Provide Services. (a) Purchaser shall provide the Services to Seller as provided herein. Seller shall provide input and assistance to Purchaser in connection with the performance of the Services as reasonably requested by Purchaser, and shall advise Purchaser as to the desired manner and nature of the Services to be provided. Purchaser shall determine the Purchaser personnel who shall perform the Services. Purchaser may, at its option, from time to time delegate any of or all its obligations under this Purchaser Administrative Services Agreement to any one or more of its Affiliates. In addition, Purchaser may, as it deems necessary or desirable, engage the services of other professionals and consultants in connection with the performance of the Services; provided, that Seller consents in writing to such engagement, which consent shall not be unreasonably withheld; and provided

further that Purchaser shall remain directly and fully liable to Seller for the performance of its obligations hereunder notwithstanding the engagement of any such professionals or consultants.

(b) Unless otherwise agreed by the parties, the Services shall be performed by Purchaser in a reasonably prompt and professional manner that is substantially the same manner in which Purchaser currently provides similar services for its Affiliates.

(c) Notwithstanding anything herein to the contrary, this Purchaser Administrative Services Agreement is not intended to amend, replace or otherwise affect in any manner any existing contractual relationships between Seller and its Subsidiaries, on the one hand, and Purchaser and the Acquired Companies, on the other hand.

SECTION 2.02. Change Orders. (a) Service Additions. Exhibit A may be amended at any time by the mutual written agreement of the parties to add additional Services.

(b) Service Deletions. Upon prior written notice (a "Service Deletion Notice") delivered to Purchaser not less than the requisite number of days prior to termination as specified in Exhibit A, Seller may:

(i) terminate this Purchaser Administrative Services Agreement with respect to any Service Category; or

(ii) terminate this Purchaser Administrative Services Agreement with respect to any individual Service Item included in the Services, so long as the other remaining Service Items in the relevant Service Category can thereafter still be practicably provided by Purchaser pursuant to this Purchaser Administrative

Services Agreement. If Purchaser reasonably determines that it cannot thereafter practicably provide the other Service Items in the relevant Service Category, then Purchaser shall so notify Seller within 30 days after Purchaser's receipt of the relevant Service Deletion Notice and such termination with respect to such Service Item shall not take effect.

(c) Termination by Purchaser. Except as otherwise provided in Exhibit A, upon not less than 180 days' prior written notice to Seller, Purchaser may terminate this Purchaser Administrative Services Agreement with respect to any Service Category included in the Services if Purchaser and its Affiliates cease to provide such Service Category to Purchaser's Subsidiaries, divisions and business units. Notwithstanding the foregoing provision, Services under Financial and Accounting Advisory Services and Information Technology Services as described on Exhibit A shall not be terminated until the respective Default Termination Date.

(d) Return of Books and Records. Upon the request of Seller after the termination of a Service with respect to which Purchaser holds books, records or files, including current and archived copies of computer files, (i) owned by Seller or its Affiliates and used by Purchaser in connection with the provision of a Service to Seller or (ii) created by Purchaser and in Purchaser's possession as a function of and relating to the provision of Services to Seller, such books and records shall be returned to Seller. Seller shall be entitled to retain and use any such materials. Purchaser shall return all of such books, records or files as soon as reasonably practicable. Seller shall bear Purchaser costs and expenses associated with the return of such documents. At its expense, Purchaser may make a copy of such books, records or files for its legal files.

SECTION 2.03. No Management Authority. Notwithstanding any other provision hereof, Purchaser shall not be authorized by, and shall have no responsibility under, this Purchaser Administrative Services Agreement to manage the affairs of the Seller.

ARTICLE III

Compensation

SECTION 3.01. Compensation for Services. As compensation for Services rendered pursuant to this Purchaser Administrative Services Agreement, Seller shall pay to Purchaser an amount equal to the Cost of Services as specified in Exhibit A for each Service Category.

SECTION 3.02. Adjustments to Cost of Services. (a) Adjustments Due to Service Additions or Deletions. If at any time the parties mutually agree to add any Service Categories or Service Items to the Services to be provided to Seller hereunder, then concurrently with the addition of such Service Item or Service Category, as the case may be, the parties shall work in good faith to agree upon the then-current Cost of Services as appropriate to reflect such addition. If at any time this Purchaser Administrative Services Agreement is terminated with respect to any Service Item in

accordance with Section 2.02, then not less than 30 days prior to such termination, Purchaser and Seller shall work in good faith to mutually agree upon an appropriate decrease, if any, to the then-current Cost of Services.

(b) Adjustments Due to Variances in Usage of Services. If, at any time, usage of any Service Category varies materially from the projected patterns of usage employed by the parties to determine the then-applicable Cost of Services with respect to such Service Category, then either Seller or Purchaser, by written notice (a "Cost Adjustment Request") to the other, may trigger a review of the then-applicable Cost of Services attributable to such Service Category. Within 45 days after any Cost Adjustment Request, Purchaser and Seller shall agree upon an appropriate adjustment, if any, to the Cost of Services applicable to such Service Category so that such Cost of Services shall more appropriately reflect the actual direct cost to Purchaser of providing Services within such Service Category at then-current usage rates.

SECTION 3.03. Payment Terms. (a) Purchaser shall bill Seller at the end of each month for an amount equal to the sum of the Cost of Services for that month. Seller shall pay such amount in full within 45 days after receipt of invoice. Each invoice shall set forth in reasonable detail the calculation of the charges and amounts upon which the sum of the Cost of Services is comprised, broken down by the Cost of Services for each Service during the month to which such invoice relates. Other remedies for non-payment notwithstanding, if any payment is not received by Purchaser on or before

the date such amount is due, then a late payment interest charge, calculated at a 6% per annum rate, on the past amount due shall become immediately due and payable in addition to the amount owed under this Purchaser Administrative Services Agreement. If at any time this Purchaser Administrative Services Agreement is terminated with respect to any Service Item in accordance with Section 2.02, then not more than 30 days after such termination, Purchaser shall return to Seller any amounts prepaid by Seller to Purchaser in respect of the days in the month during which the effectiveness of the termination occurred which fall after such termination.

(b) If Seller has any objection to the amount of any invoice, it shall have the right to inspect Purchaser's records with respect thereto. Following such inspection, the parties shall endeavor in good faith to resolve any disagreement with respect to charges and costs hereunder. Thereafter, Seller will be entitled to a prompt refund of any amounts paid in excess of the amounts required hereunder, and Purchaser shall promptly pay any deficiency amounts (with interest at 6% per annum) found to be due as a result of such inspection.

SECTION 3.04. Disclaimer of Warranty. EXCEPT AS EXPRESSLY SET FORTH IN THIS PURCHASER ADMINISTRATIVE SERVICES AGREEMENT, THE SERVICES TO BE PURCHASED UNDER THIS PURCHASER ADMINISTRATIVE SERVICES AGREEMENT ARE FURNISHED WITHOUT WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE. PURCHASER DOES NOT MAKE ANY WARRANTY THAT ANY SERVICE COMPLIES WITH ANY LAW, DOMESTIC OR FOREIGN.

SECTION 3.05. Books and Records. Purchaser shall maintain complete and accurate books of account as necessary to support its calculations of the Cost of Services and shall make such books available to Seller, upon reasonable notice, during normal business hours; provided, however, that to the extent Purchaser's books contain information relating to any other aspect of Purchaser's business, Seller and Purchaser shall negotiate a procedure to provide Seller the necessary access while preserving the confidentiality of such other records. In performing the Services, Purchaser shall be entitled to assume that all books and records provided by Seller are true and accurate.

ARTICLE IV

Term

SECTION 4.01. Commencement. This Purchaser Administrative Services Agreement is effective as of the Closing Date and shall remain in effect with respect to a particular Service until the Default Termination Date as specified in Exhibit A unless and until terminated in accordance with Section 4.02.

SECTION 4.02. Termination. This Purchaser Administrative Services Agreement may be terminated as follows:

(a) By Seller. With respect to any Service Category, at any time upon prior written notice to Purchaser as provided in Exhibit A.

(b) By Either Party. If either party materially breaches any of its obligations under this Purchaser Administrative Services Agreement, the non-breaching party may terminate this Purchaser Administrative Services Agreement, including the provision of Services pursuant hereto, effective at any time upon not less than 30 days written notice of termination to the breaching party, provided said breaching party does not cure such default within 30 days after receiving written notice thereof from the non-breaching party.

In the event of any termination of this Purchaser Administrative Services Agreement, each party shall remain liable for all obligations of such party accrued hereunder prior to the date of such termination, including all obligations of Seller to pay any amounts due to Purchaser hereunder.

ARTICLE V

Indemnification: Limitation of Liability

SECTION 5.01. Indemnification by Seller. Seller shall indemnify and hold harmless Purchaser, its Affiliates, partners, officers, employees, agents and permitted assigns (each, a "Purchaser Party" and, together, the "Purchaser Parties") from and against any and all losses, liabilities, claims, litigation, damages, penalties, actions, demands or expenses, including the reasonable fees and expenses of counsel (collectively, "Losses") incurred by Purchaser and arising out of, in connection with or

by reason of this Purchaser Administrative Services Agreement or any Services provided by Purchaser hereunder, except to the extent such Losses arise out of Purchaser's material breach under this Purchaser Administrative Services Agreement or Purchaser's gross negligence or willful misconduct.

SECTION 5.02. Limitation on Liability; Indemnification by Purchaser. (a) No Purchaser Party shall be liable (whether such liability is direct or indirect, in contract or tort or otherwise) to Seller or any of its Affiliates, partners, officers, employees, agents, auditors or permitted assigns, for any Losses arising out of, related to, or in connection with the Services or this Purchaser Administrative Services Agreement, except to the extent that such Losses arise out of Purchaser's material breach under this Purchaser Administrative Services Agreement or Purchaser's gross negligence or willful misconduct.

(b) Purchaser shall indemnify and hold harmless Seller, its Affiliates, partners, officers, employees, agents and permitted assigns (each, an "Seller Party") from and against any and all Losses incurred by such Seller Party and arising out of, in connection with or by reason of this Purchaser Administrative Services Agreement or any Services provided by Purchaser hereunder, which arise out of Purchaser's material breach of this Purchaser Administrative Services Agreement or Purchaser's gross negligence or willful misconduct.

(c) IN NO EVENT SHALL ANY PURCHASER PARTY BE LIABLE WHETHER IN CONTRACT, IN TORT (INCLUDING NEGLIGENCE AND STRICT LIABILITY) OR OTHERWISE TO ANY SELLER PARTY FOR ANY CONSEQUENTIAL DAMAGES (INCLUDING

LOSS OF PROFITS) AS A RESULT OF ANY BREACH, PERFORMANCE OR NON-PERFORMANCE BY ANY PURCHASER PARTY OF THIS PURCHASER ADMINISTRATIVE SERVICES AGREEMENT.

(d) The provisions of this Article V shall survive indefinitely, notwithstanding any termination of all or any portion of this Purchaser Administrative Services Agreement.

ARTICLE VI

Other Covenants

SECTION 6.01. Attorney-in-Fact. On a case-by-case basis, Seller shall execute documents necessary to appoint Purchaser as its attorney-in-fact for the sole purpose of executing any and all documents and instruments reasonably required to be executed in connection with the performance by Purchaser of any Service under this Purchaser Administrative Services Agreement.

ARTICLE VII

Other Matters

SECTION 7.01. Title to Data. Seller acknowledges that it will acquire no right, title or interest (including any license rights or rights of use) in any firmware or software, and the licenses therefor that are owned by Purchaser or its Affiliates, by reason of their provision of the Services provided hereunder. Purchaser agrees that all records, data, files, input materials and other information received or computed that relate to Seller or its Affiliates are the property of Seller or its Affiliates, respectively.

SECTION 7.02. Notices. All notices, requests and other communications to any party hereunder shall be in writing (including facsimile transmission) and shall be given,

if to Seller, to:

Time Warner Inc.
75 Rockefeller Plaza
New York, NY 10019
Fax: (212) 258-3172
Attn: General Counsel

with copies to:

Cravath, Swaine & Moore LLP
825 Eighth Avenue
New York, New York 10019
Fax: (212) 474-3700
Attn: Richard Hall, Esq.

if to Purchaser, to:

WMG Acquisition Corp.
In care of Thomas H. Lee Partners, L.P.
75 State Street
Boston, Massachusetts 02109
Fax: (617) 227-3514
Attn: Scott Sperling

with copies to:

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017
Fax: (212) 455-2502
Attn: John Finley, Esq.

Brian Stadler, Esq.

or such other address or facsimile number as such party may hereafter specify for the purpose by notice to the other parties hereto. All such notices, requests and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 5 p.m. in the place of receipt and such day is a business day, in the place of receipt. Otherwise, any such notice, request or communication shall be deemed not to have been received until the next succeeding business day in the place of receipt.

SECTION 7.03. Amendments: No Waivers. (a) Any provision of this Purchaser Administrative Services Agreement may be amended or waived if, but only if, such amendment or waiver is in writing and is signed, in the case of an amendment, by each party to this Purchaser Administrative

Services Agreement or, in the case of a waiver, by each party against whom the waiver is to be effective.

(b) No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

SECTION 7.04. Governing Law. This Purchaser Administrative Services Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof; provided, however, that the laws of the respective jurisdictions of incorporation of each of the parties hereto shall govern the relative rights, obligations, powers, duties and other internal affairs of such party and its board of directors.

SECTION 7.05. Enforcement. (a) Each party hereby consents to the exclusive jurisdiction of the United States Federal courts located in the State of New York with respect to disputes arising out of this Purchaser Administrative Services Agreement.

(b) Other than as specified in Article V, there are not any intended third-party beneficiaries of any provision of this Purchaser Administrative Services Agreement.

SECTION 7.06. Severability. If any term, provision, covenant, restriction or other condition of this Purchaser Administrative Services Agreement is held by a court of competent jurisdiction or other authority to be invalid, illegal or incapable of being enforced by any rule or law, or public policy, all other terms, provisions, covenants, restrictions and conditions of this Purchaser Administrative Services Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to either party. Upon such a determination, the parties shall negotiate in good faith to modify this Purchaser Administrative Services Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are consummated to the extent possible.

SECTION 7.07. Confidentiality. Except as otherwise required under applicable law, each party agrees that it and its respective Affiliates will maintain as confidential, and not use, any and all information provided by either party to the other or otherwise obtained by such party in connection with or as a result of this Purchaser Administrative Services Agreement. Nothing contained in this Section shall limit or affect in any way obligations of the parties to maintain the confidentiality of information pursuant to the Purchase Agreement. Notwithstanding anything herein to the contrary, each party to this Purchaser Administrative Services Agreement (and any employee, representative or other agent of such party) may disclose to any and all persons, without limitation of any kind, the U.S. federal income tax treatment and the U.S. federal income tax structure of the transactions contemplated by this Purchaser Administrative Services Agreement and all materials of any kind (including opinions or other tax analyses) that are provided to it relating to such tax treatment and tax structure. However, no such party shall disclose any information relating to such tax treatment or tax structure to the extent nondisclosure is reasonably necessary in order to comply with applicable securities laws.

SECTION 7.08. Counterparts. This Purchaser Administrative Services Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties.

SECTION 7.09. Independent Contractors. No agency, partnership or joint venture is established by this Purchaser Administrative Services Agreement. Neither party shall enter into, incur liabilities or hold itself out to third parties as having the authority to enter into and incur any contractual obligations, expenses, or liabilities on behalf of the other party.

SECTION 7.10. Assignment. Other than as provided in Section 2.01, neither this Purchaser Administrative Services Agreement nor any of the rights, interests or obligations hereunder shall be assigned, in whole or in part, by operation of law or otherwise by either party without the prior written consent of the other party. Notwithstanding the foregoing, Seller may assign all or a portion of its rights hereunder to one or more of its Subsidiaries, provided that no such assignment shall relieve Seller of any obligations hereunder. Any purported assignment without such consent shall be void. Subject to the preceding sentences, this Purchaser Administrative Services Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the parties and their respective successors and assigns.

SECTION 7.11. WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS PURCHASER ADMINISTRATIVE SERVICES AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

SECTION 7.12. Entire Agreement. This Purchaser Administrative Services Agreement and the Purchase Agreement constitute the entire agreement between the parties with respect to the subject matter of this Purchaser Administrative Services

Agreement and supersede all prior agreements and understandings, both oral and written, between the parties with respect to the subject matter of this Purchaser Administrative Services Agreement.

SECTION 7.13. Captions. The captions herein are included for convenience of reference only and shall be ignored as in the construction or interpretation hereof.

IN WITNESS WHEREOF, the parties have caused this Purchaser Administrative Services Agreement to be duly executed as of the day and year first written above.

TIME WARNER INC.,

By _____
Name:
Title:

WMG ACQUISITION CORP.,

By /s/ Scott Sperling
Name: Scott Sperling
Title: President

EXHIBIT A

Services

Service Category:	**Financial and Accounting Advisory Services**
Default Termination:	December 31, 2004
Termination Notice by Seller:	30 days.
Service Items:	Financial and accounting advisory services, including any assistance necessary to Seller in preparing financial statements as required under Section 5.15 of the Cinram Purchase Agreement in connection with the sale of Seller's manufacturing and distribution business to Cinram International Inc.
Cost of Services:	For internal financial and accounting advisory work, costs of services represent an allocation of compensation (including benefits) to Purchaser employees performing such work and other out-of-pocket costs directly attributable to the provision of such work, based on actual time spent on Purchaser-related projects. For outside financial and accounting advisory work, costs of services represent amounts billed. If the Acquired Companies' normal practice prior to Closing was to value costs of Financial and Accounting Advisory Services in order to make intra-company allocations for those services for purposes of the Acquired Companies' financial statements, then cost calculations will be conducted in accordance with that past practice to the extent reasonably possible.

Service Category:	**Information Technology Services**
Default Termination:	December 31, 2004
Termination Notice by Seller:	90 days.
Service Items:	Provide Information Technology services consistent with the manner in which the Acquired Companies have provided such services to Seller and its Subsidiaries in the past. Such services include the following: (i) Oracle software and accounts receivable services historically provided to Warner Home Video; (ii) wide area network access for shared offices (include offices shared by Warner-Elektra-Atlantic Corp. and Warner Home Video); (iii) order-to-cash accounting systems provided to Warner Home Video offices in European territories; and (iv) the EDI, NEWS, ARCOLE, DAISY, NIDS, STREGA and related systems currently provided to Warner Bros. Entertainment Inc. and its subsidiaries by Warner-Elektra-Atlantic Corp.
Cost of Services:	Direct costs from providing the Information Technology services, including (i) staff costs (including benefits provided to the staff) and (ii) operational costs associated with the provision of the services. These costs will be passed through to Seller at Purchaser's cost or paid directly by Seller. If the Acquired Companies' normal practice prior to Closing was to value costs of Information Technology Services in order to make intra-company allocations for those services for purposes of Acquired Companies' financial statements, then cost calculations will be conducted in accordance with that past practice to the extent reasonably possible.

Service Category:	**Real Estate Services**

Default Termination:	June 30, 2004
Termination Notice by Seller:	60 days.
Service Items:	Purchaser will either (a) continue to provide to Seller (or its Subsidiaries) the office space and facilities support currently provided by the Acquired Companies to Seller (or its Subsidiaries), including co-location facilities for computers, switches or other equipment or (b) provide to Seller (or its Subsidiaries) a comparable amount of such office space and facilities support.
Cost of Services:	Realty costs will be based on square footage used, plus usage costs for items such as electricity, and will be passed through to Seller at Purchaser's actual cost. If the Acquired Companies' normal practice prior to Closing was to value costs of Real Estate Services in order to make intra-company allocations for those services for purposes of Acquired Companies' financial statements, then cost calculations will be conducted in accordance with that past practice to the extent reasonably possible.

Service Category:	**Distribution Services**
Default Termination:	December 31, 2004
Termination Notice by Seller:	120 days.
Service Items:	Physical distribution and "pick, pack and ship" services provided in countries outside of the United States, to the extent that such services are provided by the Acquired Companies to Seller (and its Subsidiaries) prior to Closing, and consistent with past practice.
Cost of Services:	Costs of Distribution Services will be negotiated by Seller and Purchaser in good faith consistent with the past billing arrangements for such services. If the Acquired Companies' normal practice prior to Closing was to value costs of Distribution Services in order to make intra-company allocations for those services for purposes of Acquired Companies' financial statements, then cost calculations will be conducted in accordance with that past practice to the extent reasonably possible.

EXECUTION COPY

MANAGEMENT AGREEMENT

This Management Agreement (this "Agreement") is entered into as of February 29, 2004, by and between WMG Parent Corp., a Delaware company ("Parent"), WMG Holdings Corp., a Delaware company and a wholly owned subsidiary of Parent ("Holdings") and WMG Acquisition Corp., a Delaware company and a wholly owned subsidiary of Holdings (the "Company"), THL Managers V, L.L.C., a Delaware limited liability company ("THL"), Bain Capital Partners, LLC, a Delaware limited liability company ("Bain"), Providence Equity Partners IV Inc., a Delaware company ("Providence") and Music Partners Management, LLC, a Delaware limited liability company ("Music" and, together with THL, Bain and Providence, the "Managers").

RECITALS

WHEREAS, Parent, Holdings and the Company have been formed for the purposes of acquiring (the "Acquisition"), pursuant to a Purchase Agreement, dated as of November 24, 2003, as amended (the "Purchase Agreement"), between Time Warner Inc ("Seller") and the Company, the Warner Recorded Music Business and the Warner Music Publishing Business (as defined in the Purchase Agreement);

WHEREAS, the Managers are advising Holdings and the Company in connection with the structuring and negotiation of senior secured debt financing (the "Senior Financing") being provided for the Acquisition pursuant to a Senior Credit Facilities Commitment Letter, dated November 23, 2003, by Bank of America, Deutsche Bank Trust Company Americas, Banc of America Securities LLC and Deutsche Bank Securities Inc as the lead arrangers and underwriters;

WHEREAS, the Managers are advising Holdings and the Company in connection with the Company's structuring and negotiation of bridge financing (the "Bridge Financing") being provided for the Acquisition pursuant to a Bridge Facility Commitment Letter, dated November 23, 2003, by Deutsche Bank AG Cayman Islands Branch and Banc of America Bridge LLC;

WHEREAS, certain funds affiliated with the Managers are providing equity financing (the "Equity Investments") in connection with the Acquisition; and

WHEREAS, the Company, Holdings and Parent want to retain the Managers to provide certain management and advisory services to the Company, Holdings and Parent, and the Managers are willing to provide such services on the terms set forth below.

AGREEMENT

NOW THEREFORE, in consideration of the mutual covenants contained herein, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Services. Each of the Managers hereby agrees that, during the term of this Agreement (the "Term"), it will provide the following consulting and management advisory services to the Company, Holdings and Parent as requested from time to time by the Boards of Directors of the Company, Holdings and Parent:

(a) advice in connection with the negotiation and consummation of agreements, contracts, documents and instruments necessary to provide the Company with financing on terms and conditions satisfactory to the Company, Holdings and Parent;

(b) financial, managerial and operational advice in connection with the Company's day-to-day operations, including, without limitation, advice with respect to the development and implementation of strategies for improving the operating, marketing and financial performance of the Company; and

(c) such other services (which may include financial and strategic planning and analysis, consulting services, human resources and executive recruitment services and other services) as such Manager, the Company, Holdings and Parent may from time to time agree in writing.

Each of the Managers shall devote such time and efforts to the performance of services contemplated hereby as such Manager deems reasonably necessary or appropriate; *provided*, *however*, that no minimum number of hours is required to be devoted by THL, Bain, Providence or Music on a weekly, monthly, annual or other basis. The Company, Holdings and Parent acknowledge that each of the Manager's services are not exclusive to the Company, to Holdings and to Parent and that each Manager will render similar services to other persons and entities. In providing services to the Company, Holdings and Parent, each Manager will act as an independent contractor and it is expressly understood and agreed that this Agreement is not intended to create, and does not create, any partnership, agency, joint venture or similar relationship and that no party has the right or ability to contract for or on behalf of any other party or to effect any transaction for the account of any other party.

2. Payment of Fees.

(a) Parent will pay (or will cause Holdings or the Company to pay) to the Managers (or such affiliates as they may respectively designate) an aggregate transaction fee (the "Transaction Fee") in the amount of $75,000,000 in connection with services related to the Acquisition, such fee being payable at the closing of the Acquisition. The Transaction Fee shall be divided among the Managers as follows:

THL	$	39,300,000

Bain	$	16,800,000
Music	$	9,900,000
Providence	$	9,000,000

(b) During the Term, Parent, Holdings and the Company, jointly and severally, will pay to the Managers (or such affiliates as they may respectively designate) an aggregate annual periodic fee (the "Periodic Fee") of $10,000,000 in exchange for the ongoing services provided by the Managers under this Agreement, such fee being payable by the Company quarterly in advance; provided, however, that the Periodic Fee for the first four quarters following execution of this Agreement shall be paid in advance at the closing of the Acquisition. The Periodic Fee shall be divided among the Managers pro rata in proportion to the amount of Investor Shares held at the time by the investment funds

affiliated with each Manager (*provided* that, for purposes of this Agreement, Music Capital Partners, L.P. and ALP Music Partners, L.P. and their respective Permitted Transferees (as defined in that certain Stockholders Agreement dated as of the date hereof among Parent, Holdings, the Company and the other parties thereto) shall be deemed to be investment funds affiliated with Music). In this Agreement, the term "Investor Shares" means at any time all shares of capital stock of Parent and Holdings (and any successor or survivor to Parent or Holdings).

(c) During the Term, the Managers will advise Parent, Holdings and the Company in connection with financing, acquisition and disposition transactions involving Parent, Holdings, the Company or any of the Company's direct or indirect subsidiaries (however structured), and Parent, Holdings and the Company, jointly and severally, will pay to the Managers (or such affiliates as they may respectively designate) an aggregate fee (the "Subsequent Fee") in connection with each such transaction equal to 1% of the gross transaction value of such transaction, such fee to be due and payable for the foregoing services at the closing of such transaction. Each Subsequent Fee shall be divided among the Managers pro rata in proportion to the amount of Investor Shares held at the time by the investment funds affiliated with each Manager.

(d) Each payment made pursuant to this Section 2 shall be paid by wire transfer of immediately available federal funds to the accounts specified on Schedule 1 hereto, or to such other account(s) as the Managers may specify to the Company in writing prior to such payment.

3. Term. This Agreement shall continue in full force and effect until December 30, 2014; *provided, however*, that the Managers may cause this Agreement to terminate at any time upon the agreement of (i) Managers affiliated with a majority of the Investor Shares then outstanding and (ii) two out of three of THL, Bain and Providence, including the Manager that, at any such time as between these three Managers, is affiliated with the greatest number of Investor Shares. In the event of the termination of this Agreement, Parent, Holdings and the Company, jointly and severally, shall pay each of THL, Bain, Providence and Music (i) all unpaid Periodic Fees (pursuant to Section 2(b) above), Subsequent Fees (pursuant to Section 2(c) above) and expenses (pursuant to Section 4(a) below) due with respect to periods prior to the date of termination plus (ii) the net present value (using a discount rate equal to the then yield on U.S. Treasury Securities of like maturity) of the Periodic Fees that would have been payable with respect to the period from the date of termination until December 30, 2014.

4. Expenses: Indemnification.

(a) Expenses. The Company, Holdings and Parent, jointly and severally, will pay on demand all reasonable expenses incurred by any of the Managers or their affiliates (i) in connection with this Agreement, the Acquisition (whether or not consummated) or any related transactions, (ii) relating to operations of, or services provided by the Managers to, the Company, Holdings, Parent or any of their affiliates from time to time (including, without limitation, all air travel (by first class on a commercial airline or by charter, as determined to be appropriate by the Manager) and other travel related expenses) or (iii) otherwise in any way relating to the Company, Holdings or Parent or in any way relating

to, or arising out of, the Equity Investments or the ownership thereof by affiliates of the Managers. Without limiting the generality of the foregoing, the Company, Holdings and Parent, jointly and severally, agree to pay on demand all reasonable expenses incurred by any of the Managers or their affiliates in connection with, or relating to, (x) the preparation, negotiation and execution of this Agreement and any other agreement executed in connection with, or related to, this Agreement, the Acquisition, the Senior Financing, the Bridge Financing, the Equity Investments or the consummation of the transactions contemplated hereby or thereby, (y) any and all amendments, modifications, restructurings and waivers of, and exercises and preservations of rights and remedies relating to, any of the foregoing or (z) the Equity Investments or the provision of services under this Agreement. The expenses referred to in clause (x) of the immediately preceding sentence shall specifically include the fees and charges of (A) Simpson Thacher & Bartlett LLP, (B) Ropes & Gray, (C) Paul, Weiss, Rifkind, Wharton & Garrison LLP, (D) Edwards & Angell LLP, (E) KPMG LLP and (F) any other consultants or advisors retained by the Managers with the agreement of all Managers in connection with such transactions.

(b) Indemnity and Liability. The Company, Holdings and Parent, jointly and severally, will indemnify, exonerate and hold each Manager and each of its partners, shareholders, members, affiliates, directors, officers, fiduciaries, managers, employees, and agents and each of the partners, shareholders, Affiliates, directors, officers, fiduciaries, managers, members, controlling Persons, employees and agents of each of the foregoing (collectively, the "Indemnitees") free and harmless from and against any and all actions, causes of action, suits, claims, liabilities, losses, damages, claims, costs and expenses (including reasonable attorneys' fees and expenses), awards or settlements incurred by an Indemnitee (a "Loss") before or after the date of this Agreement and arising out of, resulting from, or relating to: (i) this Agreement, the Acquisition, the Equity Investments or the ownership thereof by the Indemnitee or its affiliate or other related person or any related transactions purchase and/or ownership of any Investor Shares or (ii) operations of, or services provided by any of the Managers to, the Company, Holdings or Parent or any of their respective affiliates (including but not limited to any indemnification obligations assumed or incurred by any Indemnitee to or on behalf of the Seller or any of its accountants or other representatives, agents or affiliates); *provided* that the foregoing indemnification rights shall not be available to the extent that (a) any such Losses are incurred as a result of such Indemnitee's willful misconduct or gross negligence or (b) subject to the rights of contribution provided for below, to the extent indemnification for any Losses would violate any applicable law, regulation or public policy. For purposes of this Section 4(b), none of the circumstances described in the limitations contained in the proviso in the immediately preceding sentence shall be deemed to apply absent a final non-appealable judgment of a court of competent jurisdiction to such effect, in which case to the extent any such limitation is so determined to apply to any Indemnitee as to any previously advanced indemnity payments made by the Company, Holdings or Parent under this Section 4(b), then such payments shall be promptly repaid by such Indemnitee to the Company, Holdings or Parent, as applicable.

The rights of any Indemnitee to indemnification hereunder will be in addition to any other rights any such person may have under any other agreement or instrument referenced above or any other agreement or instrument to which such Indemnitee is or becomes a party or is or otherwise becomes a beneficiary or under law

or regulation. If the indemnification provided for above is unavailable in respect of any Losses, then the Company, Holdings and Parent, in lieu of indemnifying an Indemnitee, shall contribute to the amount paid or payable by such Indemnitee in such proportion as is appropriate to reflect the relative fault of the Company, Holdings, Parent and their direct and indirect subsidiaries, on the one hand, and such Indemnitee, on the other hand, in connection with the actions which resulted in such Losses, as well as any other equitable considerations. None of the Indemnitees shall be liable to the Company or any of its affiliates for any act or omission suffered or taken by such Indemnitee that does not constitute either breach of this Agreement or gross negligence or willful misconduct.

5. Disclaimer and Limitation of Liability; Opportunities.

(a) Disclaimer; Standard of Care. None of the Managers make any representations or warranties, express or implied, in respect of the services to be provided by them hereunder. In no event shall any of the Managers be liable to the Company, Holdings, Parent or any of their affiliates for any act, alleged act, omission or alleged omission that does not constitute gross negligence or willful misconduct of such Manager as determined by a final, non-appealable determination of a court of competent jurisdiction.

(b) Freedom to Pursue Opportunities. In recognition that each Manager and its respective affiliates currently have, and will in the future have or will consider acquiring, investments in numerous companies with respect to which each Manager or its respective affiliates may serve as an advisor, a director or in some other capacity, and in recognition that each Manager and its respective affiliates has myriad duties to various investors and partners, and in anticipation that the Company, Holdings and Parent, on the one hand, and each of the Managers (or one or more affiliates, associated investment funds or portfolio companies), on the other hand, may engage in the same or similar activities or lines of business and have an interest in the same areas of corporate opportunities, and in recognition of the benefits to be derived by the Company, Holdings and Parent hereunder and in recognition of the difficulties which may confront any advisor who desires and endeavors fully to satisfy such advisor's duties in determining the full scope of such duties in any particular situation, the provisions of this Section 5(b) are set forth to regulate, define and guide the conduct of certain affairs of the Company, Holdings and Parent as they may involve such Manager. Except as each of the Managers may otherwise agree in writing after the date hereof:

(i) Each Manager and its respective affiliates shall have the right: (A) to directly or indirectly engage in any business (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 Company and its subsidiaries, (B) to directly or indirectly do business with any client or customer of the Company or any of its subsidiaries, (C) to take any other action that such Manager believes in good faith is necessary to or appropriate to fulfill its obligations as described in the first sentence of this Section 5(b), and (D) not to present potential transactions, matters or business opportunities to Parent, Holdings the Company or any of their

subsidiaries, and to pursue, directly or indirectly, any such opportunity for itself, and to direct any such opportunity to another person.

(ii) Each Manager and its respective partners, shareholders, members, affiliates, directors, officers, fiduciaries, managers, employees, agents and other associated entities shall have no duty (contractual or otherwise) to communicate or present any corporate opportunities to the Company, Holdings or Parent or any of their affiliates or to refrain from any actions specified in Section 5(b)(i), and the Company, Holdings and Parent, on their own behalf and on behalf of their affiliates, hereby renounce and waive any right to require such Manager or any of its affiliates to act in a manner inconsistent with the provisions of this Section 5(b).

(iii) None of the Managers, nor any partner, shareholder, member, affiliate, director, officer, fiduciary, manager, employee, agent or associated entity thereof shall be liable to the Company, Holdings, Parent or any of their affiliates for breach of any duty (contractual or otherwise) by reason of any activities or omissions of the types referred to in this Section 5(b) or of any such person's participation therein.

(c) Limitation of Liability. In no event will any of the Managers or any of their affiliates be liable to Parent, Holdings or the Company or any of their affiliates or either of the other Managers or their affiliates for any indirect, special, incidental or consequential damages, including, without limitation, lost profits or savings, whether or not such damages are foreseeable, or for any third party claims (whether based in contract, tort or otherwise), relating to the services to be provided by the Managers hereunder.

6. Assignment, etc. Except as provided below, none of the parties hereto shall have the right to assign this Agreement without the prior written consent of each of the other parties hereto. Notwithstanding the foregoing, any Manager may assign all or part of its rights and obligations hereunder to any of its respective affiliates which provides services similar to those called for by this Agreement, in which event such Manager shall be released of all of its rights and obligations hereunder.

7. Amendments and Waivers. No amendment or waiver of any term, provision or condition of this Agreement shall be effective unless in writing and executed by each of the Managers, Parent, Holdings and the Company. No waiver on any one occasion shall extend to or effect or be construed as a waiver of any right or remedy on any future occasion. No course of dealing of any person nor any delay or omission in exercising any right or remedy shall constitute an amendment of this Agreement or a waiver of any right or remedy of any party hereto.

8. Miscellaneous.

(a) Choice of Law. This Agreement and all matters arising under or related to this Agreement shall be governed by and construed in accordance with the domestic substantive laws of the State of Delaware without giving effect to any choice or conflict

of law provision or rule that would cause the application of the domestic substantive laws of any other jurisdiction.

(b) Consent to Jurisdiction. Each of the parties agrees that all actions, suits or proceedings arising out of, based upon or relating to this Agreement or the subject matter hereof shall be brought and maintained exclusively in the federal and state courts of the State of Delaware. Each of the parties hereto by execution hereof (i) hereby irrevocably submits to the jurisdiction of the federal and state courts in the State of Delaware for the purpose of any action, suit or proceeding arising out of or based upon this Agreement or the subject matter hereof and (ii) hereby waives to the extent not prohibited by applicable law, and agrees not to assert, by way of motion, as a defense or otherwise, in any such action, suit or proceeding, any claim that it is not subject personally to the jurisdiction of the above-named courts, that it is immune from extraterritorial injunctive relief or other injunctive relief, that its property is exempt or immune from attachment or execution, that any such action, suit or proceeding may not be brought or maintained in one of the above-named courts, that any such action, suit or proceeding brought or maintained in one of the above-named courts should be dismissed on grounds of *forum non conveniens*, should be transferred to any court other than one of the above-named courts, should be stayed by virtue of the pendency of any other action, suit or proceeding in any court other than one of the above-named courts, or that this Agreement or the subject matter hereof may not be enforced in or by any of the above-named courts. Notwithstanding the foregoing, to the extent that any party hereto is or becomes a party in any litigation in connection with which it may assert indemnification rights set forth in this agreement, the court in which such litigation is being heard shall be deemed to be included in clause (i) above. Each of the parties hereto hereby consents to service of process in any such suit, action or proceeding in any manner permitted by the laws of the State of Delaware, agrees that service of process by registered or certified mail, return receipt requested, at the address specified in or pursuant to Section 10 is reasonably calculated to give actual notice and waives and agrees not to assert by way of motion, as a defense or otherwise, in any such action, suit or proceeding any claim that service of process made in accordance with Section 10 does not constitute good and sufficient service of process. The provisions of this Section 8 shall not restrict the ability of any party to enforce in any court any judgment obtained in a federal or state court of the State of Delaware.

(c) Waiver of Jury Trial. To the extent not prohibited by applicable law which cannot be waived, each of the parties hereto hereby waives, and covenants that it will not assert (whether as plaintiff, defendant, or otherwise), any right to trial by jury in any forum in respect of any issue, claim, demand, cause of action, action, suit or proceeding arising out of or based upon this Agreement or the subject matter hereof, in each case whether now existing or hereafter arising and whether in contract or tort or otherwise. Each of the parties hereto acknowledges that it has been informed by each other party that the provisions of this Section 8(c) constitute a material inducement upon which such party is relying and will rely in entering into this Agreement and the transactions contemplated hereby. Any of the parties hereto may file an original counterpart or a copy of this Agreement with any court as written evidence of the consent of each of the parties hereto to the waiver of its right to trial by jury.

9. Entire Agreement. This Agreement contains the entire understanding of the parties with respect to the subject matter hereof and supersedes any prior communication or agreement with respect thereto.

10. Notice. All notices, demands and communications required or permitted under this Agreement shall be in writing and shall effective if be served upon such other party and such other party's copied persons as specified below to the address set forth for it below (or to such other address as such party shall have specified by notice to each other party) if (i) delivered personally, (ii) sent and received by facsimile or (iii) sent by Federal Express, DHL, UPS or any other comparably reputable overnight courier service, postage prepaid, to the appropriate address as follows:

If to the Company, Holdings or Parent, to them at:

c/o Thomas H. Lee Partners, L.P.
75 State Street Suite 2600
Boston, MA 02109
Tel: 617-227-050
Fax: 617-227-3514
Attn: Scott Sperling

with copies to:

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, NY 10017
Tel: 212-455-2000
Fax: 212-455-2502
Attn: John Finley, Esq.
Brian Stadler, Esq.

and

Ropes & Gray LLP
One International Place
Boston, MA, 02210
Tel: 617-951-7000
Fax: 617-951-7050
Attn: Alfred Rose, Esq.

If to THL, to it at:

c/o Thomas H. Lee Company
75 State Street, Suite 2600
Boston, MA 02109
Tel: 617-227-050
Fax: 617-227-514
Attn: Scott Sperling

If to Bain, to it at:

c/o Bain Capital LLC
111 Huntington Avenue
Boston, MA 02199
Tel: 617-516-2000
Fax: 617-516-2010
Attn: Ian Loring

If to Providence, to it at:

c/o Providence Equity Partners Inc
50 Kennedy Plaza, 18th Floor
Providence, RI 02903
Tel: 401-757-1700
Fax: 401-751-1790
Attn: Mark Masiello

If to Music, to it at:

390 Park Avenue
New York, NY 10022
Tel: 212-433-1200
Fax: 212-433-1239
Attn: Edgar Bronfman, Jr.

With copies of any notices to THL, Bain, Providence or Music shall be directed to:

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, NY 10017
Tel: 212-455-2000
Fax: 212-455-2502
Attn: John Finley, Esq.
Brian Stadler, Esq.

and

Ropes & Gray LLP
One International Place
Boston, MA, 02210
Tel: 617-951-7000
Fax: 617-951-7050
Attn: Alfred Rose, Esq.

and, with any notice delivered to Music, a copy to:

Paul, Weiss, Riflcind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, NY 10019-6064
Tel: 212-373-3000
Fax: 212-757-3990
Attn: Paul D. Ginsberg, Esq.
Robert B. Schumer, Esq.

Unless otherwise specified herein, such notices or other communications shall be deemed effective, (a) on the date received, if personally delivered or sent by facsimile during normal business hours, (b) on the business day after being received if sent by facsimile other than during normal business hours and (c) one business day after being sent by Federal Express, DHL or UPS or other comparably reputable delivery service. Each of the parties hereto shall be entitled to specify a different address by giving notice as aforesaid to each of the other parties hereto.

11. Severability. If in any proceedings a court shall refuse to enforce any provision of this Agreement, then such unenforceable provision shall be deemed eliminated from this Agreement for the purpose of such proceedings to the extent necessary to permit the remaining provisions to be enforced. To the full extent, however, that the provisions of any applicable law may be waived, they are hereby waived to the end that this Agreement be deemed to be valid and binding agreement enforceable in accordance with its terms, and in the event that any provision hereof shall be found to be invalid or unenforceable, such provision shall be construed by limiting it so as to be valid and enforceable to the maximum extent consistent with and possible under applicable law.

12. Counterparts. This Agreement may be executed in any number of counterparts and by each of the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which together shall constitute one and the same agreement

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be executed on its behalf as an instrument under seal as of the date first above written by its officer or representative thereunto duly authorized.

THE COMPANY: **WMG ACQUISITION CORP.**

By /s/ Scott Sperling
Name: Scott Sperling
Title: President

HOLDINGS: **WMG HOLDINGS CORP.**

By /s/ Scott Sperling
Name: Scott Sperling
Title: President

PARENT: **WMG PARENT CORP.**

By /s/ Scott Sperling
Name: Scott Sperling
Title: President

COUNTERPART SIGNATURE PAGE TO MANAGEMENT AGREEMENT
[Signatures Continue on Following Page]

THL: THL MANAGERS V, L.L.C.

By: Thomas H. Lee Partners L.P.,
its Managing Member
By: Thomas H. Lee Advisors L.L.C. General
Partner

By /s/ Scott Sperling
Name: Scott Sperling
Title: Managing Director

BAIN: BAIN CAPITAL PARTNERS, LLC

By: Bain Capital LLC, its sole member

By: /s/ Ian Loring
Name: Ian Loring
Title: Managing Director

PROVIDENCE: PROVIDENCE EQUITY PARTNERS IV INC.

By: /s/ Glen Creamer
Name: Glen Creamer
Title: Managing Director

MUSIC PARTNERS MANAGEMENT, LLC

By: /s/ Edgar M. Bronfman, jr.
Name: Edgar M. Bronfman, Jr.
Title: President

Schedule 1 to
Management Agreement

Wire Transfer Instructions for
Thomas H. Lee Partners, L.P.

Bank:	FleetBoston
ABA #:	011000138
Acct #:	270-07242
Location:	100 Federal Street, Boston, MA
Name:	THL Managers V, L.L.C.

Wire Transfer Instructions for
Bain Capital Partners, LLC

Bank:	Citibank, NA-New York
ABA #:	021-000-089
For:	Brown Brothers Harriman
Acct #:	09250276
To Further Credit:	
Name:	Bain Capital Partners, LLC
Acct #:	612541-3

Wire Transfer Instructions for
Providence Entity Partners IV Inc.

Bank:	Fleet National Bank
ABA #:	011500010
Acct #:	944-0895507
Account Name:	Providence Equity Partners IV Inc.
Location:	111 Westminster Street, Providence, RI 02903

Wire Transfer Instructions for
Music Partners Management, LLC

Bank:	Bank of New York
ABA #:	021000018
Acct #:	6302480115
Reference:	For credit to the account of Music Partners Management LLC
Location:	1290 Avenue of the Americas, 5th Floor, New York, NY 10104

Exhibit 10.19

WARRANT AGREEMENT (MMT WARRANTS)

Among

WMG PARENT CORP.,

WMG HOLDINGS CORP.

and

HISTORIC TW INC.

Dated as of February 29, 2004

TABLE OF CONTENTS

WARRANT AGREEMENT (this "Agreement") dated as of February 29, 2004, among WMG Parent Corp., a Delaware corporation (the "Company"), and WMG Holdings Corp., a Delaware corporation ("Midco"), and the Holders (as defined below).

WHEREAS the Purchaser Entities (as defined below) propose to issue 25 Warrants, as hereinafter described (the "Warrants"), to purchase Units (as defined below), in connection with the Purchase Agreement dated as of November 24, 2003, between WMG Acquisition Corp. and Time Warner Inc. ("TWI") (the "Purchase Agreement").

WHEREAS as of the date of this Agreement the Warrants represent the right to acquire upon exercise in full of the Warrants on the terms and conditions hereof 19.9% of the total equity of the Purchaser Entities held by the Investors and issuable under the Warrants, taking into account such exercise in full.

WHEREAS the Investors (as defined below) have by their signatures hereon acknowledged and agreed, for themselves and their successors, to be bound by certain provisions of this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein set forth, the parties hereto agree as follows:

Section 1.Definitions.

"Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with such Person. For purposes of this definition, following the Closing Date, none of TWI, the Holders, on the one hand, and the Purchaser Entities and their Affiliates (including the Warner Acquired Companies (as such term is defined in the Purchase Agreement)), on the other hand, shall be deemed to be Affiliates of each other.

"Agreement" has the meaning set forth in the Preamble.

"Announced" and "Announcement" refer to the execution of definitive documents for a transaction.

"Business Day" means any day other than a Saturday, Sunday or a day on which banks in New York City are authorized or obligated by law or executive order to close.

"Closing Date" means the date of this Agreement.

"Capital Stock" means the capital stock of a Purchaser Entity, as the case may be.

"Capital Stock Equivalent" means any right, option, warrant or other security which may be exercised, converted or exchanged for (i) any Component, including the Warrants,

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but excluding any Three-Year Warrants or (ii) if the context expressly requires, any share of Capital Stock that is not a Component.

"Certificate of Incorporation" means the Amended and Restated Certificate of Incorporation of the Company.

"Class A Common" means the Class A Common Stock of the Company.

"Class L Common" means the Class L Common Stock of the Company.

"Company" has the meaning set forth in the Preamble.

"Component" means any security from time to time included in a Unit.

"Component Number" means, with respect to any Component, the number of shares of such Component included in a single Unit. The initial Component Number for Class L Common is 93.85490, for Class A Common is 844.69413 and for the Preferred is 397.50312.

"Component Price" means (a) with respect to Class L Common, and all other Components included in a Unit by reason of the operation of Sections 9 and 10 with respect to Class L Common, $7,602,247.19 minus any applicable Dilution Credits, (b) with respect to Class A Common, and all other Components included in a Unit by reason of the operation of Sections 9 and 10 with respect to Class A Common, $844,694.13 minus any applicable Dilution Credits and (c) with respect to the Preferred, and all other Components included in a Unit by reason of the operation of Sections 9 and 10 with respect to the Preferred, $3,975,031.21 minus any applicable Dilution Credits, in each case subject to adjustment under Sections 9 and 10.

"Dilution Credit" means, at any time, all amounts determined to be Dilution Credits pursuant to Sections 9 and 10. No Dilution Credit calculated for a Component pursuant to Section 9 or 10 shall be a negative value.

"Employee Stock Program Grants" means the grants of securities made by the Company for bona fide compensation reasons to its employees, if such grants are approved by the Board of Directors of the Company.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Exercise Price" means, at any time, the sum of the Component Prices at such time.

"Expiration Date" means the earliest of (a) the later of (i) the third anniversary of the Closing Date if no Major Music Transaction shall have been Announced by such date and (ii) 90 days after the consummation of a Major Music Transaction Announced prior to the third anniversary of the Closing Date, (b) the time simultaneously with the first exercise of any Three-Year Warrant and (c) the time simultaneously with the first exercise of any Warrant.

"Fair Market Value":

(a)With respect to any security, Fair Market Value means the average of the closing prices of such security's sales on all principal securities exchanges on which such security may at the time be listed, or, if there have been no sales on any such exchange on any day, the average of the highest bid and lowest asked prices on all such exchanges at the end of such day, or, if on any day such security is not so listed, the average of the representative bid and asked prices quoted in the Nasdaq Stock Market System as of 4:00 P.M., New York time, or, if on any day such security is not quoted in the Nasdaq Stock Market System, the average of the highest bid and lowest asked prices on such day in the domestic over-the-counter market as reported by the National Quotation Bureau, Incorporated, or any similar successor organization, in each such case averaged over a period of 20 days consisting of the 20 consecutive Business Days prior to such day as of which Fair Market Value is being determined. If at any time such security is not listed on any securities exchange or quoted in the Nasdaq Stock Market System or the over-the-counter market, the Fair Market Value shall be the fair value thereof reasonably determined jointly in good faith by the Board of Directors of the Company and the Holders of more than 85% of the Warrants. If such parties are unable to reach agreement

within a reasonable period of time, such fair value shall be determined by the joint decision of two independent investment banking firms of national reputation, one nominated by the Company and the other by the Holders of more than 85% of the Warrants and neither of which is an Affiliate of the Company or any Holders of the Warrants. The joint determination of such investment banking firms shall be final and binding upon the parties, and the Company and the Holders shall pay equally the fees and expenses of such investment banking firms. If the investment banking firms are unable to agree upon a fair value by the end of a 15 Business Day period, they each shall submit a fair value determination and the two firms shall choose a third such firm which will be obligated to choose one of the two determinations, which choice shall be final and binding on the parties. In such an event, the Company and the Holders shall likewise pay equally the fees and expenses of all three investment banking firms. Notwithstanding the foregoing, in the event that a security is sold in an underwritten Public Sale after a Qualified Public Offering has occurred, the Fair Market Value with respect to any exercise of Warrants in conjunction therewith shall be the Public Sale price per share and, in the event that a security is sold as part of a sale of 90% or more of a company's shares for cash to a third party in a sale other than an underwritten Public Sale, the Fair Market Value with respect to any exercise of Warrants in conjunction therewith shall be the sale price per share. Any determination of the Fair Market Value of a Component or Unit shall be made on a pro forma basis as though all Capital Stock Equivalents, including the Warrants and the Three-Year Warrants, had not been issued.

(b)With respect to any entity, including the Company and the other Purchaser Entities, assets, evidences of indebtedness or other rights, the Fair Market Value shall be the fair value thereof reasonably determined jointly in good faith by the Board of Directors of the Company and the Holders of more than 85% of the Warrants. If such parties are unable to reach agreement within a reasonable period of time, such fair value shall be determined by independent investment banking firms as set forth in the preceding paragraph (a).

(c)Any determination of Fair Market Value to be determined by the Board of Directors of the Company or the Holders or any investment bank pursuant to the foregoing provisions shall be based on a multiple of EBITDA based on comparable companies. In addition, such determination shall be based on the assumption of (i) a process designed to maximize immediate value, (ii) canvass of all potential buyers, including strategic buyers, financial buyers and existing shareholders, (iii) willing buyer and seller without any duress or compulsion to buy or sell, (iv) potential breakup scenarios (subject to, but structures designed to minimize, tax leakage), (v) regulatory hurdles being overcome and consents and licenses being obtained, (vi) exclusion of control premium and illiquidity discounts, (vii) disregard of minority interests or marketability of securities and (viii) no right of first refusal, tag-along or similar rights.

"Governmental Authority" means any governmental authority, quasi-governmental authority, instrumentality, court, arbitrator, government or self-regulatory organization, commission, tribunal or organization or any regulatory, administrative or other agency, whether domestic, foreign or supranational or any political or other subdivision, department or branch of any of the foregoing.

"Holder" means the holder from time to time of any Warrant.

"Initial Holder" means Historic TW Inc., a Delaware corporation.

"Investor Shares" shall mean the Components issued to the Investors on the Closing Date or issued in respect thereof pursuant to any stock split, stock dividend, stock combination, recapitalization or the like with respect to the applicable Component, excluding any such Components that have been repurchased or redeemed by a Purchaser Entity.

"Investors" shall mean (i) Thomas H. Lee Equity Fund V, L.P., (ii) Thomas H. Lee Parallel Fund V, L.P., (iii) Thomas H. Lee Equity (Cayman) Fund V, L.P., (iv) Putnam Investments Holdings, LLC, (v) Putnam Investments Employees' Securities Company I LLC, (vi) Putnam Investments Employees' Securities Company II LLC, (vii) 1997 Thomas H. Lee Nominee Trust, (viii) Thomas H. Lee Investors Limited Partnership, (ix) THL WMG Equity Investors, L.P., (x) Bain Capital Partners Integral Investors, LLC, (xi) Bain Capital VII Coinvestment Fund, LLC, (xii) BCIP TCV, LLC, (xiii) Providence Equity Partners IV, L.P., (xiv) Providence Equity Operating Partners IV, L.P., (xv) Music Capital Partners, L.P., (xvi) ALP Music Partners, L.P. and (xvii) the respective Affiliates of the foregoing.

"Major" means any of Vivendi Universal, EMI, Sony, Bertelsman or any combination or successors thereof.

"Major Music Transaction" means: (1) any disposition by the Purchaser Entities of all or substantially all their Recorded Music Business or Music Publishing Business to another Major or any acquisition by another Major of more than 35% of the outstanding shares of any Purchaser Entity; (2) any acquisition by the Purchaser Entities of all or substantially all the Recorded Music Business or Music Publishing Business of another Major; or (3) any merger,

consolidation, joint venture or other combination of all or substantially all of the Purchaser Entities' Recorded Music Business or Music Publishing Business with that of another Major.

"Midco" has the meaning set forth in the Preamble.

"Music Publishing Business" has the meaning set forth in the Purchase Agreement.

"Person" means an individual, corporation, partnership, limited liability company, association, trust or other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"Preferred" means the Cumulative Preferred Stock of Midco.

"Public Sale" means any sale of shares to the public pursuant to an offering registered under the Securities Act or to the public effected through a broker, dealer or market maker pursuant to the provisions of Rule 144 (if such rule is available) under the Securities Act (or any similar rule or rules then in effect).

"Purchase Agreement" has the meaning set forth in the Preamble.

"Purchaser Entities" means the Company, Midco and, solely for the purposes of Sections 9 and 10, any of their subsidiaries.

"Qualified Holder" means any Person who holds Components issued to such Person upon exercise of a Warrant.

"Qualified Public Offering" means an underwritten primary public offering of common stock of a Purchaser Entity pursuant to which at least 10% of the total issued and outstanding common stock of such Purchaser Entity has been distributed by means of an effective registration statement under the Securities Act.

"Recorded Music Business" has the meaning set forth in the Purchase Agreement.

"Redeemed Component" has the meaning set forth in Section 9(b).

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Stockholders Agreement" means the Stockholders Agreement among the Investors, the Purchaser Entities and the Holders, as in effect from time to time.

"subsidiary" means, with respect to a Person, (i) any entity of which securities or other ownership interests having ordinary voting power to elect or designate a majority of the board of directors or other Persons performing similar functions are at the time owned, directly or indirectly by such Person and (ii) any entity that does not have a board of directors or other Persons performing similar functions in which such Person beneficially owns more than 50% of

the class of equity interests that has an unlimited entitlement to distributions upon liquidation of such entity.

"Three-Year Warrant Agreement" means the Warrant Agreement of even date herewith between the parties hereto in respect of the Three-Year Warrants.

"Three-Year Warrants" means the warrants issued pursuant to the Three-Year Warrant Agreement.

"Transfer Agent" has the meaning set forth in Section 7(b).

"TWI" means Time Warner Inc.

"Unit" means, collectively, the Component Number of shares of Class L Common, the Component Number of shares of Class A Common and the Component Number of shares of Preferred, as adjusted from time to time pursuant to Sections 9 and 10, it being understood that the total number of Units issued to the Investors on the Closing Date equals 100.62814.

"Warrant" has the meaning set forth in the Preamble.

"Warrant Agreement" means this Warrant Agreement.

"Warrant Certificate" has the meaning set forth in Section 3(a).

Section 2.Representations and Warranties. The Company, for itself and the other Purchaser Entities, hereby represents and warrants, on the date hereof and on each date any Warrant is exercised, as follows:

(a)The Purchaser Entities are each validly existing and in good standing under the laws of the state of their organization and each has the requisite power and authority to execute and deliver this Agreement and the Warrant Certificates, to issue the Warrants and to perform its obligations under this Agreement and the Warrant Certificates.

(b)The execution, delivery and performance by the Company and the other Purchaser Entities of this Agreement and the Warrant Certificates, the issuance of the Warrants and the issuance of the Components upon exercise of the Warrants have been duly authorized by all necessary corporate or similar action.

(c)This Agreement has been duly executed and delivered by the Company and each of the other Purchaser Entities and constitutes a legal, valid, binding and enforceable obligation of such Purchaser Entity, except to the extent limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium and similar laws of general application related to the enforcement of creditor's rights generally and (ii) general principles of equity. When the Warrants and Warrant Certificates have been issued as contemplated hereby, (i) the Warrants and the Warrant Certificates shall constitute legal, valid, binding and enforceable obligations of the Company and each of the Purchaser Entities, except to the extent limited by (A) applicable bankruptcy, insolvency, reorganization, moratorium and similar laws of general application

related to the enforcement of creditor's rights generally and (B) general principles of equity, and (ii) the Components, when issued upon exercise of the Warrants in accordance with the terms thereof, shall be duly authorized, validly issued, fully paid and nonassessable.

(d)Neither the Company nor any Affiliate of the Company is (i) an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended, or (ii) a "holding company", a "subsidiary company" of a "holding

company", or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company", as such terms are defined in the Public Utility Holding Company Act of 1935, as amended.

Section 3.Warrant Certificates; Execution of Warrant Certificates. (a)The certificates evidencing the Warrants (the "Warrant Certificates") to be delivered on the Closing Date to the Initial Holders pursuant to this Agreement shall be in registered form only and shall be substantially in the form set forth in Exhibit B attached hereto.

(b)Warrant Certificates shall be signed on behalf of each Purchaser Entity by its Chief Executive Officer and by its Secretary or an Assistant Secretary under its corporate or similar seal. Each such signature upon the Warrant Certificates may be in the form of a facsimile signature of the present or any future Chief Executive Officer, Secretary or Assistant Secretary and may be imprinted or otherwise reproduced on the Warrant Certificates and for that purpose a Purchaser Entity may adopt and use the facsimile signature of any person who shall have been Chief Executive Officer, Secretary or Assistant Secretary, notwithstanding the fact that at the time the Warrant Certificates shall be delivered or disposed of he or she shall have ceased to hold such office. The seal of a Purchaser Entity may be in the form of a facsimile thereof and may be impressed, affixed, imprinted or otherwise reproduced on the Warrant Certificates.

(c)In case any officer of a Purchaser Entity who has signed any of the Warrant Certificates shall cease to be such officer before the Warrant Certificates so signed shall have been disposed of by such Purchaser Entity, such Warrant Certificates nevertheless may be delivered or disposed of as though such person had not ceased to be such officer of the Purchaser Entity; and any Warrant Certificate may be signed on behalf of a Purchaser Entity by any person who, at the actual date of the execution of such Warrant Certificate, is a proper officer of such Purchaser Entity to sign such Warrant Certificate, although at the date of the execution of this Warrant Agreement any such person was not such officer.

Section 4.Registration. The Company shall number and register the Warrant Certificates in a register as they are issued. On the Closing Date, the Company shall register the outstanding Warrant Certificates in the name of the Initial Holders. The Company may deem and treat the registered holder(s) of the Warrant Certificates as the absolute owner(s) thereof (notwithstanding any notation of ownership or other writing thereon made by anyone), for all purposes, and shall not be affected by any notice to the contrary.

Section 5.Warrants; Duration and Exercise of Warrants; Payment of Taxes. (a)The Warrants shall be exercisable at any time following the closing of a Major Music Transaction and prior to the 90th day following such closing; provided, however, that upon the

Expiration Date the Warrants (to the extent not previously exercised) shall no longer be enforceable and shall be null and void. Each Warrant shall be exercisable for one Unit, subject to the adjustments set forth in Sections 9 and 10.

(b)Subject to the terms of this Agreement, the Holder of each Warrant shall have the right to receive from the Purchaser Entities the Component Number of fully paid and nonassessable Components which such Holder may at the time be entitled to receive on exercise of such Warrant and payment of the Exercise Price. In the alternative, a Holder that is exercising one or more Warrants may exercise its right to receive Components on a net basis, such that, without the exchange of any funds, such Holder receives that number of Components otherwise issuable (or payable) upon exercise of such Warrants less that number of Components having an aggregate Fair Market Value at the time of exercise equal to the aggregate Exercise Price that would otherwise have been paid by such Holder upon exercise of such Warrants, in which case the Components issued upon such exercise shall be cut back pro rata.

(c)A Warrant may be exercised by the Holder of such Warrant upon surrender to the Company at its office designated for such purpose (the address of which is set forth in Section 13) of the certificate evidencing the Warrant to be exercised with the form of election to purchase on the reverse thereof duly filled in and signed, and, unless the Holder thereof has elected to use the procedures provided in the last sentence of Section 5(b), upon payment to the Company of the Exercise Price for one Unit. If the Holder of a Warrant is not a party to the Stockholders Agreement, exercise of such Warrant shall be conditioned on execution and delivery by such Holder of the Stockholders Agreement. Payment of the Exercise Price shall be made, at the election of the Holder (i) by wire transfer of immediately available funds to an account or accounts designated by the Company or (ii) in the manner provided in the last sentence of Section 5(b).

(d)Subject to the provisions of Section 6, upon such surrender of Warrants and, if necessary, payment of the Exercise Price, the Purchaser Entities shall issue and cause to be delivered with all reasonable dispatch to or upon the written order of the Holder of such Warrants and in such Holder's name, a certificate or certificates for the Component Number of full Components issuable upon the exercise of such Warrants together with cash, if any, as provided in Section 11. Such certificate or certificates shall be deemed to have been issued and such Holder shall be deemed to have become a holder of record of such Components as of the date of the surrender of such Warrants and payment of the Exercise Price or election pursuant to the last sentence of Section 5(b).

(e)All Warrant Certificates surrendered upon exercise of Warrants shall be cancelled and disposed of by the Company. The Company shall keep copies of this Agreement and any notices given or received hereunder available for inspection by the Holders during normal business hours at its principal office.

(f)The Company shall pay all documentary stamp taxes attributable to the initial issuance of Components upon the exercise of Warrants; provided, however, that the Company shall not be required to pay any tax or taxes which may be payable in respect of any transfer involved in the issue of any Warrant Certificates or any certificates for Components in a name other than that of the registered holder of a Warrant Certificate surrendered upon the exercise of

a Warrant, and the Company shall not be required to issue or deliver such Warrant Certificates unless or until the Person or Persons requesting the issuance thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

(g)The Exercise Price for the exercise of any Warrant shall be allocated to the Components in accordance with the Component Prices and allocated to the relevant Purchaser Entities accordingly.

(h)The results of calculations with respect to Component Numbers shall be rounded to the nearest five decimal places. The results of calculations with respect to Component Prices shall be rounded to the nearest two decimal places.

Section 6.Piggyback Rights/Tag Along Rights/Drag Along Obligations. (a)The Holders have certain piggyback rights, tag-along rights and drag-along obligations under the Stockholders Agreement.

(b)Transfers of Warrants. Warrants may be transferred or assigned only to TWI or wholly owned subsidiaries of TWI. If any Holder ceases to be so wholly owned, it shall promptly transfer its Warrants to TWI or another eligible Holder. If the proposed transferee of Warrants is not a party to the Stockholders Agreement, transfer of such Warrants shall be conditioned upon execution and delivery by such transferee of the Stockholders Agreement.

Section 7.Reservation of Components. (a)Each Purchaser Entity shall at all times reserve and keep available, free from preemptive rights, out of the aggregate of its authorized but unissued Capital Stock or its authorized and issued Capital Stock held in its treasury, for the purpose of enabling it to satisfy any obligation to issue Components upon exercise of Warrants, the maximum number of shares of Components which may then be deliverable by such Purchaser Entity upon the exercise of all outstanding Warrants.

(b)The Company or, if appointed, the transfer agent for the Purchaser Entities' Capital Stock (the "Transfer Agent") and every subsequent transfer agent for any shares of the Purchaser Entities' Capital Stock issuable upon the exercise of any of the rights of purchase aforesaid shall be irrevocably authorized and directed at all times to reserve such number of authorized shares as shall be required for such purpose. The Company shall keep a copy of this Agreement on file with the Transfer Agent and with every subsequent transfer agent for any shares of the Purchaser Entities' Capital Stock issuable upon the exercise of the rights of purchase represented by the Warrants. The Company shall furnish such Transfer Agent a copy of all notices of adjustments and certificates related thereto, transmitted to each Holder pursuant to Section 13.

Section 8.Obtaining Governmental Approvals and Stock Exchange Listings. The Company shall from time to time, at its own expense (i) obtain and keep effective any and all permits, consents and approvals of Governmental Authorities which may be required of any of the Purchaser Entities in order to satisfy its obligations hereunder and (ii) take all action which may be necessary so that the Components, immediately upon their issuance upon the exercise of Warrants, shall be listed on the principal securities exchanges and markets within the United

States of America, if any, on which other shares of the applicable class of Capital Stock are then listed.

Section 9.Certain Adjustments. (a)Accretion. The Component Prices shall accrete as long as and to the extent that the underlying Component is outstanding at the following annually compounded rates, based in the case of a partial year on the number of days elapsed over 365 or 366, as applicable, in each case subject to adjustment pursuant to this Section 9 or Section 10 and excluding the date of exercise:

(i)with respect to a Major Music Transaction which is Announced on or before the first anniversary of the Closing Date, at an annual rate of 8½%, and

(ii)with respect to a Major Music Transaction which is Announced thereafter and before the third anniversary of the Closing Date, from the Closing Date to but excluding the fifteenth month anniversary of the Closing Date at an annual rate of 8½% and thereafter at an annual rate of 15%.

(b)Redemptions, Refinancings or Repurchases of Investor Shares. If at any time or from time to time any Purchaser Entity redeems any Component constituting Investor Shares or otherwise refinances or repurchases any such Component (any such Component being referred to as a "Redeemed Component") such that it is no longer outstanding in whole or in part and some or all of the Investors or their successors or assigns receive monies (or other assets) in respect thereof, then effective as of the date of such redemption, refinancing or repurchase, the Component Number for the Redeemed Component and the Component Price for the Redeemed Component shall be adjusted in accordance with this Section 9(b).

The Component Number for the Redeemed Component shall be reduced by an amount equal to the product of (1) the Component Number then in effect for the Redeemed Component and (2) the percentage of the total number of then-outstanding shares of the Redeemed Component constituting Investor Shares that were redeemed, refinanced or repurchased by the Purchaser Entity.

The Component Price for the Redeemed Component shall be reduced, effective as of the date of such redemption, refinancing or repurchase, in accordance with the following formula:

New CP = Old CP - ((Old CN - New CN) x RP)

where:

New CP = the adjusted Component Price for the Redeemed Component.

Old CP = the Component Price for the Redeemed Component immediately prior to such redemption, refinancing or repurchase.

New CN = the adjusted Component Number per this Section 9(b) for the Redeemed Component.

Old CN = the Component Number for the Redeemed Component immediately prior to such redemption, refinancing or repurchase.

RP = the amount of monies and, subject to the Company's election described below, the Fair Market Value of any

other assets, paid per share of the Redeemed Component in connection with such redemption, refinancing or repurchase.

Neither such redemption, refinancing or repurchase nor the adjustment of the Component Number or the Component Price pursuant to this Section 9(b) shall result in any other adjustments pursuant to Section 9 or Section 10.

With respect to assets other than monies that are paid in any such redemption, refinancing or repurchase, in lieu of the foregoing adjustment to the Component Price pursuant to this Section 9(b) in respect of such assets, at the Company's election, adequate provision reasonably satisfactory to the Holders may be made so that each Holder shall have the right to receive upon exercise of a Warrant, in addition to Capital Stock represented by the Component Number, the kind and amount of such assets that such Holder would have received had such Holder exercised the Warrant immediately prior to such redemption, refinancing or repurchase and had such Holder included in such redemption, refinancing or repurchase a number of shares of the Redeemed Component equal to the product of (i) the Component Number for the Redeemed Component immediately prior to such redemption, refinancing or repurchase and (ii) the percentage of the total number of then-outstanding shares of the Redeemed Component constituting Investor Shares that were redeemed, refinanced or repurchased.

(c)Above-Market Redemptions, Refinancings or Repurchases of Non-Investor Shares. If at any time any Purchaser Entity redeems, refinances or repurchases shares of Capital Stock and/or Capital Stock Equivalents held by Investors that are not Investor Shares, such that they are no longer outstanding in whole or in part and some or all of the Investors or their successors or assigns receive monies (or other assets) in respect thereof, for a per share consideration over the Fair Market Value, at the purchase date, the Component Price for each Component shall be reduced, effective as of the date of such redemption, refinancing or repurchase, by a Dilution Credit, calculated for such Component in accordance with this Section 9(c) in accordance with the following formula:

DC = (CN x Old FMV) - (CN x New FMV)

where:

DC = the Dilution Credit for a given Component upon such redemption, refinancing or repurchase.

CN = the Component Number for such Component immediately prior to such redemption, refinancing or repurchase.

New FMV = the Fair Market Value per share of such Component immediately after such redemption, refinancing or repurchase calculated as though the shares of the Capital Stock and/or Capital Stock Equivalents held by the Investors or their successors or assigns that are not Investor Shares were the only such shares redeemed, refinanced or repurchased in such transaction.

Old FMV = the Fair Market Value per share of such Component immediately prior to such redemption, refinancing or repurchase.

This Section 9(c) does not apply to any of the transactions described in Section 9(b). Neither such redemption, refinancing or repurchase nor the calculation of the Dilution Credit shall result in any other adjustments pursuant to Section 9 or Section 10. The Component Number shall not be adjusted under this Section 9(c).

(d)Distributions with Respect to Components. If at any time or from time to time any Purchaser Entity makes a distribution or dividend with respect to any Component and some or all of the Investors or their successors or assigns receive monies (or other assets) in respect thereof, the Component Price for such Component shall in each case be reduced, effective as of the date of such distribution or dividend, by an amount equal to the product of (i) the amount of monies and, subject to the Company's election described below, the Fair Market Value of any other assets, included in such distribution or dividend per share of such Component and (ii) the Component Number for such Component. Such distribution or dividend shall not result in any other adjustments pursuant to Section 9 or Section 10. Upon any such distribution or dividend, the Component Number for such Component shall remain unchanged.

With respect to assets other than monies that are included in any such distribution or dividend, in lieu of the foregoing adjustment to the Component Price pursuant to this Section 9(d) in respect of such assets, at the Company's election, adequate provision reasonably satisfactory to the Holders may be made so that each Holder shall have the right to receive upon exercise of a Warrant, in addition to Capital Stock represented by the Component Number, the kind and amount of such assets that such Holder would have received had such Holder exercised the Warrant immediately prior to the record date for determining the stockholders entitled to receive such distribution or dividend.

(e)Distributions with Respect to Non-Components. If at any time or from time to time any Purchaser Entity makes a distribution or dividend to holders of any class of its Capital Stock that is not a Component, and some or all of the Investors or their successors or assigns receive monies (or other assets) in respect thereof, then the Component Price of each Component shall be reduced, effective as of the date of such distribution or dividend, by a Dilution Credit

calculated for such Component in accordance with this Section 9(e) in accordance with the following formula:

DC = (CN x Old FMV) - (CN x New FMV)

where:

DC = the Dilution Credit for a given Component upon such distribution or dividend.

CN = the Component Number for such Component immediately prior to such distribution or dividend.

New FMV = the Fair Market Value per share of such Component immediately after such distribution or dividend calculated as though the shares of Capital Stock held by the Investors or their successors or assigns that are not Components were the only such shares with respect to which such distribution or dividend was made.

Old FMV the Fair Market Value per share of such Component immediately prior to such distribution or dividend.

Such distribution or dividend shall not result in any other adjustment pursuant to Section 9 or Section 10. Upon any such distribution or dividend, the Component Number for each Component shall remain unchanged.

(f)Exceptions. Sections 9(d) and 9(e) do not apply to (i) any distribution of rights under a so-called "shareholder rights plan" by any Purchaser Entity following a Qualified Public Offering, but any exercise of such rights shall be adjusted for under Sections 10(c) and (d), (ii) ordinary dividends on any publicly traded class of Capital Stock, (iii) distributions to the extent made pursuant to the terms of any Capital Stock, other than Class A Common, as in effect on the date of issuance of such share of Capital Stock, (iv) distributions made by Midco solely to the Company or (v) any transaction described in Section 9(a), 9(b) or 9(c).

(g)Alternative Adjustments. In the event that adjustments to the Component Prices under this Section 9 or Section 10 would have the result of causing the issuance of any Component below par value, the amount of such reduction below the par value shall be applied instead against the aggregate Exercise Price or paid to the Holder upon exercise. In the event that adjustments to the Component Prices under this Section 9 or Section 10 would have the result of decreasing the aggregate Exercise Price below $0.00, upon exercise of the Warrants, the Holders shall be paid such negative amount in cash by the Company.

Section 10.Other Adjustments. Prior to the Expiration Date, the Components issuable upon exercise of the Warrants are subject to adjustment and termination as set forth in Sections 9 and 10. Adjustments for any single event shall be made under only one paragraph of Section 9 or 10 and adjustments for multiple events shall be made separately and *seriatim*. In the

event of any ambiguity, the Board of Directors of the Company shall in good faith determine the appropriate paragraph to be applied or the order of multiple adjustments.

(a)Subdivisions and Combinations. In case any Purchaser Entity shall (i) subdivide, split or reclassify any class of Components into a larger number of shares, including by way of stock dividend, or (ii) combine or reclassify any class of its Components into a smaller number of shares, then in each such case the Component Number for such Component shall be proportionately increased or decreased, as the case may be. An adjustment made pursuant to this Section 10(a) shall become effective immediately after the effective date in all cases described above.

(b)Reorganization or Reclassification. In case of any capital reorganization or any reclassification of the capital stock of any Purchaser Entity (whether pursuant to a "drag-along" transaction to which Section 4.2 of the Stockholders Agreement applies, a merger, consolidation, binding share exchange or other similar transaction and including, without limitation, a conversion of the Class L Common into Class A Common), or if any Purchaser Entity issues to all holders of any class of Capital Stock as a dividend or distribution additional shares of Capital Stock or other securities of the Purchaser Entity or of any other Person, the Warrants shall thereafter be exercisable for the number of shares of stock or other securities or property receivable upon such capital reorganization or reclassification of capital stock or dividend or distribution, as the case may be, by a holder of the number of Units for which the Warrants were exercisable immediately prior to such capital reorganization or reclassification of capital stock or dividend or distribution; and, in any such case, appropriate adjustment shall be made in the application of the provisions herein set forth with respect to the rights and interests thereafter of each Holder to the end that the provisions set forth herein shall thereafter be applicable, as nearly as reasonably may be, in relation to any shares of stock or other securities or property thereafter deliverable upon the exercise of the Warrants. If pursuant to any such capital reorganization or reclassification or dividend or distribution the Holders would receive or be entitled to receive stock or other securities of an entity other than the Purchaser Entity in which they had previously held such interest, the Purchaser Entity shall not undertake such capital reorganization or reclassification or dividend or distribution unless and until such other entity has agreed in writing to be bound by the provisions of this Agreement as if it were the Purchaser Entity.

(c)Below-Market Issuances of Components. If any Purchaser Entity issues shares of Components for a consideration per share less than the Fair Market Value on the date such Purchaser Entity fixes the offering price of such shares, the affected Component Number shall be adjusted, effective as of the date of such issuance, in accordance with the following formula:

$$W' = W \times \frac{A}{O + (P/M)}$$

where:

W' = the adjusted Component Number.

W = the Component Number immediately prior to such issuance.

O = the number of shares of such Capital Stock of such Purchaser Entity outstanding immediately prior to such issuance.

P = the aggregate consideration received for the issuance of such additional shares of such Capital Stock.

M = the Fair Market Value per share of such Capital Stock of such Purchaser Entity on the date such Purchaser Entity fixes the offering price of such shares in such issuance.

A = the number of shares of such Capital Stock of such Purchaser Entity outstanding immediately after such issuance.

(d)Below-Market Issuances of Non-Components. If any Purchaser Entity issues shares of Capital Stock, that is not a Component, for a consideration per share less than the Fair Market Value on the date such Purchaser Entity fixes the offering price of such shares, the Component Price for each Component shall be reduced, effective as of the date of such issuance, by a Dilution Credit calculated for such Component in accordance with this Section 10(d) in accordance with the following formula:

DC = (CN x Old FMV) - (CN x New FMV)

where:

DC = the Dilution Credit for a given Component upon such distribution or dividend.

CN = the Component Number for such Component immediately prior to such issuance.

New FMV = the Fair Market Value per share of such Component immediately after such issuance.

Old FMV = the Fair Market Value per share of such Component immediately prior to such issuance.

(e)Convertible Securities Convertible into Components. If any Purchaser Entity issues any Capital Stock Equivalents for a consideration per share of a Component initially deliverable upon conversion, exchange or exercise of such Capital Stock Equivalents less than the Fair Market Value per share of such Component on the date the Purchaser Entity fixes the offering price of such securities, the affected Component Number shall be adjusted, effective as of the date of such issuance, in accordance with the following formula:

$$W' = W \times \frac{O + D}{O + (P/M)}$$

where:

W’ = the adjusted Component Number.

W = the Component Number immediately prior to such issuance.

O = the number of shares of such Capital Stock outstanding immediately prior to such issuance of such Capital Stock Equivalents.

P = the sum of the aggregate consideration received for such issuance and the aggregate minimum consideration receivable by the Purchaser Entity for issuance of Capital Stock upon conversion or in exchange for, or upon exercise of, such Capital Stock Equivalents.

M = the Fair Market Value per share of such Capital Stock on the date such Purchaser Entity fixes the offering price of such securities in such issuance.

D = the maximum number of shares of such Capital Stock deliverable upon conversion or in exchange for or upon exercise of such Capital Stock Equivalents at the initial conversion, exchange or exercise rate.

If the aggregate minimum consideration receivable by the Purchaser Entity for issuance of a Component upon conversion or in exchange for, or upon exercise of, such Capital Stock Equivalents shall be increased by virtue of provisions therein contained or upon the arrival of specified date or the happening of a specified event, then the affected Component Number shall promptly be readjusted to the Component Number which would then be in effect had the adjustment upon the issuance of such securities been made on the basis of such increased minimum consideration.

If and to the extent the conversion, exchange or exercise right under such Capital Stock Equivalents have expired without the exercise thereof, then the affected Component Number shall promptly be readjusted to the Component Number which would then be in effect had the adjustment upon the issuance of such Capital Stock Equivalents not been made.

(f)Convertible Securities Issuable for Non-Components. If any Purchaser Entity issues any Capital Stock Equivalents for a consideration per share of Capital Stock, that is not a Component, initially deliverable upon conversion, exchange or exercise of such Capital Stock Equivalents less than the Fair Market Value per share of such Capital Stock on the date the Purchaser Entity fixes the offering price of such securities, the Component Price for each

Component shall be reduced, effective as of the date of such issuance, by a Dilution Credit calculated for such Component in accordance with this Section 10(f) in accordance with the following formula:

DC = (CN x Old FMV) - (CN x New FMV)

where:

DC = the Dilution Credit for a given Component upon such distribution or dividend.

CN = the Component Number for such Component immediately prior to such issuance.

New FMV = the Fair Market Value per share of such Component immediately after such issuance.

Old FMV = the Fair Market Value per share of such Component immediately prior to such issuance.

If the aggregate minimum consideration receivable by the Purchaser Entity for issuance of Capital Stock upon conversion or in exchange for, or upon exercise of, such Capital Stock Equivalents shall be increased by virtue of provisions therein contained or upon the arrival of specified date or the happening of a specified event, then the affected Dilution Credit shall promptly be readjusted to the amount which would then be in effect had the adjustment upon the issuance of such securities been made on the basis of such increased minimum consideration.

If and to the extent the conversion, exchange or exercise right under such Capital Stock Equivalents has expired without the exercise thereof, then the affected Dilution Credit shall promptly be readjusted to the amount which would then be in effect had the adjustment upon the issuance of such Capital Stock Equivalents not been made.

(g)Distributions in Connection with Affiliate Transactions: If at any time or from time to time any Purchaser Entity enters into any transaction with any other Investor or any Affiliate of such Investor (other than the Company, Midco or any wholly owned subsidiary of the Company or Midco) on terms that are not fair to such Purchaser Entity, then a Dilution Credit for each Component shall be calculated, effective as of the date such transaction is entered into, in accordance with the following formula:

DC = (CN x Old FMV) - (CN x New FMV)

where:

DC = the Dilution Credit for a given Component upon entering into such Affiliate transaction.

CN = the Component Number for such Component immediately

prior to entering into such Affiliate transaction.

New FMV = the Fair Market Value per share of such Component immediately after entering into such Affiliate transaction.

Old FMV = the Fair Market Value per share of such Component immediately prior to entering into such Affiliate transaction.

This Section 10(g) does not apply to (i) any transaction that has been approved as fair to such Purchaser Entity by a majority of the disinterested directors of the Company, (ii) any transaction or series of related transactions involving $50 million or less, (iii) any transaction which a third party financial advisor, appraiser, consultant or expert retained by a Purchaser Entity has determined to be fair to such Purchaser Entity, (iv) any payment of customary management or advisory fees consistent with the past practices of the Investors with respect to their portfolio companies, (v) any issuance of shares of Capital Stock or Capital Stock Equivalents, any repurchase, redemption or refinancing of shares of Capital Stock or Capital Stock Equivalents, or the making of any distribution on shares of Capital Stock and (vi) transactions in which Investors and Holders have substantially comparable proportionate interest.

(h)Exceptions. Sections 10(c), (d), (e) and (f) do not apply to (i) the issuance of any Capital Stock or Capital Stock Equivalents issued pursuant to Employee Stock Program Grants, (ii) the issuance by a Purchaser Entity following a Qualified Public Offering of any shares of any publicly traded class of Capital Stock pursuant to an employee stock purchase plan or pursuant to a dividend reinvestment plan, (iii) issuances made by a Purchaser Entity solely to other Purchaser Entities, (iv) the issuance of Capital Stock pursuant to any Warrant or Three-Year Warrant, (v) any arm's-length transaction for a bona fide business purpose with a third party which has been approved by a majority of the disinterested directors of the issuing Purchaser Entity or by the disinterested directors of the Company if the issuing Purchaser Entity has no disinterested directors, (vi) any transaction for a bona fide business purpose with. an Affiliate that is determined to have been fair by a majority of the disinterested directors of the issuing Purchaser Entity or by the disinterested directors of the Company if the issuing Purchaser Entity has no disinterested directors, (vii) any of the transactions described by Section 9, (viii) with respect to Sections 10(c) and 10(d), the issuance of Capital Stock upon the conversion, exercise or exchange of any Capital Stock Equivalents for which an adjustment has been made pursuant to Section 10(e) or 10(f) or for which no adjustment was required pursuant to Section 10(e),10(f), or 10(i) or (ix) the issuance of securities to Persons providing debt financing; provided, however, that this clause (ix) shall apply to securities issued to a Person that is Affiliated with an Affiliate of the Company only if and to the extent such Person (A) did not negotiate the terms of such debt financing, (B) receives no more than 20% of the securities issued to the Persons providing such debt financing and (C) receives no more than its pro rata share of the securities issued to the Persons providing such debt financing.

(i)When De Minimis Adjustment May Be Deferred. No adjustment in a Component Number or Component Price pursuant to Section 9 or 10 shall be required unless the adjustment would require an increase or decrease of at least 1% in the Component Number or Component Price. No creation of a Dilution Credit pursuant to Section 9 or 10 shall be

calculated unless the adjustment would be greater than 1% of the Fair Market Value of each Component immediately after the event requiring such adjustment; provided, however, that any adjustments that are not made shall be carried forward and taken into account in any subsequent adjustment.

(j)Notice of Adjustment. Whenever a Component Number or Component Price is adjusted, the Company shall provide the notices required by Section 13.

(k)Certificate as to Adjustments. In case of any adjustment in the number and type of securities issuable on the exercise of the Warrants, the Company will promptly give written notice thereof to each Holder in the form of a certificate, certified and confirmed by the chief financial officer of the Company, setting forth such adjustment and showing in reasonable detail the facts upon which adjustment is based.

Section 11.Fractional Interests. The Company shall not be required to issue fractional Components on the exercise of Warrants. If more than one Warrant shall be presented for exercise in full at the same time by the same Holder, the number of full Components which shall be issuable upon the exercise thereof shall be computed on the basis of the aggregate number of Components purchasable on exercise of the Warrants so presented. If any fraction of a Component would, except for the provisions of this Section 11, be issuable on the exercise of any Warrants (or specified portion thereof), in lieu of issuing such fractional Component, the Company may pay an amount in cash equal to the Fair Market Value of such fractional Component on the day immediately preceding the date the Warrant is presented for exercise, multiplied by such fraction.

Section 12.Notices to Holders. (a)Upon any adjustment of a Component Price or of a Component Number pursuant to Section 9 or 10, the Company shall promptly, but in any event within 10 days thereafter, cause to be given to each of the Holders, by registered mail, postage prepaid, a certificate signed by its chief financial officer setting forth the adjusted Component Number and/or Component Price and describing in reasonable detail the facts accounting for such adjustment and the method of calculation used. Where appropriate, such certificate may be given in advance and included as a part of the notice required to be mailed under the other provisions of this Section 12.

(b)In the event (i) the Company Announces a Major Music Transaction, (ii) of the voluntary or involuntary dissolution, liquidation or winding up of any Purchaser Entity or (iii) any Purchaser Entity takes any action which would require an adjustment to the Component Number pursuant to Section 9 or 10, then and in each such event the Company shall cause to be given to each of the Holders, promptly after any Announcement of a Major Music Transaction or any applicable record date (or as expeditiously as possible after the occurrence of any involuntary dissolution, liquidation or winding up referred to in clause (ii) above), by registered mail, postage prepaid, a written notice stating the date on which any such Major Music Transaction, dissolution, liquidation, winding up or other action is expected to become effective (or has become effective, in the case of any involuntary dissolution, liquidation or winding up). Upon reasonable request by any Holder, the Company shall provide information regarding any

Announced or completed Major Music Transaction. The Company shall also provide 10 Business Days' advance notice of the closing of a Major Music Transaction.

(c)The Warrant Holders shall in any event be promptly provided with all historical periodic financial information provided by the Company to any or all of the Investors in their capacity as shareholders of Capital Stock pursuant to any contractual requirement, subject to reasonable and appropriate confidentiality provisions.

(d)The failure to give the notice required by this Section 12 or any defect therein shall not affect the legality or validity of any distribution, right, warrant, consolidation, merger, conveyance, transfer, dissolution, liquidation or winding up, or the vote upon any action.

Section 13.Notices. Unless otherwise provided, any notice required or permitted by this Agreement shall be in writing and shall be deemed sufficient upon delivery, when delivered personally or by overnight courier or sent by telegram or fax, or forty-eight hours after being deposited in the U.S. mail, as certified or registered mail, with postage prepaid, and addressed to the party to be notified at such party's address or fax number as set forth below or as subsequently modified by written notice.

(a)If to the Purchaser Entities:

In care of Thomas H. Lee Partners, L.P.
75 State Street
Boston, Massachusetts 02109
Facsimile: (617) 227-3514
Attention: Scott Sperling

With a copy to:

Ropes & Gray LLP
One International Place
Boston, MA 02110
Fax: (617)-951-7050
Attention: Alfred Rose, Esq.

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, NY 10017
Fax: (212)-455-2502
Attention: John G. Finley, Esq.
Ed Chung, Esq.

(b)If to the Initial Holder:

Time Warner Inc.

Fax: (212)-405-5307
Attention: Deputy General Counsel

with a copy to:

Cravath Swaine & Moore LLP
825 Eighth Avenue
New York, NY 10019
Fax: (212)-474-3700
Attention: Richard Hall, Esq.

(c)If to any other Holder, to the address as set forth in the Warrant register maintained by the Company for such Holder.

Section 14.Registration of Transfers and Exchanges. (a)The Warrants shall not be transferable or assignable except as provided hereunder. The Company shall from time to time register the permitted transfer of any outstanding Warrant Certificates in a Warrant register to be maintained by the Company upon surrender thereof accompanied by a written instrument or instruments of transfer in form satisfactory to the Company, duly executed by the registered holder or holders thereof or by the duly appointed legal representative thereof or by a duly authorized attorney. Upon any such registration of transfer, a new Warrant Certificate shall be issued to the transferee(s) and the surrendered Warrant Certificate shall be cancelled and disposed of by the Company.

(b)Warrant Certificates may be exchanged at the option of the holder(s) thereof, when surrendered to the Company at its office for another Warrant Certificate or other Warrant Certificates of like tenor and representing in the aggregate a like number of Warrants.

(c)Warrant Certificates surrendered for exchange shall be cancelled and disposed of by the Company.

Section 15.Mutilated or Missing Warrant Certificates. In case any of the Warrant Certificates shall be mutilated, lost, stolen or destroyed, the Company shall issue, in exchange and substitution for and upon cancellation of the mutilated Warrant Certificate, or in lieu of and substitution for the Warrant Certificate lost, stolen or destroyed, a new Warrant Certificate of like tenor and representing an equivalent number of Warrants, but only upon receipt of evidence reasonably satisfactory to the Company of such loss, theft or destruction of such Warrant Certificate and indemnity, if requested, also reasonably satisfactory to it.

Section 16.Specific Performance. The parties hereto agree that irreparable damage would occur if any provision of this Warrant Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement or to enforce specifically the performance of the terms and provisions hereof.

Section 17.Amendments. This Agreement may not be amended without the approval of holders of more than 85% of the Warrants.

Section 18.Successors. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties hereto, including each Holder. Except as contemplated in Section 23, no Purchaser Entity may assign any of its rights under this Agreement without the written consent of the Holders.

Section 19.Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, regardless of the laws that might otherwise govern under applicable principles of conflicts of law thereof; provided, however, that the laws of the respective jurisdictions of incorporation of each of the parties hereto shall govern the relative rights, obligations, powers, duties and other internal affairs of such party and its board of directors.

Section 20.Benefits of This Agreement. No Person other than the parties hereto and their successors and permitted assigns, including each Holder, is intended to be a beneficiary of this Agreement.

Section 21.Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties.

Section 22. [Intentionally Omitted]

Section 23.Certain Sale Transactions. Notwithstanding anything to the contrary in this Agreement, if a sale (whether pursuant to a merger, consolidation, sale of stock or otherwise) to a third party of a majority of the then outstanding Components for cash and/or securities of a class that is publicly traded ("Sale Securities") is consummated and, in the case of such a sale for Sale Securities, any Holders receiving any Sale Securities in such sale, in respect of Components issued or issuable pursuant to any Warrant, which Sale Securities constitute "restricted securities" as defined in Rule 144 under the Securities Act or the transfer of which is subject to Rule 145(d) under the Securities Act, also receive in such sale registration rights in respect of such Sale Securities not less favorable on a pro rata basis than the registration rights received by the Investors in respect of any Sale Securities received in such sale in respect of any Investor Shares, then

(x) the Warrants shall be adjusted as contemplated by Section 10(b);

(y) the Purchaser Entities may defease their obligations under this Agreement and the Warrants by causing cash and/or securities to be contributed to an escrow account (with an escrow agent and all other terms reasonably satisfactory to the Holders) in an amount sufficient to honor the exercise of the Warrants in full, in which event the Purchaser Entities shall be fully released and discharged from all of the obligations under this Agreement and the Warrants and the Holders shall look only to the escrow upon exercise of the Warrants; and

(z) the provisions set forth in Sections 9(b), 9(c), 9(d) , 9(e), 9(f), 9(i), 10(c), 10(d), 10(e), 10(f) and 10(g) shall terminate and have no further force or effect.

If the Purchaser Entities defease their obligations in accordance with clause (y) above and the holders of the Warrants subsequently exercise the Warrants, such holders will pay the exercise price to the escrow agent to be added to the escrow account, the escrow agent will distribute to such holders the amounts of cash and securities to which they are entitled under the Warrants, and the escrow agent will distribute the balance of cash and securities in accordance with the Stockholders Agreement.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed, as of the day and year first above written.

WMG PARENT CORP.,

by /s/ Scott Sperling
Name: Scott Sperling
Title: President

WMG HOLDINGS CORP.,

by /s/ Scott Sperling
Name: Scott Sperling
Title: President

HISTORIC TW INC.,

by /s/ Robert Marcus
Name: Robert Marcus
Title: Senior Vice President

EXHIBIT A

[Form of Election to Purchase]

(To Be Executed Upon Exercise Of Warrant A)

The undersigned hereby irrevocably elects to exercise the right, represented by this Warrant Certificate, to receive Units and herewith tenders payment for such Units to the order of [Company] in the amount of $ in accordance with the terms hereof, unless the holder is exercising Warrants pursuant to the net exercise provisions of Section 5 of the Warrant Agreement. The undersigned requests that a certificate or certificates for the shares represented by the Units be registered in the name of the undersigned, and that such shares be delivered to whose address is .

Signature:

Date: _____

Signature Guaranteed:

EXHIBIT B

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO TERMS AND CONDITIONS SET FORTH IN A SHAREHOLDERS AGREEMENT DATED AS OF •, 2004, A COPY OF WHICH MAY BE OBTAINED FROM THE COMPANY. NO TRANSFER OF SUCH SECURITIES WILL BE MADE ON THE BOOKS OF, OR BE EFFECTIVE WITH RESPECT TO, THE COMPANY OR ANY AFFILIATE UNLESS ACCOMPANIED BY EVIDENCE OF COMPLIANCE WITH THE TERMS OF SUCH AGREEMENT.

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO SUCH REGISTRATION OR IN ACCORDANCE WITH AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

[Form of Warrant A Certificate]

[Face]

No. [1] 25
Warrants

Warrant Certificate

WMG Parent Corp.

WMG Holdings Corp.

This Warrant Certificate certifies that Historic TW Inc. is the registered holder of 25 Warrants (the "Warrants") to purchase one Unit per Warrant, each Unit consisting of 93.85490 shares of Class L Common and 844.69413 shares of Class A Common of WMG Parent Corp., a Delaware corporation (the "Company"), and 397.50312 shares of Preferred of WMG Holdings Corp., a Delaware corporation. Each Warrant entitles the holder, when entitled to exercise pursuant to the Warrant Agreement, upon exercise to receive from the Purchaser Entities on and after the Closing Date (as defined in the Warrant Agreement) and prior to the Expiration Date (as defined in the Warrant Agreement), one Unit at a purchase price (the "Exercise Price") set forth in the Warrant Agreement, payable in lawful money of the United States of America upon surrender of this Warrant Certificate and payment of the Exercise Price at the office of the Company designated for such purpose, but only subject to the conditions set forth herein and in the Warrant Agreement referred to on the reverse hereof. Notwithstanding the foregoing, Warrants may be exercised without the exchange of funds pursuant to the net exercise provisions of Section 5 of the Warrant Agreement. The Component Number of Components issuable upon exercise of the Warrants and the Component Prices thereof, as all such terms are defined in the Warrant Agreement, are subject to adjustment upon the occurrence of certain events as set forth in Section 9 and 10 of the Warrant Agreement.

The Company may deem and treat the registered holder(s) hereof as the absolute owner(s) of this Warrant Certificate (notwithstanding any notation of ownership or other writing hereon made by anyone), for the purpose of any exercise hereof, of any distribution to the holder(s) hereof, and for all other purposes, and the Company shall not be affected by any notice to the contrary. Except as provided in the Warrant Agreement, neither the Warrants nor this Warrant Certificate entitles any holder hereof to any rights of a stockholder of any Purchaser Entity.

Reference is hereby made to the further provisions of this Warrant Certificate set forth on the reverse hereof and such further provisions shall for all purposes have the same effect as though fully set forth at this place.

This Warrant shall not be valid unless signed by the Purchaser Entities.

[Form of Warrant A Certificate]

[Reverse]

The Warrants evidenced by this Warrant Certificate are part of a duly authorized issue of Warrants entitling the holder on exercise to receive shares of the Purchaser Entities, and are issued or to be issued pursuant to a Warrant Agreement dated as of [Closing Date], duly executed and delivered by the Purchaser Entities, which Warrant Agreement is hereby incorporated by reference in and made a part of this instrument. A copy of the Warrant Agreement may be obtained by the holder (the words "holders" or "holder" meaning the registered holders or registered holder of the Warrants evidenced hereby) upon written request to the Company.

Warrants may be exercised upon the occurrence of certain events at any time commencing on the Closing Date and prior to the Expiration Date. The holder may exercise them by surrendering this Warrant Certificate, with the form of election to purchase set forth hereon properly completed and executed, together with payment of the Exercise Price in cash at the office of the Company designated for such purpose. Notwithstanding the foregoing, Warrants may be exercised without the exchange of funds pursuant to the net exercise provisions of Section 5 of the Warrant Agreement.

The Warrant Agreement provides that upon the occurrence of certain events the Component Number may, subject to certain conditions, be adjusted. If the Component Number is adjusted, the Warrant Agreement provides that the number of shares issuable upon the exercise of each Warrant shall be adjusted. The Company shall not be required to issue fractions of Components upon the exercise of any Warrant. In lieu of issuing such fractions of Components, however, the Company may pay the cash equal to the Fair Market Value of such fraction thereof determined as provided in the Warrant Agreement. The Warrant Agreement also provides that, upon the occurrence of certain events, the Component Price for the Components may be adjusted.

This Warrant Certificate, when surrendered at the office of the Company by the holder, may be exchanged, in the manner and subject to the limitations provided in the Warrant Agreement, but without payment of any service charge, for another Warrant Certificate or Warrant Certificates of like tenor evidencing in the aggregate a like number of Warrants.

Upon due presentation for registration of transfer of this Warrant Certificate at the office of the Company a new Warrant Certificate or Warrant Certificates of like tenor and evidencing in the aggregate a like number of Warrants shall be issued to the transferee(s) in exchange for this Warrant Certificate, subject to the limitations provided in the Warrant Agreement, without charge except for any tax or other governmental charge imposed in connection therewith.

IN WITNESS WHEREOF, the Purchaser Entities have caused this Warrant Certificate to be signed by their respective Chief Executive Officers, and Secretaries and have caused their corporate seals to be affixed hereunto or imprinted hereon.

Dated: _____

WMG Parent Corp.:

By _____

Chief Executive Officer

By _____

Secretary

[SEAL]

Dated: _____

WMG Holding Corp.:

By _____

Chief Executive Officer

By _____

Secretary

[SEAL]

Exhibit 10.20

WARRANT AGREEMENT (THREE-YEAR WARRANTS)

Among

WMG PARENT CORP.,

WMG HOLDINGS CORP.

and

HISTORIC TW INC.

Dated as of February 29, 2004

TABLE OF CONTENTS

WARRANT AGREEMENT (this "Agreement") dated as of February 29, 2004, among WMG Parent Corp., a Delaware corporation (the "Company"), and WMG Holdings Corp., a Delaware corporation ("Midco"), and the Holders (as defined below).

WHEREAS the Purchaser Entities (as defined below) propose to issue 17.7579 Warrants, as hereinafter described (the "Warrants"), to purchase Units (as defined below), in connection with the Purchase Agreement dated as of November 24, 2003, between WMG Acquisition Corp. and Time Warner Inc. ("TWI") (the "Purchase Agreement").

WHEREAS as of the date of this Agreement the Warrants represent the right to acquire upon exercise in full of the Warrants on the terms and conditions hereof 15% of the total equity of the Purchaser Entities held by the Investors and issuable under the Warrants, taking into account such exercise in full.

WHEREAS the Investors (as defined below) have by their signatures hereon acknowledged and agreed, for themselves and their successors, to be bound by certain provisions of this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein set forth, the parties hereto agree as follows:

Section 1.Definitions.

"Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with such Person. For purposes of this definition, following the Closing Date, none of TWI, the Holders or their Subsidiaries, on the one hand, and the Purchaser Entities and their Affiliates (including the Warner Acquired Companies (as such term is defined in the Purchase Agreement)), on the other hand, shall be deemed to be Affiliates of each other.

"Agreement" has the meaning set forth in the Preamble.

"Business Day" means any day other than a Saturday, Sunday or a day on which banks in New York City are authorized or obligated by law or executive order to close.

"Closing Date" means the date of this Agreement.

"Capital Stock" means the capital stock of a Purchaser Entity, as the case may be.

"Capital Stock Equivalent" means any right, option, warrant or other security which may be exercised, converted or exchanged for (i) any Component, including the Warrants, but excluding any MMT Warrants or (ii) if the context expressly requires, any share of Capital Stock that is not a Component.

"Class A Common" means the Class A Common Stock of the Company.

"Class L Common" means the Class L Common Stock of the Company.

"Company" has the meaning set forth in the Preamble.

"Component" means any security from time to time included in a Unit.

"Component Number" means, with respect to any Component, the number of shares of such Component included in a single Unit. The initial Component Number for Class L Common is 93.85490, for Class A Common is 844.69413 and for the Preferred is 397.50312.

"Component Price" means, at any time, (i) if the Exercise Price is determined pursuant to clause (i) of the definition thereof, (a) with respect to Class L Common, and all other Components included in a Unit by reason of the operation of Sections 9 and 10 with respect to Class L Common, 75% of the Fair Market Value of such Component(s), (b) with respect to Class A Common, and all other Components included in a Unit by reason of the operation of Sections 9 and 10 with respect to Class A Common, 75% of the Fair Market Value of such Component(s) and (c) with respect to the Preferred, and all other Components included in a Unit by reason of the operation of Sections 9 and 10 with respect to the Preferred, 75% of the Fair Market Value of such Component(s), in each case subject to adjustment under Sections 9 and 10, and (ii) if the Exercise Price is determined pursuant to clause (ii) of the definition thereof, (a) with respect to Class L Common, and all other Components included in a Unit by reason of the operation of Sections 9 and 10 with respect to Class L Common, $7,602,247.19 minus any applicable Floor Debits, (b) with respect to Class A Common and all other Components included in a Unit by reason of the operation of Sections 9 and 10 with respect to Class A Common, $844,694.13 minus any applicable Floor Debits and (c) with respect to the Preferred, and all other Components included in a Unit by reason of the operation of Sections 9 and 10 with respect to the Preferred, $3,975,031.21 minus any applicable Floor Debits, in each case subject to adjustment under Sections 9 and 10.

"Dilution Credit" means, at any time, all amounts determined to be Dilution Credits pursuant to Sections 9 and 10. No Dilution Credit calculated for a Component pursuant to Section 9 or 10 shall be a negative value.

"Employee Stock Program Grants" means the grants of securities made by the Company for bona fide compensation reasons to its employees, if such grants are approved by the Board of Directors of the Company.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Exercise Price" means, at any time, the greater of (i)(A) 75% of the sum of the Fair Market Values of all Components minus (B) 100% of any Dilution Credits at such time or (ii) the Floor Price of one Unit.

"Expiration Date" means the earliest of (a) the third anniversary of the Closing Date, (b) the time simultaneously with the first exercise of any MMT Warrant, (c) the time simultaneously with the first exercise of any Warrant, (d) the consummation of a public offering that results in all the Components outstanding immediately after such public offering being publicly traded and of any exercise of the Warrants in connection therewith and (e) the consummation of the sale to a third party of a majority of the then outstanding Components and of any exercise of the Warrants in connection therewith for cash and/or securities of a class that is publicly traded ("Sale Securities") if and only if, in the case of such a sale for Sale Securities, any Holders receiving any Sale Securities in such sale, in respect of Components issued or issuable pursuant to any Warrant, which Sale Securities constitute "restricted securities" as defined in Rule 144 under the Securities Act or the transfer of which is subject to Rule 145(d) under the Securities Act, also receive in such sale registration rights in respect of such Sale Securities not less favorable on a pro rata basis than the registration rights received by the Investors in respect of any Sale Securities received in such sale in respect of any Investor Shares.

"Fair Market Value":

(a) With respect to any security, Fair Market Value means the average of the closing prices of such security's sales on all principal securities exchanges on which such security may at the time be listed, or, if there have been no sales on any such exchange on any day, the average of the highest bid and lowest asked prices on all such exchanges at the end of such day, or, if on any day such security is not so listed, the average of the representative bid and asked prices quoted in the Nasdaq Stock Market System as of 4:00 P.M., New York time, or, if on any day such security is not quoted in the Nasdaq Stock Market System, the average of the highest bid and lowest asked prices on such day in the domestic over-the-counter market as reported by the National Quotation Bureau, Incorporated, or any similar successor organization, in each such case averaged over a period of 20 days consisting of the 20 consecutive Business Days prior to such day as of which Fair Market Value is being determined. If at any time such security is not listed on any securities exchange or quoted in the Nasdaq Stock Market System or the over-the-counter market, the Fair Market Value shall be the fair value thereof reasonably determined jointly in good faith by the Board of Directors of the Company and the Holders of more than 85% of the Warrants. If such parties are unable to reach agreement within a reasonable period of time, such fair value shall be determined by the joint decision of two independent investment banking firms of national reputation, one nominated by the Company and the other by the Holders of more than 85% of the Warrants and neither of which is an Affiliate of the Company or any Holders of the Warrants. The joint determination of such investment banking firms shall be final and binding upon the parties, and the Company and the Holders shall pay equally the fees and expenses of such investment banking firms. If the investment banking firms are unable to agree upon a fair value by the end of a 15 Business Day period, they each shall submit a fair value determination and the two firms shall choose a third such firm which will be obligated to choose one of the two determinations, which choice shall be final and binding on the parties. In such an event, the Company and the Holders shall likewise pay equally the fees and expenses of all three investment banking firms. Notwithstanding the foregoing, in the event that a security is sold in an underwritten Public Sale after a Qualified Public Offering has occurred, the Fair Market Value with respect to any

exercise of Warrants in conjunction therewith shall be the Public Sale price per share and, in the event that a security is sold as part of a sale of 90% or more of a company's shares for cash to a third party in a sale other than an underwritten Public Sale, the Fair Market Value with respect to any exercise of Warrants in conjunction therewith shall be the sale price per share. Any determination of the Fair Market Value of a Component or Unit shall be made on a pro forma basis as though all Capital Stock Equivalents, including the Warrants and the MMT Warrants, had not been issued.

(b)With respect to any entity, including the Company and the other Purchaser Entities, assets, evidences of indebtedness or other rights, the Fair Market Value shall be the fair value thereof reasonably determined jointly in good faith by the Board of Directors of the Company and the Holders of more than 85% of the Warrants. If such parties are unable to reach agreement within a reasonable period of time, such fair value shall be determined by independent investment banking firms as set forth in the preceding paragraph (a).

(c)Any determination of Fair Market Value to be determined by the Board of Directors of the Company or the Holders or any investment bank pursuant to the foregoing provisions shall be based on a multiple of EBITDA based on comparable companies. In addition, such determination shall be based on the assumption of (i) a process designed to maximize immediate value, (ii) canvass of all potential buyers, including strategic buyers, financial buyers and existing shareholders, (iii) willing buyer and' seller without any duress or compulsion to buy or sell, (iv) potential breakup scenarios (subject to, but structures designed to minimize, tax leakage), (v) regulatory hurdles being overcome and consents and licenses being obtained, (vi) exclusion of control premium and illiquidity discounts, (vii) disregard of minority interests or marketability of securities and (viii) no right of first refusal, tag-along or similar rights.

"Floor Debit" means, at any time, all amounts determined to be Floor Debits pursuant to Sections 9 and 10. No Floor Debit calculated for a Component pursuant to Section 9 or 10 shall be a negative value.

"Floor Price" means, at any time, $12,421,972.53 minus the sum of the Floor Debits per Unit.

"Governmental Authority" means any governmental authority, quasi-governmental authority, instrumentality, court, arbitrator, government or self-regulatory organization, commission, tribunal or organization or any regulatory, administrative or other agency, whether domestic, foreign or supranational or any political or other subdivision, department or branch of any of the foregoing.

"Holder" means the holder from time to time of any Warrant.

"Initial Holder" means Historic TW Inc., a Delaware corporation.

"Investor Shares" shall mean the Components issued to the Investors on the Closing Date or issued in respect thereof pursuant to any stock split, stock dividend, stock

combination, recapitalization or the like with respect to the applicable Component, excluding any such Components that have been repurchased or redeemed by a Purchaser Entity.

"Investors" shall mean (i) Thomas H. Lee Equity Fund V, L.P., (ii) Thomas H. Lee Parallel Fund V, L.P., (iii) Thomas H. Lee Equity (Cayman) Fund V, L.P., (iv) Putnam Investments Holdings, LLC, (v) Putnam Investments Employees' Securities Company I LLC, (vi) Putnam Investments Employees' Securities Company II LLC, (vii) 1997 Thomas H. Lee Nominee Trust, (viii) Thomas H. Lee Investors Limited Partnership, (ix) THL WMG Equity Investors, L.P., (x) Bain Capital Partners Integral Investors, LLC, (xi) Bain Capital VII Coinvestment Fund, LLC, (xii) BCIP TCV, LLC, (xiii) Providence Equity Partners IV, L.P., (xiv) Providence Equity Operating Partners IV, L.P., (xv) Music Capital Partners, L.P., (xvi) ALP Music Partners, L.P. and (xvii) the respective Affiliates of the foregoing.

"Midco" has the meaning set forth in the Preamble.

"MMT Warrant Agreement" means the Warrant Agreement of even date herewith between the parties hereto in respect of the MMT Warrants.

"MMT Warrants" means the warrants issued pursuant to the MMT Warrant Agreement.

"Person" means an individual, corporation, partnership, limited liability company, association, trust or other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"Preferred" means the Cumulative Preferred Stock of Midco.

"Public Sale" means any sale of shares to the public pursuant to an offering registered under the Securities Act or to the public effected through a broker, dealer or market maker pursuant to the provisions of Rule 144 (if such rule is available) under the Securities Act (or any similar rule or rules then in effect).

"Purchase Agreement" has the meaning set forth in the Preamble.

"Purchaser Entities" means the Company, Midco and, solely for the purposes of Sections 9 and 10, any of their subsidiaries.

"Qualified Holder" means any Person who holds Components issued to such Person upon exercise of a Warrant.

"Qualified Public Offering" means an underwritten primary public offering of common stock of a Purchaser Entity pursuant to which at least 10% of the total issued and outstanding common stock of such Purchaser Entity has been distributed by means of an effective registration statement under the Securities Act.

"Redeemed Component" has the meaning set forth in Section 9(b).

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Stockholders Agreement" means the Stockholders Agreement among the Investors, the Purchaser Entities and the Holders, as in effect from time to time.

"subsidiary" means, with respect to a Person, (i) any entity of which securities or other ownership interests having ordinary voting power to elect or designate a majority of the board of directors or other Persons performing similar functions are at the time owned, directly or indirectly by such Person and (ii) any entity that does not have a board of directors or other Persons performing similar functions in which such Person beneficially owns more than 50% of the class of equity interests that has an unlimited entitlement to distributions upon liquidation of such entity.

"Transfer Agent" has the meaning set forth in Section 7(b).

"TWI" means Time Warner Inc.

"Unit" means, collectively, the Component Number of shares of Class L Common, the Component Number of shares of Class A Common and the Component Number of shares of Preferred, as adjusted from time to time pursuant to Sections 9 and 10, it being understood that the total number of Units issued to the Investors on the Closing Date equals 100.62814.

"Warrant" has the meaning set forth in the Preamble.

"Warrant Agreement" means this Warrant Agreement.

"Warrant Certificate" has the meaning set forth in Section 3(a).

Section 2.Representations and Warranties. The Company, for itself and the other Purchaser Entities, hereby represents and warrants, on the date hereof and on each date any Warrant is exercised, as follows:

(a)The Purchaser Entities are each validly existing and in good standing under the laws of the state of their organization and each has the requisite power and authority to execute and deliver this Agreement and the Warrant Certificates, to issue the Warrants and to perform its obligations under this Agreement and the Warrant Certificates.

(b)The execution, delivery and performance by the Company and the other Purchaser Entities of this Agreement and the Warrant Certificates, the issuance of the Warrants and the issuance of the Components upon exercise of the Warrants have been duly authorized by all necessary corporate or similar action.

(c)This Agreement has been duly executed and delivered by the Company and each of the other Purchaser Entities and constitutes a legal, valid, binding and enforceable obligation of such Purchaser Entity, except to the extent limited by (i) applicable bankruptcy,

insolvency, reorganization, moratorium and similar laws of general application related to the enforcement of creditor's rights generally and (ii) general principles of equity. When the Warrants and Warrant Certificates have been issued as contemplated hereby, (i) the Warrants and the Warrant Certificates shall constitute legal, valid, binding and enforceable obligations of the Company and each of the Purchaser Entities, except to the extent limited by (A) applicable bankruptcy, insolvency, reorganization, moratorium and similar laws of general application related to the enforcement of creditor's rights generally and (B) general principles of equity, and (ii) the Components, when issued upon exercise of the Warrants in accordance with the terms thereof, shall be duly authorized, validly issued, fully paid and nonassessable.

(d)Neither the Company nor any Affiliate of the Company is (i) an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended, or (ii) a "holding company", a "subsidiary company" of a "holding company", or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company", as such terms are defined in the Public Utility Holding Company Act of 1935, as amended.

Section 3.Warrant Certificates: Execution of Warrant Certificates. (a) The certificates evidencing the Warrants (the "Warrant Certificates") to be delivered on the Closing Date to the Initial Holders pursuant to this Agreement shall be in registered form only and shall be substantially in the form set forth in Exhibit B attached hereto.

(b)Warrant Certificates shall be signed on behalf of each Purchaser Entity by its Chief Executive Officer and by its Secretary or an Assistant Secretary under its corporate or similar seal. Each such signature upon the Warrant Certificates may be in the form of a facsimile signature of the present or any future Chief Executive Officer, Secretary or Assistant Secretary and may be imprinted or otherwise reproduced on the Warrant Certificates and for that purpose a Purchaser Entity may adopt and use the facsimile signature of any person who shall have been Chief Executive Officer, Secretary or Assistant Secretary, notwithstanding the fact that at the time the Warrant Certificates shall be delivered or disposed of he or she shall have ceased to hold such office. The seal of a Purchaser Entity may be in the form of a facsimile thereof and may be impressed, affixed, imprinted or otherwise reproduced on the Warrant Certificates.

(c)In case any officer of a Purchaser Entity who has signed any of the Warrant Certificates shall cease to be such officer before the Warrant Certificates so signed shall have been disposed of by such Purchaser Entity, such Warrant Certificates nevertheless may be delivered or disposed of as though such person had not ceased to be such officer of the Purchaser Entity; and any Warrant Certificate may be signed on behalf of a Purchaser Entity by any person who, at the actual date of the execution of such Warrant Certificate, is a proper officer of such Purchaser Entity to sign such Warrant Certificate, although at the date of the execution of this Warrant Agreement any such person was not such officer.

Section 4.Registration. The Company shall number and register the Warrant Certificates in a register as they are issued. On the Closing Date, the

Company shall register the outstanding Warrant Certificates in the name of the Initial Holders. The Company may deem and treat the registered holder(s) of the Warrant Certificates as the absolute owner(s) thereof (notwithstanding any notation of ownership or other writing thereon made by anyone), for all purposes, and shall not be affected by any notice to the contrary.

Section 5.Warrants; Duration and Exercise of Warrants; Payment of Taxes.

(a)The Warrants shall be exercisable at any time following the Closing Date; provided, however, that upon the Expiration Date the Warrants (to the extent not previously exercised) shall no longer be enforceable and shall be null and void. Each Warrant shall be exercisable for one Unit, subject to the adjustments set forth in Sections 9 and 10.

(b)In the event of a public offering, or a sale to a third party of a majority of any class of Components for cash and/or securities as described in clause (e) of the definition of "Expiration Date", the Holders shall have the right to exercise the Warrants and to make the effectiveness of such exercise conditional upon (i) such public offering being priced at an offering price that is not less than the offering price specified by the Holders and (ii) the consummation of such public offering or sale to a third party.

(c)Subject to the terms of this Agreement, the Holder of each Warrant shall have the right to receive from the Purchaser Entities the Component Number of fully paid and nonassessable Components which such Holder may at the time be entitled to receive on exercise of such Warrant and payment of the Exercise Price. In the alternative, a Holder that is exercising one or more Warrants may exercise its right to receive Components on a net basis, such that, without the exchange of any funds, such Holder receives that number of Components otherwise issuable (or payable) upon exercise of such Warrants less that number of Components having an aggregate Fair Market Value at the time of exercise equal to the aggregate Exercise Price that would otherwise have been paid by such Holder upon exercise of such Warrants, in which case the Components issued upon such exercise shall be cut back pro rata.

(d)A Warrant may be exercised by the Holder of such Warrant upon surrender to the Company at its office designated for such purpose (the address of which is set forth in Section 13) of the certificate evidencing the Warrant to be exercised with the form of election to purchase on the reverse thereof duly filled in and signed, and, unless the Holder thereof has elected to use the procedures provided in the last sentence of Section 5(c), upon payment to the Company of the Exercise Price for one Unit. If the Holder of a Warrant is not a party to the Stockholders Agreement, exercise of such Warrant shall be conditioned on execution and delivery by such Holder of the Stockholders Agreement. Payment of the Exercise Price shall be made, at the election of the Holder (i) by wire transfer of immediately available funds to an account or accounts designated by the Company or (ii) in the manner provided in the last sentence of Section 5(c).

(e)Subject to the provisions of Section 6, upon such surrender of Warrants and, if necessary, payment of the Exercise Price, the Purchaser Entities shall issue and cause to be delivered with all reasonable dispatch to or upon the written order of the Holder of such Warrants and in such Holder's name, a certificate or certificates for the Component Number of full Components issuable upon the exercise of such Warrants together with cash, if any, as provided in Section 11. Such certificate or certificates shall be deemed to have been issued and such Holder shall be deemed to have become a holder of record of such Components as of the date of the surrender of such Warrants and payment of the Exercise Price or election pursuant to the last sentence of Section 5(c).

(f)All Warrant Certificates surrendered upon exercise of Warrants shall be cancelled and disposed of by the Company. The Company shall keep copies of this Agreement and any notices given or received hereunder available for inspection by the Holders during normal business hours at its principal office.

(g)The Company shall pay all documentary stamp taxes attributable to the initial issuance of Components upon the exercise of Warrants; provided, however, that the Company shall not be required to pay any tax or taxes which may be payable in respect of any transfer involved in the issue of any Warrant Certificates or any certificates for Components in a name other than that of the registered holder of a Warrant Certificate surrendered upon the exercise of a Warrant, and the Company shall not be required to issue or deliver such Warrant Certificates unless or until the Person or Persons requesting the issuance thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

(h)The Exercise Price for the exercise of any Warrant shall be allocated to the Components in accordance with the Component Prices and allocated to the relevant Purchaser Entities accordingly.

(i)The results of calculations with respect to Component Numbers shall be rounded to the nearest five decimal places. The results of calculations with respect to Component Prices shall be rounded to the nearest two decimal places.

Section 6.Piggyback Rights/Tag Along Rights/Drag Along Obligations.

(a)The Holders have certain piggyback rights, tag-along rights and drag-along obligations under the Stockholders Agreement.

(b)Transfers of Warrants. Warrants may be transferred or assigned only to TWI or wholly owned subsidiaries of TWI. If any Holder ceases to be so wholly owned, it shall promptly transfer its Warrants to TWI or another eligible Holder. If the proposed transferee of Warrants is not a party to the Stockholders Agreement, transfer of such Warrants shall be conditioned upon execution and delivery by such transferee of the Stockholders Agreement.

Section 7.Reservation of Components. (a)Each Purchaser Entity shall at all times reserve and keep available, free from preemptive rights, out of the aggregate of its authorized but unissued Capital Stock or its authorized and issued

Capital Stock held in its treasury, for the purpose of enabling it to satisfy any obligation to issue Components upon exercise of Warrants, the maximum number of shares of Components which may then be deliverable by such Purchaser Entity upon the exercise of all outstanding Warrants.

(b)The Company or, if appointed, the transfer agent for the Purchaser Entities' Capital Stock (the "Transfer Agent") and every subsequent transfer agent for any shares of the Purchaser Entities' Capital Stock issuable upon the exercise of any of the rights of purchase aforesaid shall be irrevocably authorized and directed at all times to reserve such number of authorized shares as shall be required for such purpose. The Company shall keep a copy of this Agreement on file with the Transfer Agent and with every subsequent transfer agent for any shares of the Purchaser Entities' Capital Stock issuable upon the exercise of the rights of purchase represented by the Warrants. The Company shall furnish such Transfer Agent a copy of all notices of adjustments and certificates related thereto, transmitted to each Holder pursuant to Section 13.

Section 8.Obtaining Governmental Approvals and Stock Exchange Listings. The Company shall from time to time, at its own expense (i) obtain and keep effective any and all permits, consents and approvals of Governmental Authorities which may be required of any of the Purchaser Entities in order to satisfy its obligations hereunder and (ii) take all action which may be necessary so that the Components, immediately upon their issuance upon the exercise of Warrants, shall be listed on the principal securities exchanges and markets within the United States of America, if any, on which other shares of the applicable class of Capital Stock are then listed.

Section 9.Certain Adjustments. (a)Redemptions, Refinancings or Repurchases of Preferred. If at any time or from time to time any Purchaser Entity redeems the Preferred constituting Investor Shares or otherwise refinances or repurchases such Preferred such that it is no longer outstanding in whole or in part and some or all of the Investors or their successors or assigns receive monies in respect thereof, then a cash payment shall be made, the Component Number for the Preferred adjusted and a Floor Debit shall be calculated with respect to such redemption, refinancing or repurchase, in accordance with this Section 9(a).

Upon any subsequent exercise of a Warrant by a Holder, the applicable Purchaser Entity shall make a cash payment to such Holder equal to the product of (a) the amount paid by the applicable Purchaser Entity to the Investors or their successors in respect of the Preferred constituting Investor Shares pursuant to such redemption, refinancing or repurchase multiplied by (b) 25% multiplied by (c) 15% multiplied by (d) the percentage of the total number of Warrants that were exercised in such subsequent exercise. Any such cash payments are in lieu of any adjustments required by Section 10 and in lieu of the creation of any Dilution Credit pursuant to Section 9 or Section 10.

The Component Number with respect to the Preferred shall be reduced by an amount equal to the product of (1) the Component Number then in effect for the Preferred and

(2) the percentage of the total number of then-outstanding shares of the Preferred constituting Investor Shares that were redeemed, refinanced or repurchased by the Purchaser Entity.

A Floor Debit with respect to the Preferred shall be calculated equal to the quotient of (a) the amount paid by the applicable Purchaser Entity to the Investors or their successors in respect of the Preferred constituting Investor Shares pursuant to such redemption, refinancing or repurchase divided by (b) the number of Units issued to the Investors on the Closing Date.

Neither such redemption, refinancing or repurchase nor the adjustment of the Component Number or the creation of the Floor Debit shall result in any other adjustments pursuant to Section 9 or Section 10.

(b)Redemptions, Refinancings, Repurchases of Investor Shares. If at any time or from time to time any Purchaser Entity redeems any Component, other than Preferred, constituting Investor Shares or otherwise refinances or repurchases any such Component (any such Component being

referred to as a "Redeemed Component") such that it is no longer outstanding in whole or in part and some or all of the Investors or their successors or assigns receive monies (or other assets) in respect thereof, effective as of the date of such redemption, refinancing or repurchase, the Component Number for the Redeemed Component shall be adjusted, and a Dilution Credit and a Floor Debit for the Redeemed Component shall be calculated, in accordance with this Section 9(b).

The Component Number for the Redeemed Component shall be reduced by an amount equal to the product of (1) the Component Number then in effect for the Redeemed Component and (2) the percentage of the total number of then-outstanding shares of the Redeemed Component constituting Investor Shares that were redeemed, refinanced or repurchased by the Purchaser Entity.

A Dilution Credit for the Redeemed Component shall be calculated, effective as of the date of such redemption, refinancing or repurchase, in accordance with the following formula:

DC = .25 x [(Old CN -New CN) x RP]

where:

New CN = the adjusted Component Number per this Section 9(b) for the Redeemed Component.

Old CN = the Component Number for the Redeemed Component immediately prior to such redemption, refinancing or repurchase.

RP = the amount of monies and, subject to the Company's election described below, the Fair Market Value of any

other assets, paid per share of the Redeemed Component in connection with such redemption, refinancing or repurchase.

A Floor Debit for the Redeemed Component shall be calculated equal to the quotient of (a) the amount of monies and, subject to the Company's election described below, the Fair Market Value of any other assets, paid by the Company to the Investors or their successors or assigns pursuant to such redemption, refinancing or repurchase divided by (b) the number of Units issued to the Investors on the Closing Date.

Neither such redemption, refinancing or repurchase nor the adjustment of the Component Number or the creation of the Dilution Credit or the Floor Debit pursuant to this Section 9(b) shall result in any other adjustments pursuant to Section 9 or Section 10.

With respect to assets other than monies that are paid in any such redemption, refinancing or repurchase, in lieu of the foregoing calculations of the Dilution Credit and Floor Debit pursuant to this Section 9(b) (but in addition to the foregoing calculation of the Component Number) in respect of such assets, at the Company's election, adequate provision reasonably satisfactory to the Holders may be made so that each Holder shall have the right to receive upon exercise of a Warrant, in addition to Capital Stock represented by the Component Number, the kind and amount of such assets that such Holder would have received had such Holder exercised the Warrant immediately prior to such redemption, refinancing or repurchase and had such Holder included in such redemption, refinancing or repurchase a number of shares of the Redeemed Component equal to the product of (i) the Component Number for the Redeemed Component immediately prior to such redemption, refinancing or repurchase and (ii) the percentage of the total number of then-outstanding shares of the Redeemed Component constituting Investor Shares that were redeemed, refinanced or repurchased.

(c)Above-Market Redemptions, Refinancings, Repurchases of Non-Investor Shares. If at any time the Company or any Purchaser Entity redeems, refinances or repurchases shares of Capital Stock and/or Capital Stock Equivalents held by Investors that are not Investor Shares, such that they are no longer outstanding in whole or in part and some or all of the Investors or their successors or assigns receive monies (or other assets) in respect thereof, for a per share consideration over the Fair Market Value, at the purchase date, a Dilution Credit and a Floor Debit for each Component shall be calculated in accordance with this Section 9(c).

A Dilution Credit for each Component shall be calculated, effective as of the date of such redemption, refinancing or repurchase, in accordance with the following formula:

DC = .25 x [(CN x Old FMV) - (CN x New FMV)]

where:

DC = the Dilution Credit for a given Component upon such redemption, refinancing or repurchase.

CN = the Component Number for such Component immediately prior to such redemption, refinancing or repurchase.

New FMV = the Fair Market Value per share of such Component immediately after such redemption, refinancing or repurchase calculated as though the shares of Capital Stock and/or Capital Stock Equivalents held by the Investors or their successors or assigns that are not Investor Shares were the only such shares redeemed, refinanced or repurchased in such transaction.

Old FMV = the Fair Market Value per share of such Component immediately prior to such redemption, refinancing or repurchase.

A Floor Debit shall be calculated for each Component equal to the product of (a) the difference between the Fair Market Value per share of such Component immediately prior to such redemption, refinancing or repurchase and the Fair Market Value per share of such Component immediately after such redemption, refinancing or repurchase calculated as though the shares of Capital Stock and/or Capital Stock Equivalents held by the Investors or their successors or assigns that are not Investor Shares were the only such shares redeemed, refinanced or repurchased in such transaction, multiplied by (b) the Component Number for such Component.

This Section 9(c) does not apply to any of the transactions described in Section 9(b). Neither such redemption, refinancing or repurchase nor the calculation of the Dilution Credit or Floor Debit shall result in any other adjustments pursuant to Section 9 or Section 10. The Component Number shall not be adjusted under this Section 9(c).

(d)Distributions with Respect to Components. If at any time or from time to time any Purchaser Entity makes a distribution or dividend with respect to any Component and some or all of the Investors or their successors or assigns receive monies (or other assets) in respect thereof, a Dilution Credit and a Floor Debit for such Component shall be calculated in accordance with this Section 9(d).

A Dilution Credit for such Component shall in each case be calculated, effective as of the date of such redemption, refinancing or repurchase, equal to 25% multiplied by the product of (i) the amount of monies and, subject to the Company's election described below, the Fair Market Value of any other assets, included in such distribution or dividend per share of such Component and (ii) the Component Number for such Component.

A Floor Debit shall be calculated for such Component equal to the product of (a) the amount of monies and, subject to the Company's election described below, the Fair Market Value of any other assets, paid by the Company to the Investors or their successors or assigns per

share of such Component pursuant to such distribution or dividend multiplied by (b) the Component Number for such Component.

Such distribution or dividend shall not result in any other adjustments pursuant to Section 9 or Section 10. Upon any such distribution or dividend, the Component Number for such Component shall remain unchanged.

With respect to assets other than monies that are included in any such distribution or dividend, in lieu of the foregoing calculations of the Dilution Credit and Floor Debit pursuant to this Section 9(d) in respect of such assets, at the Company's election, adequate provision reasonably satisfactory to the Holders may be made so that each Holder shall have the right to receive upon exercise of a Warrant, in addition to Capital Stock represented by the Component Number, the kind and amount of such assets that such Holder would have received had such Holder exercised the Warrant immediately prior to the record date for determining the stockholders entitled to receive such distribution or dividend.

(e)Distributions with Respect to Non-Components. If at any time or from time to time any Purchaser Entity makes a distribution or dividend to holders of any class of its Capital Stock that is not a Component, and some or all of the Investors or their successors or assigns receive monies (or other assets) in respect thereof, then a Dilution Credit and a Floor Debit for each Component shall be calculated in accordance with this Section 9(e).

A Dilution Credit for each Component shall be calculated, effective as of the date of such redemption, refinancing or repurchase, in accordance with the following formula:

DC = .25 x [(CN x Old FMV) - (CN x New FMV)]

where:

DC = the Dilution Credit for a given Component upon such distribution or dividend.

CN = the Component Number for such Component immediately prior to such distribution or dividend.

New FMV = the Fair Market Value per share of such Component immediately after such distribution or dividend calculated as though the shares of Capital Stock held by the Investors or their successors or assigns that are not Components were the only such shares with respect to which such distribution or dividend was made.

Old FMV = the Fair Market Value per share of such Component immediately prior to such distribution or dividend.

A Floor Debit shall be calculated for each Component equal to the product of (a) the difference between the Fair Market Value per share of such Component immediately

prior to such distribution or dividend and the Fair Market Value per share of such Component immediately after such distribution or dividend calculated as though the shares of Capital Stock held by the Investors or their successors or assigns that are not Components were the only such shares with respect to which such distribution or dividend was made multiplied by (b) the Component Number for such Component.

Such distribution or dividend shall not result in any other adjustments pursuant to Section 9 or Section 10. Upon any such distribution or dividend, the Component Number for such Component shall remain unchanged.

With respect to assets other than monies that are included in any such distribution or dividend, in lieu of the foregoing calculations of the Dilution Credit and Floor Debit pursuant to this Section 9(e) in respect of such assets, at the Company's election, adequate provision reasonably satisfactory to the Holders may be made so that each Holder shall have the right to receive upon exercise of a Warrant, in addition to Capital Stock represented by the

Component Number, the kind and amount of such assets that such Holder would have received had such Holder exercised the Warrant immediately prior to the record date for determining the stockholders entitled to receive such distribution or dividend.

(f)Exceptions. Sections 9(d) and 9(e) do not apply to (i) any distribution of rights under a so-called "shareholder rights plan" by any Purchaser Entity following a Qualified Public Offering, but any exercise of such rights shall be adjusted for under Sections 10(c) and (d), (ii) ordinary dividends on any publicly traded class of Capital Stock, (iii) distributions to the extent made pursuant to the terms of any Capital Stock, other than Class A Common, as in effect on the date of issuance of such share of Capital Stock, (iv) distributions made by Midco solely to the Company or (v) any transaction described in Section 9(a), (b) or (c).

(g)Alternative Adjustments. In the event that Floor Debits or Dilution Credits or any other adjustment under Section 9 or 10 would have the result of causing the issuance of any Component below par value, the amount of such reduction below the par value shall be applied instead against the aggregate Exercise Price or paid to the Holder upon exercise. In the event that Floor Debits or Dilution Credits or any other adjustment under Section 9 or 10 would have the result of decreasing the aggregate Exercise Price below $0.00, upon exercise of the Warrants the Holders shall be paid such negative amount in cash by the Company.

(h)Dilution Credit. In addition to all the other Dilution Credits pursuant to this Section 9 and Section 10, there shall be an additional Dilution Credit equal to $371,666 per Unit, to be allocated among the Components in each Unit in the following manner: 29.75206% to Midco Preferred, 7.02479% to Class L Common and 63.22314% to Class A Common.

Section 10.Other Adjustments. Prior to the Expiration Date, the Components issuable upon exercise of the Warrants are subject to adjustment and termination as set forth in Sections 9 and 10. Adjustments for any single event shall be made under only one paragraph of Section 9 or 10 and adjustments for multiple

events shall be made separately and *seriatim*. In the event of any ambiguity, the Board of Directors of the Company shall in good faith determine the appropriate paragraph to be applied or the order of multiple adjustments.

(a)Subdivisions and Combinations. In case any Purchaser Entity shall (i) subdivide, split or reclassify any class of Components into a larger number of shares, including by way of stock dividend, or (ii) combine or reclassify any class of its Components into a smaller number of shares, then in each such case the Component Number for such Component shall be proportionately increased or decreased, as the case may be. An adjustment made pursuant to this Section 10(a) shall become effective immediately after the effective date in all cases described above.

(b)Reorganization or Reclassification. In case of any capital reorganization or any reclassification of the capital stock of any Purchaser Entity (whether pursuant to a "drag-along" transaction to which Section 4.2 of the Stockholders Agreement applies, a merger, consolidation, binding share exchange or other similar transaction and including, without limitation, a conversion of the Class L Common into Class A Common), or if any Purchaser Entity issues to all holders of any class of Capital Stock as a dividend or distribution additional shares of Capital Stock or other securities of the Purchaser Entity or of any other Person, the Warrants shall thereafter be exercisable for the number of shares of stock or other securities or property receivable upon such capital reorganization or reclassification of capital stock or dividend or distribution, as the case may be, by a holder of the number of Units for which the Warrants were exercisable immediately prior to such capital reorganization or reclassification of capital stock or dividend or distribution; and, in any such case, appropriate adjustment shall be made in the application of the provisions herein set forth with respect to the rights and interests thereafter of each Holder to the end that the provisions set forth herein shall thereafter be applicable, as nearly as reasonably may be, in relation to any shares of stock or other securities or property thereafter deliverable upon the exercise of the Warrants. If pursuant to any such capital reorganization or reclassification or dividend or distribution the Holders would receive or be entitled to receive stock or other securities of an entity other than the Purchaser Entity in which they had previously held such interest, the Purchaser Entity shall not undertake such capital reorganization or reclassification or dividend or distribution unless and until such other entity has agreed in writing to be bound by the provisions of this Agreement as if it were the Purchaser Entity.

(c)Below-Market Issuances of Components. If any Purchaser Entity issues shares of Components for a consideration per share less than the Fair Market Value on the date such Purchaser Entity fixes the offering price of such shares, the affected Component Number shall be adjusted, effective as of the date of such issuance, in accordance with the formula below.

$$W' = W \times \frac{A}{O + (P/M)}$$

where:

W'	=	the adjusted Component Number.
W	=	the Component Number immediately prior to such issuance.
O	=	the number of shares of such Capital Stock of such Purchaser Entity outstanding immediately prior to such issuance.
P		the aggregate consideration received for the issuance of such additional shares of such Capital Stock.
M	=	the Fair Market Value per share of such Capital Stock of such Purchaser Entity on the date such Purchaser Entity fixes the offering price of such shares in such issuance.

A = the number of shares of such Capital Stock of such Purchaser Entity outstanding immediately after such issuance.

(d)Below-Market Issuances of Non-Components. If any Purchaser Entity issues shares of Capital Stock that is not a Component, for a consideration per share less than the Fair Market Value on the date such Purchaser Entity fixes the offering price of such shares, a Dilution Credit and a Floor Debit for each Component shall be calculated in accordance with this Section 10(d)

A Dilution Credit for each Component shall be calculated, effective as of the date of such issuance, in accordance with the following formula:

DC = .25 x [(CN x Old FMV) - (CN x New FMV)]

where:

DC = the Dilution Credit for a given Component upon such distribution or dividend.

CN = the Component Number for such Component immediately prior to such issuance

New FMV = the Fair Market Value per share of such Component immediately after such issuance.

Old FMV = the Fair Market Value per share of such Component immediately prior to such issuance.

A Floor Debit shall be calculated for each Component equal to the product of (a) the difference between the Fair Market Value per share of such Component immediately prior to

such issuance and the Fair Market Value per share of such Component immediately after such issuance multiplied by (b) the Component Number for such Component.

(e)Convertible Securities Convertible into Components. If any Purchaser Entity issues any Capital Stock Equivalents for a consideration per share of a Component initially deliverable upon conversion, exchange or exercise of such Capital Stock Equivalents less than the Fair Market Value per share of such Component on the date the Purchaser Entity fixes the offering price of such securities, the affected Component Number shall be adjusted, effective as of the date of such issuance, in accordance with the following formula:

$$W' = W x \frac{O+D}{O+(P/M)}$$

where:

W’ = the adjusted Component Number.

W = the Component Number immediately prior to such issuance.

O = the number of shares of such Capital Stock outstanding immediately prior to such issuance of such Capital Stock Equivalents.

P the sum of the aggregate consideration received for such issuance and the aggregate minimum consideration receivable by the Purchaser Entity for issuance of Capital Stock upon conversion or in exchange for, or upon exercise of, such Capital Stock Equivalents.

M = the Fair Market Value per share of such Capital Stock on the date the Purchaser Entity fixes the offering price for such securities in such issuance.

D = the maximum number of shares of such Capital Stock deliverable upon conversion or in exchange for or upon exercise of such Capital Stock Equivalents at the initial conversion, exchange or exercise rate.

If the aggregate minimum consideration receivable by the Purchaser Entity for issuance of a Component upon conversion or in exchange for, or upon exercise of, such Capital Stock Equivalents shall be increased by virtue of provisions therein contained or upon the arrival of specified date or the happening of a specified event, then the affected Component Number shall promptly be readjusted to the Component Number which would then be in effect had the adjustment upon the issuance of such securities been made on the basis of such increased minimum consideration.

If and to the extent the conversion, exchange or exercise right under such Capital Stock Equivalents have expired without the exercise thereof, then the affected Component Number shall promptly be readjusted to the Component Number which would then be in effect had the adjustment upon the issuance of such Capital Stock Equivalents not been made.

(f)Convertible Securities Issuable for Non-Components. If any Purchaser Entity issues any Capital Stock Equivalents for a consideration per share of Capital Stock that is not a Component, initially deliverable upon conversion, exchange or exercise of such Capital Stock Equivalents less than the Fair Market Value per share of such Capital Stock on the date the Purchaser Entity fixes the offering price of such securities, a Dilution Credit and a Floor Debit shall be calculated in accordance with this Section 10(f)

A Dilution Credit for each Component shall be calculated, effective as of the date of such issuance, in accordance with the following formula:

DC = .25 x [(CN x Old FMV) - (CN x New FMV)]

where:

DC = the Dilution Credit for a given Component upon such distribution or dividend.

CN = the Component Number for such Component immediately prior to such issuance.

New FMV = the Fair Market Value per share of such Component immediately after such issuance.

Old FMV = the Fair Market Value per share of such Component immediately prior to such issuance.

A Floor Debit shall be calculated for each Component equal to the product of (a) the difference between the Fair Market Value per share of such Component immediately prior to such issuance and the Fair Market Value per share of such Component immediately after such issuance multiplied by (b) the Component Number for such Component.

If the aggregate minimum consideration receivable by the Purchaser Entity for issuance of Capital Stock upon conversion or in exchange for, or upon exercise of, such Capital Stock Equivalents shall be increased by virtue of provisions therein contained or upon the arrival of specified date or the happening of a specified event, then the affected Dilution Credit shall promptly be readjusted to the amount which would then be in effect had the adjustment upon the issuance of such securities been made on the basis of such increased minimum consideration.

If and to the extent the conversion, exchange or exercise right under such Capital Stock Equivalents has expired without the exercise thereof, then the affected Dilution Credit

shall promptly be readjusted to the amount which would then be in effect had the adjustment upon the issuance of such Capital Stock Equivalents not been made.

(g)Distributions in Connection with Affiliate Transactions. If at any time or from time to time any Purchaser Entity enters into, any transaction with any other Investor or any Affiliate of such Investor (other than the Company and Midco or any wholly owned Subsidiary of the Company or Midco) on terms that are not fair to such Purchaser Entity, then a Dilution Credit and Floor Debit for each Component shall be calculated, effective as of the date such transaction is entered into in accordance with this Section 10(g).

A Dilution Credit for each Component shall be calculated, effective as of the date of entering into such Affiliate transaction, in accordance with the following:

DC = .25 x [(CN x Old FMV) - (CN x New FMV)]

where:

DC = the Dilution Credit for a given Component upon entering into such Affiliate transaction.

CN = the Component Number for such Component immediately prior to entering into such Affiliate transaction.

New FMV = the Fair Market Value per share of such Component immediately after entering into such Affiliate transaction.

Old FMV = the Fair Market Value per share of such Component immediately prior to entering into such Affiliate transaction.

A Floor Debit shall be calculated for each Component equal to the product of (a) the difference between the Fair Market Value per share of such Component immediately prior to entering such Affiliate transaction and the Fair Market Value per share of such Component immediately after entering into such Affiliate transaction multiplied by (b) the Component Number for such Component.

This Section 10(g) does not apply to (i) any transaction that has been approved as fair to such Purchaser Entity by a majority of the disinterested directors of the Company, (ii) any transaction or series of related transactions involving $50 million or less, (iii) any transaction which a third party financial advisor, appraiser, consultant or expert retained by a Purchaser Entity has determined to be fair to such Purchaser Entity, (iv) any payment of customary management or advisory fees consistent with the past practices of the Investors with respect to their portfolio companies, (v) any issuance of shares of Capital Stock or Capital Stock Equivalents, any repurchase, redemption or refinancing of shares of Capital Stock or Capital Stock Equivalents, or the making of any distribution on shares of Capital Stock and (vi) transactions in which Investors and Holders have substantially comparable proportionate interest.

(h)Exceptions. Sections 10(c), (d), (e) and (f) do not apply to (i) the issuance of any Capital Stock or Capital Stock Equivalents issued pursuant to Employee Stock Program Grants, (ii) the issuance by a Purchaser Entity following a Qualified Public Offering of any shares of any publicly traded class of Capital Stock pursuant to an employee stock purchase plan or pursuant to a dividend reinvestment plan, (iii) issuances made by any Purchaser Entity solely to other Purchaser Entities, (iv) the issuance of Capital Stock pursuant to any Warrant or Three-Year Warrant, (v) any arm's-length transaction for a bona fide business purpose with a third party which has been approved by a majority of the disinterested directors of the issuing Purchaser Entity or by the disinterested directors of the Company if the issuing Purchaser Entity has no disinterested directors, (vi) any transaction for a bona fide business purpose with an Affiliate that is determined to have been fair by a majority of the disinterested directors of the issuing Purchaser Entity or by the disinterested directors of the Company if the issuing Purchaser Entity has no disinterested directors, (vii) any of the transactions described by Section 9 (viii) with respect to Sections 10(c) and 10(d), the issuance of Capital Stock upon the conversion, exercise or exchange of any Capital Stock Equivalents for which an adjustment has been made pursuant to Section 10(e) or 10(f) or for which no adjustment was required pursuant to Section 10(e),10(f), or 10(i) or (ix) the issuance of securities to Persons providing debt financing or their successors or assigns; provided, however, that this clause (ix) shall apply to securities issued to a Person that is Affiliated with an Affiliate of the Company only if and to the extent such Person (A) did not negotiate the terms of such debt financing, (B) receives no more than 20% of the securities issued to the Persons providing such debt financing and (C) receives no more than its pro rata share of the securities issued to the Persons providing such debt financing.

(i)When De Minimis Adjustment May Be Deferred. No adjustment in a Component Number pursuant to Section 9 or 10 shall be required unless the adjustment would require an increase or decrease of at least 1% in the Component Number. No creation of a Dilution Credit or Floor Debit pursuant to Section 9 or 10 shall be calculated unless the adjustment would be greater than 1% of the Fair Market Value of each Component immediately after the event requiring such adjustment; provided, however, that any adjustments that are not made shall be carried forward and taken into account in any subsequent adjustment.

(j)Notice of Adjustment. Whenever a Component Number is adjusted or a Floor Debit or Dilution Credit is calculated, the Company shall provide the notices required by Section 13.

(k)Certificate as to Adjustments. In case of any adjustment in the number and type of securities issuable on the exercise of the Warrants, the Company will promptly give written notice thereof to each Holder in the form of a certificate, certified and confirmed by the chief financial officer of the Company, setting forth such adjustment and showing in reasonable detail the facts upon which adjustment is based.

Section 11.Fractional Interests. The Company shall not be required to issue fractional Components on the exercise of Warrants. If more than one Warrant shall be presented for exercise in full at the same time by the same Holder, the number of full Components which shall be issuable upon the exercise thereof shall be computed on the basis of the aggregate number of Components purchasable on

exercise of the Warrants so presented. If any fraction of a Component would, except for the provisions of this Section 11, be issuable on the exercise of any Warrants (or specified portion thereof), in lieu of issuing such fractional Component, the Company may pay an amount in cash equal to the Fair Market Value of such fractional Component on the day immediately preceding the date the Warrant is presented for exercise.

Section 12.Notices to Holders. (a)Upon any adjustment of a Component Number or any calculation of a Dilution Credit or Floor Debit pursuant to Section 9 or 10, the Company shall promptly, but in any event within 10 days thereafter, cause to be given to each of the Holders, by registered mail, postage prepaid, a certificate signed by its chief financial officer setting forth the adjusted Component Number or any calculation of a Dilution Credit or Floor Debit and describing in reasonable detail the facts accounting for such adjustment and the method of calculation used. Where appropriate, such certificate may be given in advance and included as a part of the notice required to be mailed under the other provisions of this Section 12.

(b)In the event (i) of the voluntary or involuntary dissolution, liquidation or winding up of any Purchaser Entity, (ii) any Purchaser Entity takes any action which would require an adjustment to any Component Number or the calculation of any Dilution Credit or Floor Debit pursuant to Section 9 or 10, (iii) any Purchaser Entity authorizes the issuance of subscription rights or warrants or a dividend or other distribution, (iv) any Purchaser Entity is party to a consolidation or merger for which approval is required from its stockholders, (v) any Purchaser Entity conveys or transfers assets substantially as an entirety, or (vi) any Purchaser Entity reorganizes its capital structure or reclassifies its common stock, then and in each such event the Company shall cause to be given to each of the Holders, at least 10 days prior to any applicable record date, by telephonic notice to the Chief Financial Officer of TWI, as well as by registered mail, postage prepaid, a written notice stating the date on which any such event or other action is expected to become effective and stating that such notice is an advance notice pursuant to this Section 12. In the event any Purchaser Entity (a) files a registration statement with respect to a public offering of its common stock or (b) enters into a sale agreement for the sale for cash to a third party of a majority of any class of Components, then and in each such event the Company shall cause to be given to each of the Holders prompt advance telephone notice to the Chief Financial Officer of TWI, as well as written notice by registered mail, postage prepaid to all Holders, describing all public material terms of such Qualified Public Offering or sale, stating that such notice is an advance notice pursuant to this Section 12 for the purpose of evaluating a conditional exercise of the warrants pursuant to Section 5(b).

(c)The Warrant Holders shall in any event be promptly provided with all historical periodic financial information provided by the Company to any or all of the Investors in their capacity as shareholders of Capital Stock pursuant to any contractual requirement, subject to reasonable and appropriate confidentiality provisions.

(d)The failure to give the notice required by this Section 12 or any defect therein shall not affect the legality or validity of any distribution, right, warrant, consolidation, merger, conveyance, transfer, dissolution, liquidation or winding up, or the vote upon any action.

Section 13.Notices. Unless otherwise provided, any notice required or permitted by this Agreement shall be in writing and shall be deemed sufficient upon delivery, when delivered personally or by overnight courier or sent by telegram or fax, or forty-eight hours after being deposited in the U.S. mail, as certified or registered mail, with postage prepaid, and addressed to the party to be notified at such party's address or fax number as set forth below or as subsequently modified by written notice.

(a)If to the Purchaser Entities:

In care of Thomas H. Lee Partners, L.P.
75 State Street
Boston, Massachusetts 02109
Facsimile: (617) 227-3514
Attention: Scott Sperling

with a copy to:

Ropes & Gray LLP
One International Place
Boston, MA 02110
Fax: (617)-951-7050
Attention: Alfred Rose, Esq.

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, NY 10017
Fax: (212)-455-2502
Attention: John G. Finley, Esq.
Ed Chung, Esq.

(b)If to the Initial Holder:

Time Warner Inc.
75 Rockefeller Plaza
New York, NY 10019
Fax: (212)-405-5307
Attention: Deputy General Counsel

with a copy to:

Cravath Swaine & Moore LLP
825 Eighth Avenue
New York, NY 10019
Fax: (212)-474-3700
Attention: Richard Hall, Esq

(c)If to any other Holder, to the address as set forth in the Warrant register maintained by the Company for such Holder.

Section 14.Registration of Transfers and Exchanges. (a)The Warrants shall not be transferable or assignable except as provided hereunder. The Company shall from time to time register the permitted transfer of any outstanding Warrant Certificates in a Warrant register to be maintained by the Company upon surrender thereof accompanied by a written instrument or instruments of transfer in form satisfactory to the Company, duly executed by the registered holder or holders thereof or by the duly appointed legal representative thereof or by a duly authorized attorney. Upon any such registration of transfer, a new Warrant Certificate shall be issued to the transferee(s) and the surrendered Warrant Certificate shall be cancelled and disposed of by the Company.

(b)Warrant Certificates may be exchanged at the option of the holder(s) thereof, when surrendered to the Company at its office for another Warrant Certificate or other Warrant Certificates of like tenor and representing in the aggregate a like number of Warrants.

(c)Warrant Certificates surrendered for exchange shall be cancelled and disposed of by the Company.

Section 15.Mutilated or Missing Warrant Certificates. In case any of the Warrant Certificates shall be mutilated, lost, stolen or destroyed, the Company shall issue, in exchange and substitution for and upon cancellation of the mutilated Warrant Certificate, or in lieu of and substitution for the Warrant Certificate lost, stolen or destroyed, a new Warrant Certificate of like tenor and representing an equivalent number of Warrants, but only upon receipt of evidence reasonably satisfactory to the Company of such loss, theft or destruction of such Warrant Certificate and indemnity, if requested, also reasonably satisfactory to it.

Section 16.Specific Performance. The parties hereto agree that irreparable damage would occur if any provision of this Warrant Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement or to enforce specifically the performance of the terms and provisions hereof.

Section 17.Amendments. This Agreement may not be amended without the approval of holders of more than 85% of the Warrants.

Section 18. Successors. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and

permitted assigns of the parties hereto, including each Holder. No Purchaser Entity may assign any of its rights under this Agreement without the written consent of the Holders.

Section 19.Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, regardless of the laws that might otherwise govern under applicable principles of conflicts of law thereof; provided, however, that the laws of the respective jurisdictions of incorporation of each of the parties hereto shall govern the relative rights, obligations, powers, duties and other internal affairs of such party and its board of directors.

Section 20.Benefits of This Agreement. No Person other than the parties hereto and their successors and permitted assigns, including each Holder, is intended to be a beneficiary of this Agreement.

Section 21.Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed, as of the day and year first above written.

WMG PARENT CORP.,

by /s/ Scott Sperling
Name: Scott Sperling
Title: President

WMG HOLDINGS CORP.,

by /s/ Scott Sperling
Name: Scott Sperling
Title: President

HISTORIC TW INC.,

by /s/ Robert Marcus
Name: Robert Marcus
Title: Senior Vice President

EXHIBIT A

[Form of Election to Purchase]

(To Be Executed Upon Exercise Of Warrant B)

The undersigned hereby irrevocably elects to exercise the right, represented by this Warrant Certificate, to receive Units and herewith tenders payment for such Units to the order of [Company] in the amount of $ in accordance with the terms hereof, unless the holder is exercising Warrants pursuant to the net exercise provisions of Section 5 of the Warrant Agreement. The undersigned requests that a certificate or certificates for the shares represented by the Units be registered in the name of the undersigned, and that such shares be delivered to whose address is .

Date: _____

Signature: _____

Signature Guaranteed: _____

EXHIBIT B

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO TERMS AND CONDITIONS SET FORTH IN A SHAREHOLDERS AGREEMENT DATED AS OF •, 2004, A COPY OF WHICH MAY BE OBTAINED FROM THE COMPANY. NO TRANSFER OF SUCH SECURITIES

WILL BE MADE ON THE BOOKS OF, OR BE EFFECTIVE WITH RESPECT TO, THE COMPANY OR ANY AFFILIATE UNLESS ACCOMPANIED BY EVIDENCE OF COMPLIANCE WITH THE TERMS OF SUCH AGREEMENT.

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO SUCH REGISTRATION OR IN ACCORDANCE WITH AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

[Form of Warrant B Certificate]

[Face]

No. [1] 17.7579
Warrants

Warrant Certificate

WMG Parent Corp.

WMG Holdings Corp.

This Warrant Certificate certifies that Historic TW Inc. is the registered holder of 17.7579 Warrants (the "Warrants") to purchase one Unit per Warrant, each Unit consisting of 93.85490 share of Class L Common and 844.69413 shares of Class A Common of WMG Parent Corp., a Delaware corporation (the "Company"), and 397.50312 shares of Preferred of WMG Holdings Corp., a Delaware corporation. Each Warrant entitles the holder, when entitled to exercise pursuant to the Warrant Agreement, upon exercise to receive from the Purchaser Entities on and after the Closing Date (as defined in the Warrant Agreement) and prior to the Expiration Date (as defined in the Warrant Agreement), one Unit at a purchase price (the "Exercise Price") set forth in the Warrant Agreement, payable in lawful money of the United States of America upon surrender of this Warrant Certificate and payment of the Exercise Price at the office of the Company designated for such purpose, but only subject to the conditions set forth herein and in the Warrant Agreement referred to on the reverse hereof. Notwithstanding the foregoing, Warrants may be exercised without the exchange of funds pursuant to the net exercise provisions of Section 5 of the Warrant Agreement. The Exercise Price, the Component Number of Components issuable upon exercise of the Warrants and the Component Prices thereof, as all such terms are defined in the Warrant Agreement, are subject to adjustment upon the occurrence of certain events as set forth in Sections 9 and 10 of the Warrant Agreement.

The Company may deem and treat the registered holder(s) hereof as the absolute owner(s) of this Warrant Certificate (notwithstanding any notation of ownership or other writing hereon made by anyone), for the purpose of any exercise hereof, of any distribution to the holder(s) hereof, and for all other purposes, and the Company shall not be affected by any notice to the contrary. Except as provided in the Warrant Agreement, neither the Warrants nor this Warrant Certificate entitles any holder hereof to any rights of a stockholder of any Purchaser Entity.

Reference is hereby made to the further provisions of this Warrant Certificate set forth on the reverse hereof and such further provisions shall for all purposes have the same effect as though fully set forth at this place.

This Warrant shall not be valid unless signed by the Purchaser Entities.

[Form of Warrant B Certificate]

[Reverse]

The Warrants evidenced by this Warrant Certificate are part of a duly authorized issue of Warrants entitling the holder on exercise to receive shares of the Purchaser Entities, and are issued or to be issued pursuant to a Warrant Agreement dated as of [Closing Date], duly executed and delivered by the Purchaser Entities, which Warrant Agreement is hereby incorporated by reference in and made a part of this instrument. A copy of the Warrant Agreement may be obtained by the holder (the words "holders" or "holder" meaning the registered holders or registered holder of the Warrants evidenced hereby) upon written request to the Company.

Warrants may be exercised upon the occurrence of certain events at any time commencing on the Closing Date and prior to the Expiration Date. The holder may exercise them by surrendering this Warrant Certificate, with the form of election to purchase set forth hereon properly completed and executed, together with payment of the Exercise Price in cash at the office of the Company designated for such purpose. Notwithstanding the foregoing, Warrants may be exercised without the exchange of funds pursuant to the net exercise provisions of Section 5 of the Warrant Agreement.

The Warrant Agreement provides that upon the occurrence of certain events the Component Number may, subject to certain conditions, be adjusted. If the Component Number is adjusted, the Warrant Agreement provides that the number of shares issuable upon the exercise of each Warrant shall be adjusted. The Company shall not be required to issue fractions of Components upon the exercise of any Warrant. In lieu of issuing such fractions of Components, however, the Company may pay the cash equal to the Fair Market Value of such fraction thereof determined as provided in the Warrant Agreement. The Warrant Agreement also provides that, upon the occurrence of certain events, the Component Price for the Components and the Exercise Price may be adjusted.

This Warrant Certificate, when surrendered at the office of the Company by the holder, may be exchanged, in the manner and subject to the limitations provided in the Warrant Agreement, but without payment of any service charge, for another Warrant Certificate or Warrant Certificates of like tenor evidencing in the aggregate a like number of Warrants.

Upon due presentation for registration of transfer of this Warrant Certificate at the office of the Company a new Warrant Certificate or Warrant Certificates of like tenor and evidencing in the aggregate a like number of Warrants shall be issued to the transferee(s) in exchange for this Warrant

Certificate, subject to the limitations provided in the Warrant Agreement, without charge except for any tax or other governmental charge imposed in connection therewith.

IN WITNESS WHEREOF, the Purchaser Entities have caused this Warrant Certificate to be signed by their respective Chief Executive Officers, and Secretaries and have caused their corporate seals to be affixed hereunto or imprinted hereon.

Dated: _____

WMG Parent Corp.:

By _____

Chief Executive Officer

By _____

Secretary

[SEAL]

Dated: _____

WMG Holding Corp.:

By _____

Chief Executive Officer

By _____

Secretary

[SEAL]

EMPLOYMENT AGREEMENT
by and between
WMG ACQUISITION CORP.
and
Edgar Bronfman, Jr.

THIS EMPLOYMENT AGREEMENT (this "Agreement") is entered into as of this 1st day of March, 2004 by and between WMG Acquisition Corp., a Delaware corporation (the "Company"), and Edgar Bronfman, Jr. (the "Executive").

RECITALS:

WHEREAS, the Company, which is a direct or indirect wholly owned subsidiary of WMG Holdings Corp., a Delaware corporation ("Midco"), and an indirect majority owned subsidiary of WMG-Parent Corp., a Delaware corporation ("Parent"), has entered into a Purchase Agreement (the "Purchase Agreement") with Time Warner Inc. dated as of November 24, 2003, whereby the Company will purchase the "Warner Recorded Music Business" and the "WMG Publishing Business" (as such terms are defined in the Purchase Agreement and as referred to hereafter as the "Business") from Time Warner Inc.; and

WHEREAS, the Company wishes to engage the Executive to serve as its Chairman of the Board and Chief Executive Officer on the terms and conditions contained herein and the Executive wishes to accept such engagement on the terms and conditions contained herein.

AGREEMENT:

NOW, THEREFORE, for good and valuable consideration, including the mutual covenants herein, the parties hereby agree as follows:

1. Employment Period. This Agreement and the Executive's employment with the Company hereunder (hereinafter referred to as the "Employment Period") shall be effective on the "Closing Date" (as defined in the Purchase Agreement; the Closing Date is hereinafter referred to as the "Effective Date," and is the date hereof) and, unless earlier terminated pursuant to Section 4 hereof, shall expire on the fourth anniversary of the Effective Date; provided that the Employment Period shall be automatically extended by one year upon the fourth anniversary of the Effective Date and upon each subsequent anniversary of the Effective Date unless, no less than ninety (90) days prior to the fourth anniversary of the Effective Date or any such subsequent anniversary either the Company or the Executive gives the other party written notice of non-renewal in accordance with Section 10(f) hereof, in which case the Employment Period shall end on the anniversary of the Effective Date immediately following the receipt of such notice.

2. Position, Duties and Representations.

(a) During the Employment Period, the Executive shall be employed as the Chairman of the Board and Chief Executive Officer of the Company and shall report solely to the Board of Directors of the Company (the "Board"). The Executive shall be responsible for oversight and management of all operations and activities of the Company, Parent, Midco and the direct or indirect subsidiaries and controlled affiliates of each of them (the "Company Group"), and all employees of any member of the Company Group shall report, directly or indirectly, to the Executive. The Executive's services to the Company shall be performed primarily at the offices of the Company located in New York City, subject to travel requirements necessary to discharge the responsibilities and duties assigned to the Executive hereunder.

(b) Excluding periods of vacation, sick leave and disability to which the Executive is entitled during the Employment Period, the Executive agrees, to the extent necessary to discharge the responsibilities and duties assigned to the Executive hereunder, to use the Executive's best efforts to perform faithfully and efficiently such responsibilities. During the Employment Period and the "Non-Competition Period" (as defined in Section 6(a)), the Executive may (i) serve on corporate, civic, educational, philanthropic or charitable boards or committees, (ii) passively own not more than three percent (3%) of the outstanding capital stock of any corporation whose stock is publicly traded, or (iii) manage personal investments. In addition, during the Employment Period, the Executive may engage in any other activity (other than as an employee) which is not competitive with any activity of the Company Group (other than a de minimis activity of the Company Group) at the time the Executive commences engaging in such activity, so long as such activity does not interfere with the performance of the Executive's responsibilities and duties hereunder, and the amount of time the Executive spends on all such activities is insignificant.

(c) The Executive represents and warrants to the Company that, other than prohibitions generally imposed by law, there is no "Contract" (as defined in Section 6(d)) or other restriction or agreement in effect that would prohibit or otherwise limit the Executive's ability to enter into or negotiate this Agreement, become an employee or officer of the Company or to discharge the responsibilities and duties assigned to the Executive hereunder.

3. Compensation.

(a) Base Salary. During the Employment Period, the Company shall pay to the Executive a base salary at an annual rate equal to $1,000,000 ("Base Salary"), payable in regular installments in accordance with the Company's usual payroll practices; provided, however, that Base Salary shall be reviewed for discretionary increases by the Board or the Compensation Committee thereof no less often than annually commencing no later than the first anniversary of the Effective Date.

(b) Annual Bonus. During the Employment Period, the Executive shall be eligible to receive an annual cash bonus (the "Annual Bonus") in

respect of each full or partial fiscal year of the Company (a "Fiscal Year" which, as of the Effective Date, is the period December 1 through November 30) ending during the Employment Period, with a target of 300% of Base Salary, a minimum of $0 and a maximum of 600% of Base Salary (pro rated for partial Fiscal Years of employment), based on the attainment of Company, individual, Company Group or other performance targets established by the Board or the Compensation Committee thereof in consultation with the Executive.

(c) Special Bonus. The Company expects to implement a special bonus plan or arrangement (the "Special Bonus Plan") for senior management based upon costs savings attained in respect of the Company Group and/or members or operations thereof, in amounts and in accordance with criteria established by the Board or Compensation Committee thereof. The Executive shall be eligible to participate in the Special Bonus Plan, if so established, on terms and conditions substantially the same as those applicable to other senior executives of the Company determined by the Board or the Compensation Committee; provided that the Executive acknowledges that the amount awarded to any particular executive may depend, wholly or in part, on the cost savings within the such executive's area of responsibility.

(d) Equity. On the Effective Date, the Executive shall purchase from the Company, and the Company shall sell to the Executive, shares of Parent's Class A Common Stock (the "Restricted Stock Award") representing as of the Effective Date 3.02% of the fully diluted Class A Common Stock of Parent (2.75% of the fully diluted Common Stock of the Parent, including both Class A and Class L Common Stock of Parent), which award shall be governed by the Restricted Stock Award Agreement annexed hereto as Exhibit A.

(e) Benefit Plans. During the Employment Period, the Executive shall be eligible to participate in the employee benefit plans and arrangements of the Company and its affiliates on terms and conditions no less favorable in the aggregate than those generally provided to other senior executive officers of the Company.

(f) Business Expenses. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable out-of-pocket expenses incurred by the Executive in the performance of his duties hereunder, subject to the submission of such written documentation as the Company may reasonably require in accordance with its standard expense reimbursement practices and policies. Without limiting the generality of the foregoing, the Company will reimburse the Executive for first class travel and first class hotel accommodations in connection with travel undertaken in the performance of his duties hereunder.

(g) Vacation. During the Employment Period, the Executive shall be entitled to no less paid vacation for each year commencing with the Effective Date as is made available generally to senior executives of the Company; provided that such paid vacation shall be no less than four weeks per year; and provided further that unused vacation pay in any year may not be carried forward.

4. Termination. The Employment Period and the Executive's employment with the Company shall terminate under the following circumstances:

(a) Death or Disability. The Executive's employment and the Employment Period shall terminate automatically upon the Executive's death. The Company may terminate the Executive's employment and the Employment Period after having established the Executive's Disability, by giving to the Executive a "Notice of Termination" (as defined in Section 4(d)). For purposes of this Agreement, "Disability" means personal injury, illness or other cause which has rendered the Executive unable to substantially perform his material duties and responsibilities hereunder for a period of 120 consecutive days, or 120 out of 180 consecutive days, as determined jointly by a physician selected by the Company reasonably acceptable to the Executive (or, if he is incapacitated, his legal representative) and a physician selected by the Executive (or, if he is incapacitated, his legal representative) and reasonably acceptable to the Company. If such physicians cannot agree as to whether the Executive has suffered a Disability, they shall jointly select a third physician who shall make such determination.

(b) With or Without Cause. The Company may terminate the Executive's employment and the Employment Period with or without "Cause" (as defined below) by giving to the Executive a Notice of Termination. For purposes of this Agreement, "Cause" means (i) the willful and continued failure of the Executive to perform substantially his material duties with the Company (other than any such failure resulting from the Executive's incapacity due to physical or mental illness) after a written demand for performance is delivered to the Executive by the Board which identifies the manner in which the Board believes that the Executive has not performed the Executive's duties and the Executive, after a period established by the Board and communicated in writing to the Executive (which period may be no less than 20 days), has failed to cure such failure to the reasonable satisfaction of the Board, (ii) the willful engaging by the Executive in gross misconduct which is demonstrably and materially injurious to the Company or its affiliates, (iii) the Executive's conviction of, or pleading guilty to, a felony involving moral turpitude or dishonesty or (iv) a determination by the Board that any of the Executive's representations made in Section 2(c) of this Agreement were untrue when made. A termination of the Executive by the Company for Cause shall not be effective unless and until the Company has delivered to the Executive, along with the Notice of Termination, a copy of a resolution duly adopted by a majority of the Board (excluding the Executive, if he is a member of the Board) stating that the Board has determined to terminate the Executive for Cause; provided, however, that no such resolution shall be permitted to be adopted without the Company having afforded the Executive the opportunity to make a presentation to the Board and to answer any questions its members may ask him.

(c) With or Without Good Reason. The Executive may terminate his employment and the Employment Period with or without "Good Reason" (as defined below) by giving to the Company a Notice of Termination. For purposes of this Agreement, "Good Reason" means, without the Executive's express written consent:

(i) (x) a change in the duties or responsibilities (including reporting responsibilities) of the Executive that is inconsistent in any material and adverse respect with the Executive's position(s), duties, responsibilities or status with the Company and its affiliates on the Effective Date, or (y) an adverse change in the Executive's title or offices, including but not limited to the Executive no longer serving as Chief Executive Officer of the Company;

(ii) any failure by the Company to comply with any of the provisions of Section 3 of this Agreement, including but not limited to any reduction in the target or maximum attainable Annual Bonus;

(iii) any willful breach by the Company of any other material obligation of the Company under this Agreement;

(iv) the Company requiring the Executive to be based at any office or location other than at an office commensurate with the Executive's position at the headquarters of the Company in the Borough of Manhattan, New York;

(v) any purported termination by the Company of the Executive's employment otherwise than as permitted by this Agreement, it being understood that any such purported termination shall not be effective for any purpose of this Agreement;

(vi) a failure of Executive to be elected or reelected to the Board, or as Chairman thereof; or

(vii) a failure by the Company to cause any successor to expressly assume this Agreement pursuant to Section 8(c) hereof.

A termination by the Executive with Good Reason shall be effective only if the Executive delivers to the Company a Notice of Termination for Good Reason within 60 days after learning of the circumstances constituting Good Reason. Notwithstanding the above, if (A) such Notice of Termination describes, as Good Reason, only one or more of the circumstances described in clause (i), (ii), (iii), (iv) and (vi) of this Section 4(c) and (B) within 30 days following the delivery of such Notice of Termination, the Company has cured such circumstances to the reasonable satisfaction of the Executive, then such Notice of Termination shall be ineffective and no Good Reason shall be deemed to exist. The parties agree and acknowledge that, solely for purposes of this Agreement, the cessation of the Executive's employment with the Company at the end of the Employment Period (or such other time as the Company and the Executive may agree) following Executive's provision to the Company of a written notice of non-renewal of the Employment Period, as provided in Section 1 of this Agreement, shall be deemed to be a termination by the Executive without Good Reason.

(d) Notice of Termination. Any termination by the Company with or without Cause or on account of Disability, or by the Executive with or without

Good Reason, shall be communicated by a Notice of Termination to the other party given in accordance with Section 10(f). For purposes of this Agreement, a "Notice of Termination " means a written notice which (i) indicates the specific termination provision of this Agreement relied upon, (ii) sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) if the termination date is other than the date of receipt of such notice, specifies the proposed termination date; provided, however, that the information in clause (ii) shall not be required in the event of any termination by the Company without Cause or by the Executive without Good Reason.

5. Obligations of the Company Upon Termination.

(a) Death or Disability. If the Executive's employment is terminated by reason of the Executive's death or on account of Disability, the Company shall:

(i) pay to the Executive or the Executive's estate, as applicable, a lump sum cash payment within ten (10) days after such termination equal to, to the extent not previously paid: (A) the Executive's Base Salary through the end of the month in which such termination occurred, (B) any earned and accrued but unpaid Annual Bonus for any Fiscal Year ending prior to such termination, (C) any earned and accrued but unpaid Special Bonus, (D) any accrued vacation pay, (E) any unpaid reimbursable business expenses due to the Executive in accordance with Section 3(h) (the amounts described in the preceding clauses (A) - (E), the "Accrued Amounts"), (F) the Executive's Base Salary for an additional twelve month period and (G) a pro-rated target Annual Bonus for the Fiscal Year of termination determined by multiplying (x) such target Annual Bonus by (y) a fraction, the numerator of which is the number of days in the Fiscal Year that the Executive was employed by the Company and the denominator of which is 365;

(ii) provide those death or disability benefits to which the Executive is entitled at the date of the Executive's death or Disability under any benefit plans, policies or arrangements of the Company; and

(iii) in the case of a termination on account of Disability, provide to the Executive and the Executive's spouse and dependents, as applicable, at the Company's expense, continued participation in the Company's group health plan (or comparable medical coverage) until the earlier of the date the Executive attains age 65 or the date the Executive becomes eligible for coverage under the group health plan of another employer.

(b) Cause or Without Good Reason. If the Executive's employment shall be terminated (i) by the Company with Cause, or (ii) by the Executive without Good Reason, the Company shall pay to the Executive a lump sum cash payment

within ten (10) days after such termination equal to, to the extent not previously paid, the Accrued Amounts.

(c) Without Cause or With Good Reason. If the Executive's employment shall be terminated (i) by the Company without Cause or (ii) by the Executive with Good Reason, the Executive shall be entitled to receive the following payments and benefits:Amounts;

(i) to the extent not previously paid, the Accrued

(ii) an amount equal to the sum of: (i) the Executive's Base Salary and (ii) the target Annual Bonus for the Fiscal Year of such termination, payable in substantially equal monthly installments on the first day of each of the first 12 calendar months following termination (subject to the Executive's continued compliance with the covenants contained in Section 6 during such payment period);

(iii) a pro-rated Annual Bonus for the Fiscal Year of termination determined by multiplying (x) the actual Annual Bonus which the Executive would have earned in respect of such Fiscal Year had he remained employed for the entire such Fiscal Year by (y) a fraction, the numerator of which is the number of days in such Fiscal Year that the Executive was employed by the Company and the denominator of which is 365, payable at the time bonuses are generally payable to the Company's senior executives in respect of such Fiscal Year; and

(iv) The Executive and the Executive's spouse and dependents, as applicable, shall continue to participate in the Company's group health and life insurance plans (or be provided comparable medical and life insurance coverage), at Company expense, until the earlier of the first anniversary of such termination or the date the Executive becomes eligible for coverage under the group health or life insurance plan, as applicable, of another employer.

(d) In General. The Executive shall have no rights upon his termination of employment with the Company, other than those set forth in each of Section 5(a), (b) or (c), as applicable, to any compensation or any other benefits from the Company under this Agreement, provided that amounts which the Executive is otherwise entitled to receive under any plan, program or arrangement of the Company or any of its affiliates available to employees generally (other than any severance plan or program), shall be payable in accordance with such plan, program or arrangement.

6. Restrictive Covenants. Without in any way limiting or waiving any right or remedy accorded to the Company or any limitation placed upon the Executive by law, the Executive hereby agrees as follows:

(a) Non-Solicitation; Non-Competition. The Executive agrees that during the Employment Period and for 12 months after the expiration or termination thereof (the "Non-Competition Period"), the Executive shall not, directly or indirectly:

(i) hire, make an offer of employment to, attempt to hire or assist in the hiring of, or supervise, any employee at the level of Vice President or above, or any employee whose primary responsibility is A&R or promotion irrespective of level (each, a "Restricted Employee"), of any member of the Company Group on the Executive's own behalf, or on behalf or any person, firm or entity (other than a member of the Company Group);

(ii) attempt to persuade or encourage any Restricted Employee to (1) terminate his employment with any member of the Company Group, (2) refrain from extending his employment with any member of the Company Group, (3) refrain from entering into a new employment arrangement with any member of the Company Group or (4) enter into any employment arrangement with any competitor of any member of the Company Group;

(iii) hire, make an offer of employment to, attempt to hire or assist in the hiring of, or enter into, or solicit or offer to enter into, any "Contract" (as hereinafter defined) with, any vendor or customer of the Company Group, including any "Artist" (as hereinafter defined), on the Executive's own behalf or on behalf of any person, firm or entity, if the activities which are the subject of such hiring, employment or Contract are in any way competitive with any member of the Company Group; or

(iv) attempt to persuade or encourage any vendor or customer of the Company Group, including any Artist, to (1) terminate his or her relationship or Contract with any member of the Company Group, (2) refrain from extending his or her relationship or Contract with any member of the Company Group, (3) refrain from entering into a new Contract with any member of the Company Group or (4) enter into any relationship or Contract with any competitor of any member of the Company Group; or

(v) whether as owner, partner, investor, consultant, agent, employee, co-venturer or otherwise, compete with any member of the Company Group or take active steps with others to plan for any business competitive with any member of the Company Group. Specifically, but without limiting the foregoing, the Executive agrees not to engage in any manner in any activity that is directly or indirectly competitive with the business of any member of the Company Group as conducted or under consideration (as represented by a written proposal) at the time of the termination of the Executive's employment.

(b) Confidentiality. The Executive shall not at any time disclose or reveal to any person, firm or entity, or make use of (otherwise than for the benefit of the Company or its affiliates), any trade secrets or information of a secret or confidential nature, including without limitation, matters of a business nature, such as information about costs, profits, markets, leases, details of recording agreements, distribution agreements, customer Contracts, manufacturing processes, financial information, technical and production know-how, developments, inventions, processes or administrative procedures, concerning the business or affairs of any member of the Company Group, which the Executive may have acquired in the course of or incident to the Executive's employment with the Company, and the Executive confirms that all such information ("Confidential Information") is the exclusive property of the Company and/or such member of the Company Group. This paragraph shall not apply to disclosures by the Executive (i) in the proper performance of his obligations under this Agreement during the Employment Period or to officers, employees, lawyers and accountants of any member of the Company Group, (ii) to the Executive's legal counsel in connection with seeking legal advice related hereto, (iii) to the Executive's accountants in connection with seeking financial or tax advice related hereto, or (iv) as required by law, a court of competent jurisdiction or regulatory agency or other governmental authority. Nothing herein shall prevent the Executive, subsequent to the termination or expiration of his employment hereunder, from using or availing himself of general technical skills, knowledge and experience, including that pertaining to or derived from the non-confidential aspects of any member of the Company Group. The term "Confidential Information" shall not include information generally available and known to the public other than as a result of a breach of this Section 6(b) by the Executive. The Executive agrees to hold as Company property all Confidential Information and all books, papers and other data, and all copies thereof and therefrom, in any way relating to the businesses of any member of the Company Group, whether made or received by the Executive, and, on termination of employment, or upon demand by the Company, to deliver the same to the Company.

(c) Intellectual Property. Any copyrights, "Musical Compositions" (as hereinafter defined), trademarks, patents, patent applications, inventions, developments and processes which the Executive during the Employment Period may develop which may reasonably be expected to be usable by any member of the Company Group in the ordinary course of its business shall belong to Company and/or the relevant member of the Company Group. Furthermore, the Executive agrees to execute any copyright assignment or other instruments as any member of the Company Group may deem reasonably necessary (at such member's expense) to evidence, establish, maintain, protect, enforce, and/or defend any and all of member of the Company Group's interests under this Section 6(c). All such interests shall vest in the relevant member of the Company Group whether or not such instrument is requested, executed or delivered. If the Executive shall not so execute and deliver any such instrument after reasonable notice and opportunity to do so, the Company shall have the right to do so in the Executive's name and the Company is hereby irrevocably appointed the Executive's attorney-in-fact for such purposes, which power is coupled with an interest.

(d) Definitions. For the purposes of Section 6 of this Agreement, the following definitions shall apply:

(i) "Artists" means (A) any singer or musician, or other person furnishing the services or works of an artist to any member of the Company Group pursuant to a Contract with any member of the Company Group pursuant to which such singer, musician or other person is required to provide exclusive services for the making or delivering of master "Recordings" (as hereinafter defined) to such Restricted Operation or (B) any writer, producer or other talent who has entered into a Contract with any member of the Company Group or who has otherwise provided services to any member of the Company Group excepting, in the case of both clauses (A) and (B) above, any such person who is required to provide services to any person or party other than any member of the Company Group on an exclusive basis pursuant to a Contract that was not entered into in connection with any violation by the Executive of this Agreement.

(ii) "Contract" means any contract, other agreement, commitment; binding arrangement, binding understanding or binding relationship (whether written or oral and whether express or implied).

(iii) "Musical Compositions" means a musical composition or medley consisting of words and/or music, or any dramatic material and bridging passages whether in form of instrumental and/or vocal music, prose or otherwise, irrespective of length.

(iv) "Recordings" means any recording of sound, whether or not coupled with a visual image, by any method or format and on any substance or material, whether now or hereafter known, which is used or useful in the recording, production and/or manufacture of Records or for any other exploitation of sound, excluding television and movies (other than music videos or the promotion thereof), consumer electronics and electronic games.

(v) "Records" means gramophone discs, magnetic tapes, compact discs, other storage media and any other device or appliance used for emitting sounds (whether or not accompanied by visual images) incorporating the Recordings.

(e) Severability; Blue-Pencilling. Each section, subsection or part thereof under this Section 6 constitutes an entirely separate and independent restriction. If any of such covenants or such other provisions of this Agreement are found to be invalid or unenforceable by a final determination of a court of competent jurisdiction (i) the remaining terms and provisions hereof shall be unimpaired and (ii) the invalid or unenforceable term or provision shall be deemed replaced by a term or

provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision.

(f) Necessity; Enforcement. The parties hereto have considered carefully the necessity for protection of each member of the Company Group against the Executive's disclosures of Confidential Information and other actions referred to in this Section 6, and the nature and scope of such protection. The parties agree and acknowledge that the duration and scope applicable to the covenants set forth in this Section 6 are fair, reasonable and necessary, and that the Executive has received adequate consideration for such obligations. Accordingly, the Executive agrees that, in addition to any other relief to which the Company maybe entitled, the Company shall be entitled to seek injunctive relief (without the requirement of posting any bond or other security) from a court of competent jurisdiction for the purpose of restraining the Executive from any actual or threatened breach of the covenants contained in this Section 6.

7. Indemnity. To the fullest extent permitted by applicable law, the Company shall indemnify, defend and hold the Executive harmless from and against any and all claims, demands, actions, causes of action, liabilities, losses, judgments, fines, costs and expenses (including, without limitation, the reimbursement of reasonable attorneys' fees, settlement expenses, punitive damages and the advancement of legal fees and expenses, as such fees and expenses are incurred by the Executive) arising from or relating to (a) claims relating to any member of the Company Group (other than claims by a member of the Company Group) or (b) the Executive's service with or status as an officer, director, employee, agent or representative of any member of the Company Group or in any other capacity in which the Executive serves or have served at the request of the Board or the CEO for the benefit of any member of the Company Group. Without limiting the foregoing, in connection with any such claim, demand, action, cause of action, liability, loss, judgment or fine, the Executive shall have the right (i) to be represented by separate counsel reasonably acceptable to the Company, at the Company's sole cost and expense, and (ii) to have the Company pay the cost and expense of any bond that the Executive may be required to post in order to appeal an adverse decision. The Company's obligations under this Section 7 shall be in addition to, and not in derogation of, any other rights the Executive may have against the Company to indemnification or advancement of expenses, whether by statute, contract or otherwise (including, without limitation, the Executive's entitlement to indemnification and the payment or reimbursement of expenses (including attorneys' fees and expenses) to the extent provided in and/or permitted by the Certificate of Incorporation and By-Laws of the Company. The Company shall maintain directors and officers liability insurance in commercially reasonably amounts (as reasonably determined by the Board), and the Executive shall be covered under such insurance to the same extent as any other senior executive of the Company. The Executive hereby undertakes to repay any advances paid to him pursuant to this Section 7 if a final judgment adverse to the Executive establishes that he is not entitled to be indemnified under this Agreement or otherwise. The Company hereby acknowledges that the undertaking set forth in the previous sentence satisfies all requirements for any similar undertakings in the by-laws or other corporate documents of the Company. The Company shall not take any action that would impair the Executive's right to indemnification, other than in connection with a claim by the

Company that the Executive is not entitled to indemnification in accordance with the standards set forth in this Section 7.

8. Successors.

(a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and, other than as set forth in Section 8(c), shall not be assignable by the Company without the prior written consent of the Executive (which shall not be unreasonable withheld).

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

9. [Deleted]

10. Miscellaneous.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware applicable to contracts made and performed entirely therein. The parties hereto agree that exclusive jurisdiction of any dispute regarding this Agreement shall be the state or federal courts located in New York, New York.

(b) Each party hereto shall be responsible for its own fees and costs incurred in connection with any action brought to enforce or avoid this Agreement or any provision hereof.

(c) In the event of any termination of the Executive's employment hereunder, the Executive shall be under no obligation to seek other employment or otherwise mitigate the obligations of the Company under this Agreement, and there shall be no offset against amounts due the Executive under this Agreement on account of future earnings by the Executive. Any amounts due to the Executive under this Agreement upon termination of employment are considered to be reasonable by the Company and are not in the nature of a penalty.

(d) The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

(e) This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(f) All notices required or permitted by this Agreement to be given to any party shall be in writing and shall be delivered personally, or sent by certified mail, return receipt requested, or by Federal Express or similar overnight service, prepaid recorded delivery, addressed as follows:

If to the Executive:

c/o Lexa Partners LLC 390 Park Avenue
New York, New York 10022

If to the Company:

WMG Acquisition Corp.
75 Rockefeller Plaza
New York, New York 10019
Attention: Board of Directors and General Counsel

and shall be deemed to have been duly given when so delivered personally or, if mailed or sent by overnight courier, upon delivery; provided, that, a refusal by a party to accept delivery shall be deemed to constitute receipt.

(g) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(h) The Company may withhold from any amounts payable under this Agreement such Federal, state or local taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(i) This Agreement is the joint product of the Company and the Executive and each provision hereof has been subject to the mutual consultation, negotiation and agreement of the Company and the Executive and shall not be construed for or against either party hereto.

(j) Subject to any other documents which may be entered into by the Executive and the Company on or after the Effective Date (including without limitation the Restricted Stock Award Agreement), this Agreement contains the entire agreement and understanding of the parties

hereto with respect to the subject matter contained herein and, upon this Agreement becoming effective, supersedes all prior communications, representations and negotiations in respect thereto, whether or not in writing.

(k) Notwithstanding anything herein contained to the contrary, this Agreement shall not become effective until and unless the Closing Date occurs, at which time it shall become the binding and legal obligation of the parties hereto. If the Purchase Agreement shall be abandoned in accordance with its terms then this Agreement shall never become effective and shall be null and void.

(1) This Agreement has been approved by the shareholders of Parent in an effort to satisfy the shareholder approval requirements of Section 280G of the Internal Revenue Code of 1986, as amended. Neither the Company nor the Executive makes any representation or warranty as to whether such approval does in fact satisfy such requirements.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

_____
Edgar Bronfinan, Jr.

WMG ACQUISITION CORP.

By: _____

Title: _____

EXECUTION VERSION

EMPLOYMENT AGREEMENT
by and between
WMG ACQUISITION CORP.
and
Lyor Cohen

THIS EMPLOYMENT AGREEMENT (this "Agreement") is entered into as of this 25th day of January, 2004 by and between WMG Acquisition Corp., a Delaware corporation (the "Company"), and Lyor Cohen (the "Executive").

RECITALS:

WHEREAS, the Company, which is a direct or indirect wholly owned subsidiary of WMG Holdings Corp., a Delaware corporation ("Midco"), and an indirect wholly owned subsidiary of WMG Parent Corp., a Delaware corporation ("Parent"), has entered into a Purchase Agreement (the "Purchase Agreement") with Time Warner Inc. dated as of November 24, 2003, whereby the Company will purchase the "Warner Recorded Music Business" and the "Warner Music Publishing Business" (as such terms are defined in the Purchase Agreement and as referred to hereafter as the "Business") from Time Warner Inc.; and

WHEREAS, the Company wishes to engage the Executive to serve as Chairman and Chief Executive Officer of the United States recorded music operation of the Warner Recorded Music Business (the "Division") on the terms and conditions contained herein and the Executive wishes to accept such engagement on the terms and conditions contained herein.

AGREEMENT:

NOW, THEREFORE, for good and valuable consideration, including the mutual covenants herein, the parties hereby agree as follows:

1. Employment Period. This Agreement and the Executive's employment with the Company hereunder (hereinafter referred to as the "Employment Period") shall be effective on the "Closing Date" (as defined in the Purchase Agreement; the Closing Date is hereinafter referred to as the "Effective Date") and, unless earlier terminated pursuant to Section 4 hereof, shall expire on the fourth anniversary of the Effective Date; provided that the Employment Period shall be automatically extended by one year upon the fourth anniversary of the Effective Date and upon each subsequent anniversary of the Effective Date unless, no less than ninety (90) days prior to the fourth anniversary of the Effective Date or any such subsequent anniversary either the Company or the Executive gives the other party written notice of non-renewal in accordance with Section 9(e) hereof, in which case the Employment Period shall end on the anniversary of the Effective Date immediately following the receipt of such notice.

2. Position, Duties and Representations.

(a) During the Employment Period, the Executive shall be employed as the Chairman and Chief Executive Officer of the Division and shall report solely to the Chief Executive Officer of the Company (the "CEO"). The Executive shall be responsible for oversight and management of all operations and activities of the Division and any activities consistent therewith and related thereto assigned to the Executive by the CEO, and all employees of the Division shall report, directly or indirectly, to the Executive (and, through the Executive, to the CEO), and to no other direct report of the CEO. The Executive's services to the Company shall be performed primarily at the offices of the Company located in New York City, subject to travel requirements necessary to discharge the responsibilities and duties assigned to the Executive hereunder.

(b) Excluding periods of vacation, sick leave and disability to which the Executive is entitled during the Employment Period, the Executive agrees, to the extent necessary to discharge the responsibilities and duties assigned to the Executive hereunder, to use the Executive's best efforts to perform faithfully and efficiently such responsibilities. During the Employment Period, the Executive may (i) serve on corporate, civic, educational, philanthropic or charitable boards or committees, (ii) passively own not more than three percent (3%) of the outstanding capital stock or any corporation whose stock is publicly traded, (iii) manage personal investments or (iv) engage in any other activity (other than as an employee) which is not competitive with any activity of the Company, and Division or the Business (other than a de minimis activity of the Company, and Division or the Business) at the time the Executive commences engaging in such activity, so long as such activity does not interfere with the performance of the Executive's responsibilities and duties hereunder, and the amount of time the Executive spends on all such activities is insignificant.

(c) The Executive represents and warrants to the Company that, other than prohibitions generally imposed by law, there is no "Contract" (as defined in Section 6(d)) or other restriction or agreement in effect that would prohibit or otherwise limit the Executive's ability to enter into or negotiate this Agreement, become an employee or officer of the Company or to discharge the responsibilities and duties assigned to the Executive hereunder, other than as set forth in Section 5(e) of the Employment Agreement entered into in July 1999 between the Executive and Universal Music Group, Inc. (the "UMG Agreement"). The Executive further represents and warrants to the Company that the only restrictions, whether in a Contract or otherwise, prohibiting or limiting him from soliciting, retaining, hiring or entering into a Contract of any type with employees, writers, producers, recording artists or other talent on or after the Effective Date are contained in Section 5(e) of the UMG Agreement, and that a complete and accurate copy of such Section 5(e) has been disclosed to the Company.

3. Compensation.

(a) Base Salary. During the Employment Period, the Company shall pay to the Executive a base salary at an annual rate equal to (i) $1,000,000 during

the first twelve months of the Employment Period and (ii) $1,500,000 for the remainder of the Employment Period ("Base Salary"), payable in regular installments in accordance with the Company's usual payroll practices; provided, however, that Base Salary shall be reviewed for discretionary increases by the Board of Directors of the Company (the "Board") or the Compensation Committee thereof no less often than annually commencing in respect of the third year following the Effective Date.

(b) Signing Bonus. On or immediately following the Effective Date the Company shall pay to the Executive a cash signing bonus equal to the greater of (i) $1 million or (ii) 59% of the "Initial Value" (as defined in Section 1 of the Restricted Stock Award Agreement annexed hereto as Exhibit A) of the "Restricted Stock Award" (as defined in Section 3(f) of this Agreement) on the date of grant, as reported to the Executive by the Board in accordance with the second sentence of Section 1 of such Restricted Stock Award Agreement. The signing bonus is not contingent on the performance of services by the Executive.

(c) Annual Bonus. During the Employment Period, the Executive shall be eligible to receive an annual cash bonus (the "Annual Bonus") in respect of each full or partial fiscal year of the Company (a "Fiscal Year" which, as of the Effective Date, is the period December 1 through November 30) ending during the Employment Period, with a target of $2.5 million, a minimum of $0 and a maximum of $5 million (pro rated for partial Fiscal Years of employment), based on the attainment of Company, individual, Division and/or Business performance targets established by the Board or the Compensation Committee thereof in consultation with the Executive; provided; however, that the Annual Bonus in respect of the first Fiscal Year ending after the Effective Date shall be no less than $2.5 million, and shall not be subject to pro-ration.

(d) Special Bonus. The Company expects to implement a special bonus plan or arrangement (the "Special Bonus Plan") for senior management based upon costs savings attained in respect of the Division, the Company and/or the Business, in amounts and in accordance with criteria established by the Board or Compensation Committee thereof. The Executive shall be eligible to participate in the Special Bonus Plan, if so established, on terms and conditions substantially the same as those applicable to other senior executives of the Company determined by the Board or the Compensation Committee; provided that the Executive acknowledges that the amount awarded to any particular executive may depend, wholly or in part, on the cost savings within the such executive's area of responsibility.

(e) Liquidity Event Bonus.

(i) The Executive shall receive a one-time cash bonus (the "Liquidity Event Bonus") upon the occurrence of a Bonus Liquidity Event which results in a cash return to the Investors in respect of Investor Equity, after taking into account the Pre-Event Investor Cash Return, equal to or in excess of one and one-half times the Investment and less

than three times the Investment, in accordance with the following schedule:

Investor Return	Liquidity Event Bonus Amount
At least 1.5x Investment but less than 2.0x Investment	$5.0 million
At least 2.0x Investment but less than 2.5x Investment	$7.5 million
At least 2.5x Investment but less than 3.0x Investment	$10 million
3x Investment or above	$0

(ii) Notwithstanding Section 3(e)(i) above, if a Liquidity Event Bonus is paid to the Executive, and subsequent to the Bonus Liquidity Event resulting in such payment a 3X Restricted Stock Liquidity Event occurs, then the amount previously paid to the Executive as the Liquidity Event Bonus shall be repaid by the Executive to the Company upon the consummation of such 3X Restricted Stock Liquidity Event in the form, as elected by the Executive, of cash, securities of the Company or any consideration received by the Executive in connection with the 3X Restricted Stock Liquidity Event (the Fair Market Value of any such form of payment other than cash shall be as set forth in Section 3(e)(iii)(3) below); provided, however, that if the Executive demonstrates to the reasonable satisfaction of the Company that the after-tax cost to him of such repayment or reduction is greater than the portion of the previously paid Liquidity Event Bonus retained by the Executive after payment of all taxes thereon, the repayment or reduction obligation shall be reduced accordingly until such after-tax cost equals such retained portion of the previously paid Liquidity Event Bonus.

(iii) For purposes of this Section 3(e), and also as and if used elsewhere in this Agreement, the following terms shall have the following meanings:

(1) "Bonus Liquidity Event" shall mean a Change in Control, or other event (e.g., a leveraged recapitalization in which the proceeds are paid out to the Investors as dividends and/or redemptions), in which cash consideration is paid to Investors in respect of the Investor Equity.

(2) "Change in Control" shall mean a "Change of Control," as defined in the certificate of incorporation of Parent, as amended from time to time.

(3) "Fair Market Value" shall mean the price at which the asset in question would change hands in an arms' length sale between a willing buyer and a willing seller, with neither being under any compunction to buy or sell and each with full knowledge of all relevant facts, as determined by, in the Executive's sole discretion, an investment bank or other valuation firm chosen by the Executive from among a list of no less than five such banks and/or firms (all of which must be experienced in the valuation of privately held companies) provided to the Executive by the Company; provided that, in determining Fair Market Value of the securities of any member of the "Parent Group" (as defined below), the chosen investment bank or valuation firm shall be instructed to use a methodology which takes into account the free cash flow, revenue and EBITDA and such other methodologies and characteristics as may be relevant.

(4) "Investment" means the aggregate investment by the Investors in the equity securities of any member of the Parent Group on and prior to the Effective Date, including expenses, which is anticipated to be approximately $1.4 billion.

(5) "Investor Equity" shall mean all equity securities of all members of the Parent Group, including common and preferred stock and warrants, options and other instruments convertible or exercisable into, or redeemable for, common or preferred stock, either (i) purchased or otherwise received by the Investors on or prior to the Effective Date or (ii) received by the Investors following the Effective Date, without cost to the Investors, in respect of the equity securities described in the preceding clause (i).

(6) "Investors" shall mean all of (i) Thomas H. Lee Equity Fund V, L.P., (ii) Thomas H. Lee Parallel Fund V, L.P., (iii) Thomas H. Lee Equity (Cayman) Fund V, L.P., (iv) Putnam Investments Holdings, LLC, (v) Putnam Investments Employees' Securities Company I LLC, (vi) Putnam Investments Employees' Securities Company II LLC, (vii) 1997 Thomas H. Lee Nominee Trust, (viii) Thomas H. Lee Investors Limited Partnership, (ix) Bain Capital Partners Integral Investors, LLC, (x) Bain Capital VII Coinvestment Fund, LLC, (xi) BCIP TCV, LLC, (xii) Providence Equity Partners IV, L.P., (xiii) Providence Equity Operating Partners IV, L.P. and (xiv) Lexa Partners LLC, or any affiliate of any of them, in each case which purchases Investor Equity on or prior to the Effective Date.

(7) "Parent Group" shall mean Parent, Midco, the Company and each direct or indirect subsidiary of any of them.

(8) "Pre-Event Investor Cash Return" shall mean all cash received by the Investors in respect of the Investor Equity prior to the applicable Bonus Liquidity Event

(9) "3X Restricted Stock Liquidity Event" shall have the meaning set forth in the Restricted Stock Award Agreement annexed hereto as Exhibit A.

(f) Equity. On the Effective Date, the Company shall cause to be granted to the Executive, without cost to the Executive, shares of Parent's Class A Common Stock (the "Restricted Stock Award") representing as of the Effective Date 2.198% of the fully diluted Class A Common Stock of the Company (2.0% of the fully diluted Common Stock of the Parent, including both Class A and Class L Common Stock of Parent), which award shall be governed by the Restricted Stock Award Agreement annexed hereto as Exhibit A; provided that the Company and the Executive acknowledge that the Stockholders' Agreement described in the Restricted Stock Award Agreement as Exhibit A thereto has not been prepared as of the date of this Agreement.

(g) Benefit Plans. During the Employment Period, the Executive shall be eligible to participate in the employee benefit plans and arrangements of the Company and its affiliates on terms and conditions no less favorable in the aggregate than those generally provided to other senior executive officers of the Company.

(h) Business Expenses. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable out-of-pocket expenses incurred by the Executive in the performance of his duties hereunder, subject to the submission of such written documentation as the Company may reasonably require in accordance with its standard expense reimbursement practices and policies. Without limiting the generality of the foregoing, the Company will reimburse the Executive for first class travel and first class hotel accommodations in connection with travel undertaken in the performance of his duties hereunder.

(i) Vacation. During the Employment Period, the Executive shall be entitled to no less paid vacation for each year commencing with the Effective Date as is made available generally to senior executives of the Company; provided that such paid vacation shall be no less than four weeks per year; and provided further that unused vacation pay in any year may not be carried forward.

4. Termination. The Employment Period and the Executive's employment with the Company shall terminate under the following circumstances:

(a) Death or Disability. The Executive's employment and the Employment Period shall terminate automatically upon the Executive's death. The Company may terminate the Executive's employment and the Employment Period after having established the Executive's Disability, by giving to the Executive a "Notice of Termination" (as defined in Section 4(d)). For purposes of this Agreement, "Disability"

means personal injury, illness or other cause which has rendered the Executive unable to substantially perform his material duties and responsibilities hereunder for a period of 120 consecutive days, or 120 out of 180 consecutive days, as determined jointly by a physician selected by the Company reasonably acceptable to the Executive (or, if he is incapacitated, his legal representative) and a physician selected by the Executive (or, if he is incapacitated, his legal representative) and reasonably acceptable to the Company. If such physicians cannot agree as to whether the Executive has suffered a Disability, they shall jointly select a third physician who shall make such determination.

(b) With or Without Cause. The Company may terminate the Executive's employment and the Employment Period with or without "Cause" (as defined below) by giving to the Executive a Notice of Termination. For purposes of this Agreement, "Cause" means (i) the willful and continued failure of the Executive to perform substantially his material duties with the Company (other than any such failure resulting from the Executive's incapacity due to physical or mental illness) after a written demand for performance is delivered to the Executive by the Board which identifies the manner in which the Board believes that the Executive has not performed the Executive's duties and the Executive, after a period established by the Board and communicated in writing to the Executive (which period may be no less than 20 days), has failed to cure such failure to the reasonable satisfaction of the Board, (ii) the willful engaging by the Executive in gross misconduct which is demonstrably and materially injurious to the Company or its affiliates, (iii) the Executive's conviction of, or pleading guilty to, a felony involving moral turpitude or dishonesty or (iv) a determination by the Board that any of the Executive's representations made in Section 2(c) of this Agreement were untrue when made (provided that the Company informs the Executive within ninety (90) days of the majority of the members of the Board having actual knowledge of such breach). A termination of the Executive by the Company for Cause shall not be effective unless and until the Company has delivered to the Executive, along with the Notice of Termination, a copy of a resolution duly adopted by a majority of the Board (excluding the Executive, if he is a member of the Board) stating that the Board has determined to terminate the Executive for Cause; provided, however, that no such resolution shall be permitted to be adopted without the Company having afforded the Executive the opportunity to make a presentation to the Board and to answer any questions its members may ask him.

(c) With or Without Good Reason. The Executive may terminate his employment and the Employment Period with or without "Good Reason" (as defined below) by giving to the Company a Notice of Termination. For purposes of this Agreement, "Good Reason" means, without the Executive's express written consent:

(i) (x) a change in the duties or responsibilities (including reporting responsibilities) of the Executive that is inconsistent in any material and adverse respect with the Executive's position(s), duties, responsibilities or status with the Company and its affiliates on the Effective Date, or (y) an adverse change in the Executive's title or offices;

(ii) any failure by the Company to comply with any of the provisions of Section 3 of this Agreement, including but not limited to any reduction in the target or maximum attainable Annual Bonus;

(iii) any willful breach by the Company of any other material obligation of the Company under this Agreement;

(iv) the Company requiring the Executive to be based at any office or location other than at an office commensurate with the Executive's position at the headquarters of the Company in the Borough of Manhattan, New York;

(v) any purported termination by the Company of the Executive's employment otherwise than as permitted by this Agreement, it being understood that any such purported termination shall not be effective for any purpose of this Agreement;

(vi) a failure by the Company to cause any successor to expressly assume this Agreement pursuant to Section 8(c) hereof; or

(vii) any United States recorded music operations of the Company, Parent, Midco or any of their respective directly or indirectly owned subsidiaries shall not be included within the Division.

Without limiting the generality of any of the foregoing, any change in reporting line such that the Executive no longer reports to the CEO and any appointment of any co-Chief Executive Officer of the Division shall constitute Good Reason, but the appointment of a President or Chief Operating Officer of the Company shall not constitute Good Reason so long as the Executive continues to report to the CEO and so long as subparagraphs (i) through (vii) above are not implicated by such appointment.

A termination by the Executive with Good Reason shall be effective only if the Executive delivers to the Company a Notice of Termination for Good Reason within 60 days after learning of the circumstances constituting Good Reason; provided, however, that if such Notice of Termination describes, as Good Reason, only one or more of the circumstances described in clause (i), (ii), (iii) and (iv) of this Section 4(c) and, within 30 days following the delivery of such Notice of Termination, the Company has cured such circumstances to the reasonable satisfaction of the Executive, then such Notice of Termination shall be ineffective and no Good Reason shall be deemed to exist. The parties agree and acknowledge that, solely for purposes of this Agreement, the Executive's provision of a written notice of non-renewal of the Employment Period, as provided in Section 1 of this Agreement, shall be deemed to be a termination by the Executive without Good Reason.

(d) Notice of Termination. Any termination by the Company with or without Cause or on account of Disability, or by the Executive with or without Good Reason, shall be communicated by a Notice of Termination to the other party given

in accordance with Section 9(e). For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision of this Agreement relied upon, (ii) sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) if the termination date is other than the date of receipt of such notice, specifies the proposed termination date; provided, however, that the information in clause (ii) shall not be required in the event of any termination by the Company without Cause or by the Executive without Good Reason.

5. Obligations of the Company Upon Termination.

(a) Death or Disability. If the Executive's employment is terminated by reason of the Executive's death or on account of Disability, the Company shall:

(i) pay to the Executive or the Executive's estate, as applicable, a lump sum cash payment within ten (10) days after such termination equal to, to the extent not previously paid: (A) the Executive's Base Salary through the end of the month in which such termination occurred, (B) any earned and accrued but unpaid Annual Bonus for any Fiscal Year ending prior to such termination, (C) any earned and accrued but unpaid Special Bonus and Liquidity Event Bonus, (D) any accrued vacation pay, (E) any unpaid reimbursable business expenses due to the Executive in accordance with Section 3(h) (the amounts described in the preceding clauses (A) - (E), the "Accrued Amounts"), (F) the Executive's Base Salary for an additional twelve month period and (G) a pro-rated target Annual Bonus for the Fiscal Year of termination determined by multiplying (x) such target Annual Bonus by (y) a fraction, the numerator of which is the number of days in the Fiscal Year that the Executive was employed by the Company and the denominator of which is 365;

(ii) provide those death or disability benefits to which the Executive is entitled at the date of the Executive's death or Disability under any benefit plans, policies or arrangements of the Company; and

(iii) in the case of a termination on account of Disability, provide to the Executive and the Executive's spouse and dependents, as applicable, at the Company's expense, continued participation in the Company's group health plan (or comparable medical coverage) until the earlier of the date the Executive attains age 65 or the date the Executive becomes eligible for coverage under the group health plan of another employer.

(b) Cause or Without Good Reason. If the Executive's employment shall be terminated (i) by the Company with Cause, or (ii) by the Executive without Good Reason, the Company shall pay to the Executive a lump sum cash payment

within ten (10) days after such termination equal to, to the extent not previously paid, the Accrued Amounts.

(c) Without Cause or With Good Reason. If the Executive's employment shall be terminated (i) by the Company without Cause or (ii) by the Executive with Good Reason, the Executive shall be entitled to receive the following payments and benefits:

(i) to the extent not previously paid, the Accrued Amounts;

(ii) an amount equal to the sum of: (i) the Executive's Base Salary and (ii) the target Annual Bonus for the Fiscal Year of such termination, payable in substantially equal monthly installments on the first day of each of the first 12 calendar months following termination (subject to the Executive's continued compliance with the covenants contained in Section 6 during such payment period);

(iii) a pro-rated Annual Bonus for the Fiscal Year of termination determined by multiplying (x) the actual Annual Bonus which the Executive would have earned in respect of such Fiscal Year had he remained employed for the entire such Fiscal Year by (y) a fraction, the numerator of which is the number of days in such Fiscal Year that the Executive was employed by the Company and the denominator of which is 365, payable at the time bonuses are generally payable to the Company's senior executives in respect of such Fiscal Year; and

(iv) The Executive and the Executive's spouse and dependents, as applicable, shall continue to participate in the Company's group health and life insurance plans (or be provided comparable medical and life insurance coverage), at Company expense, until the earlier of the first anniversary of such termination or the date the Executive becomes eligible for coverage under the group health or life insurance plan, as applicable, of another employer.

(d) In General. The Executive shall have no rights upon his termination of employment with the Company, other than those set forth in each of Section 5(a), (b) or (c), as applicable, to any compensation or any other benefits from the Company under this Agreement, provided that amounts which the Executive is otherwise entitled to receive under any plan, program or arrangement of the Company or any of its affiliates available to employees generally (other than any severance plan or program), shall be payable in accordance with such plan, program or arrangement.

6. Restrictive Covenants. Without in any way limiting or waiving any right or remedy accorded to the Company or any limitation placed upon the Executive by law, the Executive hereby agrees as follows:

(a) Non-Solicitation. The Executive agrees that during the Employment Period and for six months after the expiration or termination thereof (the "Non-Solicitation Period"), the Executive shall not, directly or indirectly:

(i) hire or make an offer of employment to, or supervise, any employee at the level of Vice President or above (each, a "Restricted Executive") of (x) the Company, Parent, Midco, the Division or the Business or (y) any other direct or indirect subsidiary or controlled affiliate of the Company (the Company, Parent, Midco, the Division, the Business and all such other subsidiaries or controlled affiliates being referred to hereinafter as the "Restricted Operations") on the Executive's own behalf, or on behalf or any person, firm or entity (other than a Restricted Operation);

(ii) attempt to persuade any Restricted Executive to (1) terminate his employment with a Restricted Operation, (2) refrain from extending his employment with a Restricted Operation, (3) refrain from entering into a new employment arrangement with a Restricted Operation or (4) enter into any employment arrangement with any competitor of a Restricted Operation;

(iii) hire, or make an offer of employment to, or enter into, or solicit or offer to enter into, any "Contract" (as hereinafter defined) with, any "Artist" (as hereinafter defined) on the Executive's own behalf or on behalf of any person, firm or entity, if the activities which are the subject of such hiring, employment or Contract are in any way competitive with a Restricted Operation; or

(iv) attempt to persuade any Artist to (1) terminate his or her relationship or Contract with a Restricted Operation, (2) refrain from extending his or her relationship or Contract with a Restricted Operation, (3) refrain from entering into a new Contract with a

Restricted Operation or (4) enter into any relationship or Contract with any competitor of a Restricted Operation.

(b) Confidentiality. The Executive shall not at any time disclose or reveal to any person, firm or entity, or make use of (otherwise than for the benefit of the Company or its affiliates), any trade secrets or information of a secret or confidential nature, including without limitation, matters of a business nature, such as information about costs, profits, markets, leases, details of recording agreements, distribution agreements, customer Contracts, manufacturing processes, financial information, technical and production know-how, developments, inventions, processes or administrative procedures, concerning the business or affairs of a Restricted Operation, which the Executive may have acquired in the course of or incident to the Executive's employment with the Company, and the Executive confirms that all such information ("Confidential Information") is the exclusive property of the Company and/or such Restricted Operation. This paragraph shall not apply to disclosures by the Executive (i)

in the proper performance of his obligations under this Agreement during the Employment Period or to officers, employees, lawyers and accountants of a Restricted Operation, (ii) to the Executive's legal counsel in connection with seeking legal advice related hereto, (iii) to the Executive's accountants in connection with seeking financial or tax advice related hereto, or (iv) as required by law, a court of competent jurisdiction or regulatory agency or other governmental authority. Nothing herein shall prevent the Executive, subsequent to the termination or expiration of his employment hereunder, from using or availing himself of general technical skills, knowledge and experience, including that pertaining to or derived from the non-confidential aspects of a Restricted Operation. The term "Confidential Information" shall not include information generally available and known to the public other than as a result of a breach of this Section 6(b) by the Executive. The Executive agrees to hold as Company property all Confidential Information and all books, papers and other data, and all copies thereof and therefrom, in any way relating to the businesses of a Restricted Operation, whether made or received by the Executive, and, on termination of employment, or upon demand by the Company, to deliver the same to the Company.

(c) Intellectual Property. Any copyrights, "Musical Compositions" (as hereinafter defined), trademarks (other than the "Reserved Trademarks" (as hereinafter defined)), patents, patent applications, inventions, developments and processes which the Executive during the Employment Period may develop which may reasonably be expected to be usable by a Restricted Operation in the ordinary course of its business shall belong to Company and/or the relevant Restricted Operation. Furthermore, the Executive agrees to execute any copyright assignment or other instruments as any Restricted Operation may deem reasonably necessary (at such Restricted Operation's expense) to evidence, establish, maintain, protect, enforce, and/or defend any and all of such Restricted Operation's interests under this Section 6(c). All such interests shall vest in the relevant Restricted Operation whether or not such instrument is requested, executed or delivered. If the Executive shall not so execute and deliver any such instrument after reasonable notice and opportunity to do so, the Company shall have the right to do so in the Executive's name and the Company is hereby irrevocably appointed the Executive's attorney-in-fact for such purposes, which power is coupled with an interest.

(d) Definitions. For the purposes of Section 6 of this Agreement, the following definitions shall apply:

(i) "Artists" means (A) any singer or musician, or other person furnishing the services or works of an artist to a Restricted Operation pursuant to a Contract with a Restricted Operation pursuant to which such singer, musician or other person is required to provide exclusive services for the making or delivering of master "Recordings" (as hereinafter defined) to such Restricted Operation or (B) any writer, producer or other talent who has entered into a Contract with a Restricted Operation or who has otherwise provided services to a Restricted Operation excepting, in the case of both clauses (A) and (B) above, any such person who is required to provide services to any person or party

other than a Restricted Operation on an exclusive basis pursuant to a Contract that was not entered into in connection with any violation by the Executive of this Agreement.

(ii) "Contract" means any contract, other agreement, commitment, binding arrangement, binding understanding or binding relationship (whether written or oral and whether express or implied).

(iii) "Musical Compositions" means a musical composition or medley consisting of words and/or music, or any dramatic material and bridging passages whether in form of instrumental and/or vocal music, prose or otherwise, irrespective of length.

(iv) "Recordings" means any recording of sound, whether or not coupled with a visual image, by any method or format and on any substance or material, whether now or hereafter known, which is used or useful in the recording, production and/or manufacture of Records or for any other exploitation of sound, excluding television and movies (other than music videos or the promotion thereof), consumer electronics and electronic games.

(v) "Records" means gramophone discs, magnetic tapes, compact discs, other storage media and any other device or appliance used for emitting sounds (whether or not accompanied by visual images) incorporating the Recordings.

(vi) "Reserved Trademarks" means the Phat Farm trademark, Baby Phat trademark, RUSH trademark, Vendetta trademark and Def Jam trademark and any variation, derivation, modification or extension thereof and/or any visual representation or logos thereof.

(e) Severability; Blue-Pencilling. Each section, subsection or part thereof under this Section 6 constitutes an entirely separate and independent restriction. If any of such covenants or such other provisions of this Agreement are found to be invalid or unenforceable by a final determination of a court of competent jurisdiction (i) the remaining terms and provisions hereof shall be unimpaired and (ii) the invalid or unenforceable term or provision shall be deemed replaced by a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision.

(f) Necessity; Enforcement. The parties hereto have considered carefully the necessity for protection of each Restricted Operation against the Executive's disclosures of Confidential Information and other actions referred to in this Section 6, and the nature and scope of such

protection. The parties agree and acknowledge that the duration and scope applicable to the covenants set forth in this Section 6 are fair, reasonable and necessary, and that the Executive has received adequate consideration for such obligations. Accordingly, the Executive agrees that, in addition to

any other relief to which the Company may be entitled, the Company shall be entitled to seek injunctive relief (without the requirement of posting any bond or other security). from a court of competent jurisdiction for the purpose of restraining the Executive from any actual or threatened breach of the covenants contained in this Section 6.

7. Indemnity. To the fullest extent permitted by applicable law, the Company shall indemnify, defend and hold the Executive harmless from and against any and all claims, demands, actions, causes of action, liabilities, losses, judgments, fines, costs and expenses (including, without limitation, the reimbursement of reasonable attorneys' fees, settlement expenses, punitive damages and the advancement of legal fees and expenses, as such fees and expenses are incurred by the Executive) arising from or relating to (a) claims relating to the Company, Parent, Midco, the Division or the Business or (b) the Executive's service with or status as an officer, director, employee, agent or representative of the Company, Midco, Parent and/or any of their respective directly or indirectly owned subsidiaries or in any other capacity in which the Executive serves or have served at the request of the Board or the CEO for the benefit of the Company, Midco, Parent and/or their respective directly or indirectly owned subsidiaries. Without limiting the foregoing, in connection with any such claim, demand, action, cause of action, liability, loss, judgment or fine, the Executive shall have the right (i) to be represented by separate counsel reasonably acceptable to the Company, at the Company's sole cost and expense, and (ii) to have the Company pay the cost and expense of any bond that the Executive may be required to post in order to appeal an adverse decision. The Company's obligations under this Section 7 shall be in addition to, and not in derogation of, any other rights the Executive may have against the Company to indemnification or advancement of expenses, whether by statute, contract or otherwise (including, without limitation, the Executive's entitlement to indemnification and the payment or reimbursement of expenses (including attorneys' fees and expenses) to the extent provided in and/or permitted by the Certificate of Incorporation and By-Laws of the Company. The Company shall maintain directors and officers liability insurance in commercially reasonably amounts (as reasonably determined by the Board), and the Executive shall be covered under such insurance to the same extent as any other senior executive of the Company. The Executive hereby undertakes to repay any advances paid to him pursuant to this Section 7 if a final judgment adverse to the Executive establishes that he is not entitled to be indemnified under this Agreement or otherwise. The Company hereby acknowledges that the undertaking set forth in the previous sentence satisfies all requirements for any similar undertakings in the by-laws or other corporate documents of the Company. The Company shall not take any action that would impair the Executive's right to indemnification, other than in connection with a claim by the Company that the Executive is not entitled to indemnification in accordance with the standards set forth in this Section 7.

8. Successors.

(a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and, other than as set forth in Section 8(c), shall not be assignable by the Company without the prior written consent of the Executive (which shall not be unreasonable withheld).

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

9. Miscellaneous.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware applicable to contracts made and performed entirely therein. The parties hereto agree that exclusive jurisdiction of any dispute regarding this Agreement shall be the state or federal courts located in New York, New York.

(b) In the event of any termination of the Executive's employment hereunder, the Executive shall be under no obligation to seek other employment or otherwise mitigate the obligations of the Company under this Agreement, and there shall be no offset against amounts due the Executive under this Agreement on account of future earnings by the Executive. Any amounts due to the Executive under this Agreement upon termination of employment are considered to be reasonable by the Company and are not in the nature of a penalty.

(c) The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

(d) This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(e) All notices required or permitted by this Agreement to be given to any party shall be in writing and shall be delivered personally, or sent by certified mail, return receipt requested, or by Federal Express or similar overnight service, prepaid recorded delivery, addressed as follows:

If to the Executive:

1 East 94th Street
New York, New York 10028

with a copy to:

Robinson Brog Leinwand Greene Genovese & Gluck,
P.C.
1345 Avenue of the Americas, 31st floor
New York, New York 10105
Attention: Neil S. Goldstein

If to the Company:

WMG Acquisition Corp.
75 Rockefeller Plaza
New York, New York 10019
Attention: Chief Executive Officer and General Counsel

with a copy to:

Paul, Weiss, Rifkind, Wharton & Garrison
1285 Avenue of the Americas
New York, New York 10019
Attention: Michael J. Segal, Esq.

and shall be deemed to have been duly given when so delivered personally or, if mailed or sent by overnight courier, upon delivery; provided, that, a refusal by a party to accept delivery shall be deemed to constitute receipt.

(f) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(g) The Company may withhold from any amounts payable under this Agreement such Federal, state or local taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(h) This Agreement is the joint product of the Company and the Executive and each provision hereof has been subject to the mutual consultation, negotiation and agreement of the Company and the Executive and shall not be construed for or against either party hereto.

(i) Subject to any other documents which may be entered into by the Executive and the Company on or after the Effective Date (including without limitation the Restricted Stock Award Agreement), this Agreement contains the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and, upon this Agreement becoming effective, supersedes all prior communications, representations and negotiations in respect thereto, whether or not in writing.

(j) Notwithstanding anything herein contained to the contrary, this Agreement shall not become effective until and unless the Closing Date occurs, at which time it shall become the binding and legal obligation of the parties hereto. If the Purchase Agreement shall be abandoned in accordance with its terms then this Agreement shall never become effective and shall be null and void.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

/s/ Lyor Cohen
Lyor Cohen

WMG ACQUISITION CORP.

By: _____

Title: _____

Warner Music International Services Ltd
83 Baker Street
London W1M 2LA
Telefax: 020 7535 9001
Telephone: 020 7535 9000

Paul-Rene Albertini
28 Tennyson House
7 Culford Gardens
London
SW3 2SX

28 November 2002

Dear Paul-Rene,

I am writing to set out the revised terms and conditions of your employment with Warner Music International Services Limited (the "Company") that have been agreed between us in respect of your appointment as President of Warner Music International with effect from 1st October 2002. The terms of this letter will apply with effect from 1st December 2002.

1. **Commencement and Term**

1.1 Your period of continuous employment with the Company will be deemed to have commenced on 1 December 2000 (the "Commencement Date").

1.2 Subject to the other terms regarding termination set out in this letter, your employment will continue for a fixed period from 1 December 2002 until 31 December 2005 (the "Term").

1.3 The Company will, not later than 30 June 2005, notify you in writing as to whether or not it intends to renew the Term (the "Notification"). If the Company has not given you the Notification by close of business on 30 June 2005, you may (in the 3 month period after 30 June 2005) elect to have the Term extended until 31 December 2006 and in those circumstances the references in this letter to the "Term" shall be deemed to include this extended period.

2. **Job Title and Base**

2.1 You will serve the Company as President of Warner Music International; that is, you will be the head of the international arm of the Warner Music Group recorded music business. You will be responsible to the Chairman of Warner Music Group Inc.

2.2 You will initially be based in the UK. During the Term, you may however be required to relocate to the US on reasonable notice, which shall not be less than 9 months. Reasonable relocation expenses will of course be paid by the Company.

2.3 You will be expected to travel worldwide in the performance of your duties.

3. **Hours**

Normal working hours are between 9am and 6pm each day of the week from Monday to Friday (inclusive), with an additional hour for lunch. You will however be expected to work such additional hours (without additional pay) as the needs of the business dictate.

4. **Duties**

During your employment you will:

4.1 carry out such duties for any Group company as may be reasonably directed by the Chairman of Warner Music Group from time to time consistent with your responsibility and shall be responsible for the supervision and management of all Warner Music International operating companies, divisions and departments;

4.2 comply with all reasonable requests, instructions and regulations relating to the Company or to any Group company made by the Chairman of Warner Music Group from time to time;

4.3 devote the whole of your time, attention and ability to your duties;

4.4 well and faithfully serve the Company to the best of your ability and use your best endeavours to promote the interests of the Company; and

4.5 not without the written consent of the Company directly or indirectly be engaged, concerned or interested in any other business whatsoever, provided that you shall not be prohibited from holding by way of investment any securities listed or dealt on the Stock Exchange and comprising not

more than 1% of the securities of the class in question.

5. **Salary**

5.1 Your basic annual salary for the calendar year 2003 shall be $1 million US increasing to $1.25 million US for the calendar year 2004 and to $1.5 million US for the calendar year 2005 ("Salary"). The Salary will be payable in twelve equal instalments monthly in arrears on or about the last day of each month, less statutory and voluntary deductions, by direct bank transfer. Your salary will be inclusive of any fees to which you may be entitled as a member of the Board or representative of the Company or any Group company.

6. **Bonus**

6.1 You will, at the discretion of the Company be entitled to an annual bonus, provided always that during the Term, the minimum bonus payable to you for each calendar year of the Term shall be $1 million US. Bonus will be calculated based on your own and the Company's performance, in accordance with the formula notified to you in each year.

6.2 The first bonus payable under this agreement will be in respect of the 2003 calendar year and bonus will be payable in each year at the end of February, following the year in which the bonus accrued. For the avoidance of doubt, it is agreed that in the event your employment is not renewed by the Company on or before the expiry of the Term, you will still be entitled to the annual bonus in the last year of your employment (that is, 1st January 2005 to 31st December 2005), and the minimum will still be $1 million US.

6.3 If you so elect, the Company will pay part of your bonus in each year (up to a maximum of $250,000 US) into such investment plan as is established by you and notified to the Company.

6.4 Save as set out in this letter, on the termination of your employment, any bonus payment due and owing will be paid but no further bonus payments will be made.

6.5 It is agreed that the gross amount of the combined Salary and bonus payable to you for the years 2003, 2004 and 2005 (exclusive of monies payable pursuant to 16.2) shall not total less than $10.25 million US. If the total sums paid are less than $10.25 million, the Company will, within 14 days after the end of February 2006, make a payment to you equivalent to the difference, less statutory deductions (e.g. if you have been paid a total of $10,100,000 US, you will be paid the sum of $150,000 less statutory deductions).

7. **Car Allowance**

7.1 You will be paid a car allowance of £32,000 per annum. This will be paid monthly, less statutory deductions, together with your Salary.

8. **Housing Allowance**

8.1 The Company shall pay to you a housing allowance of £36,500 per annum, which shall be paid monthly, less statutory deductions. The allowance shall be increased annually by the lesser of 5% or the amount of the latest published inflation figure as set out in the Retail Prices Index. Any increase will take effect from January 1st in each year.

9. **Share Options**

In addition, the Company will use its best efforts to procure that as soon as reasonably practicable after 1 December 2002, AOL Time Warner Inc will grant to you options to purchase fifty thousand (50,000) shares of the common stock of AOL Time Warner Inc, such options shall be subject to the terms of the stock option agreement which shall be executed and delivered by you pursuant to the applicable stock option plan.

10. **Pension**

10.1 Subject always to the rules of the plan from time to time in force and to Inland Revenue limits, you will be entitled to be a member of the Time Warner UK Pension Plan. Details of the plan can be obtained from Human Resources.

11. **Insurance Benefits**

11.1 Subject to the rules of each plan from time to time in force and to your health not being such as to prevent the Company from obtaining cover on reasonable terms, you shall be entitled to:

11.1.1 life assurance cover based on four times your annual salary; and

11.1.2 private medical insurance for the benefit of you, your spouse and your unmarried dependant children under the age of 18 on such scale as is set by the Company from time to time.

12. **Expenses**

12.1 With the prior approval of the Company and within such limits as the Company may from time to time lay down, all expenses wholly, exclusively and necessarily incurred by you in carrying out your duties will, on production of appropriate receipts and/or vouchers, be reimbursed to you, subject always to you complaying with the Company's proceudres in relation to expenses from time to time in force.

12.2 The Company agrees to pay for your personal tax advice which will be provided by Ernst & Young during the Term:

13. **Holidays**

13.1 In addition to public and bank holidays (but inclusive of statutory entitlement under the Working Time Regulations (the "WTR")) you are entitled to take 25 days holiday in each holiday year. All holiday dates must have the prior agreement of the Chairman of Warner Music Group.

13.2 You will not be entitled to carry forward any holiday untaken at the end of a holiday year.

13.3 The holiday year runs from 1 January to 31 December and is also the leave year for parental leave purposes. You will be deemed to take statutory entitlement under the WTR then your additional contractual entitlement.

13.4 If in any holiday year you are not employed for the complete holiday year (for example, in your year of leaving the Company's employment) your holiday entitlement will be calculated pro rata based on the completed months of service for the period of the holiday year during which you have been employed. On the termination of your employment, you will be paid in lieu of holidays accrued but untaken as at the date of termination. Alternatively, you will be required to repay to the Company pay for any holiday taken in excess of your entitlement.

14. **Sickness Absence**

14.1 If you are ill or unable to come to work for any reason, you should contact Human Resources or such person as the Company may nominate, as early as possible on the first day with an estimate of how long you will be away.

14.2 Subject to the rules on Statutory Sick Pay ("SSP"), if you are absent by reason of sickness, injury of incapacity, you will continue to be paid your Salary for the first four months of absence in any year. Any further payments will be at the discretion of the Company.

14.3 Any Company sick pay paid to you will be inclusive of any SSP payable.

14.4 When you are absent from work for more than 7 days, you must provide a medical certificate. When you are absent from work for less than 7 days the Company will require you to produce a self certificate as evidence of your sickness, injury or incapacity.

14.5 The Company may at its expense at any time (whether or not you are then incapacitated) require you to submit to such medical examinations and test by doctors nominated by the Company and you hereby authorise such doctor(s) to disclose or discuss with the Company and its medical advisors the results of such examinations and tests.

14.6 In the event of your sustaining an injury caused by a third party from whom you would be entitled to recover damages in respect of the loss of salary, the Company reserves the right to claim a refund of any Company sick pay made to you under this clause during absence due to such injury.

15. **Confidential Information**

15.1 You shall not, either during your employment or after its termination, use to the detriment or prejudice of the Company or any Group company or any of their clients or, except in the proper course of your duties, divulge to any person firm or company or otherwise make use of any trade secrets or confidential information which may have come to your knowledge during the course of your employment with the Company or with any Group company including details of any advertising, marketing or promotional campaign which the Company or any Group company is to conduct; any information relating to expansion plans, business strategy, marketing plans and sales forecasts of the Company or any Group company; details of the employees and officers of the Company or any Group company; confidential reports or research commissioned by or provided to the Company or to any Group company; and any information which you are told is confidential or is given in confidence to the Company or any Group company. The foregoing list is not exhaustive.

15.2 This restriction shall continue fo- apply after the termination of your employment without limitation in time, but shall cease to apply to any information or knowledge which subsequently comes into the public domain, other than by way of unauthorised disclosure by you.

16. **Notice**

16.1 Subject to the other terms regarding termination set out in this letter, the Company may terminate your employment at any time without notice and upon so doing, it will make a lump sum payment to you of:

16.1.1 the gross Salary due for the balance of the Term;

16.1.2 the gross bonus payments due to you for the balance of the term (calculated using the average bonus payment during the previous years of employment save that for the purposes of calculating the bonus, the minimum annual bonus for these purposes shall be $1.5 million US);

16.1.3 a payment in lieu of the benefits you would have received (including life assurance, private medical insurance and car allowance) had you remained employed throughout the Term.Alternatively, the Company shall be entitled to continue to provide these benefits during the remainder of the Term; and

16.1.4 the payment set out in clause 16.2 below.

16.2 If your employment is not renewed by the Company on or before the expiry of the Term, save where clause 16.1 applies, the Company will pay to you a lump sum payment of:

16.2.1 50% of your annual gross Salary (calculated at the Salary rate applying at the Termination Date); and

16.2.2 50% of the previous year's gross bonus payment.

16.3 If payable, the sums set out in clauses 16.1 and 16.2 will be paid less statutory deductions, within 28 days of the Termination Date, and will be accepted by you in full and final settlement of any contractual claims arising out of the termination of your employment that you may have against the Company or any Group company.

17. **Change of Control**

17.1 If following a Change of Control, changes are made to your role and/or your duties which are detrimental and materially diminish your role and/or your duties, or changes are otherwise made to your role which force you to resign in circumstances that constitute constructive dismissal, then notwithstanding clause 1.3, you may within one year of the Change of Control, elect to give the Company six months written notice to terminate your employment. In those circumstances, the Company will pay to you:

17.1.1 a sum calculated in accordance with 16.1, save that for the purposes of calculating the bonus, the minimum annual bonus for these purposes shall be $1.5 million US; and

17.1.2 a sum calculated in accordance with 16.2.

17.2 If payable, the sum set out in 17.1 will be paid less statutory deductions, within 28 days of the Termination Date, and will be accepted by you in full and final settlement of any contractual claims arising out of the termination of your employment that you may have against the Company or any Group company.

18. **Disciplinary and Grievance**

18.1 You will comply with such rules or procedures regarding disciplinary matters as may be published by the Company from time to time. Any such rules or procedures will be of a policy nature only and will not form part of your contract of employment, save as may be required by law.

18.2 If you have any grievance relating to your employment you should in the first instance refer the matter to the Chairman of Warner Music Group.

19. **Termination**

19.1 The Company will be entitled to terminate your employment at any time, without notice, if you:

19.1.1 have at any time become or are unable properly to perform your duties under this letter by reason of ill health or accident for a period or periods aggregating at least 26, weeks in any period of 52 weeks;

19.1.2 are guilty of any dishonesty, gross misconduct or wilful neglect of duty or commit any serious breach of a material term of this letter, other than a breach which (being capable of being remedied) is remedied by you within 14 days upon your being called upon to do so in writing by the Board;

19.1.3 conduct yourself in a manner materially adverse to the interests of the Company or any Group company;

19.1.4 have a bankruptcy order made against you or enter into a voluntary arrangement within the meaning of section 253 Insolvency Act 1986;

19.1.5 are convicted of any criminal offence, other than a minor motoring offence which does not render you unable to discharge your duties;

19.1.6 notwithstanding the provision of permanent health insurance, become of unsound mind or a patient for the purpose of any statute relating to mental health;

19.1.7 become prohibited by law from being a company director; or

19.1.8 resign (at your own choice) as a director of the Company, not being at the request of the Company or the Board.

19.2 Upon the termination of your employment for whatsoever reason you will:

19.2.1 deliver to the Company all notes, memoranda and other correspondence, documents, papers, credit cards, motor cars, car keys and other property belonging to the Company or any other Group company or any customer of the Company or any customer of any Group company, which may have been prepared by you or have come into your possession during the course of or as a result of your employment with the Company, and you will not retain any copies of them and will not permit them to be used by any party;

19.2.2 without prejudice to any of your rights to compensation, damages or otherwise, forthwith upon the request of the Company resign from office as a director of the Company and from all offices held by you in any other company in the Group.

20. **Intellectual Property**

20.1 You agree that all rights to all material created in the course of your employment with the Company (including ownership of physical material) shall vest in the Company. In consideration of the Company entering into this letter, you hereby assign the Intellectual Property Rights with full title guarantee to the Company absolutely for as long as such rights subsist (including all renewals, reversions, extensions and revivals of such rights). For the purposes of this Clause "Intellectual Property Rights" shall mean all rights and in the nature of Copyright, or database rights, patent rights, design rights (registered and/or unregistered), rights to trade marks (registered and/or unregistered) and all analogous rights whether now existing or created in the future to which you may now or at any time after the date of this letter be entitled in respect of material created in the course of your engagement under this letter.

20.2 You agree that you will, at the discretion of the Company, do all such things and sign and execute all such documents and deeds as may be required to perfect, protect or enforce any of the rights assigned to the Company under this Clause.

20.3 You herewith irrevocably and unconditionally waive all moral rights to which you may now or at any time in the future will he entitled under the Copyright Designs and Patents Act 1988 (and under any similar laws enforced from time to time throughout the world) in respect of the material created by you in the course of your employment.

21. **Restrictions**

21.1 You acknowledge that during your employment, it is likely that you will obtain knowledge of trade secrets, know-how, techniques, methods, lists, computer programs and software and other confidential information relating to the Company, Group companies and their employees and clients. In order to safeguard the goodwill of the Company and all Group companies in connection with their clients and employees, you hereby agree to the restrictions set out in this clause.

21.2 You agree that:

(a) during your employment and (save in the event that your employment terminates pursuant to clause 17 above and you are required to work out your notice) for a period of 6 months following the termination of your employment you will not engage as a director, principal, partner, consultant or accept employment in a business or concern of whatever kind which competes with the Company (or with any Group company with which you were materially involved in the 12 months before the Termination Date) in the UK, Europe or US;

(b) during your employment and for a period 12 months after the Termination Date you will not either on your own behalf or on behalf of any other firm,

person or company, directly or indirectly solicit or Interfere with or endeavour to entice away from the Company any person, firm or company who is or was during the 12 months preceding the Termination Date a Supplier;

(c) during your employment and for a period 12 months after the Termination Date either on your own behalf or for any other person, firm or company, solicit interfere with or endeavour to entice away from the Company or any Group company any Senior Employee; and

(d) during your employment and for a period of 12 months after the Termination Date, you will not either on your own behalf or on behalf of any other firm, person or company, directly or indirectly solicit or interfere or endeavour to entice away from the Company or any Group company any Client.

21.3 Each of the sub-paragraphs above constitutes an entirely separate, severable and independent restriction on you.

21.4 The restrictions contained in this clause are considered reasonable by the parties but in the event that any such restrictions shall be found to be void but would have been valid if some part thereof was deleted, such restrictions shall apply with such modifications that may be necessary to make the restriction necessary and effective. You agree that the said restrictions are reasonable and necessary for the protection of the business of the Company and that they do not work harshly upon you.

22. **Data Protection**

You consent to the Company or any Group company holding and processing both electronically and manually, the data it collects which relates to you for the purposes of the administration and management of its business. It may also be necessary for the Company to forward such personal information to other offices it may have or to any Group company outside the European Economic Area where such a company has offices or storage for the processing for administrative purposes and you consent to the Company doing so as may be necessary from time to time.

23. **Miscellaneous**

23.1 There are no collective agreements in force directly affecting your employment.

23.2 You hereby irrevocably and by way of security appoint the Company and each Group company now or in the future existing to be your attorney in your name and on your behalf and as your act and deed to sign, execute and do all acts, things and documents which you are obliged to execute and do under the provisions of this letter and you hereby agree forthwith on the request of the Company to ratify and confirm all such acts, things and documents signed, executed or done in the pursuance of this power.

23.3 This letter replaces all previous written or verbal, express or implied agreements between you and the Company or any Group company relating to your employment or the services provided by you shall be deemed to have been cancelled.

23.4 The construction, validity and performance of this agreement shall be governed by and construed in accordance with the law of England. Each party irrevocably submits to the non-exclusive jurisdiction of the courts of England over any claim or matter arising under or in connection with this agreement or the legal relationships established by this agreement.

24. **Definitions**

24.1 The **"Board"** shall mean the Board of Directors of the Company.

24.2 **"Change of Control"** shall mean either:

24.2.1 any sale (by share purchase) of the Company, the Warner Music Group and/or AOL Time Warner or any holding company of the Company (or any holding company of such holding company); or

24.2.2 the sale of any part of the business of the Company which you were employed in or assigned to or the business of any holding company (or the business of any holding company of such holding company); or

24.2.3 the merger or acquisition of another music company that results in a substantial change to the size of the Company and leads to changes to the current management structure.

For the purpose of this clause holding company shall have the meaning set out in Section 736 of the Companies Act 1985.

24.3 **"Client"** shall mean any person, firm, company or other entity which at any time during the 12 months before your employment terminated was a client or prospective client of the Company or any Group company and with whom you had significant dealings during that period including but not limited to any artist, performer, singer, composer or songwriter contracted to the Company or any Group company;

24.3.1 for whose exclusive recording, composing or songwriting services the Company or any Group company has made an offer in writing;

24.3.2 for whom the Company or any Group company distributes any records, videos or other related products in the UK, Europe or the US;

24.3.3 to whom to Company or any Group company has made an offer in writing for the rights to distribute any records, videos or other related products, in the UK, Europe or US.

24.4 **"Group company"** shall mean any company which for the time being is a holding company (as defined by Section 736 of the Companies Act 1985) of the Company or any subsidiary (as defined by Section 736 of the Companies Act 1985) of the Company or of any holding company of the Company.

24.5 **"Senior Employee"** shall mean any employee of the Company or any Group company working in a senior capacity and with whom you had material dealings during the 12 month period prior to the termination of your employment.

24.6 **"Supplier"** shall mean any person, firm or company or other entity whom or which at any time during the 12 months before your employment terminates was a supplier or prospective supplier of the Company or any Group company and with whom you had significant dealings.

24.7 **"Termination Date"** shall mean the date your employment ends.

Please sign the enclosed copy of this letter to confirm that you have received and that you accept the terms and conditions of employment set out in this letter and agree to be bound by them.

Yours sincerely,

/s/ [ILLEGIBLE]

A director duly authorised for and on behalf of
Warner Music International Services Limited

In witness of which this letter has been executed as a Deed by the parties or their duly authorised representatives on the date above written.

[I acknowledge receipt of this letter of appointment and confirm my acceptance of its terms.

Signed and delivered as a **Deed**)
by **Paul-René Albertini**)
in the presence of:)

Witness signature: /s/ Kate Styles

Witness name: KATE STYLES

Witness address: 173 ST ANN'S HILL
London SW18 2RX

Witness occupation:] PERSONAL ASSISTANT

Warner Music International Services Ltd.
83 Baker Street
London W1M 2LA
Telefax: 020 7535 9001
Telephone: 020 7535 9000

Paul-René Albertini
28 Tennyson House
7 Culford Gardens
London
SW3 2SX

28 November 2002

Dear Paul-René,

I refer to the letter of appointment confirming your appointment as President of Warner Music International with effect from 1st October 2002 which we have signed today.

I confirm that with effect from 1st December WMIS will pay to you in each year 15.4% of your current salary under your previous contract with WEA Europe Inc. ($650,000 US) less the UK pensionable earnings cap, which is currently £97,200 (that is $650,000 – £97,200 x 15.4%) which equals $85,131.20 US. This will be paid monthly less statutory deductions, together with your salary.

Please indicate your acceptance of these arrangements by signing and returning to us the enclosed copy of this letter.

Yours sincerely,

/s/ [ILLEGIBLE]

For and on behalf of
Warner Music International Services Limited

Agreed /s/ [ILLEGIBLE]

Dated 28/11/02

Warner Music International,
A Division of Warner Communications Inc.
75 Rockefeller Plaza
New York
NY 10019

Paul Rene Albertini
28 Tennyson House
7 Culford Gardens
London
SW3 2SX

27 November 2002

Dear Paul Rene

I refer to the letter of appointment dated 1st December 2000 with us, Warner Music International, a division of Warner Communications Inc. I confirm that as agreed, this is to terminate with effect from close of business on 30 November 2002.

The letter of appointment dealing with your appointment as President will detail your bonus entitlement in your new role. In the meantime, I confirm that the bonus payable by Warner Music International for the financial year 1st December 2001 to 30 November 2002 will be no less than $583,333 US.

Your sincerely,

/s/ [ILLEGIBLE]

For and on behalf of
Warner Music International
a division of Warner Communications Inc.

WEA Europe Inc.
75 Rockefeller Plaza
New York
NY 10019

Paul Rene Albertini
28 Tennyson House
7 Culford Gardens
London
SW3 2SX

27 November 2002

Dear Paul Rene

I refer to the letter of appointment dated 1st December 2000 with us, WEA Europe Inc. I confirm that as agreed, this is to terminate with effect from close of business on 30 November 2002.

The letter of appointment dealing with your appointment as President will detail your bonus entitlement in your new role. In the meantime, I confirm that the bonus payable by WEA for the financial year 1st December 2001 to 30 November 2002 will be no less than $1,166,667 US.

Your sincerely,

/s/ [ILLEGIBLE]

For and on behalf of
WEA Europe Inc

7/25/02

WARNER MUSIC GROUP INC.
75 Rockefeller Plaza
NewYork, New York 10019

July 31, 2002

Les Bider
1017 North Roxbury Drive
Beverly Hills, CA 90210

Dear Les:

Please refer to the employment agreement between Warner Music Group Inc. ("Company") and you dated March 22, 1999 effective as of January 1, 1999, as amended by the letter agreement (the "First Amendment") dated May 31, 2001, effective January 1, 2001, and the letter agreement (the "Second Amendment") dated February 14, 2002, effective January l, 2002 (as so amended, the "Agreement").

This letter, when countersigned, shall constitute our agreement to amend the Agreement as set forth herein. Unless otherwise indicated, capitalized terms shall have the meanings set forth in the Agreement.

1. Paragraph 2 of the Agreement is hereby amended to extend the Term through December 31, 2005.

2. Paragraph 3(a) of the Agreement is hereby amended to provide that with respect to the period from January 1, 2002 through the remainder of the Term, your salary shall be $1,000,000 per annum.

3. (a) Company shall use *its* best efforts to cause AOL Time Warner Inc. ("AOLTW") *to* grant *to* you options *to* purchase 25,000 shares of *the* Common Stock of AOLTW ("Options"), which Options shall be exercisable in accordance with the terms of the stock option agreement to be executed and delivered by you pursuant to the applicable stock option plan. Company shall use all reasonable efforts to cause such grant of Options (the "Third Amendment Options") to occur prior to March 31, 2003. Such Third Amendment Options shall be in addition to all Options which are to be granted to you in 2002 and 2003 pursuant to the First Amendment and the Second Amendment

(b) The Agreement is hereby amended to provide that in the event of the termination of your employment by Company other than pursuant to Paragraph 9 or 10 (an "Early Termination"), except if you shall otherwise qualify for retirement under

the terms of the applicable stock option agreement (in which event the terms of such agreement shall govern), (i) (A) the Third Amendment Options and (B) all stock options granted to you by AOLTW after June 1, 2002 (which options are collectively referred to as your "Term Options") which, but for such Early Termination, would have vested on or before the final day of the Term (or the final day of the term as same may have been extended under any agreement that amends, replaces or supersedes this Agreement), shall vest and become immediately exercisable upon the effective date of such Early Termination, (ii) all of your vested Term Options shall remain exercisable while you are on the payroll of Company and for a period of three years after the date you leave the payroll of Company (but not beyond the term of such options), and (iii) Company shall not be permitted to determine that your employment was terminated for "unsatisfactory performance" within the meaning of any stock option agreement between you and AOLTW.

Except as expressly amended herein, the terms and provisions of the Agreement shall remain in full force and effect.

If the foregoing correctly sets forth our understanding, please sign below and return this amendment to the Agreement to Company.

WARNER MUSIC GROUP INC.

By: /s/ David H. Johnson

Accepted and Agreed:

/s/ Les Bider
Les Bider

WARNER MUSIC GROUP INC.
75 Rockefeller Plaza
New York, New York 10019

February 14, 2002
Effective January 1, 2002

Les Bider
1017 North Roxbury Dr.
Beverly Hills, CA 90210

Dear Les:

Please refer to the employment agreement between Warner Music Group Inc. ("Company") and you dated March 22, 1999, effective as of January 1, 1999, as amended by letter agreement (the "First Amendment") dated May 31, 2001, effective January 1, 2001 (the "Agreement").

This letter, when countersigned, shall constitute our agreement to amend the Agreement as set forth herein. Unless otherwise indicated, capitalized terms shall have the meanings set forth in the Agreement.

1. Paragraph 3(a) of the Agreement is hereby amended to provide that with respect to the period from January 1, 2002 until December 31, 2003, your salary shall be $1,000,000 per annum.

2. Paragraph 3(b) of the Agreement is hereby amended to provide that with respect to each calendar year of the Term. commencing on and after January 1, 2002, Company may grant to you an annual bonus (or a pro rata portion of such annual bonus for a portion of such year) (the "Annual Bonus"), the amount of which shall be determined by Company at its sole discretion. Your "target bonus" with respect to each such year of the Term shall be $1,000,000; provided that the amount of any Annual Bonus awarded to you with respect to any year may be higher or lower than such amount, and shall be determined by Company at its sole discretion. The parties acknowledge that Company currently intends to establish a "Warner Music Group Annual Bonus Plan" (as modified from time to time, the "Bonus Plan"). In the event that any such Bonus Plan is established, Company shall determine your Annual Bonus in accordance with such Bonus Plan.

3. (a) Paragraph 2(a) of the First Amendment provides that a certain number of Options shall be granted to you in each of 2002 and 2003 (the "Original Options," with the Original Options granted to you in 2002 being referred to as the "2002 Original Options", and the Original Options granted to you in 2003 being referred to as the "2003 Original Options"), and such provision shall remain in full force and effect. The Agreement is hereby amended to provide that: (i) on or before February 28, 2002, Company shall cause

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AOL Time Warner Inc. to grant to you such number of Options (the "2002 New Options") as is sufficient to cause the sum of the number of 2002 Original Options granted to you plus the number of 2002 New Options granted to you to be not less than 250,000, and (ii) on or before March 31, 2003, Company shall cause AOL Time Warner Inc. to grant to you such number of Options (the "2003 New Options") as is sufficient to cause the sum of the number of 2003 Original Options granted to you plus the number of 2003 New Options granted to you to be not less than 250,000. (The "2002 New Options" together with the "2003 New Options" being referred to as the "New Options"). New Options granted to you shall be exercisable in accordance with the terms of the stock option agreements to be executed and delivered by you pursuant to the applicable stock option plans.

(b) The Agreement is hereby amended to provide that the provisions of Paragraphs 2(b) and 2(c) of the First Amendment shall apply only to (i) the Options granted to you in 2001 pursuant to Paragraph 2(a) of the First Amendment (the "2001 Options), and (ii) the Original Options.

(c) The Agreement is hereby amended to provide that in the event that your employment with Company terminates at the expiration of the Term, regardless of whether such termination is due to Company's unwillingness to offer continued employment, your unwillingness to accept continued employment, or any failure of you and Company to agree upon the terms of future employment, then (i) such number (if any) of the New Options shall automatically vest as is necessary to cause not less than 75% of the 2002 New Options and not less than 50% of the 2003 New Options to be vested as of the final day of the Term, and (ii) any vested New Options shall, to the extent that such New Options have not been exercised as of the final day of the Term, remain exercisable until the date that is three years after the final day of the Term (but in no event later than the date on which such Options were scheduled to expire at the time they were granted (i.e., generally the date that is ten: years after the date of grant)).

(d) The Agreement is hereby amended to provide that in the event of the termination of your employment by Company other than pursuant to Paragraph 9 or 10, (i) with respect to any New Options which have been granted to you prior to the date of such termination, (A) such number (if any) of the New Options shall automatically vest as is necessary to cause not less than 75% of any 2002 New Options which have been granted and not less than 50% of any 2003 New Options which have been granted to be vested as of the date of such termination, and (B) any vested New Options shall, to the extent that such New Options have not been exercised as of the date of such termination, remain exercisable until the date that is three years after the date of such termination (but in no event later than the date on which such Options were scheduled to expire at the time they were granted (i.e., generally the date that is ten years after the date of grant)), and (ii) no further New Options shall be granted to you.

Except as expressly amended herein, the terms and provisions of the Agreement shall remain in full force and effect.

If the foregoing correctly sets forth our understanding, please sign below and return this amendment to the Agreement to Company.

WARNER MUSIC GROUP INC.

By: /s/ David H. Johnson

Accepted and Agreed:

/s/ Les Bider
Les Bider

5/17/01

WARNER MUSIC GROUP INC.
75 Rockefeller Plaza
New York, New York 10019

May 31, 2001
Effective January 1, 2001

Les Bider
3830 Hayvenhurst Drive
Encino, CA 91436

Dear Les:

Please refer to the employment agreement between Warner Music Group Inc. ("Company") and you dated March 22, 1999, effective as of January 1, 1999 (the "Pre-Amendment Agreement," and as amended by this Amendment, the "Agreement").

This letter, when countersigned, shall constitute our agreement to amend the Agreement as set forth herein. Unless otherwise indicated, capitalized terms shall have the meanings set forth in the Agreement.

1. Paragraph 11 of the Agreement is hereby amended in its entirety to read as follows:

"11. Third Party Employment Discussions; Deferred Compensation:

(a) You shall not, without the prior written consent of Company, discuss, negotiate with respect to, or enter into any agreement relating to, the rendering of your services following the expiration of the Term to any third party (a "Third Party Employment Discussion"), unless such Third Party Employment Discussion occurs during the final nine months of the Term.

(b) During the period from January 1, 1999 through December 31, 2000, in addition to the salary and bonus which were payable to you by Company during such period in accordance with Paragraph 3(a) above, Company paid to the trustee (the "Trustee") of a WMG grantor trust (the "Rabbi Trust") for credit to a special account maintained on the books of the Rabbi Trust for you (the "Trust Account"), monthly, an amount equal to 50% of one-twelfth of your annual salary. As of January 1, 2001, amounts shall cease to be credited to your Trust Account; provided that, the Trust Account shall continue to be maintained by the Trustee in accordance with the terms of this Agreement and Annex A attached hereto and the trust agreement (the "Trust Agreement") establishing the Rabbi Trust (which Trust Agreement shall in all respects be in furtherance of, and not inconsistent with, the terms of this Agreement, including Annex A attached hereto), until the full amount which you are entitled to

receive therefrom has been paid. WMG shall maintain the Rabbi Trust as a grantor trust within the meaning of subpart E, part 1, subchapter J, chapter 1, subtitle A of the Internal Revenue Code of 1986, as amended, and shall pay all fees and expenses of the Trustee and shall enforce the provisions of the Trust Agreement for your benefit. In the event that any amounts become payable to your Rabbi Trust after January 1, 2001 pursuant to this Agreement, you may elect by written notice delivered to WMG at least 15 days prior to the commencement of any calendar year during the Term to have (a) all of such payments credited instead to the Deferred Compensation Plan established by Time Warner Inc. on November 18, 1998, as the same may be amended from time to time (as so amended, the "Deferred Plan") or (b) 50% of such payments to be made to be made to the Rabbi Trust credited to the Deferred Plan and the remaining 50% paid to the Rabbi Trust. For purposes of clarification, the Trust Account shall be maintained as separate trust account and shall not be combined with the trust account (the "Prior Trust Account") maintained by WMG for your benefit pursuant to the employment agreement (including, Annex A attached thereto) between you and WMG (as successor to Warner Communications Inc. and Warner/Chappell Music Inc.) dated June 8, 1990, as amended by letter agreements dated June 7, 1991, August 2, 1994 and March 26, 1998 (as amended, the "Prior Agreement"). Accordingly, you shall be entitled to receive distributions from the Prior Trust Account in accordance with the terms of Annex A of the Prior Agreement."

For purposes of clarification, all amounts credited to your Trust Account and Deferred Plan prior to January 1, 2001 (the "Prior Amounts") shall be maintained in the Trust Account and Deferred Plan and paid to you in accordance with the terms and conditions of the Agreement, Annex A to the Agreement, and the Trust Agreement. The maintenance and payment to you of the Prior Amounts in accordance with the terms and conditions of the Agreement, Annex A to the Agreement, and the Trust Agreement shall not be affected by this amendment.

2. (a) The Agreement is hereby amended to provide that in each of 2001, 2002, and 2003, Company shall cause AOL Time Warner Inc. to grant to you options to purchase shares of the Common Stock of AOL Time Warner Inc. (the "Options") which Options shall be exercisable in

accordance with the terms of the stock option agreement to be executed and delivered by you pursuant to the applicable stock option plan. The number of Options to be granted to you in each such year shall be calculated to equal the "Replacement Amount" (as defined below) multiplied by three (3). The "Replacement Amount" means (i) the amount that would have been credited to your Trust Account during such year pursuant to Paragraph 11(d) of the Agreement, but for the elimination of such credit pursuant to Paragraph 1 above, divided by (ii) the value of one Option (as determined by AOL Time Warner Inc. using the Black-Scholes method of valuation).

(b) In the event that your employment with Company terminates at the expiration of the Term, including, without limitation, whether such termination is due to Company's

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unwillingness to offer continued employment, your unwillingness to accept continued employment, or any failure of you and Company to agree upon the terms of future employment, then the Options which have been granted to you pursuant to Paragraph 2(a) above (i) shall, to the extent that any such Options have not vested as of the date of such termination, immediately vest, and (ii) shall, to the extent that such Options have not been exercised as of the date of such termination, remain exercisable until the earlier of (A) the date that is three years after the date of such termination and (B) the date on which such Options expire pursuant to the applicable stock option plans and agreements.

(c) Notwithstanding the foregoing, the Agreement is hereby amended to provide that in the event of the termination of your employment by Company other than pursuant to Paragraph 9 or 10, (i) any Options which have been granted to you pursuant to Paragraph 2(a) above prior to the date of such termination shall immediately vest, and (ii) Company shall, within 30 days of the date of such termination, elect to either (a) pay to you any amounts that would have been credited to the Trust Account and/or Deferred Plan pursuant to Paragraph 11(d) of the Pre-Amendment Agreement during the remainder of the Term, but for the elimination of such credit by operation of Paragraph 1 of this Amendment, to the extent that, and at such times as, such amounts would have been payable to you pursuant to Paragraph 11(d) of the Pre-Amendment Agreement, or (b) grant to you any Options which were to be granted, pursuant to Paragraph 2(a) above during the remainder of the Term, which Options shall vest immediately and remain exercisable for three years after the date of such termination. In the event that, following any such termination of your employment, Company fails to notify you in writing of its election pursuant to this paragraph within such 30 day period, Company shall be deemed to have elected to pay to you any amounts that would have been credited to the Trust Account and/or Deferred Plan pursuant to Paragraph 11(d) of the Pre-Amendment Agreement during the remainder of the Term, but for the elimination of such credit pursuant to Paragraph 1 above, to the extent that, and at such times as, such amounts would have been payable to you pursuant to Paragraph 11(d) of the Pre-Amendment Agreement.

(d) References to Paragraph 11(d) of the Pre-Amendment Agreement shall be deemed to exclude any reference to Advisory Services, which the parties acknowledge are no longer required in any circumstance.

Except as expressly amended herein, the terms and provisions of the Agreement shall remain in full force and effect.

If the foregoing correctly sets forth our understanding, please sign below and return this amendment to the Agreement to Company.

WARNER MUSIC GROUP INC.

By: /s/ David M. Johnson

Accepted and Agreed:

/s/ Les Bider
Les Bider

3.10.99

WARNER MUSIC GROUP INC.
4000 Warner Blvd.
Burbank, California 91522-1606

March 22, 1999
As of January 1, 1999

Leslie Bider
3830 Hayvenhurst Drive
Encino, CA 91436

Dear Les:

This letter, when signed by you and countersigned by us ("WMG"), shall constitute our agreement (the "Agreement") with respect to your employment with Warner/Chappell Music Inc. ("Company").

1. Position: Chairman and Chief Executive Officer of Company.

2. Term: The term of this Agreement (the "Term") shall commence on January 1, 1999 and end on December 31, 2003.

3 Compensation:

(a) Salary: During the Term, Company shall pay you a salary at the following rates for the specified periods:

Period of the Term		Annual Rate of Salary
1/1/99 —12/31/01	$	800,000
1/1/02 — 12/31/03	$	850,000

(b) Discretionary Bonus: With respect to each calendar year of the Term, Company may grant to you, an annual bonus (or a pro rata portion of such annual bonus for a portion of such calendar year), the amount of which shall be determined by WMG at its sole discretion.

(c) Payment of Compensation: Compensation accruing to you during the Term shall be payable in accordance with the regular payroll practices of Company for employees at your level. You shall not be entitled to additional compensation for performing any services for Company's subsidiaries or affiliates.

4. Exclusivity: Your employment with Company shall be full-time and exclusive. During the Term you will not render any services for others, or for your own account, in the field of entertainment or otherwise; provided, however, that you shall not be precluded from personally, and for your own account, investing or trading in real estate, stocks, bonds, securities, commodities, or other forms of investment for your own benefit, except that your rights hereafter to invest in any business or enterprise principally devoted to any activity which, at the time of such investment, is competitive to any business or enterprise of Company, Time Warner Inc. ("Time Warner"), or the subsidiaries or affiliates thereof, shall be limited to the purchase of not more than two percent (2%) of the issued and outstanding stock or other securities of a corporation listed on a national securities exchange or traded in the over-the-counter market.

5. Reporting: You shall at all times work under the supervision and direction of the Co-Chairmen and Co-CEOs of WMG, except that if WMG appoints a President or Chief Operating Officer, or other senior executive officer of similar title, then, the Co-Chairmen and Co-CEOs may designate that you shall report to such officer.

6. Place of Employment: The greater Los Angeles Metropolitan area. You shall render services at the offices established for Company at such location. You agree to travel on temporary trips to such other place or places as may be required from time to time to perform your duties hereunder.

7. Travel and Entertainment Expenses: Company shall pay or reimburse you for reasonable expenses actually incurred or paid by you during the Term in the performance of your services hereunder in accordance with Company's policy for employees at your level upon presentation of expense statements or vouchers or such other supporting information as Company may customarily require.

8. Benefits: Stock Options: While you are employed hereunder, you shall be entitled to all fringe benefits generally accorded to executives of Company at your level from time to time, including, but not limited to, pension, medical health and accident, group insurance and similar benefits, provided that you are eligible under the general provisions of any applicable plan or program and Company continues to maintain such plan or program during the Term. In addition, you shall be entitled to an automobile allowance in accordance with Company policy for executives at your level. You shall also be entitled to four (4) weeks vacation (with pay) during each calendar year of the Term, which vacation shall be taken at reasonable times to be approved by Company and shall be governed by Company's policies with respect to vacations for executives of Company at your level. WMG shall use its best efforts to cause Time Warner Inc. to grant to you options to purchase 100,000 shares of the Common Stock of Time Warner Inc. (the "Options"), which Options shall be

exercisable in accordance with the terms of the stock option agreement to be executed and delivered by you pursuant to the applicable stock option plan.

9. Disability/Death: If you shall become physically or mentally incapacitated from performing your duties hereunder, and such incapacity shall continue for a period of six (6) consecutive months or more or for shorter periods aggregating six months or more in any twelve-month period, Company shall have the right, provided that you have not resumed your usual duties prior to such date, to terminate your employment hereunder upon paying to you any accrued but unpaid salary to the date of such termination. In the event of your death, this Agreement shall automatically terminate except that Company shall pay to your estate any accrued but unpaid salary through the last day of the month of your death. The termination of your employment pursuant to this Paragraph 9 shall not affect any vested rights which you may have at the time of such termination pursuant to any insurance or other benefit plan or arrangement of Company or WMG.

10. Termination by Company: Company may at any time during the Term, by written notice, terminate your employment for "Cause" (as defined below), such Cause to be specified in the notice of termination. The following acts shall constitute "Cause" hereunder: (i) any willful or intentional act or omission having the effect, which effect is reasonably foreseeable, of materially injuring the reputation, business or business or employment relationships of Company or its affiliates; (ii) conviction of, or plea of nolo contendere to, a misdemeanor involving theft, fraud, forgery or the sale or possession of illicit substances or a felony; (iii) breach of material covenants contained in this Agreement; and (iv) repeated or continuous failure, neglect or refusal to perform your material duties hereunder. Notice of termination given to you by Company shall specify the reason(s) for such termination, and in the case where a cause for termination described in clause (iii) or (iv) above shall be susceptible of cure, and such notice of termination is the first notice of termination given to you for such reason, if you fail to cure such cause for termination within ten (10) business days after the date of such notice, termination shall be effective upon

the expiration of such ten-day period, and if you cure such cause within such ten-day period, such notice of termination shall be ineffective. In all other cases, notice of termination shall be effective on the date thereof.

11. Advisory Services:

(a) In the event that prior to June 30, 2003: (a) WMG offers to continue your employment following the expiration of the Term on terms not less favorable to you than those in effect under this Agreement with respect to the calendar year 2003, and (b) you elect not to accept such offer, then, during the two-year period (the "Advisory Period") following the expiration of the Term, you shall render advisory

services (the "Advisory Services") to Company on an exclusive basis as set forth in this Paragraph 11.

(b) During the Advisory Period, you shall provide Advisory Services with respect to the business, affairs and management of Company as may be requested by Company, provided, however, that you shall not be required to devote more than one (1) day (up to 8 hours) each month to Advisory Services, which services shall be performed at a time mutually convenient to you and Company. You may, subject to the restrictions set forth in Paragraph 11(c) hereof, engage in other full-time employment during the Advisory Period and your Advisory Services hereunder shall be required only at times and places consistent with such other employment or your private activities.

(c) In the event you are required to furnish Advisory Services hereunder, such services shall be rendered on an exclusive basis in the recorded music and music publishing business and in furtherance thereof, during the Advisory Period, you shall not enter into the employ of, or render any services to, any person, firm or corporation engaged in the recorded music and music publishing businesses in the United States of America or elsewhere in the world, nor shall you have any interest directly or indirectly involving recorded music or music publishing businesses to the same extent as such interests are prohibited in Paragraph 4 of this Agreement.

(d) In consideration of your agreement to furnish Advisory Services as set forth herein, in addition to the salary and bonus which is payable to you by Company during the Term in accordance with Paragraph 3(a) above, unless you shall make the election described in the last sentence of this Paragraph 11(d), during the Term, Company shall pay to the trustee (the "Trustee") of a WMG grantor trust (the "Rabbi Trust") for credit to a special account maintained on the books of the Rabbi Trust for you (the "Trust Account"), monthly, an amount equal to 50% of one-twelfth of your annual salary. The Trust Account shall be maintained by the Trustee in accordance with the terms of this Agreement and Annex A attached hereto and the trust agreement (the "Trust Agreement") establishing the Rabbi Trust (which Trust Agreement shall in all respects be in furtherance of, and not inconsistent with, the terms of this Agreement, including Annex A attached hereto), until the full amount which you are entitled to receive therefrom has been paid. WMG shall maintain the Rabbi Trust as a grantor trust within the meaning of subpart E, part 1, subchapter J, chapter 1, subtitle A of the Internal Revenue Code of 1986, as amended, and shall pay all fees and expenses of the Trustee and shall enforce the provisions of the Trust Agreement for your benefit. You may elect by written notice delivered to the WMG at least 15 days prior to the commencement of any calendar year during the Term to have (a) all of the payments to be made to the Rabbi Trust pursuant to the first sentence of Paragraph 11(a) hereof, credited instead to the Deferred Compensation Plan established by Time Warner Inc. on November

18, 1998, as the same may be amended from time to time (as so amended, the "Deferred Plan") or (b) 50% of the payments to be made to be made to the Rabbi Trust pursuant to the first sentence of Paragraph 11(a), credited to the Deferred Plan and the remaining 50% paid to the Rabbi Trust. For purposes of clarification, the Trust Account shall be maintained as separate trust account and shall not be combined with the trust account (the "Prior Trust Account") maintained by WMG for your benefit pursuant to the employment agreement (including, Annex A attached thereto) between you and WMG (as successor to Warner Communications Inc. and Warner/Chappell Music Inc.) dated June 8, 1990, as amended by letter agreements dated June 7, 1991, August 2, 1994 and March 26, 1998 (as amended, the "Prior Agreement"). Accordingly, you shall be entitled to receive distributions from the Prior Trust Account in accordance with the terms of Annex A of the Prior Agreement, subject to Paragraph 11(e) below.

(e) Notwithstanding anything to the contrary contained herein, in Annex A hereto or in Annex A of the Prior Agreement, in the event that you fail to provide Advisory Services on an exclusive basis as provided in Paragraph 11(c) hereof, hi addition to any other remedies that WMG and/or Company may have, WMG shall have the right to suspend, during the remainder of the Advisory Period, making payments to you from the Trust Account and the Prior Trust Account, notwithstanding that any amounts of deferred compensation had been credited and/or paid to you as. herein provided prior to such suspension. In the event that distributions from the Trust Account and/or the Prior Trust Account are suspended during all or *any* part of the Advisory Period pursuant to the preceding sentence, the value of the Trust Account and/or the Prior Trust Account shall nevertheless be reduced to the extent of each such suspended payment(s) in all respects as if such payment(s) had been made to you when due as provided herein and in Annex A hereto and Annex A of the Prior Agreement and the balance of the Trust Account and/or the Prior Trust Account, as so reduced, shall be paid to you in accordance with Annex A hereto and Annex A of the Prior Agreement commencing upon the conclusion of the Advisory Period.

12. Confidential Matters: You shall keep secret all confidential matters of Company and its affiliates (for purposes of this Paragraph 12 only, "Company"), and shall not disclose them to anyone outside of Company, either during or after your employment with Company, except with Company's written consent. You shall deliver promptly to Company upon termination of your employment, or at any time Company may request, all confidential memoranda, notes, records, reports and other documents (and all copies thereof) relating to the business of Company which you may then possess or have under your control.

13. Results and Proceeds of Employment: You acknowledge that Company shall own all rights of every kind and character throughout the world in perpetuity in and to any material and/or ideas written, suggested or in any way created by you hereunder

and all other results and proceeds of your services hereunder, including, but not limited to, all copyrightable material created by you within the scope of your employment. You agree to execute and deliver to Company such assignments or other instruments as Company may require from time to time to evidence Company's ownership of the results and proceeds of your services.

14. Notices: All notices, requests, consents and other communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given if delivered personally or sent by prepaid courier, or mailed first-class, postage prepaid, by registered or certified mail, return receipt requested, as follows:

TO YOU:	TO COMPANY:
Leslie Bider 3830 Hayvenhurst Drive Encino, CA 91436	Warner Music Group Inc. 4000 Warner Boulevard Burbank, CA 91522 Attn: General Counsel

Either you or Company may change the address to which notices are to be sent by giving written notice of such change of address to the other in the manner herein provided for giving notice.

15. Miscellaneous:

(a) You represent and warrant to Company that you are free to enter into this Agreement and, as of the commencement of the Term hereof, are not subject to any conflicting obligation or any disability which will prevent you from or interfere with your executing and performing your obligations hereunder.

(b) You acknowledge that while you are employed hereunder you will comply with Company's conflict of interest policy and other corporate policies, as in effect from time to time, of which you are made aware. All payments made to you hereunder shall be subject to applicable withholding and social security taxes and other ordinary and customary payroll deductions.

(c) You acknowledge that services to be rendered by you under this Agreement are of a special, unique and intellectual character which gives them peculiar value, and that a breach or threatened breach of any provision of this Agreement (particularly, but not limited to, the provisions of Paragraphs 4 and 12 hereof). will cause Company immediate irreparable injury and damage which cannot be reasonably or adequately compensated in damages in an action at law. Accordingly, without limiting any right or remedy which Company may have in such event, you

specifically agree that Company shall be entitled to injunctive relief to enforce and protect its rights under this Agreement. The provisions of this Paragraph 15(c) shall not be construed as a waiver by Company of any rights which Company may have to damages or any other remedy.

(d) This Agreement sets forth the entire agreement and understanding of the parties hereto, and supersedes and terminates any and all prior agreements, arrangements and understandings, including, without limitation, the Prior Agreement, except with respect to the provisions of Annex A of the Prior Agreement and paragraph 5 of the letter agreement dated June 7, 1991, as amended by the letter agreement dated March 26, 1998. No representation, promise or inducement has been made by either party that is not embodied in this Agreement, and neither party shall be bound by or liable for any alleged representation, promise or inducement not herein set forth.

(e) The provisions of this Agreement shall inure to the benefit of the parties hereto, their heirs, legal representatives, successors and permitted assigns. This Agreement, and your rights and obligations hereunder, may not be assigned by you. Company may assign its rights, together with its obligations, hereunder in connection with any sale, transfer or other disposition of all or a substantial portion of the stock or assets of Company, Warner Music Group or Time Warner Inc:

(f) Nothing contained in this Agreement shall be construed to impose any obligation on Company to renew this Agreement. This Agreement may be amended, modified, superseded, canceled, renewed or extended, and the terms or covenants hereof may be waived, only by a written instrument executed by both of the parties hereto, or in the case of a waiver, by the party waiving compliance. Neither the continuation of employment nor any other conduct shall be deemed to imply a continuing obligation upon the expiration of this Agreement. The failure of either party at any time or times to require performance of any provision hereof shall in no manner affect the right at a later time to enforce the same. No waiver by either party of the breach of any term or covenant contained in this Agreement, whether by conduct or otherwise, in any one or more instances, shall be deemed to be, or construed as, a further or continuing waiver of any such breach, or a waiver of the breach of any other term or covenant contained in this Agreement.

(g) This Agreement shall be governed by and construed according to the laws of the State of California as applicable to agreements executed in and to be wholly performed within such State.

If the foregoing correctly sets forth our understanding, please sign below and return this agreement to Company.

Very truly yours,

WARNER/CHAPPELL MUSIC, INC.

By: /s/ [ILLEGIBLE]

Accepted and Agreed:

/s/ Leslie Bider
Leslie Bider

Annex A
to the
Employment Agreement
between

WARNER MUSIC GROUP INC.
(the "Company")
and
Leslie Bider
(the "Executive")

Deferred Compensation Account

A.1 Investments. Funds credited to the Trust Account shall be actually invested and reinvested in an account in securities selected from time to time by an investment advisor designated from time to time by the Company (the "Investment Advisor"), substantially all of which securities shall be "eligible securities". The designation from time to time by the Company of an Investment Advisor shall be subject to the Executive's prior approval, which approval shall not be unreasonably withheld. "Eligible securities" are common and preferred stocks, warrants to purchase common or preferred stocks, put and call options, and corporate or governmental bonds, notes and debentures, either listed on a national securities exchange or for which price quotations are published in newspapers of general circulation, including The Wall Street Journal, and certificates of deposit. Eligible securities shall not include the common or preferred stock, any warrants, options or rights to purchase common or preferred stock or the notes or debentures of the Company or Time Warner Inc. or any corporation or other entity of which the Company or Time Warner Inc. owns directly or indirectly 5% or more of any class of outstanding equity securities. The Investment Advisor shall have the right, from time to time, to designate eligible securities which shall be actually purchased and sold for the Trust Account on the date of reference. Such purchases may be made on margin; provided that the Company may, from time to time, by written notice to the Executive, the Trustee and the Investment Advisor, limit or prohibit margin purchases in any manner it deems prudent and, upon three business days written notice to the Executive, the Trustee and the Investment Advisor, cause all eligible securities theretofore purchased on margin to be sold. The Investment Advisor shall send notification to the Executive and the Trustee in writing of each transaction within five business days thereafter and shall render to the Executive and the Trustee written quarterly reports as to the current status of the Executive's Trust Account. In the case of any purchase, the Trust Account shall be charged with a dollar amount equal to the quantity and kind of securities purchased multiplied by the fair market value of such securities on the date of reference and shall be credited with the quantity and kind of securities so purchased. In the case of any sale, the Trust Account shall be charged with the quantity and kind of securities sold, and shall be credited with a dollar amount equal to the quantity and kind of securities sold multiplied by the fair

market value of such securities on the date of reference. Such charges and credits to the Trust Account shall take place immediately upon the consummation of the transactions to which they relate. As used herein "fair market value" means either (i) if the security is actually purchased or sold by the Rabbi Trust on the date of reference, the actual purchase or sale price per security to the Rabbi Trust or (ii) if the security is not purchased or sold on the date .of reference, in the case of a listed security, the closing price per security on the date of reference, or if there were no sales on such date, then the closing price per security on the nearest preceding day on which there were such sales, and, in the case of an unlisted security, the mean between the bid and asked prices per security on the date of reference, or if no such prices are available for such date, then the mean between the bid and asked prices per security on the nearest preceding day for which such prices are available. If no bid or asked price information is available with respect to a particular security, the price quoted to the Trustee as the value of such security on the date of reference (or the nearest preceding date for which such information is available) shall be used for purposes of administering the Trust Account, including determining the fair market value of such security. The Trust Account shall be charged currently with all interest paid by the Trust Account with respect to any credit extended to the Trust Account. Such interest shall be charged to the Trust Account, for margin purchases actually made, at the rates and times actually paid by the Trust Account. The Company may, in the Company's sole discretion, from time to time serve as the lender with respect to any margin transactions by notice to the then Investment Advisor and the Trustee and in such case interest shall be charged at the rate and times then charged by an investment banking firm designated by the Company with which the Company or Time Warner Inc. does significant business. Brokerage fees shall be charged to the Trust Account at the rates and times actually paid.

A.2 Dividends and Interest. The Trust Account shall be credited with dollar amounts equal to cash dividends paid from time to time upon the stocks held therein. Dividends shall be credited as of the payment date. The Trust Account shall similarly be credited with interest payable on interest bearing securities held therein. Interest shall be credited as of the payment date, except that in the case of purchases of interest-bearing securities the Trust Account shall be charged with the dollar amount of interest accrued to the date of purchase, and in the case of sales of such interest-bearing securities the Trust Account shall be credited with the dollar amount of interest accrued to the date of sale. All dollar amounts of dividends or interest credited to the Trust Account pursuant to this Section A.2 shall be charged with all taxes thereon deemed payable by the Company (as and when determined pursuant to Section A.5). The Investment Advisor shall have the same right with respect to the investment and reinvestment of the net dividends and net interest as the Investment Advisor has with respect to the balance of the Trust Account.

A.3 **Adjustments.** The Trust Account shall be equitably adjusted to reflect stock dividends, stock splits, recapitalizations, mergers, consolidations, reorganizations and. other changes affecting the securities held therein.

A.4 **Obligations of the Company.** Without in any way limiting the obligations of the Company otherwise set forth in the Agreement or this Annex A, the Company shall have the obligation to establish, maintain and enforce the Rabbi Trust and to make payment to the Trustee for credit to the Trust Account in accordance with the provisions of the Agreement, to use due care in selecting the Trustee or any successor trustee and to in all respects work cooperatively with the Trustee to fulfill the obligations of the Company and the Trustee to the Executive. The Trust Account shall be charged with all taxes (including stock transfer taxes), interest, brokerage fees and investment advisory fees, if any, deemed payable by the Company and attributable to the purchase or disposition of securities designated by the Investment Advisor (in all cases net after any tax benefits that the Company would be deemed to derive from the payment thereof, as and when determined pursuant to Section A.5) and only in the event of a default by the Company of its obligation to pay such fees and expenses, the fees and expenses of the Trustee in accordance with the terms of the Trust Agreement, but no other costs of the Company. Subject to the terms of the trust Agreement, the securities purchased for the Trust Account as designated by the Investment Advisor shall remain the sole property of the Company, subject to the claims of its general creditors, as provided in the Trust Agreement. Neither the Executive nor his legal representative or any beneficiary designated by the Executive shall have any right, other than the right of an unsecured general creditor, against the Company or the Rabbi Trust in respect of any portion of the Trust Account.

A.5 **Taxes.** The Trust Account shall be charged with all federal, state and local taxes deemed payable by the Company with respect to income recognized upon the dividends and interest received by the Trust Account pursuant to Section A.2 and gains recognized upon sales of any of the securities which are sold pursuant to Section A.6 or A.7. The Trust Account shall be credited with the amount of the tax benefit received by the Company as a result of any payment of interest actually made pursuant to Section A.1 or A.2 and as a result of any payment of brokerage fees and investment advisory fees made pursuant to Section A.l. If any of the sales of the securities which are sold pursuant to Section A.l, A.6 or A.7 results in a loss to the Trust Account, such net loss shall be deemed to offset the income and gains referred to in the second preceding sentence (and thus reduce the charge for taxes referred to therein) to the extent then permitted under the Internal Revenue Code of 1986, as amended from time to time, and under applicable state and local income and franchise tax laws (collectively referred to as "Applicable Tax Law"); provided, however, that for the purposes of this Section A.5 the Trust Account shall, except as provided in the third following sentence, be deemed to be a separate corporate taxpayer and the losses referred to above shall be deemed to offset only the income and gains referred to in the second preceding sentence. Such losses shall be carried back and carried forward within the Trust Account to the extent permitted by Applicable Tax Law in order to minimize the taxes deemed payable on such income and gains within the Trust Account. For the purposes of this Section A.5, all charges and credits to the Trust Account for taxes shall be deemed to be made as of the end of the Company's taxable year during which the transactions, from which the liabilities for such taxes are deemed to have arisen, are deemed to have occurred. Notwithstanding the foregoing, if and to the extent that in any year there is a net loss in the Trust Account that cannot be offset against income and gains in any prior year, then an amount equal

to the tax benefit to the Company of such net loss (after such net loss is reduced by the amount of any net capital loss of the Trust Account for such year) shall be credited to the Trust Account on the last day of such year. If and to the extent that any such net loss of the Trust Account shall be utilized to determine a credit to the Trust Account pursuant to the preceding sentence, it shall not thereafter be carried forward under this Section A.5. For purposes of determining taxes payable by the Company under any provision of this Annex A it shall be assumed that the Company is a taxpayer and pays all taxes at the maximum marginal rate of federal income taxes and state and local income and franchise taxes (net of assumed federal income tax benefits) applicable to business corporations and that all of such dividends, interest, gains and losses are allocable to its corporate headquarters.

A.6 **One-Time Transfer to Deferred Plan.** So long as the Executive is an employee of the Company, the Executive shall have the right to elect at any time, but only once during the Executive's lifetime, by written notice to the Company to transfer to the Deferred Plan all or a portion of the Net Transferable Balance (determined as provided in the next sentence) of the Trust Account. If the Executive shall make such an election, the Net Transferable Balance shall be determined as of the end of the calendar quarter following the date of such election (unless such election is made during the ten calendar days following the end of a calendar quarter, in which case such determination shall be made as of the end of such preceding calendar quarter) by adjusting all of the securities held in the Trust Account to their fair market value (net of the tax adjustment that would be made thereon if sold, as estimated by the Company or the Trustee) and by deducting from such value the amount of all outstanding indebtedness and any other amounts payable by the Trust Account. Transfers to the Deferred Plan shall be made in cash as promptly as reasonably practicable after the net of such calendar quarter and the Investment Advisor (or the Company or the Trustee if the Investment Advisor shall fail to act in a timely manner) shall cause securities held in the Trust Account to be sold to provide cash equal to the portion of the Net Transferable Balance of the Trust Account selected to be transferred by the Executive. If the Executive elects to transfer more than 75% of the Net Transferable Balance of the Trust Account to the Deferred Plan, the Company or the Trustee shall be permitted to take such action as they may deem reasonably appropriate, including but not limited to, retaining a portion of such Net Transferable Balance in the Trust Account, to ensure that the Trust Account will have sufficient assets to pay the Company the amount of taxes payable on such sales of securities at the end of the year in which such sales are made.

A.7 **Payments.** Subject to the provisions of Section 11 of the Agreement, payments of deferred compensation from the Trust Account shall be made as provided in this Section A.7. Except as otherwise specifically provided in this Section A.7, unless the Executive makes the election referred to the next succeeding sentence, deferred compensation shall be paid bi-weekly for a period of ten years (the "Pay-Out Period") commencing on the first Company payroll date in the month of January 2004. The Executive may elect a shorter pay-Out Period by delivering written notice to the Company or the Trustee at least one-year prior to the commencement of the Pay-Out Period, which notice shall specify the shorter Pay-Out Period. On each payment date, the Trust Account shall be charged with the dollar amount of such

payment. On each payment date, the amount of cash held in the Trust Account shall be not less than the payment then due and the Company or the Trustee may select the securities to be sold to provide such cash if the Investment Advisor shall fail to do so on a timely basis. The amount of any taxes payable with respect to any such sales shall be computed, as provided in Section A.5 above, and deducted from the Trust Account, as of the end of the taxable year of the Company during which such sales are deemed to have occurred. Solely for the purpose of determining the amount of payments during the Pay-Out Period, the

Trust Account shall be valued on the fifth trading day prior to the end of the month preceding the first payment of each year of the Pay-Out Period, or more frequently at the Company's or the Trustee's election (the "Valuation Date"), by adjusting all of the securities held in the Trust Account to their fair market value (net of the tax adjustment that would be made thereon if sold, as estimated by the Company or the Trustee) and by deducting from the Trust Account the amount of all outstanding indebtedness. The extent, if any, by which the Trust Account, valued as provided in the immediately preceding sentence, plus any amounts that have been transferred to the Deferred Plan pursuant to Section A.6 hereof and not theretofore distributed or deemed distributed therefrom, exceeds the aggregate amount of credits to the Trust Account pursuant to the Agreement as of each Valuation Date and not theretofore distributed or deemed distributed pursuant to this Section A.7 is herein called "Account Retained Income." The amount of each payment for the year, or such shorter period as may be determined by the Company or the Trustee, of the Pay-Out Period immediately succeeding such Valuation Date, including the payment then due, shall be determined by dividing the aggregate value of the Trust Account, as valued and adjusted pursuant to the second preceding sentence, by the number of payments remaining to be paid in the Pay-Out Period, including the payment then due; provided that each payment made shall be deemed made first out of Account Retained Income (to the extent remaining after all prior distributions thereof since the last Valuation Date). The balance of the Trust Account, after all the securities held therein have been sold and all indebtedness liquidated, shall be paid to the Executive in the final payment, which shall be decreased by deducting therefrom the amount of all taxes attributable to the sale of any securities held in the Trust Account since the end of the preceding taxable year of the Company, which taxes shall be computed as of the date of such payment.

If the Agreement or the Term of employment is terminated by the Company in breach of the Agreement, the Trust Account shall be valued as of the date the Executive ceases to be an employee of Company and leaves the payroll of Company and the balance of the Trust Account, after all the securities held therein have been sold and all indebtedness liquidated, shall be paid to the Executive as soon as practicable and in any event within 30 days following the date Executive leaves the payroll of the Company in a final lump sum payment, which shall be decreased by deducting therefrom the amount of all taxes attributable to the sale of any securities held in the Trust Account since the end of the preceding taxable year of Company, which taxes shall be computed as of the date of such payment. Payments made pursuant to this paragraph shall be deemed to be made first out of Account Retained Income.

Notwithstanding the foregoing provisions of this Section A.7, if the Rabbi Trust shall terminate in accordance with the provisions of the Trust Agreement, the Trust Account

shall be valued as of the date of such termination and the balance of the Trust Account shall be paid to the Executive within 15 days of such termination in accordance with the provisions of the third preceding paragraph.

If a transfer to the Deferred Plan has been made pursuant to Section A.6 hereof, payments made to the Executive from the Deferred Plan (a) shall be deemed made first from the amounts transferred to the Deferred Plan pursuant to Section A.6 and (b) shall be deemed made first out of Account Retained Income.

Within 90 days after the end of each taxable year of the Company in which payments are made, directly or indirectly, to the Executive from the Trust Account or from the Deferred Plan with respect to amounts transferred to the Deferred Plan from the Trust Account pursuant to Section A.6 and at the time of the final payment from the Trust Account, the Company or the Trustee shall compute and the Company shall pay to the Trustee for credit to the Trust Account, the amount of the tax benefit assumed to be received by the Company from the payment to the Executive of all amounts of Account Retained Income included in any such payment. No additional credits shall be made to the Trust Account pursuant to the preceding sentence in respect of the amounts credited to the Trust Account pursuant to the preceding sentence. Notwithstanding any provision of this Section A.7, the Executive shall not be entitled to receive pursuant to this Annex A (including any amounts that have been transferred the Deferred Plan pursuant to Section A.6. hereof) an aggregate amount that shall exceed the sum of (i) all credits made to the Trust Account pursuant to the Agreement, (ii) the net cumulative amount (positive or negative) of all income, gains, losses, interest and expenses charged or credited to the Trust Account pursuant to this Annex A (excluding credits made pursuant to the second preceding sentence), after all credits and charges to the Trust Account with respect to the tax benefits or burdens thereof, and (iii) an amount equal to the tax benefit to the Company from the payment of the amount (if positive) determined under clause (ii) above; and the final payment(s) otherwise due may be adjusted or eliminated accordingly. In determining the tax benefit to the Company under clause (iii) above, the Company shall be deemed to have made the payments under clause (ii) above with respect to the same taxable years and in the same proportions as payments of Account Retained· Income were actually made from the Trust Account. Except as otherwise provided in this paragraph, the computation of all taxes and tax benefits referred to in this Section A.7 shall be determined in accordance with Section A.5 above.

End of Annex A

EMPLOYMENT AGREEMENTS—DAVID JOHNSON

Warner Music Group Inc.
75 Rockefeller Plaza
New York, New York 10019

February 14, 2003

David H. Johnson
Warner Music Group Inc.
75 Rockefeller Plaza
New York, NY 10019

Re: Employment

Dear Mr. Johnson,

Reference is made to the Employment Agreement between you and Warner Music Group Inc. (the "Company") dated December 15, 1998 (the "Agreement"). This letter will confirm that you and the Company have agreed that the Agreement shall be modified, as follows:

Notwithstanding any more restrictive provisions in any applicable stock option plan or stock option agreement, if your employment with the Company is terminated by the Company without cause or if you shall terminate your employment with the Company due to a material breach of the Agreement by the Company, then, except if you shall otherwise qualify for retirement under the terms of the applicable stock option agreement, (i) all stock options to purchase shares of AOL Time Warner Inc. ("AOLTW") Common Stock granted to you by AOLTW or the Company shall continue to vest, and any vested stock options will remain exercisable (but not beyond the term of such stock options), while you remain on the payroll of the Company, (ii) all such stock options granted to you by AOLTW or the Company on or after January 10, 2000 (the "Term Options") that would have vested on or before the end of the term of the Agreement (or the comparable date under an employment agreement that amends, replaces or supersedes the Agreement) shall vest and become immediately exercisable at the time you go off the payroll of the Company, (iii) all vested Term Options shall remain exercisable for a period of three years after the date you leave the payroll of the Company (but not beyond the term of such options), and (iv) the Company shall not be permitted to determine that your employment was terminated for "unsatisfactory performance" within the meaning of any stock option agreement between you and the Company. At the time you leave the payroll of the Company, all stock options to purchase shares of AOLTW Common Stock granted to you prior to January 10, 2000 shall be governed by the terms of the applicable stock option agreements and stock option plans.

Except as provided herein, all other terms and conditions of your employment with the Company remain in full force and effect. Please execute and return this letter at your earliest convenience.

Sincerely,

/s/ Helen Murphy

Helen Murphy
Executive Vice President and
Chief Financial Officer

Acknowledged and agreed,

/s/ David Johnson
Name: David Johnson
Date: February 14, 2003

May 13, 2003

David H. Johnson
Warner Music Group Inc.
75 Rockefeller Plaza
New York, NY 10019

Re: Employment Agreement

Dear David:

Reference is made to the Employment Agreement between Warner Music Group Inc. (the "Company") and you dated December 15, 1998 (the "Agreement"). Capitalized terms used but not defined in this letter shall have the meanings given such terms in the Agreement. You and the Company desire to amend the Agreement as follows:

1. Paragraph 2 of the Agreement is amended to extend the Terra through June 29, 2007 ("Term Date"), subject however, to earlier termination as set forth in the Agreement.

2. Paragraph 3.1 of the Agreement is amended to provide that from the period January 1, 2003 through the Term Date, the Company shall pay you a base salary of not less than $700,000 ("Base Salary"). The Company may increase, but not decrease, your Base Salary during the period January 1, 2003 through *the Term Date*. Base Salary shall be paid in accordance with the Company's customary payroll practices.

3. In addition to any other rights you may have under the Agreement, and unless previously terminated pursuant to any other provision of this Agreement, you have the right to terminate the Term (subject to the notice and cure provisions of Paragraph 13 of the Agreement) if any of the following events occur:

(a) there is any material reduction of your duties and responsibilities during the Term or any extension thereof. The sale, transfer or other disposition of the manufacturing and/or the music publishing operations of the Company shall not constitute a material reduction in your duties or responsibilities. The sale or transfer or other disposition (including by way of a joint venture formation) of all or substantially all of the Company's assets (or all or substantially all of the recorded music business of AOL Time Warner) shall not constitute a material reduction of your duties and responsibilities provided that (i) the Company assigns its rights and obligations under the Agreement to the entity acquiring all or substantially all of the assets of the Company (or all or

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substantially all of the assets of the recorded music business of AOL Time Warner) (the "successor entity") as provided in Paragraph 18(e) of the Agreement; (ii) you shall continue to have substantially the same duties, responsibilities and authority with respect to Company's businesses that you had as of the date of this Amendment and that you may have with respect to businesses added hereafter, and (iii) you shall report solely and directly to the individual holding the office within the successor entity that is substantially equivalent to the position within the Company to whom you reported under the Agreement; or

(b) any failure by the Company to obtain the assumption and agreement to perform this Agreement by a successor entity as contemplated by Paragraph 4 of this Amendment.

In the event of a termination under this Paragraph, the Term of this Agreement shall terminate and your sole remedy shall be that set forth in Paragraph 13 of the Agreement (Termination for Material Breach by Company and Wrongful Termination by Company).

4. Paragraph 18(e) of the Agreement is amended in its entirety to read as follows:

The provisions of this Agreement shall inure to the benefit of the parties hereto, their heirs, legal representatives, successors and permitted assigns. This Agreement, and your rights and obligations hereunder, may not be assigned by you. The Company may assign its rights, together with its obligations, hereunder in connection with any sale, transfer or other disposition (including by way of a joint venture formation) of all or a substantial portion of the stock or assets of Company, WCI, AOL Time Warner or the recorded music business of AOL Time Warner. The Company shall use reasonable efforts to cause any successor entity acquiring all or substantially all of the business and/or assets of the Company (or all or substantially all of the recorded music business of the Company), whether direct or indirect, by purchase, merger, consolidation, acquisition of stock, formation of a joint venture, or otherwise, expressly to assume and agree to perform this Agreement in the same manner and to the same extent as the Company would be required to perform, and to specifically agree to the following terms and conditions:

(a) The successor entity shall pay you annual compensation as follows: (i) Base Salary at a rate that is no less than the rate you received from Company as of the effective date of the sale or transfer ("Minimum Base Salary') and (ii) either the Target Bonus or the average of the bonus paid you for the two calendar years immediately preceding the effective date of the sale or transfer, whichever is higher ("Minimum Bonus"). For example, if the effective date of the sale or transfer was March 31, 2003, your Minimum Base Salary would be $700,000 and

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your Minimum Bonus would be $925,000 (two-year average bonus rather than the Target Bonus of $750,000 at 100%).

(b) Notwithstanding any other provision of the Agreement, in the event that the Term of Employment is terminated for reasons other than Cause, Disability or Death (as set forth in Paragraphs 11 and 12 of the Agreement), the successor entity shall provide you a lump sum severance payment in a minimum amount equal to 2 years' Base Pay and two years' target bonus.

As amended, the Agreement shall remain in full force and effect.

Please indicate your agreement with the terms of this letter by signing and returning the enclosed copy.

Warner Music Group Inc.

By: /s/ Helen Murphy

Confirmed and Agreed

/s/ David H. Johnson

WARNER MUSIC GROUP INC.
75 ROCKEFELLER PLAZA
NEW YORK, NEW YORK 10019

December 15, 1998

PERSONAL AND CONFIDENTIAL

Mr. David H. Johnson
35 East 20th Street
New York, New York 10003

Dear David:

This letter, when signed by you, shall constitute our agreement with respect to your employment with us ("Company").

1. Position. Executive Vice President and General Counsel of Company.

2. Term. The term of your employment with Company hereunder shall commence on January 1, 1999 (the "Commencement Date") and shall end December 31, 2003 (the "Term"), subject to earlier termination as herein below set forth.

3. Compensation.

a. Salary. Company shall pay to you salary ("Base Salary") at the rate of $600,000 per annum commencing on the Commencement Date through December 31, 2000. Your Base Salary will be increased to the rate of $650,000 for the years 2001 and 2002 and to $700,000 for the year 2003. Salary accruing to you during the

Term shall be payable in accordance with the regular payroll practices of Company for employees at your level.

b. Signing Bonus. Promptly following the Commencement Date, you shall be entitled to receive a one-time signing bonus in the amount of $500,000 less applicable withholdings.

c. Relocation Expenses. You shall be reimbursed your actual reasonable moving expenses relating to relocating your family and your personal effects to the Los Angeles metropolitan area in accordance with Company policy for employees at your level upon presentation of such evidence of such expenditures as Company shall reasonably require.

d. Guaranteed and Discretionary Bonus. With respect to the period of your employment commencing on the Commencement Date through December 31, 1999, you shall be entitled to a bonus of not less than $750,000. With respect to each subsequent calendar year of the Term, Company may grant to you, in recognition of services rendered by you during such year, an annual bonus, the amount of which, if any, shall be determined by Company in its discretion.

4. Exclusivity. During the Term and during any period you remain on the payroll of Company pursuant to Paragraph 13b(iii) or otherwise, your employment with Company shall be full-time and exclusive and you will not render any services for others, or for your own account, in the field of entertainment or otherwise. You may manage your passive investments and be involved in charitable interests so long as they do not interfere with the performance of your duties hereunder and

otherwise are in compliance with Company's conflict of interest and other policies of general application.

5. Stock Options. As a separate and added inducement to your entering into this Agreement, on November 23, 1998 Time Warner Inc. ("Time Warner") granted you options to purchase 60,000 shares of the Common Stock of Time Warner at an exercise price of $104.78 per share, conditioned on your execution of this Agreement. As a result of the pending two-for-one stock split for stockholders of record on December 1, 1998, these options shall be adjusted to 120,000 options at an exercise price of $52.39 per share. In addition, during the Term in the first quarter of each of 2000, 2001, 2002 and 2003 the Company shall use its best efforts to cause Time Warner to grant you options to purchase an additional 20,000 shares of Time Warner Common Stock. The number of shares covered by such options shall be appropriately adjusted as contemplated in Time Warner's stock option plans generally in the event of any subsequent changes in Time Warner's stock capitalization after the pending stock split. Such options shall be exercisable as set forth in stock option agreements in the standard form for such agreements in effect as of the date of grant to be executed by you and delivered to Time Warner promptly following each such grant.

6. Reporting. You shall serve as the senior legal officer of Company reporting to the Chairman and Chief Executive Officer (or the Co-Chairmen and Co-Chief Executive Officers, if applicable) and the President or other Chief Operating Officer, if any, of Company and you shall perform such duties (consistent with your position) as you shall reasonably be directed to perform by any such officer.

7. Place of Employment. Prior to June 30, 1999 you shall render services at Company's offices in the Los Angeles metropolitan area and in New York City,

as required, and you understand that it shall be necessary for you to spend substantial periods of time in Company's offices in the Los Angeles metropolitan area. On or prior to June 30, 1999 you shall relocate such that your services thereafter shall be rendered primarily at the offices of Company in the Los Angeles metropolitan area. You also agree to travel on temporary trips to such other place or places as may be reasonably required from time to time to perform your duties hereunder.

8. Travel and Entertainment Expenses. Company shall pay or reimburse you for reasonable expenses actually incurred or paid by you during the Term in the performance of your services hereunder in accordance with Company's policy for employees at your level upon presentation of expense statements or vouchers or such other supporting information as Company may customarily require.

9. Benefits. During the Term, you shall be entitled to all fringe benefits generally accorded to employees of Company at your level from time to time, including, but not limited to, pension, profit-sharing, medical health and accident, group insurance and similar benefits, provided that you are eligible under the general. provisions of any applicable plan or program and Company continues to maintain such plan or program during the Term. In addition, during the Term you shall be entitled to receive an automobile allowance of $24,000 per annum and a financial advisory services allowance of $18,000 per annum, each payable in accordance with the regular payroll practices of Company for employees at your level.

10. Life Insurance. Company will obtain and maintain $1 million of term life insurance on your life during the Term, provided that you cooperate with Company in completing any application(s) to obtain such insurance and shall submit to, and satisfactorily complete, any medical examinations required with

respect thereto. The provisions of this Paragraph 10 shall be in addition to any other insurance provided by Company, Warner Communications Inc. ("WCI") or Time Warner on your life under any group policy.

11. Disability and Death.

a. If during the Term you shall become physically or mentally disabled, whether totally or partially, so that you are substantially prevented from performing your usual duties for a period of six consecutive months, or for shorter periods aggregating six months in any twelve-month period, Company shall, nevertheless, continue to pay you your full compensation through the last day of the sixth consecutive month of disability or the date on which the shorter periods of disability shall have equaled a total of six months in any twelve-month period (such last day or date being referred to herein as the "Disability Date"). If you have not resumed your usual duties on or prior to the Disability Date, Company may terminate your employment hereunder and, in such event, shall pay you the Base Salary to the last day of the month in which such termination occurs plus a pro rata share of (i) your guaranteed bonus for the year 1999, if such termination occurs in such year, and (ii) your automobile and financial services allowances contemplated in Paragraph 9.

b. Upon your death, this Agreement and all benefits hereunder shall terminate except that your estate (or a designated beneficiary thereof) shall be entitled to receive the Base Salary to the last day of the month in which your death occurs plus a pro rata share of (i) your guaranteed bonus for the year 1999, if such termination

occurs in such year, and (ii) your automobile and financial services allowances contemplated in Paragraph 9.

c. Any termination pursuant to this Paragraph 11 shall not affect any vested rights which you may have at the time of such termination pursuant to any insurance or other benefit plans or arrangements of Company or any of its affiliated companies or to the benefit plans described in Paragraph 9, which vested rights shall continue to be governed by the provisions of such plans.

12. Termination by Company for Cause. Company may at any time during the Term, by written notice, terminate your employment and all of Company's obligations hereunder (other than its obligations set forth in this Paragraph 12) only for "cause". The following acts shall constitute "cause" hereunder: (i) any willful or intentional act or omission having the effect of injuring the reputation, business or business relationships of Company or its affiliates; (ii) conviction of, or plea of nolo contendere to, a misdemeanor involving moral turpitude or a felony; (iii) breach of

material covenants contained in this Agreement; and (iv) repeated or continuous failure, neglect or refusal to perform your duties hereunder. Such termination shall be effected by notice thereof delivered by Company to you and shall be effective as of the date of such notice; provided, however, that if (a) such termination is by reason of events described in clause (iii) or (iv) of the preceding sentence, (b) such notice is the first such notice of termination for any reason delivered by Company to you hereunder, and (c) within 15 days following the date of such notice, you shall cease your refusal and shall use your best efforts to perform such obligations, termination shall not be effective. In the event of termination by Company for cause in accordance with the foregoing procedures, without prejudice to any other rights or remedies that Company may have at law

or equity, Company shall have no further obligations to you other than (i) to pay your salary accrued through the effective date of termination, (ii) to pay any annual bonus in respect of any year prior to the year in which such termination is effective which has been determined and not yet paid as of such termination and (iii) with respect to any of your rights under Paragraphs 9 or 10 through the effective date of termination (except as may be otherwise specifically provided in any such plan or program) or pursuant to any insurance or other benefit plans or arrangements of Company maintained for the benefit of its executives.

13. Termination for Material Breach by Company and Wrongful Termination by Company.

a. You shall have the right, exercisable by written notice to Company specifying the facts, events or circumstances constituting any alleged breach of this Agreement, to terminate the Term effective 15 days after the giving of such notice, if, at the time of such notice. Company shall be in material breach of its obligations hereunder, provided that, with the exception of clause(i) below, the Term Shall not so terminate if within such 15-day period Company shall have cured all such material breaches of its obligations hereunder. The parties acknowledge and agree that a material breach by Company shall include, but not be limited to, (i) Company's failing to cause you to serve during the Term in the capacities set forth in Paragraph l; and (ii) unless you otherwise consent, Company's requiring your primary services to be rendered in an area other than as contemplated in Paragraph 7.

b. In the event of a termination by you pursuant to this Paragraph 13, or in the event of a termination of this Agreement or the term of employment by Company without cause or in the event Company does not enter into a renewal employment agreement with you at the end of the original Term of this Agreement, you shall

be entitled to elect by delivery of written notice to Company within 30 days after written notice of such termination is given pursuant to Paragraph 13(a) or the expiration of the original Term without execution of a renewal employment agreement, as the case may be, either (x) to cease being an employee of Company and receive a lump sum payment as provided in Paragraph 13(b)(ii) or (y) to remain an employee of Company as provided in Paragraph 13(b)(iii). After you make such election, the following provisions shall apply:

(i) Regardless of the election you make, (x) following the effective date of such termination, you shall have no further obligations or liabilities to Company whatsoever (except for your obligations under Paragraphs 14, 15 and 16, which shall survive such termination in accordance with their terms) and (y) you shall be entitled to receive any earned and unpaid Base Salary and your automobile and financial services allowances contemplated in Paragraph 9 accrued through the effective date of such termination, plus, your guaranteed bonus for the year 1999, if not previously paid to you.

(ii) If you make the election provided in clause (x) of Paragraph 13(b), within 30 days following such election, Company shall pay to you as damages in a lump sum an amount (discounted as provided in the following sentence) equal to your Base Salary otherwise payable pursuant to Paragraph 3 and your automobile and financial services allowances contemplated in Paragraph 9 for the period ending the later of (a) the end of the original Term or (b) two years following the effective date of such termination. Any payments required to be made to you pursuant to this Paragraph 13(b)(ii) in excess of the amount equal to the first two years of Base Salary otherwise payable following the effective date of such termination (which shall be paid in a lump sum without discounting) shall be discounted to present value from the times at which such amounts would have been paid

absent such termination at an annual discount rate for the relevant periods equal to 120% of the "applicable Federal rate" (within the meaning of Section 1274(d) of the Internal Revenue Code of 1986 (the "Code") in effect on the date of such termination, compounded semi-annually, the use of which rate is hereby elected by Company and you pursuant to Treas. Reg. § 1.280G-l Q/A 32 (provided that, in the event such election is not permitted under Section 280G and the regulations thereunder, such other rate determined as of such other date as is applicable for determining present value under Section 280G of the Code shall be used).

(iii) If you make the election provided in clause (y) of Paragraph 13(b), the term of employment shall continue and you shall remain an employee of Company for the period ending the later of (a) the end of the original Term or (b) two years following the effective date of such termination, and during such period you shall be entitled to receive, whether or not you become disabled during such period but subject to Paragraph 11(b), your Base Salary otherwise payable pursuant to Paragraph 3 and your automobile and financial services allowances contemplated in Paragraph 9. Except as provided in the following sentence, if you accept full-time employment with any other entity during such period or notify Company in writing of your intention to terminate your status as an employee during such period, then the term of employment shall cease and you shall cease to be an employee of Company effective upon the commencement of such employment or the effective date of such termination as specified by you in such notice, whichever is applicable (the "Termination Date"), and, within 30 days following such Termination Date, Company shall pay to you as damages in a lump sum an amount determined in accordance with Paragraph 13(b)(ii) (treating the Termination Date as the effective date of such termination for purposes thereof). Notwithstanding the preceding

sentence, if you accept employment with any not-for-profit entity, then you shall be entitled to remain an employee of Company and receive the payments as provided in the first sentence of this Paragraph 13(b)(iii); and if you accept full-time employment with any affiliate of Company, then the payments provided for in this Paragraph 13(b)(iii) and the term of employment shall cease and you shall not be entitled to any such lump sum payment. For purposes of this Agreement, the term "affiliate" shall mean any entity that, directly or indirectly, controls, is controlled by, or is under common control with, the Company.

c. The termination of this Agreement or the Term pursuant to Paragraph 13 shall not affect the obligations of Company under the last sentence of Paragraph 9 or under Paragraph 10. In addition, if following a termination by you pursuant to Paragraph 13 or a termination of this Agreement by Company without cause or at the end of the original Term of this Agreement, you make the election provided in clause (y) of Paragraph 13(b), then during the period you remain on the payroll of Company after such termination (i) you shall continue to be eligible to receive the other benefits required to be provided under Paragraphs 9 and 10 to the extent such benefits are maintained in effect by Company for its senior executives and (ii) you shall continue to be an employee of Company for purposes of any stock option agreements, including the obligation to use Company's best efforts to cause Time Warner to grant stock options pursuant to Paragraph 5. In the event you leave the payroll of Company or such best efforts are not successful such that any such options are not granted (whether or not you leave the payroll of Company, unless your termination is for cause pursuant to Paragraph 12), Company shall be obligated to pay you the fair value of such options, less applicable withholdings, the amount of which shall be determined in good faith using the Black Scholes valuation model. Upon the later of the time your term of employment with Company terminates and the time you leave the payroll of

Company pursuant to the provisions of Paragraph 13(b), your rights to benefits and payments under any benefit plans or any insurance or other death benefit plans or arrangements of Company or under any stock, restricted stock, stock appreciation right, bonus unit, management incentive or other plan of Company shall be determined, subject to the other terms and provisions of this Agreement, in accordance with the terms and provisions of such plans and any agreements under which such stock options, restricted stock or other awards were granted. Notwithstanding the foregoing or any more restrictive provisions of any such plan or agreement, upon a termination of this Agreement or the Term pursuant to Paragraph 13 or a termination of this Agreement by Company without cause all stock options granted to you by Company shall become immediately exercisable and shall remain exercisable (but not beyond the term thereof) during the remainder of the Term.

d. In partial consideration for Company's obligation to make the payments described in Paragraph 13, you shall execute and deliver to Company a release in substantially the form attached hereto as Annex A. Company shall deliver such release to you and to your counsel specified in Paragraph 17 hereof within 10 days after the written notice of termination is delivered pursuant to Paragraph 13(b) and you shall execute and deliver such release to Company within 21 days after receipt thereof. If you shall fail to execute and deliver such release to Company within such 21 day period, or if you shall revoke your consent to such release as provided therein, your term of employment shall terminate as provided in Paragraph 13(b), but you shall receive, in lieu of the payments provided for in Paragraph 13, a lump sum cash payment in an amount determined in accordance with the personnel policies of Company relating to notice and severance then generally applicable to employees with a length of service and compensation level comparable to yours.

14. Mitigation. In the event of the termination of this Agreement by you as a result of

a material breach by Company of any of its obligations hereunder, or in the event of the termination of this Agreement or the term of employment by Company in breach of this Agreement or at the end of the original Term of this Agreement, you shall not be required to seek other employment in order to mitigate your damages hereunder; provided, however, that, notwithstanding the foregoing, (i) if there are any damages hereunder by reason of the events of termination described above which are "contingent on a change" (within the meaning of Section 280G(b)(2)(A)(i) of the Code), you shall be required to mitigate such damages hereunder, including any such damages theretofore paid, but not in excess of the extent, if any, necessary to prevent Company from losing any tax deductions to which it otherwise would be entitled in connection with such damages if they were not so "contingent on a change," and (ii) in addition to any obligation under the preceding clause (i), and without duplication of any amounts required to be paid to Company thereunder, if any such termination occurs and you, whether or not required to mitigate your damages under clause (i) above, thereafter obtain any compensation from any employment or consulting arrangements other than with a not-for-profit entity, such compensation, whether paid to you or deferred for your benefit, shall reduce, pro tanto, any amount which Company would otherwise be required to pay you as a result of such termination and, to the extent amounts have theretofore been paid to you as a result of such termination, such compensation shall be paid over to Company as received. Notwithstanding anything to the contrary in this Paragraph 14, you shall not be required to mitigate your damages hereunder with respect to the first two years of Base Salary otherwise payable after such termination which shall be paid to you without discount or offset.

15. Confidential Matters. Except as may be required by law, you shall keep secret all confidential matters of Company and its affiliates (for purposes of this Paragraph

15 only, "Company"), and shall not disclose them to anyone outside of Company, either during or after your employment with Company, except with Company's written consent. You shall deliver promptly to Company upon termination of your employment, or at any time Company may request, all confidential memoranda, notes, records, reports and other documents (and all copies thereof) relating to the business of Company which you may then possess or have under your control. Notwithstanding anything to the contrary in this Paragraph 15, you shall be entitled to disclose the terms of

this Agreement and any other arrangements concerning your employment hereunder to members of your immediate family and your attorneys and financial advisors.

16. Results and Proceeds of Employment. You acknowledge that Company shall own all rights of every kind and character throughout the world in perpetuity in and to any material and/or ideas written, suggested or in any way created by you hereunder and all other results and proceeds of your services hereunder, including, but not limited to, all copyrightable material created by you within the scope of your employment. You agree to execute and deliver to Company such assignments or other instruments as Company may require from time to time to evidence Company's ownership of the results and proceeds of your services.

17. Notices. All notices, requests, consents and other communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given if delivered personally or sent by prepaid telegram, courier, or mailed first-class, postage prepaid, by registered or certified mail, return receipt requested, as follows:

TO YOU:
Mr. David H. Johnson
35 East 20th Street
New York, New York 10003

WITH A COPY TO:
Nicholas Gordon, Esq.
Franklin, Weinrib, Rudell & Vassallo, P.C.
488 Madison Avenue
New York, New York 10022

TO COMPANY:
Warner Music Group Inc.
4000 Warner Boulevard - Bldg 2
Burbank, CA 91522
Attn: Chief Executive Officer

WITH A COPY TO:
Time Warner Inc.
75 Rockefeller Plaza
New York, NY 10019
Attn: General Counsel

Either you or Company may change the address to which notices are to be sent by giving written notice of such change of address to the other in the manner herein provided for giving notice.

18. Miscellaneous.

a. You represent and warrant to Company that you are free to enter into this Agreement and, as of the commencement of the Term hereof, are not subject to any conflicting obligation or any disability which will prevent you from or interfere with your executing and performing your obligations hereunder or could be the basis of any valid claim against Company. Prior to entering into this Agreement you have obtained release from Sony Music Entertainment Inc. ("Sony") of any claims relating to this Agreement, a true, correct and complete copy of which has been delivered to Company.

b. You acknowledge that during the Term you will comply with Company's conflict of interest policy and other corporate policies (including without limitation, the policies contained in Time Warner's Compliance Program Manual, a copy of which has been furnished to you), as in effect from time to time, of which you are made aware. You have accurately completed the attached Conflict of Interest Questionnaire as of the date hereof.

c. You acknowledge that services to be rendered by you under this Agreement are of a special, unique and intellectual character which gives them peculiar value, and that a breach or threatened breach of any provision of this Agreement (particularly, but not limited to, the provisions of Paragraphs 4 and 15 hereof), will cause Company immediate irreparable injury and damage which cannot be reasonably or adequately compensated in damages in an action at law. Accordingly, without limiting any right or remedy which Company may have in the premises, you specifically agree that Company shall be entitled to injunctive relief to enforce and protect its rights under this Agreement. The provisions of this Paragraph 18(c) shall not be construed as a waiver by Company of any rights which Company may have to damages or any other remedy.

d. This Agreement sets forth the entire agreement and understanding of the parties hereto, and supersedes and terminates any and all prior agreements, arrangements and understandings. No representation, promise or inducement has been made by either party that is not embodied in this Agreement, and neither party

shall be bound by or liable for any alleged representation, promise or inducement not herein set forth.

e. The provisions of this Agreement shall inure to the benefit of the parties hereto, their heirs, legal representatives, successors and permitted assigns. This Agreement, and your rights and obligations hereunder, may not be assigned by you. Company may assign its rights, together with its obligations, hereunder in connection with any sale, transfer or other disposition of all or a substantial portion of the stock or assets of Company, WCI, Time Warner or the recorded music business of Time Warner.

f. This Agreement may be amended, modified, superseded, canceled, renewed or extended, and the terms or covenants hereof may be waived, only by a written instrument executed by both of the parties hereto, or in the case of a waiver, by the party waiving compliance. The failure of either party at anytime or times to require performance of any provision hereof shall in no manner affect the right at a later time to enforce the same. No waiver by either party of the breach of any term or covenant contained in this Agreement, whether by conduct or otherwise, in any one or more instances shall be deemed to be, or construed as, a further or continuing waiver of any such breach, or a waiver of the breach of any other term or covenant contained in this Agreement.

g. This Agreement shall be governed by and construed according to the laws of the State of New York as applicable to agreements to be wholly performed therein. Any dispute or controversy arising

with respect to this Agreement shall, at the election of either Company or you, be submitted to JAMS/ENDISPUTE for resolution in arbitration in accordance with the rules and procedures of JAMS/ENDISPUTE. Either party shall make such election by delivering written notice thereof to the other party at any time (but not later than 45 days after such party receives notice of the commencement of any administrative or regulatory proceeding or the filing of any lawsuit relating to any such dispute or controversy) and thereupon any such dispute or controversy shall be resolved only in accordance with the provisions of this Paragraph 18(g). Any such proceedings shall take place in New York City before a single arbitrator (rather than a panel of arbitrators), pursuant to any streamlined or expedited (rather than a comprehensive) arbitration process, before a nonjudicial (rather than a judicial) arbitrator, and in accordance with an arbitration process which, in the judgment of such arbitrator, shall have the effect of reasonably limiting or reducing the cost of such arbitration. The resolution of any such dispute or controversy by the arbitrator appointed in accordance with the procedures of JAMS/ENDISPUTE shall be final and binding. Judgment upon the award rendered by such arbitrator may be entered in any court having jurisdiction thereof, and the parties consent to the jurisdiction of the New York courts for this purpose. The prevailing party shall be entitled to recover the costs of arbitration (including reasonable attorneys' fees and the fees of experts) from the losing party. If at the time any dispute or controversy arises with respect to this Agreement, JAMS/ENDISPUTE is not in business or is no longer providing arbitration services, then the

American Arbitration Association shall be substituted for JAMS/ENDISPUTE for the purposes of the foregoing provisions in this Paragraph 18(g). If you shall be the prevailing party in such arbitration, Company shall promptly pay, upon your demand, all· legal fees, court costs and other costs and expenses incurred by you in any legal action seeking to enforce the award in any court.

h. You shall be entitled throughout the period of employment under this Agreement in your capacity as an officer or director of Company or any of its subsidiaries or an officer or member of the board of representatives or other governing body of any partnership or joint venture in which Company has an equity interest (and after the termination of the period of employment hereunder, to the extent relating to your service as such officer, director or member) to the benefit of the indemnification provisions contained on the date hereof in the Certificate of Incorporation and By-Laws of Company (not including any amendments or additions after the date of execution hereof that limit or narrow, but including any that add to or broaden, the protection afforded to you by those provisions), to the extent not prohibited by applicable law at the time of the assertion of any liability against you, and provided that no such indemnity will apply to any claim arising out of the release understanding between you and Sony referred to in Paragraph 18(a).

If the foregoing correctly sets forth our understanding, please sign and return the duplicate copy of the letter enclosed herewith.

Very truly yours,

WARNER MUSIC GROUP INC.

By [ILLEGIBLE]

Accepted and Agreed:

/s/ David H. Johnson
David H. Johnson

FIRST AMENDMENT TO OFFICE LEASE

THIS FIRST AMENDMENT TO OFFICE LEASE (this "First Amendment") is made and entered into as of the 28 day of Feb, 2003, by and between MEDIA CENTER DEVELOPMENT, LLC, a Delaware limited liability company ("Landlord"), and WARNER MUSIC GROUP INC., a Delaware corporation ("Tenant").

RECITALS:

A. Landlord and Tenant are parties to that certain Office Lease dated as of June 27, 2002 (the Lease), pursuant to which Lease, Landlord leases to Tenant certain "Premises" (as more particularly described in the Lease) located on the first, second, third, fourth, fifth and sixth floors of the "Building" located at 3400 West Olive Avenue, Burbank, California. All initial capitalized terms used herein but not herein defined shall have the meaning ascribed to such terms under the Lease.

B. Landlord and Tenant now desire to enter into this First Amendment to provide for adjustment of the Rentable Area of the Premises based upon measurement of actual Premises dimensions, as more particularly set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. The Premises is hereby agreed to contain, for all purposes of this Lease (as hereby amended), one hundred ninety-five thousand one hundred sixty-six (195, 166) square feet of Rentable Area, retroactive to the Effective Date. If any adjustment payment or refund is applicable based upon payments made to date under the Lease based upon such revised calculation of the Rentable Area of the Premises, the parties shall make such payment or refund, as applicable, within thirty (30) days following the date hereof. Nothing contained herein shall be deemed to limit the right of the parties to verify the actual Rentable Area of any additional space that may be hereafter added to the Premises in accordance with the definition of Rentable Area specified in the Lease.

2. Except as specifically amended by this First Amendment, the Lease shall continue in full force and effect. In the event of any conflict between the provisions of the Lease and the provisions of this First Amendment, the provisions of this First Amendment shall prevail.

3. This First Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original, but any number of which, taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, Landlord and Tenant have entered into this First Amendment as of the date first written above.

LANDLORD:

MEDIA CENTER DEVELOPMENT, LLC,
a Delaware limited liability company

By: MEDIA CENTER PARTNERS, LLC,
a California limited liability company
its managing member

By: M. DAVID PAUL DEVELOPMENT LLC,
a California limited liability company
its managing member

By: /s/ M. David Paul
M. David Paul, Managing Member

TENANT:

WARNER MUSIC GROUP INC.,
a Delaware corporation

By: /s/ Helen Murphy

Print Name: Helen Murphy

Its: Evp a CFO

By: /s/ Blake Messinger

Print Name: Blake Messinger

Its: VP Real Estate

OFFICE LEASE

by and between

MEDIA CENTER DEVELOPMENT, LLC,

a Delaware limited liability company,

Landlord

and

WARNER MUSIC GROUP INC.,

a Delaware corporation

Tenant

"The Pinnacle"

Burbank, California

DATE: June 27, 2002

TABLE OF CONTENTS

OFFICE LEASE

THIS OFFICE LEASE (this "Lease") is made and entered into as of the 27 day of June, 2002 (the "Effective Date"), by and between MEDIA CENTER DEVELOPMENT, LLC, a Delaware limited liability company ("Landlord"), and WARNER MUSIC GROUP INC., a Delaware corporation ("Tenant").

1. **TERMS AND DEFINITIONS.** For the purposes of this Lease, the following terms shall have the following definitions and meanings:

(a) Address of Tenant:

Warner Music Group Inc.
75 Rockefeller Plaza
New York, New York 10104
Attention: Blake Messinger
Vice President, Worldwide Real Estate

with a copy to:

Mitch Evall, Esq.
9665 Wilshire Boulevard, Suite 900
Beverly Hills, California 90212-2345.

(b) Address of Landlord:

Media Center Development, LLC
c/o M. David Paul Development LLC
233 Wilshire Boulevard, Suite 990
Santa Monica, California 90401
Attention: M. David Paul

(c) Premises: That certain premises constituting a portion of each of the first (1st) through and including the sixth (6th) floors of the "Building" located at 3400 W. Olive Avenue, Burbank, California, approximately as shown as cross-hatched on the space plan(s) attached hereto as Exhibit A and incorporated herein by this reference.

(d) Premises Area: Approximately one hundred ninety-three thousand four hundred fifty-six (193,456) square feet of "Rentable Area" (as hereinafter defined).

(e) Term: Seventeen (17) years commencing upon the "Commencement Date" (as defined in Exhibit C attached hereto and incorporated herein by this reference).

(f) Monthly Base Rent: Subject to the provisions of Sections 5(c), 5(d) and 5(e) below, Monthly Base Rent shall initially equal Two and 90/100ths Dollars ($2.90) per square foot of Rentable Area in the Premises, and shall be subject to adjustment on each anniversary of the Commencement Date as follows: (i) on each of the initial five (5) yearly anniversaries of the Commencement Date during the Term of this Lease, Monthly Base Rent shall increase to equal one hundred one percent (101%) of the Monthly Base Rent in effect immediately prior to the applicable anniversary date, and (ii) on each subsequent yearly anniversary of the Commencement Date occurring during the Initial Term of this Lease, Monthly Base Rent shall increase to equal one hundred two percent (102%) of the Monthly Base Rent in effect immediately prior to the applicable anniversary date.

(g) (i) Tenant's Building Percentage: A fraction, expressed as a percentage, the numerator of which is the Rentable Area of the Premises and the denominator of which is the total Rentable Area within the Building.

(ii) Tenant's Project Percentage: A fraction, expressed as a percentage, the numerator of which is the Rentable Area of the Premises and the denominator of which is the total Rentable Area within the Project.

(h) (i) TE Base Year: 2003

(ii) OE Base Year: 2004

(i) Security Deposit: None.

(j) Permitted Use: Any lawful use, including, but not limited to general office use and incidental lawful uses in connection therewith (which may include, without limitation, recording studio(s), retail store serving employees only and any use typical of a media and/or music company) consistent with the operation of the Project as a first-class office building project, but in no event to include any restaurant or other food use available (other than customary general office use employee kitchen use, limited to Underwriters' Laboratory approved equipment for brewing coffee, tea, and other similar hot beverages and microwave oven use); and for no other use or purpose.

(k) Parking: Tenant shall have the right to purchase up to four (4) parking passes per each one thousand (1,000) square feet of Rentable Area, rounded to the nearest whole number of parking passes, subject to the provisions of Section 26 below.

(l) Brokers: The Worthe Real Estate Group, Inc. and Cushman & Wakefield of California, Inc., as Landlord's Broker, and Travers Realty, as Tenant's Broker.

(m) Guarantor: None.

This Section 1 represents a summary of the basic terms of this Lease. In the event of any inconsistency between the terms contained in this Section 1 and any specific provision of this Lease, the terms of the more specific provision shall prevail.

2. PREMISES LEASED.

(a) Landlord hereby leases to Tenant and Tenant hereby hires from Landlord the Premises. The Premises constitutes all or part of the floors of the Building designated in Section 1(c), approximately as shown on the space plans attached hereto as Exhibit A. The Premises is to be improved with the "Tenant Improvements" described in Exhibit C attached hereto and incorporated herein by this reference, in accordance with the terms set forth in Exhibit C.

(b) The term "Rentable Area" as used in this Lease shall be determined in accordance with BOMA standards (Building Owners and Managers Association Method for Measuring Floor Area in Office Buildings, ANSI Z65.1-1996), with Common Areas defined as set forth in this Lease for purposes of such determination. However, for all purposes of this Lease, the Rentable Area of the Premises shall be deemed to be as set forth in Article 1 above, notwithstanding any deviation in actual Rentable Area, unless and until the boundaries of the Premises are hereafter modified; except, however, that each party shall have the right to verify the actual Rentable Area of the Premises prior to the date which is thirty (30) days following the Commencement Date, and if based upon such verification, it is agreed by the parties that the actual Rentable Area differs from the amount specified in Article 1, then an appropriate adjustment shall be made in all calculations under this Lease based upon such actual Rentable Area, and the parties shall make such adjustment payment and/or refund, as is applicable. If the parties are unable to reach agreement upon actual Rentable Area based upon such verification within such thirty (30) day period, then such matter shall be resolved by reference proceeding in accordance with Section 39(t) below.

(c) The Building is located on one or more parcels of real property (the "Site") approximately as depicted on Exhibit B attached hereto and incorporated herein by this reference. The parking serving the Building shall include, without limitation, a multi-level parking structure (the "Parking Structure") upon the Site and, at Landlord's option, surface parking located on the Site. The Site (as the same may hereafter be expanded in accordance herewith), the Building, any and all other improvements now or hereafter situated on the Site (as the same may hereafter be expanded in accordance herewith), the Parking Structure (as the same may hereafter be expanded in accordance herewith) and the other "Common Areas" (as hereinafter defined) are herein collectively referres to as the "Project".

(d) Tenant shall have the nonexclusive right to use in common with other tenants in the Building and the Project, and subject to the Rules and Regulations referred to in Section 39(a) and the parking rules and regulations referred to in Section 26, the following areas to the extent included in the Project and made available for common use by Project occupants (collectively, "Common Areas"): (i) common lobbies, restrooms, elevators, stairways, access ways, loading docks, ramps, drives and platforms

and any passageways and service ways thereto, and the common pipes, conduits, wires and appurtenant equipment serving the Project; and (ii) loading and unloading areas, trash areas, parking areas (including, without limitation, the Parking Structure and other on-Site Project parking areas), roadways, sidewalks, walkways, driveways and landscaped areas and similar areas and facilities within the Project made available by Landlord for the common use and enjoyment of the occupants of the Project; provided, however, that notwithstanding the designation of the Parking Structure and the other Project parking areas as a part of the Common Areas pursuant hereto, nothing contained herein shall be deemed to permit Tenant's use of such Parking Structure and/or other parking areas constituting a part of the Common Areas except to the extent permitted by parking passes for particular parking areas within the Project in accordance with this Lease. The Common Areas shall also be deemed to include the exercise facility within the Project (which Landlord shall cause to be operational on or before the Commencement Date), and which, when thereafter operating, shall be available for use, on a non-exclusive basis, by Tenant and its employees, subject to payment of the applicable prevailing fees and charges payable for the use thereof by Building occupants.

(e) Landlord reserves the right from time to time: (i) to designate other land outside the current boundaries of the Site but contiguous to the then Site to be a part of the Site, in which event the Site shall be deemed to include such additional land, and the Common Areas shall be deemed to include Common Areas upon such additional land (provided that land shall not be added to the Site which does not include improvements thereon so as to have a ratio of Rentable Area to land which is substantially equivalent to the ratio of Rentable Area to land of the then existing Site); (ii) to add additional buildings and/or other improvements (including, without limitation, additional parking structures and/or expansion of the Parking Structure) to the Project, which (by way of example only and without limitation) may be located on land added to the Site pursuant to clause (i) above, and/or to remove existing and/or future buildings and/ or improvements; (iii) to make changes to the Common Areas, including, without limitation, addition of additional improvements, changes in the location, size, shape and number of driveways, entrances, parking spaces, parking areas, loading and unloading areas, ingress, egress, direction of traffic, landscape areas and walkways; (iv) to close temporarily any of the Common Areas for maintenance purposes so long as reasonable access to the Premises remains available; (v) to use the Common Areas while engaged in making additional improvements, repairs or alterations to the Building or the Project, or any portion thereof; and (vi) to install, use, maintain, repair and replace pipes, ducts, conduits, wires and appurtenant meters and equipment for service to other parts of the Project above the ceiling surfaces, below the floor surfaces, within the walls and in the central core areas, and to relocate any pipes, ducts, conduits, wires and appurtenant meters and equipment included in the Premises which are located in the Premises or located elsewhere outside the Premises, and to alter, expand and/or demolish any building within the Project; and (vii) to do and perform such other acts and make such other changes in, to or with respect to the Common Areas, the Building or any other portion of the Project as Landlord deems to be appropriate in the exercise of its reasonable business judgment; provided, however, that, without the prior consent of Tenant, Landlord shall in no event take any action pursuant

hereto which would adversely affect other than in a de minimis manner, (1) the operation of Tenant's business from the Premises, (2) reasonable enjoyment of the Premises for the permitted use under this Lease as a result of required reconfiguration, (3) reasonable means of access to and from the Premises and parking areas serving the Premises, or (4) use of the parking areas serving the Premises.

(f) During the Lease Term, Tenant shall also have the right (but not the obligation) to lease from Landlord such storage space (the "Storage Space") as is available for Tenant's use located within a portion of the Building parking garage or elsewhere within the Project as designated by Landlord, provided (i) that once leased, the Storage Space so leased shall be leased by Tenant for the entire remaining Term of this Lease, and (ii) until the Commencement Date, Landlord shall make at lease five thousand (5,000) square feet of Storage Space available for lease by Tenant pursuant hereto, but such Storage Space may be located in multiple non-contiguous locations (provided that from and after the Commencement Date, Tenant's right to lease Storage Space pursuant hereto shall be on an "as available" basis, but otherwise in accordance with the terms of this Section 2(f)). Promptly following request therefore from Tenant from time to time, Landlord shall notify Tenant of any Storage Space available for lease in the Project. The monthly Rent allocable to the Storage Space leased by Tenant pursuant hereto shall initially be One and 25/100ths Dollars ($1.25) per month per square

foot of floor area within such Storage Space leased by Tenant, but shall be increased on the tenth (10^{th}) anniversary of the Commencement Date and on each yearly anniversary of the Commencement Date thereafter occurring during the Term to equal one hundred two percent (102%) of the monthly Storage Space Rent (on a per square foot of Storage Space floor area basis) in effect immediately prior to the applicable anniversary date. Storage Space Rent shall be paid monthly in advance in the same manner as Monthly Base Rent payable under this Lease. The Storage Space shall not constitute part of the Premises for purposes of calculation of Tenant's Building Percentage or Tenant's Project Percentage. The Storage Space shall be leased on an entirely "AS IS" basis except that such Storage Space be separately demised by Landlord from the remainder of the parking garage or other adjacent areas (inclusive of any drywall walls within the Storage Space), have a lockable door and have electrical outlets and lighting installed by Landlord in accordance with Landlord's reasonable standards for storage space use. Electricity shall be available for connection to the Storage Space from a source stubbed into the Storage Space. Except as provided in the foregoing, Landlord shall have absolutely no obligation to alter or improve the Storage Space for Tenant's benefit and Tenant shall maintain and repair the Storage Space at its sole cost and expense. Except as specifically otherwise provided in this Section 2(f), Tenant's lease of the Storage Space pursuant hereto shall be subject to the same terms and conditions applicable to Tenant's lease of the Premises under this Lease provided that in no event shall any Storage Space be deemed to constitute Rentable Area for purposes of this Lease and in no event shall Landlord be obligated to provide any allowance to Tenant for the improvement of the Storage Space. Tenant agrees not to store any flammable or highly combustible materials in the Storage Space. Tenant also agrees not to store excess or highly concentrated weight in the Storage Space. Tenant agrees to use the Storage Space solely for storage purposes and not as office space or other use. Tenant agrees that Landlord shall have the same rights of entry with respect to the Storage Space as are provided in Section 13 below with respect to other portions of the Premises. Tenant shall, at its sole cost and expense, deliver to Landlord a key for any locks installed by Tenant for Landlord's emergency entry purposes. In the event of Tenant's lease of any such Storage Space pursuant hereto, the parties shall, at the request of either party, document such lease in accordance with the provisions hereof by an amendment to this Lease in a form reasonably acceptable to the parties, but Tenant's right to lease such Storage Space shall not be conditioned upon the execution of such amendment.

3. TERM: OPTIONS TO EXTEND.

(a) The term of this Lease ("Term") shall be for the period referenced in Section 1(e) above, commencing on the Commencement Date (such initial period is referred to herein as the "Initial Term"), unless this Lease is earlier terminated or the term extended, in accordance with this Lease. Following determination of the Commencement Date, the parties shall execute a memorandum confirming the occurrence of the Commencement Date and the date of the scheduled expiration of the Initial Term.

(b) Tenant shall have the option to extend the term of this Lease for two (2) separate, consecutive extended terms of sixty (60) months each (each, an "Extended Term" and collectively, the "Extended Terms"). The option to extend for each Extended Term shall be separately exercisable by Tenant's delivery to Landlord of written notice exercising the option to extend the Term by the applicable Extended Term no later than twenty-four (24) months prior to expiration of the then applicable Term; provided that Tenant may not exercise such option when Tenant is in default under this Lease (after Tenant's receipt of written notice from Landlord and the expiration of any applicable cure period provided in Section 21(a) below unless Landlord has waived such default by Tenant in writing, provided that any such waiver by Landlord shall be granted or withheld in Landlord's sole and absolute discretion), and Tenant may not exercise the option to extend the Term by the second Extended Term if the Term has not been extended by the first Extended Term. Further, Tenant shall have the option to revoke Tenant's prior exercise of an option to extend the Term by an Extended Term, which option to revoke shall be exercisable by Tenant's delivery to Landlord of written notice of such revocation not later than the earlier to occur of (x) eighteen (18) months prior to expiration of the then applicable Term (which eighteen (18) month period shall be reduced by one day for each day by which determination of the Monthly Base Rent for the proposed Extended Term in question is delayed by Landlord's failure to comply with the time frames set forth in this Section 3(b)), or (y) thirty (30) days following determination of the Monthly Base rent for the proposed Extended Term in question, provided that in the event of Tenant's exercise of such option to

revoke, Tenant shall reimburse Landlord for any and all reasonable costs and expenses incurred by Landlord in connection with the determination of the Fair Market Rental for the proposed Extended Term in question (including, without limitation, amounts otherwise to be borne by Landlord in accordance with clause (i) of this Section 3(b) below). The terms and conditions of this Lease shall continue in effect during each such Extended Term, except (A) for terms and conditions of this Lease which are either expressly or by their operation applicable only during the Initial Term of this Lease or portions thereof, including, without limitation, the provisions of Exhibit C attached hereto, (B) that Tenant shall have no further right or option to extend the Term of this Lease beyond the second Extended Term, and (C) that Monthly Base Rent shall be adjusted as of the commencement of each such Extended Term to equal ninety-two and one-half percent (92.5%) of the prevailing monthly fair market rental rate as of the commencement of such Extended Term (the "Fair Market Rental Rate") for new and renewal tenants of premises comparable to the Premises in comparable first-class office buildings in "Burbank Media District" area ("Comparable Buildings") for periods comparable to the Extended Term (including, without limitation, consideration of such rental increases as may be appropriate during such Extended Term) and considering the manner of pass-through of Operating Expenses and Tax Expenses, tenant improvements, allowances, rental abatement, brokerage commissions and all other applicable economic concessions. If any such improvements, allowances, abatement, commissions or other concessions would involve any out-of-pocket costs to Landlord, then, at Landlord's option, Landlord may elect to do either of the following: (X) pay some or all of such costs in cash; or (Y) reduce the Monthly Base Rent component of the Fair Market Rental Rate to be an effective rental rate that takes into consideration the total dollar value of that portion of such costs that Landlord has elected not to pay in cash (in which case those costs that

Landlord has elected not to pay in cash and evidenced in the effective rental rate shall not be payable by Landlord). Following Tenant's valid exercise of an option to extend the Term by an Extended Term as granted hereby, the parties shall enter into an amendment to the Lease (the "Extension Amendment"), prepared by Landlord and subject to Tenant's reasonable approval, memorializing the terms of such extension of the Term by such Extended Term, but Tenant's right to continue in occupancy in accordance herewith shall not be conditioned upon the execution of such amendment by the parties. As used in this Lease, references to the "Term" of this Lease, shall mean the initial Term as the same may be extended by the Extended Term(s), as applicable, as the context may require. The Fair Market Rental Rate for each Extended term shall be determined as follows:

(i) Following Tenant's exercise of its option to extend the Term by the applicable Extended Term, Landlord and Tenant shall meet and endeavor in good faith to agree upon the Fair Market Rental Rate. If Landlord and Tenant fail to reach agreement by the date which is twenty-three (23) months prior to the commencement of the applicable Extended Term, then, within thirty (30) days thereafter, each party, at its own cost and by giving notice to the other party, shall appoint a licensed commercial real estate agent with at least seven (7) years full-time experience as a real estate agent active in leasing of commercial office buildings in the area of the Premises to appraise and set the Fair Market Rental Rate for the applicable Extended Term. If a party does not appoint an agent within thirty (30) days after the other party has given notice of the name of its agent, the single agent appointed shall be the sole agent and shall set the Fair Market Rental Rate for the applicable Extended Term. If there are two (2) agents appointed by the parties as stated above, the agents shall meet within ten (10) days after the second agent has been appointed and attempt to set Fair Market Rental Rate for the applicable Extended Term. If the two (2) agents are unable to agree on such Fair Market Rental Rate within thirty (30) days after the second agent has been appointed, they shall, within 20 days after the last day the two (2) agents were to have set such Fair Market Rental Rate, attempt to select a third agent who shall be a licensed commercial real estate agent meeting the qualifications stated above. If the two (2) agents are unable to agree on the third agent within such twenty (20) day period, either Landlord or Tenant may request the President of the Los Angeles County Realtors Association to select a third agent meeting the qualifications stated in this subsection. Each of the parties shall bear one-half (1/2) of the cost of appointing the third agent and of paying the third agent's fee. No agent shall be employed by, or otherwise be engaged in business with or affiliated with, Landlord or Tenant, except as an independent contractor.

(ii) Within thirty (30) days after the selection of the third agent, a majority of the agents shall set the Fair Market Rental Rate for the applicable Extended Term. If a majority of the agents are unable to

set such Fair Market Rental Rate within the stipulated period of time, each agent shall make a separate determination of such Fair Market Rental Rate and the three (3) appraisals shall be added together and the total shall be divided by three (3). The resulting quotient shall be the Fair Market Rental Rate for the Premises for the applicable Extended Term. If, however, the low appraisal and/or high appraisal is/are more than twenty percent (20%) lower and/or higher than the middle appraisal, the low appraisal and/or the high appraisal shall be disregarded. If only one (1) appraisal is disregarded, the remaining two (2) appraisals shall be added together and their total divided by two (2), and the resulting quotient shall be Fair Market Rental Rate for the applicable Extended Term. If both the low appraisal and the high appraisal are disregarded as stated in this subsection, the middle appraisal shall be the Fair Market Rental Rate for the applicable Extended Term.

(iii) Each agent shall hear, receive and consider such information as Landlord and Tenant each care to present regarding the determination of Fair Market Rental Rate for the applicable Extended Term and each agent shall have access to the information used by each other agent. Upon determination of the Fair Market Rental Rate for the applicable Extended Term, the agents shall immediately notify the parties hereto in writing of such determination in the manner provided in this Lease for the giving of notices to the parties hereto.

4. DELIVERY OF POSSESSION. The parties hereby acknowledge that the Premises are currently unoccupied and Landlord and Tenant agree that by the execution and delivery of this Lease, Landlord shall have delivered possession of the Premises to Tenant and Tenant shall be permitted to access the Premises for performance of the Tenant Improvements subject to the provisions of this Lease (including, without limitation, Exhibit C attached hereto).

5. RENT.

(a) (i) Tenant agrees to pay Landlord as Monthly Base Rent for the Premises during the Initial Term the applicable Monthly Base Rent designated in Section 1(f) and during the Extended Term the Monthly Base Rent determined as set forth in Section 3(b) above, subject to the express provisions of this Lease granting Tenant rights of rent abatement and/or reduction. Monthly Base Rent shall be paid monthly in advance on the first day of each and every calendar month during the Term. In the event the Term of this Lease commences on a day other than the first day of a calendar month or ends on a day other than the last day of a calendar month, then the "Rent" (as hereinafter defined) for such periods shall be prorated in the proportion that the number of days this Lease is in effect during such periods bears to the actual number of days in such month, and such Rent shall be paid at the commencement of such period. In addition to the Monthly Base Rent, Tenant agrees to pay all other amounts required to be paid hereunder as and when same are due as hereinafter provided in this Lease. Except as otherwise specifically provided in this Lease, Rent shall be paid to Landlord, without any prior notice or demand therefor, and without any abatement, deduction or offset whatsoever, in lawful money of the United States of America, which shall be legal tender at the time of payment, at the address of Landlord designated in Section 1(b) or to such other person or at such other place as Landlord may from time to time designate in writing. All charges to be paid by Tenant hereunder other than Monthly Base Rent shall constitute additional rent, shall be paid in the manner provided herein and shall sometimes be collectively referred to as "Additional Rent". Monthly Base Rent and Additional Rent are collectively referred to herein as "Rent".

(b) Tenant acknowledges that the late payment by Tenant to Landlord of any sums due under this Lease will cause Landlord to incur costs not contemplated by this Lease, the exact amount of such costs being extremely difficult and impracticable to fix. Such costs include, without limitation, processing and accounting charges, and late charges that may be imposed on Landlord by the terms of any encumbrance or note secured by all or any portion of the Project. Therefore, if Tenant fails to pay any Rent within five (5) days of the due date under this Lease for any reason, Tenant shall pay to Landlord, as Additional Rent, the sum of six percent (6%) of the overdue amount as a late charge; provided, however, that as to the first such late payment in any twelve (12) consecutive calendar month period during the Term, such late charge shall not be payable unless such failure to pay when due is not cured within ten (10) days after Tenant's receipt of written notice thereof from Landlord. All past-due installments of Rent shall also bear interest, as Additional Rent, at the "Interest Rate" (as hereinafter

defined), from the date due until paid; provided, however, that as to the first such late payment in any twelve (12) consecutive calendar month period during the Term, such interest charge shall not be payable unless such failure to pay when due is not cured within ten (10) days after Tenant's receipt of written notice thereof from Landlord. For purposes of this Lease, the "Interest Rate" shall mean two percent (2%) per annum plus the then prevailing per annum "Prime Rate" (which for purposes of this Lease shall mean the "prime rate" as most recently published in the Wall Street Journal [or the then "prime" rate as established by a comparable alternate source reasonably designated by Landlord in the event the Wall Street Journal ceases to publish a prevailing "prime" rate]), provided that in no event shall the Interest Rate exceed the maximum rate permitted by applicable law governing interest rate restrictions. Landlord's acceptance of any late charge or interest shall not constitute a waiver of Tenant's default with respect to the overdue amount or prevent Landlord from exercising any of the other rights and remedies available to Landlord under this Lease, at law or in equity.

(c) Notwithstanding anything to the contrary contained in this Lease, Tenant's obligation for payment of Monthly Base Rent shall be abated by fifty percent (50%) during the initial thirty (30) months of the Term (the amount of Monthly Base Rent abated pursuant to this sentence is collectively referred herein as the "Base Rent 50% Abatement Amount"). Upon notice to Tenant delivered by not later than the September 30 which is at least three (3) months prior to the start of the calendar year(s) as to which any Base Rent 50% Abatement Amount accelerated pursuant to clause (1) below or purchased pursuant to clause (2) would otherwise commence, Landlord shall have the right to (1) accelerate all or any portion of the Base Rent 50% Abatement Amount so as to be applicable to Monthly Base Rent otherwise payable under this Lease prior to the date when such portion of the Base Rent 50% Abatement Amount would otherwise be applicable, and/or (2) purchase all or any part of the Base Rent 50% Abatement Amount at any time prior to the expiration of the thirtieth (30th) month of the Lease Term, by paying to Tenant an amount equal to the "Base Rent 50% Abatement Purchase Price" (as hereinafter defined). As used herein, the "Base Rent 50% Abatement Purchase Price" shall mean the present value of such of the Base Rent 50% Abatement Amount allocable to the unexpired portion of the thirty (30) months of the Lease Term as Landlord desires to purchase pursuant hereto, as of the date of payment of the Base Rent 50% Abatement Purchase Price by Landlord. Such present value shall be calculated (x) by using such of the portion of the Base Rent 50% Abatement Amount attributable to each remaining month during the initial thirty (30) months of the Lease Term as Landlord desires to purchase pursuant hereto, as the amounts to be discounted, and (y) by using discount rates for each amount to be discounted equal to eight percent (8%) per annum. Upon such payment of the Base Rent 50% Abatement Purchase Price, the provisions of this Section 5(c) shall be of no further force or effect as to the portion of the Base Rent 50% Abatement Amount so purchased (which may be all of the Base Rent 50% Abatement Amount if fully purchased pursuant hereto) and Tenant shall not be entitled to any further Base Rent 50% Abatement Amount.

(d) Notwithstanding anything to the contrary contained in this Lease, during each of the initial one hundred eighty (180) months of the Term (but not thereafter during the Term or during any Extended Term), Tenant shall be entitled to an additional abatement of Sixteen Thousand One Hundred Sixty-Six and 67/100 Dollars ($16,166.67) of Tenant's Monthly Base Rent, calculated after application of any abatement applicable under Section 5(c) above (the amount of Monthly Base Rent abated pursuant to this sentence is collectively referred to herein as the "Base Rent 180 Month Abatement Amount").

(e) Notwithstanding anything to the contrary contained in this Lease, Tenant hereby agrees to assume responsibility for payment of the costs of the "Tenant's Brokers Commissions" (as hereinafter defined) and funding all "Tenant Improvement Costs", and, in consideration thereof, during each of the initial one hundred fifty-six (156) months of the Term (but not thereafter during the Term or during any Extended Term), Tenant shall be entitled to an additional abatement of Tenant's Monthly Base Rent (calculated after application of any abatement applicable under Sections 5(c) and 5(d) above) in an amount equal to one-twelfth (1/12th) of Six and 23/100ths Dollars ($6.23) per square foot of Rentable Area in the Premises (the amount of Monthly Base Rent abated pursuant to the foregoing clause (iii) is collectively referred to herein as the "Tenant Capital Funding Abatement Amount").

6. OPERATING AND TAX EXPENSES.

(a) For the purposes of this Section 6, the following terms are defined as follows:

(i) "Tenant's Building Percentage" shall be that percentage set forth in Section 1(g)(i), which percentage is the fraction (expressed as a percentage) obtained by dividing the Rentable Area of the Premises by the Rentable Area of the Building, and which percentage shall be subject to adjustment in the event of reduction or increase in the Rentable Area within the Premises and/or Building. "Tenant's Project Percentage" shall be that percentage set forth in Section 1(g)(ii), which percentage is the fraction (expressed as a percentage) obtained by dividing the Rentable Area of the Premises by the Rentable Area of the Project, and which percentage shall be subject to adjustment in the event of reduction or increase in the Rentable Area within the Premises and/or Project.

(ii) The parties acknowledge that the Project may initially or in the future be a multi-building project and that, in such event, from and after the inclusion of such other buildings within the Project, Operating Expenses incurred in connection with the Project shall be shared between the tenants of the Building and the tenants of the other buildings of the Project. Accordingly, "Building Operating Expenses" shall mean those Operating Expenses attributable solely to the Building, and "Project Operating Expenses" shall mean those Operating Expenses attributable to the Project Common Areas or the Project as a whole. Further, the parties agree and acknowledge that for purposes of allocation of Tax Expenses, the Project is comprised of two (2) separate tax parcels, with each such parcel containing one (1) of the two (2) Project buildings together with the applicable building's equitable portion of the Project Common Areas. Accordingly, "Building Tax Expenses" shall mean those Tax Expenses attributable to the tax parcel containing the Building. In addition, the parties hereby acknowledge that certain Operating Expenses relate only to certain elements of the Project, Building and/or the Common Area serving certain elements of the Project or Building, and that other Operating Expenses relate to the entire Project, Building and/or the Common Area serving the entire Project or Building. Accordingly, Landlord shall have the right to establish cost pools for the components of Operating Expenses relating only to certain elements of the Project, Building and/or the Common Area serving certain elements of the Project or Building, and for Operating Expenses relating to the entire Project, Building and/or the Common Area serving the entire Project or Building, and to reasonably and in good faith allocate Operating Expenses among such cost pools.

(iii) "Comparison Year" shall mean each calendar year during the Term from, including and after the TE Base Year (as defined in Section 1.1(h)(i) above) or the OE Base Year (as defined in Section 1.1(h)(ii) above), as applicable.

(iv) "Operating Expenses" shall consist of all costs of operation, management, ownership, maintenance and repair of the Project, as determined by accepted principles of sound accounting practice, including the following costs by way of illustration, but not limitation: electric, water, sewer and other utility charges; accounting, legal and other consulting fees; the cost and expense of insurance for which Landlord may be responsible pursuant to this Lease, or which Landlord reasonably deems appropriate in connection with the Project; costs of repair of losses or damage not covered by insurance due to deductible amounts under such insurance policies; the cost of janitorial services (including, without limitation, required supplies, trash removal and hauling), security, and labor; utilities surcharges; expenditures required in order to comply with "Laws" (as defined in Section 7(a) below); costs

incurred in the management of the Project including, without limitation, supplies, wages and salaries of employees to the extent used in the management, operation and maintenance of the Project, and payroll taxes and similar governmental charges with respect thereto, Project management office rental, and a commercially reasonable management fee; the cost of supplies, materials, equipment and tools required in the maintenance and repair of the Project; the cost of repair and maintenance (including, without limitation, costs of rental of personal property used in maintenance) of the structural portions, vertical transportation systems, and other mechanical and utility systems of the Project and other portions of the Project to be maintained and repaired by Landlord (including, without limitation, the plumbing, heating, ventilating, air conditioning and electrical systems installed or furnished by Landlord); the costs and expenses of gardening and landscaping, maintenance of signs (other than

amounts allocable to maintenance of signs identifying particular Project occupants) and all other upkeep of the Common Areas; personal property taxes levied on or attributable to personal property used in connection with the Project; reasonable audit or verification fees; and costs and expenses of resurfacing, painting, lighting and similar items. In the event the Rentable Area of the Project is less than ninety-five percent (95%) occupied during the OE Base Year or any Comparison Year during the Term, then in calculating Operating Expenses for such year, the variable components of Operating Expenses shall be "grossed up" to reflect such amounts as would have been incurred had the Rentable Area of the Project been ninety-five percent (95%) occupied during such year. In addition, if Landlord is not furnishing any particular work or service (the cost of which, if performed by Landlord, would be included in Operating Expenses) to a tenant who has undertaken to perform such work or service in lieu of the performance thereof by the Landlord, Operating Expenses shall be deemed to be increased by an amount equal to the additional Operating Expenses which would reasonably have been incurred during such period by Landlord if it had at its own expense furnished such work or service to such tenant. Accounting methodology for all calculations of Operating Expenses shall be consistently applied to both the OE Base Year and each Comparison Year.

(v) Notwithstanding anything to the contrary contained in this Lease, "Operating Expenses" shall not include any of the following: (1) any ground lease rental; (2) capital expenditures to the extent the same constitute upgrades as opposed to repairs or replacements, unless required to comply with applicable Laws, provided further that any capital expenditure which is otherwise includable in Operating Expenses pursuant to this Lease (including, without limitation, capital expenditures which are permitted to be included in Operating Expenses pursuant to the foregoing provisions of this clause (2)) shall not be wholly included in Operating Expenses in the year incurred and, instead, shall be amortized by Landlord over the reasonably anticipated useful life of the applicable item (with interest at the Prime Rate), and annual amortization of such capital expenditure item (calculated in accordance with the foregoing) shall be included in Operating Expenses during each year of such useful life; (3) costs incurred for repair of damage to the Building to the extent reimbursed by insurance proceeds (provided that commercially reasonable insurance deductibles shall be included in Operating Expenses), and other costs reimbursed by insurers, warranties, governmental authorities, utility companies or any other entity (other than cost reimbursements by other Project occupants as a part of their contribution to Operating Expenses); (4) costs, including permit, license and inspection costs, incurred with respect to the installation of tenant improvements to other tenant's leased premises within the Project or incurred in renovating or otherwise improving, decorating, painting or redecorating vacant leasable space within the Project; (5) depreciation, amortization and interest payments, except on materials, tools, supplies and vendor-type equipment purchased by Landlord to enable Landlord to supply services Landlord might otherwise contract for with a third party where such depreciation, amortization and interest payments would otherwise have been included in the charge for such third party's services; (6) marketing costs, including leasing commissions, attorneys' fees in connection with the negotiation and preparation of letters, deal memos, letters of intent, leases, subleases and/or assignments, space planning costs, and other costs and expenses incurred in connection with lease, sublease and/or assignment negotiations and transactions with present or prospective tenants or other occupants of the Project; (7) expenses in connection with services which are not available to Tenant; (8) legal fees and related expenses and legal costs incurred by Landlord (together with any damages awarded against Landlord) due to the violation by Landlord or any tenant of the terms and conditions of any lease of space in the Project; (9) overhead and profit paid to Landlord or to subsidiaries or affiliates of Landlord for goods and/or services in the Project to the extent the same exceeds the costs of such goods and/or services rendered by qualified, unaffiliated third parties on a competitive basis; (10) interest, principal, points and fees on debts or amortization on any mortgage or mortgages or any other debt instrument encumbering the Project; (11) Landlord's general corporate overhead and general and administrative expenses not specifically incurred in the management, maintenance and operation of the Project; (12) costs incurred in correcting any non-compliance of the Project with Laws where such non-compliance was existing as of the delivery of possession of the Premises to Tenant; (13) Tax Expenses; (14) costs arising from the presence of any Hazardous Materials upon or beneath the Project; (15) increased costs of performance arising from the negligence or wilful misconduct of Landlord or any employee, agent or contractor of Landlord; (16) costs arising form Landlord's charitable or political contributions; (17) costs (other than ordinary maintenance) for sculpture, paintings and other objects of art; (18) costs of correcting

defects in the design or construction of the Core and Shell Work; (19) wages and benefits of employees above the level of project manager (the parties hereby acknowledging that the project engineer is not above the level of the project manager), provided that if an employee spends a portion of his or her time on projects other than the Project, then the wages and benefits of such employee shall be reasonably and equitably prorated; (20) costs associated with the operation of the business of the partnership or entity which constitutes Landlord as the same are distinguished from the costs of the operation of the Project, including partnership accounting and legal matters, costs of defending any lawsuits with any mortgagee, costs of selling, syndicating, financing, mortgaging or hypothecating any of Landlord's interest in the Project, costs of any disputes between Landlord and its employees, disputes of Landlord with Project management, or outside fees paid in connection with disputes with other Project tenants or occupants; and (21) bad debt loss, rent loss or reserves for bad debts or rent loss; (22) penalties due to failure to make payments when due; (23) any items expressly excluded from Operating Expenses pursuant to any other provision of this Lease; (24) Project management office rental to the extent such rental exceeds the fair market rental for such space or to the extent the space utilized therefor exceeds the space utilized for management offices in comparably sized Comparable Buildings; (25) any entertainment, dining or travel expenses; (26) any flowers, gifts, balloons or other items provided to any entity; (27) costs of any tenant relations parties, events or promotions not consented to by an authorized representative of Tenant in writing (which consent may be granted or withheld in Tenant's sole and absolute discretion); (28) any job placement costs or job advertising costs, other than with respect to a receptionist or secretary in the Project office, once per year; (29) the cost of any training or incentive programs, other than for tenant life safety information services; and (30) reserves for future expenses beyond the current year anticipated to be incurred by Landlord. In addition, if in any Comparison Year following the OE Base Year, a new Operating Expense category (such as, by way of example only and without limitation, earthquake insurance or concierge services), is included in Operating Expenses which was not included in the Operating Expenses during the OE Base Year, then the cost of such new item shall be added to the Operating Expenses for the OE Base Year for purposes of determining the amounts payable by Tenant under this Section 6 for such Comparison Year, and during each subsequent Comparison Year, the same amount shall continue to be included in the computation of Operating Expenses for the OE Base Year, resulting in Operating Expenses for each such Comparison Year including (as to such category of Operating Expenses) only the increase in the cost of such new Operating Expense category over the OE Base Year, as so adjusted. However, if in any Comparison Year thereafter, such new category item is not included in Operating Expenses, then no such addition shall be made

to Operating Expenses for the OE Base Year. Conversely, when a category of Operating Expenses that was originally included in the Operating Expenses during the OE Base Year is, in any Comparison Year, no longer included in Operating Expenses, then the cost of such item shall be deleted from the calculation of Operating Expenses during the OE Base Year for purposes of determining the amounts payable by Tenant under this Section 6 for such Comparison Year. The same amount shall continue to be deleted from the calculation of Operating Expenses for the OE Base Year for each Comparison Year thereafter that the Operating Expense category is so not included. However, if such category of Operating Expenses is again included in the Operating Expenses for any Comparison Year, then the amount of said Operating Expense category originally included in the Operating Expenses for the OE Base Year shall again be added back to the Operating Expenses for the OE Base Year.

(vi) As used herein, the term "Tax Expenses" shall include any form of assessment, license fee, license tax, business license fee, transit tax or fee, commercial rental tax, levy, charge, tax or similar imposition, imposed by any authority having the direct power to tax, including any city, county, state or federal government, or any school, agricultural, lighting, drainage, transportation or other improvement or special assessment district thereof, as against any legal or equitable interest of Landlord in the Project and the Premises, or any portion thereof, including, but not limited to, the following:

(1) any tax on Landlord's right to Rent or right to other income from the Premises or as against Landlord's business of leasing the Premises;

(2) any assessment, tax, fee, levy or charge in substitution, partially or totally, of any assessments, taxes, fees, levies and charges that may be imposed by governmental agencies for such services as fire protection, street, sidewalk and road maintenance, refuse removal and

for other governmental services formerly provided without charge to property owners or occupants. It is the intention of Tenant and Landlord that all such new and increased assessments, taxes, fees, levies and charges be included within the definition of Tax Expenses for the purposes of this Lease;

(3) any assessment, tax, fee, levy or charge allocable to or measured by the area of the Premises or the Rent payable hereunder, including, without limitation, any gross income tax or excise tax levied by the state, city or federal government, or any political subdivision thereof, with respect to the receipt of such Rent, or upon or with respect to the possession, leasing, operating, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises, or any portion thereof; and

(4) any assessment, tax, fee, levy or charge upon this transaction or any document to which Tenant is a party creating or transferring an interest or an estate in the Premises, or based upon a reassessment of the Project, or any portion thereof, due to a change in ownership or transfer of all or part of Landlord's interest in this Lease, the Project, or any portion thereof (except to the extent specifically excluded pursuant to clause (A) below).

Notwithstanding any provision of this Section 6 expressed or implied to the contrary, (A) Tax Expenses shall not include (I) Landlord's federal or state net income, franchise, inheritance or estate taxes, (II) tax penalties and interest incurred as a result of Landlord's gross negligence, inability or unwillingness to make payments when due (except that interest charged on Tax Expense items intentionally paid over the maximum lawful period shall be included within Tax Expenses); (III) special assessments or special taxes initiated by Landlord as a means of financing improvements to the Project; or (IV) during the initial ninety-six (96) months of the Term of this Lease only (and not thereafter or during any Extended Term), the extent of any increase in Tax Expenses resulting from a reassessment due to a sale of all or any portion of the Project following the Commencement Date (a "Reassessment"), and during the ninety-seventh (97) month of the Term through to the expiration of the Initial Term of this Lease only (and not during any Extended Term), fifty percent (50%) of the extent of any increase in Tax Expenses resulting from a Reassessment, and (B) there shall be no duplication of items included in Tax Expenses and items included in Operating Expenses. Tenant shall have such rights to reasonably contest the validity or amount of Tax Expenses as are permitted by applicable Laws, at Tenant's sole cost, and Landlord shall reasonably cooperate with Tenant in connection therewith (at no cost to Landlord), provided that no such contest shall in any manner limit Tenant's obligation to pay Tenant's Tax Expenses Excess as and when required under this Lease.

(b) (i) For each Comparison Year during the Term following the expiration of the OE Base Year and/or TE Base Year, as applicable, Tenant shall pay to Landlord, in the manner set forth in this Section 6(b), (1) the amount, if any, by which Tenant's Building Percentage of Building Operating Expenses for such Comparison Year increase over the Tenant's Building Percentage of Building Operating Expenses for the OE Base Year (the amount of such increase is referred to in this Lease as the "Tenant's Building Operating Expense Excess"); plus (2) the amount, if any, by which Tenant's Project Percentage of Project Operating Expenses for such Comparison Year increase over the Tenant's Project Percentage of Project Operating Expenses for the OE Base Year (the amount of such increase is referred to in this Lease as the "Tenant's Project Operating Expense Excess"); plus (3) the amount, if any, by which Tenant's Building Percentage of Building Tax Expenses for such Comparison Year increase over the Tenant's Building Percentage of Building Tax Expenses for the TE Base Year (the amount of such increase is referred to in this Lease as the "Tenant's Tax Expenses Excess"). The sum of Tenant's Building Operating Expenses Excess, plus Tenant's Project Operating Expenses Excess, plus Tenant's Tax Expenses Excess is referred to herein as "Tenant's Expenses Excess". If the final Comparison Year includes time beyond the expiration of the Term or earlier termination of this Lease, the calculation of Tenant's Expenses Excess for such Comparison Year shall be equitably prorated by Landlord.

(ii) Before or after the expiration of the OE Base Year and/or TE Base Year, as applicable, Landlord shall deliver to Tenant a statement (the "Estimate Statement") wherein Landlord shall reasonably and in good faith estimate the Tenant's Expenses Excess for the initial Comparison Year (the amount of such estimated Tenant's Expenses Excess for any

Comparison Year, as such estimate may be adjusted from time to time as hereinafter provided, is referred to herein as the "Estimated Excess"). During each Comparison Year, payments by Tenant of the Estimated Excess shall be made in equal monthly installments on the first day of each calendar month during the applicable Comparison Year on the basis of Landlord's most recently delivered Estimate Statement. On or before May 1st of each Comparison Year during the Term following the initial Comparison Year, Landlord shall endeavor to deliver to Tenant an Estimate Statement of the Tenant's Expenses Excess for the then current Comparison Year. In addition to Landlord's annual delivery of a revised Estimate Statement for a particular Comparison Year, Landlord shall have the right, not more than once per year, to deliver a further revised Estimated Statement for a current Comparison Year, if Landlord reasonably and in good faith determines that there is a material inaccuracy or omission in the then applicable Estimate Statement for such Comparison Year. Following

Landlord's delivery of such a new Estimate Statement for the current Comparison Year, Tenant shall pay to Landlord, within thirty (30) days of the delivery of such Estimate Statement, the difference between the Estimated Excess under such new Estimate Statement and the Estimated Excess under the prior Estimate Statement prorated for the then elapsed portion of the then current Comparison Year, and Tenant shall thereafter (beginning with the first calendar month following receipt of such new Estimate Statement) make monthly payments with respect to the Estimated Excess on the basis of such new Estimate Statement until Tenant's receipt of a subsequent Estimate Statement.

(iii) On or before May 1st following each Comparison year during the Term of this Lease, Landlord shall endeavor to deliver to Tenant a statement ("Actual Statement") which states the actual Tenant's Building Percentage of Building Operating Expenses, the actual Tenant's Project Percentage of Project Operating Expenses, and the actual Tenant's Building Percentage of Building Tax Expenses for such preceding Comparison Year. If the Actual Statement reveals that the actual Tenant's Expenses Excess for such preceding Comparison Year exceeds the total amount of Tenant's payments of Estimated Excess for such preceding Comparison Year, Tenant shall pay Landlord the difference in a lump sum within thirty (30) days of receipt of the Actual Statement. If the Actual Statement reveals that the actual Tenant's Expenses Excess for such preceding Comparison Year is less than the total amount of Tenant's payments of Estimated Excess for such preceding Comparison Year, Landlord shall credit such overpayment (plus, to the extent such Actual Statement is delivered more than six (6) months following the expiration of the Comparison Year in question, interest on the amount of such overpayment at the Interest Rate from the expiration of such six (6) month period until crediting of such amount in accordance herewith) toward Tenant's Rent obligations next coming due under this Lease, or, at Tenant's option, pay the amount of such overpayment (plus such interest charge, if applicable) to Tenant within thirty (30) days following Tenant's request therefor (and prior to credit of such overpayment amount pursuant hereto).

(iv) Any delay or failure by Landlord in delivering any Estimate Statement or Actual Statement pursuant to this Section 6(b) shall not constitute a waiver of its right to require Tenant's payment of Tenant's Expenses Excess nor shall it relieve Tenant of its obligations pursuant to this Section 6; provided that (1) Landlord shall deliver the Actual Statement related to Operating Expenses and Tax Expenses for each Comparison Year within twelve (12) months following the May 1 first occurring after the expiration of such Comparison Year, except that if, through no fault of Landlord, Landlord has not received a final conclusive statement of the amount of one or more particular Operating Expense and/or Tax Expense item(s) by the expiration of such twelve (12) month period, then the time for Landlord's billing of such item(s) shall be extended until twelve (12) months following Landlord's receipt of a final conclusive statement of the amount of the applicable item(s), and (2) Tenant shall not be liable for the portion of Tenant's Expenses Excess, if any, related to a particular Comparison Year which is not billed to Tenant by Landlord within twelve (12) months following the date when Tenant should have received the Actual Statement for such Comparison Year, except that if Landlord has not received a final conclusive statement of the amount of one or more particular Operating Expense and/or Tax Expense item(s) by the expiration of such twelve (12) month period, then the time for Landlord's billing of such item(s) shall be extended until twelve (12) months following Landlord's receipt of a final conclusive statement of the amount of the applicable item(s).

(v) In the event the Term has expired and Tenant has vacated the Premises, at such time as the final determination has been made regarding Tenant's Expenses Excess for the Comparison Year in which this Lease terminated (which determination shall be timely made), Tenant shall,

within thirty (30) days following receipt of the Actual Statement for such final Comparison Year, pay any amounts due as a result of the actual Tenant's Expenses Excess for such Comparison Year exceeding Estimated Excess paid with respect thereto and, conversely, any overpayment made in the event the actual Tenant's Expenses Excess for such Comparison Year are less than Estimated Excess paid with respect thereto shall be remitted to Tenant by Landlord concurrently with Landlord's delivery of the Actual Statement for such final Comparison Year. Nothing contained in this Section 6 shall in any manner result in a decrease in Monthly Base Rent. Further, in the event that Building Operating Expenses for any Comparison Year are less than Building Operating Expenses for the OE Base year, Project Operating Expenses for any Comparison Year are less than Project Operating Expenses for the OE Base Year and/or Building Tax Expenses for the TE Base Year, Tenant shall not receive a credit against any Rent payable hereunder.

(vi) Tenant and its duly authorized representatives shall have the right to audit and copy the records of Landlord related Building Operating Expenses, Project Operating Expenses and Building Tax Expenses with respect to any calendar year within twelve (12) months following receipt of the applicable Actual Statement for such calendar year, upon not less then thirty (30) days' prior written notice to Landlord, during normal business hours at Landlord's business offices; provided that (1) Tenant shall not conduct more than one (1) such audit in any calendar year (unless discrepancies have been discovered or Tenant in good faith has reason to believe that discrepancies exist), and (2) Tenant shall exercise good faith efforts to keep such information in strict confidence (other than disclosures to Tenant's employees, agents, contractors and affiliated entities and as may be reasonably required to enforce the rights and remedies of Tenant under this Lease) and shall use commercially reasonable efforts to cause any other person or entity performing such audit or inspection to keep such information in strict confidence. In the event Tenant in good faith disputes the accuracy of any Actual Statement on the basis of any such audit, such dispute must be alleged in reasonable detail in written notice to Landlord within one hundred eighty (180) days following the inspection of Landlord's records. If Tenant's Expenses Excess are determined to have been overstated or understated by Landlord for any calendar year, the parties shall within thirty (30) days thereafter make such adjustment payment or refund as is applicable, and if the sum of actual Building Operating Expenses, Project Operating Expenses and Building Tax Expenses are determined to have been overstated by Landlord for any calendar year by in excess of three percent (3%), then Landlord shall pay the actual and reasonable cost of Tenant's audit. Tenant shall pay in a timely manner as required by this Lease any amounts stated as due on the Actual Statement, provided that such payment shall not waive any right to audit and/or dispute by Tenant as set forth herein. Landlord shall retain its books and records relating to each Comparison Year's Operating Expenses and Tax Expenses for a period of at lease twelve (12) months following delivery of the applicable Actual Statement with respect thereto.

7. USE.

(a) Tenant shall use the Premises for the use or uses set forth in Section 1(j) above, and shall not use or permit the Premises to be used for any other purpose whatsoever. Tenant shall use and occupy the Premises in compliance with all applicable federal, state and local laws, codes, rules, ordinances, statutes and other requirements (collectively, "Laws") (which Laws shall include, without limitation, the Americans with Disabilities Act of 1990, applicable fire-life safety codes of the City of Burbank, and to the extent disclosed by that certain preliminary title report with respect to the Site issued by Chicago Title Company dated as of May 1, 2002, Order No. 21049290-X52 (the "Title Report"), a copy of which is attached hereto as Exhibit G and incorporated herein by this reference, governmental requirements imposed in connection with the development or occupancy of the Building (collectively, the "Development Requirements"), including, without limitation, participation in any transportation management programs and compliance with any applicable air quality/trip reduction requirements). Tenant shall, upon written notice from Landlord, discontinue any use of the Premises which is declared by any governmental authority having jurisdiction to be a violation of applicable Laws or which is in violation of any Development Requirements disclosed by the Title Report. Landlord shall not hereafter voluntarily agree to non-mandatory governmental restrictions which would adversely affect (other than in a de minimis manner) the operation of Tenant's business from the Premises unless otherwise approved by Tenant, which approval may be granted or withheld in Tenant's sole and absolute discretion. Tenant shall make any and all alterations or

improvements to the Premises required to comply with applicable Laws; except that Tenant shall not be required to make structural alterations or improvements to the Premises required to comply with applicable Laws unless such compliance is necessitated by Tenant's particular use of the Premises (other than mere general offices use) or Alterations to the Premises. Tenant shall comply with all rules, orders, regulations and requirements of any insurance authority having jurisdiction over the Project or any present or future insurer relating to the Premises or the Project. Tenant shall promptly, upon demand, reimburse Landlord for any additional premium charged for any existing insurance policy or endorsement required by reason of Tenant's failure to comply with the provisions of this Section 7 or by reason of Tenant's use or occupancy of the Premises. Tenant shall not do or permit anything to be done in or about the Premises which will in any manner unreasonably obstruct or interfere with the rights of other tenants or occupants of the Project, or injure them, or use or allow the Premises to be used for any unlawful purpose, nor shall Tenant cause, maintain or permit any nuisance in, on or about the Premises. Tenant shall not commit or suffer to be committed any waste in or upon the Premises and shall keep the Premises in a state of repair and appearance which is reasonably comparable to the overall quality of the Project. Notwithstanding anything to the contrary contained in this Lease, in no event shall the Premises be used for any medical or dental office uses. Tenant shall not place a load upon the Premises exceeding the average pounds of live load per square foot of floor area specified for the Building by Landlord's architect, with the partitions to be considered a part of the live load. Landlord reserves the right to reasonably prescribe the weight and positions of all safes, files and heavy equipment which Tenant desires to place in the Premises so as to distribute properly the weight thereof.

(b) (i) To Landlord's actual knowledge, as of the date hereof, no "Hazardous Materials" (as hereinafter defined) are being used upon or are located or stored at the Project in violation of any applicable Laws (other than subsurface groundwater contamination generally existing in the Burbank area). In the event that following the delivery of possession of the Premises, it is determined that any portion of the Project was, as of the delivery of possession of the Premises, in violation of applicable Laws respecting Hazardous Materials and the same has or may have a material and adverse affect upon the operation of Tenant's business from the Premises, then Landlord shall, at Landlord's expense, promptly thereafter cause the remediation of the same so as to cure such material and adverse affect. In addition, Landlord shall indemnify, defend and hold harmless Tenant from an against any and all claims, judgments, damages, penalties, fines, costs, liabilities and losses (including, without limitation, sums paid in settlement of claims and for reasonable attorneys' fees, consultant fees and expert fees, but specifically excluding special, indirect or consequential damages including but not limited to claims for loss of use, anticipated profit or business opportunity, market-based stigma damages or business interruption, or mental or emotional distress or fear of injury or disease, except to the extent awarded to third parties and not Tenant or any of the "Tenant Parties", as hereinafter defined), to the extent arising (1) as a result of any Hazardous Materials now or hereafter located in, on, under or about the Building and/or Project unless caused to be so located in, on, under or about the Building and/or Project by Tenant, any subtenant of Tenant and/or any of their respective employees, agents, representatives, contractors, licensees or invitees; or (2) as a result of the breach by Landlord of any representation, warranty or covenant of Landlord set forth in this Section 7(b)(i). This indemnification of Tenant by Landlord includes, without limitation, costs incurred in connection with any investigation of site conditions after a breach by Landlord or any clean-up, remedial, removal or restoration work. The covenants of Landlord under this Section 7(b)(i) shall survive the expiration of the Term or earlier termination of this Lease.

(ii) Except general office supplies typically used in an office area in the ordinary course of business, such as copier toner, liquid paper, glue, ink, and cleaning solvents, for use in the manner for which they were designed, in such amounts as may be normal for the office business operations conducted by Tenant in the Premises, neither Tenant nor any subtenant nor any of their respective employees, agents, representatives, contractors, licensees or invitees, shall use, handle, store or dispose of any Hazardous Materials in, on, under or about the Premises, the Building or the Project. In the event of a breach of the covenant contained in the immediately preceding sentence, or in the event Hazardous Materials are otherwise caused to be located in, on, under or about the Premises, Building or Project by Tenant, any of its subtenants, or any of their respective employees, agents, representatives, contractors, licensees or invitees

(collectively, any "Tenant Hazardous Materials"), Tenant shall be solely responsible for and shall indemnify, defend and hold Landlord harmless from and against any and all claims, judgments, damages, penalties, fines, costs, liabilities and losses (including, without limitation, diminution in valuation of the Premises, Building or Project, and sums paid in settlement of claims and for reasonable attorneys' fees, consultant fees and expert fees) which arise during or after the Term as a result of any contamination directly or indirectly arising from the activities which are the basis for such breach. This indemnification of Landlord by Tenant includes, without limitation, costs incurred in connection with any investigation of site conditions resulting from discovery of any Tenant Hazardous Materials or any clean-up remedial, removal or restoration work. Tenant shall promptly take all actions, at its sole cost and expense, as are necessary to return the Premises, Building and/or Project to the condition existing prior to the introduction of any such Tenant Hazardous Materials, provided Landlord's approval of such actions shall first be obtained (which approval shall not be unreasonably withheld, conditioned or delayed) and Tenant shall fully cooperate in connection with any such clean-up, restoration or other work, at Tenant's sole cost and expense. Furthermore, Tenant shall (immediately notify Landlord of any injury, test, investigation or enforcement proceeding by or against Tenant or the Premises concerning the presence of any Tenant Hazardous Materials, and Landlord shall immediately notify Tenant of any inquiry, test, investigation or enforcement proceeding by or against Landlord or the Building concerning the presence of any Hazardous Materials which are not Tenant Hazardous Materials and which may result in a material adverse affect upon use or operation of business from the Premises. Tenant acknowledges that Landlord, at Landlord's election upon reasonable prior written notice to Tenant, shall have the sole right, at Tenant's reasonable expense, to negotiate, defend, approve and appeal any action taken or order issued by any governmental authority with regard to any Hazardous Materials contamination which Tenant is obligated hereunder to remediate in the event Landlord reasonably believes that Tenant will not itself promptly undertake the actions required under this Lease with respect thereto. The covenants of Tenant under this Section 7(b) (ii) shall survive the expiration of the Term or earlier termination of this Lease.

(iii) As used in this Lease, "Hazardous Materials" shall mean asbestos, petroleum fuel, natural gas or any fraction thereof, and any hazardous or toxic substance, material or waste which is or become regulated by any local governmental authority, the State of California or the United States Government, including, but not limited to, any material or substance defined as a "hazardous waste," "extremely hazardous waste," "restricted hazardous waste," "hazardous substance," "hazardous material," or "toxic pollutant" under state or federal laws, statutes or regulations, including, without limitation, the California Health and Safety Code and/or under the Comprehensive Environmental Response, Compensation and Liability Act, 42. U.S.C. § 9601, et seq.

8. TAXES ON TENANT'S PROPERTY. Tenant shall be liable and shall pay, before delinquency, all taxes levied against any personal property and/or trade fixtures placed by Tenant in or about the Premises, and all real property taxes on the value of any Tenant Improvements and Alterations

in the Premises in excess of Forty-Five Dollars ($45.00) per square foot of Rentable Area in the Premises. If any such taxes on Tenant's personal property, trade fixtures, Alterations and/or Tenant Improvements are levied against Landlord or Landlord's property or if the assessed value of the Premises or the Project is increased by the inclusion therein of a value placed upon such personal property, trade fixtures, Alterations and/or Tenant Improvements, Tenant shall pay the amount thereof as invoiced to Tenant by Landlord within thirty (30) days following receipt of such invoice together with reasonable evidence of such allocation. If any such taxes are assessed against Landlord or Landlord's property, (a) Landlord shall give prompt notice of such assessment to Tenant, (b) Landlord shall cooperate with Tenant (at no cost, expense or liability to Landlord), to petition the appropriate tax authorities for the issuance of a separate statement or tax bill for such portion of the taxes as are applicable to Tenant's property, (c) Landlord shall allow Tenant, at Tenant's cost, to contest the amount of the taxes assessed with respect to Tenant's property to the extent permitted by applicable Laws, and (d) if Landlord obtains a refund or credit of any such taxes, Landlord promptly shall repay Tenant the portion of such refund allocable to the taxes paid by Tenant.

9. CONDITIONS OF PREMISES.

(a) If it is determined within thirty (30) days of Tenant's commencement of occupancy of the Premises (other than for purposes of

construction of the Tenant Improvements upon the Premises) that work was required as of the completion of the Core and Shell Work to cause the Core and Shell Work mechanical or utility systems serving the Premises to then be in good working order without regard to the particular improvements (including, without limitation, Tenant Improvements) or Alterations thereafter to be made to the Premises for the benefit of Tenant (including, without limitation, distribution systems to be included as a part of such Tenant Improvements) or Tenant's particular use of the Premises (other than mere general office use), then Landlord shall cause the performance of such work at Landlord's sole cost and without inclusion of such cost in Operating Expenses.

(b) If it is determined at any time following the execution of this Lease that work was required as of the completion of the Core and Shell Work to correct any non-compliance of the Core and Shell Work with applicable Laws (including, without limitation, the Americans with Disabilities Act of 1990 and other applicable Laws respecting accessibility and use by disabled persons), as then enforced by applicable governmental authorities and without regard to the particular improvements (including, without limitation, Tenant Improvements) or Alterations thereafter to be made to the Premises for the benefit of Tenant or Tenant's particular use of the Premises (other than mere general office use), then Landlord shall cause the performance of such work at Landlord's sole cost and without inclusion of such cost in Operating Expenses.

(c) Tenant acknowledges that except as specifically otherwise provided in this Lease and subject to express Landlord's representations, warranties and covenants set forth in this Lease (including, without limitation, as provided in Sections 9(a) and 9(b) above), (i) the lease of the Premises by Tenant pursuant hereto shall be on an "as is" basis, (ii) neither Landlord nor any employee, representative or agent of Landlord has made any representation or warranty with respect to the Premises or any other portion of the Project, and (iii) Landlord shall have no obligation to improve or alter the Premises or Project for the benefit of Tenant.

10. ALTERATIONS.

(a) Tenant shall not make or allow to be made any alterations, additions or improvements (collectively, any "Alterations") in or to the Premises during the Term without obtaining Landlord's prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed and shall be granted or withheld within ten (10) days following Tenant's request for consent accompanied by the information required under this Section 10); except, however, that Tenant may make interior, non-structural Alterations to the Premises costing less than One Hundred Thousand Dollars ($100,000.00) per work of Alterations and not (i) requiring the demolition of any existing improvements or (ii) affecting the roof, base Building mechanical or base Building utility systems serving the Premises or the exterior appearance of the Building, without Landlord's prior consent but upon at least ten (10) days prior written notice to Landlord. Any request for consent to Alterations requiring consent shall be accompanied by two (2) complete sets of plans and specifications for the proposed Alterations suitable for submission to Landlord's architect for evaluation and a statement of the identity of the contractor who will perform such Alterations. However, mere placement of Tenant's freestanding personal property or furniture items in the Premises shall not be deemed to constitute Alterations for purposes of this Section. If Landlord's consent is required for any Alterations, Tenant shall pay all reasonable out-of-pocket costs incurred by Landlord in the evaluation of the plans and specifications, including, but not limited to, Landlord's general contractor's, architects' and engineers' fees. In addition, as a condition to Landlord's granting of its consent to any Alterations, Landlord shall have the right to approve the contractor and subcontractors performing such Alterations, such approval not to be unreasonably withheld, conditioned or delayed (provided that in any event Building standard subcontractors shall be used for work on Building roof and Building mechanical systems to the extent such work could result in an adverse affect on other Building occupants), and Landlord shall have the right to require that Tenant furnish assurances reasonably satisfactory to Landlord that all contractors and subcontractors who will perform such work have in force workers' compensation and such other employee and comprehensive general liability insurance in accordance with the standards set forth in Section 17(a) (but with a liability limit of not less than One Million Dollars ($1,000,000.00)), and such other insurance as Landlord reasonably deems necessary to supplement the insurance coverage provided for in Section 17(a). All Alterations work to be performed by Tenant in the Premises requiring the consent of Landlord pursuant hereto, including the delivery, storage and removal of materials, shall be scheduled through and be subject

to the reasonable supervision of Landlord, and shall be performed in accordance with any reasonable conditions or regulations imposed by Landlord. All Alterations work (whether or not Landlord's consent is required therefor) shall be completed in a good and workmanlike manner and in accordance with all applicable Laws. All Alterations requiring Landlord's consent shall be completed substantially in accordance with the approved plans and specifications therefor. Promptly following the completion of any Alterations where the preparation of "as-built" plans would be customary for the particular Alterations work performed, Tenant shall deliver to Landlord both a "hard" copy and a copy on CAD diskette of the "as-built" plans (including all working drawings) together with specifications for such Alterations. Promptly following the completion of any Alterations for which any governmental permit, approval or sign-off is required under applicable Laws, Tenant shall deliver to Landlord a copy of signed-off permits, inspection cards or other documentation, if any is available given the nature of the Alterations work performed, evidencing governmental approval of completion of the work. Promptly following the completion of any Alterations requiring Landlord's consent, Tenant shall cause to be recorded in the Office of the County Recorder of Los Angeles County a Notice of Completion in accordance with Section 3093 of the California Civil Code or any successor statute with respect to the work, and deliver a copy thereof to Landlord. Any supervision by Landlord of such Alterations shall in no event constitute Landlord's approval of the work so performed, nor shall Landlord be responsible for or have any liability with respect to such supervision or work. Copies of required building permits or authorizations shall be

obtained by Tenant at its expense and Tenant shall furnish copies of same to Landlord. The construction of the Tenant Improvements shall be governed by Exhibit C to this Lease and the Tenant Improvements shall not be deemed to constitute Alterations for purposes of this Lease.

(b) Any mechanic's liens filed against the Premises or against the Building or the Project for work claimed to have been done for, or materials claimed to have been furnished to, Tenant will be discharged by Tenant, by bond or otherwise, within thirty (30) days after the filing thereof, at Tenant's sole cost and expense. All Alterations upon the Premises shall, unless Landlord elects otherwise by written notice to Tenant at the time of Tenant's installation of such Alterations, become the property of Landlord upon the expiration of the Term or earlier termination of this Lease, and shall remain upon and be surrendered with the Premises, as part thereof, at the expiration of the Term or earlier termination of this Lease. If Landlord requires Tenant to remove any Alterations, Tenant, at its sole cost and expense, agrees to remove the identified Alterations on or before the expiration of the Term or earlier termination of this Lease and repair any damage to the Premises caused by such removal (or, at Landlord's option, Tenant agrees to pay to Landlord Landlord's reasonable estimate of the costs of such removal and repair prior to such expiration or termination).

(c) The initial Tenant Improvements made pursuant to this Lease (including, without limitation, any stairwells in the Premises) shall be the sole property of Landlord and shall not be removed by Tenant from the Premises. Notwithstanding the foregoing, all articles of personal property and all business and trade fixtures (which are susceptible of removal without material damage to the Premises and which are not permanently affixed to the Premises), machinery, equipment, furniture and removable partitions owned by Tenant or installed by Tenant at its expense in the Premises shall be and remain the sole property of Tenant and may be removed by Tenant at any time during the Term of this Lease and shall be removed by Tenant prior to the expiration of the Term or earlier termination of this Lease, provided that Tenant shall at its sole expense repair any damage caused by such removal. In addition, notwithstanding anything to the contrary contained in this Lease, Tenant shall retain the right to all protected marks of Tenant or Tenant's affiliated entities and Tenant, at Tenant's cost, shall remove all personal property items bearing such marks prior to the expiration of the Term or earlier termination of this Lease and repair any damage resulting from such removal. If Tenant shall fail to remove all of its property from the Premises upon the expiration of the Term or earlier termination of this Lease for any cause whatsoever, Landlord may, at its option, either (i) treat such property as being conveyed to Landlord in which case the same shall automatically and without further action be deemed to be the sole property of Landlord, or (ii) remove the same in any manner that Landlord shall choose, and store or dispose of said property without liability to Tenant for loss thereof, and Tenant agrees to pay to Landlord upon demand any and all reasonable expenses incurred in such removal, including court costs, reasonable attorneys' fees and storage charges on such property for any length of time that the same shall be in Landlord's possession, provided that Landlord agrees that any personal property items not so removed by Tenant and

bearing the protected marks of Tenant or any of Tenant's affiliates shall be treated by Landlord in accordance with the provisions of the foregoing clause (ii) and not the foregoing clause (i). In the alternative, Landlord may, at its option, sell said property, or any of the same, in such manner as Landlord determines to be appropriate in Landlord's reasonable business judgment, for such prices as Landlord may obtain and apply the proceeds of such sale to any amounts due under this Lease from Tenant to Landlord and to the expense incident to the removal and sale of such property. Tenant waives the benefit of any statutory provisions governing the treatment by a landlord of a tenant's personal property left in leased premises following the expiration of the lease, in the event Tenant fails to remove all of its property from the Premises upon the expiration of the Term or earlier termination of this Lease, the parties hereby agreeing that the provisions of this Lease constitute the express agreement of the parties with respect thereto and are intended to govern such situation.

11. REPAIRS.

(a) From and after delivery of possession of the Premises to Tenant, Tenant shall keep, maintain and preserve the Premises in a first class condition and repair, and shall, as and when needed, at Tenant's sole cost and expense, make all repairs to the Premises and every part thereof (other than elements of the Premises to be maintained and repaired by Landlord pursuant to this Lease) and all personal property, trade fixtures and equipment within the Premises. Subject to the provisions of Section 10(c) above, upon the expiration of the Term or sooner termination of this Lease, Tenant shall surrender the Premises to Landlord in the same condition as when received, as improved by the Tenant Improvements, excepting permitted Alterations which Tenant is not required to remove pursuant to Section 10(b) above, reasonable wear and tear, casualty damage governed by Section 18 below, and damage which Landlord is obligated to repair under this Lease.

(b) Landlord shall keep, maintain and preserve in first-class condition and repair, the roof, structure and foundation, integrated Building utility and mechanical systems, parking facilities and other Common Areas and common systems of the Project, the costs of which shall be included in Operating Expenses (except as otherwise provided in this Lease); provided, however, that to the extent such maintenance and/or repair work is (i) attributable to items installed in Tenant's Premises which are above standard interior improvements (such as, for example, custom lighting, special HVAC and/or electrical panels or systems, kitchen or restroom facilities and appliances constructed or installed within Tenant's Premises), (ii) attributable to the installation, as a part of the Tenant Improvements, Tenant's Alterations or Tenant's trade fixtures, of items which are less than first-class in quality, workmanship or manner of installation, and/or (iii) subject to Section 17(d) below, necessitated by the negligence or wilful misconduct of Tenant or any of the "Tenant Parties" (as hereinafter defined), then Tenant shall pay to Landlord the reasonable cost of such maintenance and/or repairs. Landlord shall not be liable for any failure to make any such repairs or to perform any maintenance unless such failure shall persist for more than thirty (30) days (or such shorter period as may be reasonably appropriate under the circumstances) after written notice of the need for such repairs or maintenance is given to Landlord by Tenant. Subject to the provisions of Section 14(d), 18 and 19 below, there shall be no abatement of Rent and no liability of Landlord by reason of any injury to or interference with Tenant's business arising from the making of any repairs, alterations or improvements in or to any portion of the Project or the Premises or in or to fixtures, appurtenances and equipment therein. Tenant waives the right to make repairs at Landlord's expense under any law, statute or ordinance now or hereafter in effect (including, without limitation, Sections 1941 and 1942 of the California Civil Code).

12. LIENS. Tenant shall not permit any mechanics', materialmen's or other liens to be filed against the Project nor against Tenant's leasehold interest in the Premises on account of any work performed by or on behalf of Tenant or its employees, agents, invitees or contractors. Landlord shall have the right at all reasonable times to post and keep posted on the Premises any notices which it deems necessary for protection from such liens. If any such liens are filed and are not discharged by Tenant (by bonding or otherwise) within thirty (30) days following receipt of written notice thereof from Landlord), Landlord may, without waiving its rights and remedies based on such breach by Tenant and without releasing Tenant from any of its obligations, cause such liens to be released by any means it shall deem proper, including payment in satisfaction of the claim giving rise to such liens. Tenant shall pay to Landlord at once, as Additional Rent, upon notice by Landlord, any sums paid by Landlord to remove such liens.

13. ENTRY BY LANDLORD. Landlord and its employees, agents, representatives, consultants and/or contractors shall have the right from time to time upon reasonable prior notice to Tenant and with no more than reasonable frequency (which, notwithstanding anything to the contrary contained in this Lease respecting the manner of delivery of notices, may be oral or written notice), except that no such prior notice shall be required in the event of an emergency or for scheduled provision of services to the Premises, to enter the Premises to inspect the same, to supply any service to be provided by Landlord to Tenant hereunder, to show the Premises to prospective purchasers, encumbrancers or tenants, to post notices of non-responsibility, to alter, improve or repair the Premises or, to the extent reasonably necessary under the circumstances, any other portion of the Building, all without being deemed guilty of any eviction of Tenant and without abatement of Rent (subject to the provisions of Section 14(d) below), and may, in order to carry out such purposes, erect scaffolding and other necessary structures where required by the character of the work to be performed. Except in the event of an emergency, Tenant shall have the right to accompany Landlord during any such entry. Landlord shall use reasonable efforts to minimize any interference with the operation of Tenant's business from the Premises resulting from any such entry (except in the event of an emergency Landlord shall use reasonable efforts to minimize any interference with the operation of Tenant's business from the Premises resulting from any such entry only to the extent reasonably practicable under the circumstances). Subject to the provisions of Section 14(d) below and Landlord's compliance with this Section 13, Tenant hereby waives any claim for damages for any injury or inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the Premises, and any other loss in, upon and about the Premises or the Project. Landlord shall at all times have and retain a key with which to unlock all doors to and in the Premises. In the event of an emergency, Landlord shall have the right to use any and all means which Landlord reasonably may deem proper to open said doors in order to obtain entry to the Premises. Any entry to the Premises obtained by Landlord by any of said means shall not be construed or deemed to be a forcible or unlawful entry into the Premises, or an eviction of Tenant from the Premises or any portion thereof. It is understood and agreed that no provision of this Lease shall be construed as obligating Landlord to perform any repairs, alterations or decorations, except as otherwise expressly agreed herein by Landlord.

14. UTILITIES AND SERVICES.

(a) (i) Tenant shall be permitted access to the Premises and parking facilities serving the Premises during the Term on a twenty-four (24) hours per day, seven (7) days per week basis.

(ii) The Premises shall be furnished heating, ventilation and air conditioning ("HVAC"), at comfortable temperatures consistent with the operation of Comparable Buildings during the hours of 8:00 a.m. to 6:00 p.m. Monday through Friday, and (if requested by Tenant by Tenant's use of the automated, telephone-activated system to be included as a part of such HVAC system) 9:00 a.m. to 1:00 p.m. on Saturday, excluding Holidays (such hours are collectively referred to herein as "Building Hours"). As used herein, "Holidays" shall mean New Year's Day, Washington's Birthday (observed), Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas and any other national or state holiday customarily recognized by operators of Comparable Buildings. If requested by Tenant by Tenant's use of the automated, telephone-activated system to be included as a part of such HVAC system, HVAC service shall be provided to all or certain of the HVAC zones within the Premises (as requested pursuant hereto) other than during Building Hours (for a minimum period of two (2) consecutive hours at a time except that such minimum period shall be one (1) hour at a time if immediately following Building Hours when HVAC service is provided), provided that Tenant shall pay to Landlord for each such hour of HVAC service during non-Building Hours, the then prevailing charge by Landlord for such service (which charge is currently $60.00 per hour per zone). Amounts payable by Tenant hereunder shall be paid as additional rent within thirty (30) days following tenant's receipt of Landlord's billing therefor. Tenant agrees to reasonably cooperate with Landlord, and to abide by all reasonable regulations and requirements which Landlord may prescribe for the proper function and protection of the Building HVAC system. Tenant agrees not to connect any apparatus, device, conduit or pipe to the Building chilled and hot water air conditioning supply lines without the prior written consent of Landlord (which consent shall not be unreasonably withheld, conditioned or delayed). Tenant further agrees that, unless otherwise approved by Landlord in advance in writing (which approval shall not be unreasonably withheld, conditioned or delayed), neither Tenant nor its servants, employees, agents,

visitors, licensees or contractors shall at any time enter mechanical installations or facilities of the Building or Project or unreasonably tamper with, touch or otherwise affect said installations or facilities. The reasonable cost of maintenance and service calls to adjust and regulate the HVAC system shall be charged to Tenant if the need for maintenance work results from either Tenant's unreasonably tampering with room thermostats, defects in the HVAC system as installed by Tenant, or Tenant's failure to comply with its obligations under this Section 14, or Tenant's heat or cold generation in excess of that which is customary for general office use.

(iii) The Premises shall be furnished electric power of five (5) watts connected load per square foot of Rentable Area for all electrical power (exclusive of Building standard lighting). Any additional electrical power which Landlord is able to make available to the Premises at Tenant's request shall be subject to Tenant's reimbursement of Landlord's reasonable costs (including, without limitation, reasonable administrative and overhead costs) of providing such additional electrical power (including, without limitation, if applicable, costs of installing facilities sufficient to provide such additional electrical power), which amount shall be paid to Landlord as additional rent within thirty (30) days following Tenant's receipt of Landlord's billing therefor. Tenant agrees not to connect any apparatus or device with wires, conduits or pipes, or other means by which such services are supplied, for the purpose of using amounts of such services in excess of the capacity within the Premises without the written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. Notwithstanding anything to the contrary contained in this Lease, in the event Tenant operates from the Premises during times other than Building Hours and/or operates equipment requiring electrical usage in excess of that which is customary for the operation of standard general office use equipment, at Landlord's option, reasonable costs allocable to such non-Building Hours electrical use and/or excess electrical use (as equitably determined by Landlord) shall be reimbursed by Tenant to Landlord, as additional rent, on a monthly or other periodic basis as reasonably determined by Landlord, within thirty (30) days following Landlord's submission to Tenant of an invoice therefor.

(iv) The Premises shall be provided with water for drinking fountain, HVAC and, if applicable, restroom and/or kitchen uses.

(v) Landlord shall cause janitor service to be provided to the Premises after or before Building business hours on a five (5) days per week basis, excluding Holidays, in accordance with the specifications set forth on Exhibit I attached hereto and incorporated herein by this reference. Tenant shall pay to Landlord, as additional rent within thirty (30) days following receipt of invoice therefor from Landlord, the cost of (1) any extra janitorial service required due to the nature of Tenant's improvements, Alterations, fixtures and/or personal property being other than that which is customary for general office use, and/or (2) the removal of any of Tenant's refuse and rubbish to the extent that the same exceeds the refuse and rubbish usually attendant upon the use of the Premises for general office use.

(vi) Landlord shall provide certain Project security services, in accordance with the specifications set forth on Exhibit J attached hereto and incorporated herein by this reference. Tenant, at its own cost may provide any additional security services required for Tenant's Premises.

(vii) Landlord shall allow Tenant to utilize up to 400 KVA of the capacity of the existing emergency back-up generator serving the Building, provided (1) that Landlord shall have the right to reasonably approve the manner of Tenant's hook-up to such emergency back-up generator, which hook-up shall be at Tenant's sole cost, and (2) that Tenant shall reimburse Landlord for the reasonable costs of Tenant's use of such generator, within thirty (30) days following Tenant's receipt of billing therefor from Landlord accompanied by reasonable supporting documentation; provided further, however, that the parties shall reasonably cooperate following Tenant's commencement of occupancy of the Premises and determination of Tenant's actual required usage of such emergency back-up generator so as to reduce the amount of capacity which is dedicated for Tenant's use to such required amount if such required amount is less than 400 KVA.

(viii) Landlord shall allow Tenant to utilize the existing four inch (4") conduit and up to fifty percent (50%) of a second (2nd) existing four inch (4") conduit, both as currently located in the

southeast corner of the Parking Structure, as the point of entry for telecom and fiber use serving the Premises, provided that Landlord shall have the right to reasonably approve the manner of Tenant's connection to such conduit, which connection shall be at Tenant's sole cost.

(b) In the event that Tenant desires any other service in amounts exceeding the services described herein as reasonably determined by Landlord, Tenant shall pay Landlord the reasonable and actual out of pocket costs of providing such additional services, plus a reasonable administrative fee, as Additional Rent.

(c) Except as provided in Section 14(d) below, Landlord's failure to furnish any of such utilities and services, whether caused by accident, breakage or repairs, strikes, lockouts or other labor disturbances or labor disputes of any such character, governmental regulation, moratorium or other governmental action, inability despite the exercise of reasonable diligence to obtain such utilities or services or otherwise shall not result in any liability to Landlord nor shall Tenant be entitled to any abatement or reduction of Rent, nor shall Landlord be deemed to have evicted Tenant, nor shall Tenant be relieved from the performance of any covenant, obligation or agreement in this Lease because of any such failure. In the event of any stoppage or interruption of services or utilities, Landlord shall use reasonable diligence to attempt to resume such services or utilities.

(d) Notwithstanding anything to the contrary contained in this Lease, during the Term of the Lease, if Tenant is actually prevented from using all or other than a de minimis portion of the Premises as a result of (i) an interruption in essential utility services to the Premises, or (ii) Landlord's actions in entering upon the Premises (other than in exercising any remedy or curing any Tenant failure to perform in accordance with this Lease), or (iii) inability to access the Premises due to the occurrence of a Force Majeure Event, and which prevention from use is not cured by Landlord within three (3) consecutive days following Landlord's receipt of written notice thereof from Tenant stating Tenant's intent to receive an abatement (the number of days until cure of such prevention from use following Landlord's receipt of such notice from Tenant are referred to herein as "Prevention Days") or if Tenant incurs more than an aggregate of ten (10) Prevention Days in any period of twelve (12) consecutive months during the Term, then Monthly Base Rate and Tenant's obligation for payment of Tenant's Expenses Excess shall thereafter be equitably abated based upon the portion of the Premises which Tenant is so prevented from using and Tenant's obligation for payment of parking fees shall also be abated based upon the reduction in use of parking attributable to such prevention from use of all or a portion of the Premises, until and to the extent that Tenant is no longer so prevented from using such portion of the Premises as a result of the applicable item described in clause (i), (ii) or (iii) above. Notwithstanding the foregoing, the provisions of Section 18 below and not the provisions of this subsection (d) shall govern in the event of casualty damage to the Premises or Project and the provisions of Section 19 below and not the provisions of this subsection (d) shall govern in the event of condemnation of all or a part of the Premises or Project.

15. INDEMNIFICATION.

(a) Tenant shall be liable for, and agrees, to the maximum extent permissible under applicable Laws, to promptly indemnify, defend and hold harmless Landlord, its affiliated entities and their respective members, partners, officers, directors, employees, agents, successors and assigns (collectively, the "Landlord Indemnified Parties"), from and against, any and all claims, damages, judgments, suits, causes of action, losses, liabilities, penalties, fines, expenses and costs, including, without limitation, reasonable attorneys' fees and expenses (collectively, "Indemnified Claims"), to the extent arising or resulting from (i) any negligence or wilful misconduct of Tenant, its subtenants and/or assignees and their respective agents, employees, representatives, licensees, contractors and/or invitees (collectively, the "Tenant Parties"); and/or (ii) the use of the Premises and Common Areas or conduct of Tenant's business by Tenant or any Tenant Parties, or any other activity, work or thing done, permitted or suffered by Tenant or any Tenant Parties, in or about the Premises, or done or permitted by Tenant or any Tenant Parties in or about the Building or elsewhere within the Project. In case any action or proceeding is brought against Landlord or any Landlord Indemnified Parties by reason of any such Indemnified Claims, Tenant, upon notice from Landlord, agrees to promptly defend the same at Tenant's sole cost and expense by counsel approved in writing by Landlord, which approval shall not be unreasonably withheld, conditioned or delayed.

Notwithstanding anything to the contrary contained in the foregoing provisions of this Section 15(a), (1) Tenant shall not be required to indemnify, defend and/or hold harmless Landlord for matters to the extent the same (x) arise out of the negligence or wilful misconduct of Landlord or Landlord's employees, agents or contractors and (y) are not covered by the insurance maintained by Tenant (or would not have been so covered had Tenant maintained the insurance required to be maintained by Tenant under this Lease), and (2) in no event shall Tenant be liable under this Section 15(a) for special, indirect or consequential damages including, but not limited to, claims for loss of use, anticipated profit or business opportunity, market-based stigma damages or business interruption, or mental or emotional distress or fear of injury or disease except to the extent awarded to third parties and not Landlord or any of Landlord's employees, agents or contractors.

(b) Landlord shall indemnify, defend and hold harmless Tenant, its affiliated entities and their respective members, partners, officers, directors, employees, agents, successors and assigns (collectively, the "Tenant Indemnified Parties"), from and against, any and all claims, damages, judgments, suits, causes of action, losses, liabilities, penalties, fines, expenses and costs, including, without limitation, reasonable attorneys' fees and expenses (collectively, "Indemnified Claims"), to the extent (i) arising from occurrences in the Common Areas not resulting from the negligence or wilful misconduct of Tenant or any of the Tenant Parties, and/or (ii) arising out of the negligence or wilful misconduct of Landlord or Landlord's employees, agents or contractors. Notwithstanding anything to the contrary contained in the foregoing provisions of this Section 15(b), (1) Landlord shall not be required to indemnify, defend and/or hold harmless Tenant for matters to the extent the same (x) arise out of the negligence or wilful misconduct of Tenant or the Tenant

Parties, and (y) are not covered by the insurance maintained by Landlord (or would not have been so covered had Landlord maintained the insurance required to be maintained by Landlord under this Lease), (2) and in no event shall Landlord be liable hereunder for special, indirect or consequential damages including, but not limited to, claims for loss of use, anticipated profit or business opportunity, market-based stigma damages or business interruption, or mental or emotional distress or fear of injury or disease except to the extent awarded to third parties and not Tenant or any of the Tenant Parties. In case any action or proceeding is brought against Tenant or any Tenant Indemnified Parties by reason of any such Indemnified Claims, Landlord, upon notice from Tenant, agrees to promptly defend the same at Landlord's sole cost and expense by counsel approved in writing by Tenant, which approval shall not be unreasonably withheld, conditioned or delayed.

(c) The obligations of the parties pursuant to this Section 15 shall be subject to the provisions of Section 17(d) below. Further, the provisions of this Section 15 shall survive the expiration of the Term or sooner termination of this Lease.

16. DAMAGE TO TENANT'S PROPERTY AND WAIVER. Notwithstanding anything contained in this Lease to the contrary, subject to the provisions of Section 14(d), Landlord or its agents and employees shall not be liable for (a) loss or damage to any property by theft or otherwise, or (b) any injury or damage to person or property resulting from fire, explosion, falling plaster, steam, gas, electricity, water or rain which may leak from any part of the Building or from pipes, appliances or plumbing work therein or from the roof, street, sub-surface or from any other place or resulting from dampness or any other cause whatsoever, except to the extent (i) resulting from the negligence or wilful misconduct of Landlord or its contractors, agents, servants or employees or breach of this Lease by Landlord and (ii) not covered by the insurance maintained by Tenant (or which would not have been so covered if Tenant had maintained the insurance required to be maintained by Tenant pursuant to this Lease). Landlord or its agents shall not be liable for interference with light or other similar intangible property interests. Tenant shall give prompt notice to Landlord in case of fire or accidents in the Premises or the Building, and of defects discovered by Tenant therein or in the fixtures or equipment located therein.

17. INSURANCE.

(a) Tenant shall, during the Term hereof, at its sole cost and expense, keep in full force and effect the following insurance:

(i) All Risk insurance (including a vandalism and malicious mischief endorsement and sprinkler leakage coverage) upon all of

Tenant's personal property, trade fixtures, furniture and equipment in the Premises, in an amount not less than one hundred percent (100%) of the full replacement cost thereof, subject to commercially reasonable deductible amounts.

(ii) Commercial general liability insurance coverage, including personal injury, bodily injury, broad form property damage, automobile, Premises operations hazard, contractual liability (covering the indemnity contained in Section 15), and products and completed operations liability, with a combined single limit of not less than Three Million Dollars ($3,000,000.00). Such insurance shall name Tenant as named insured thereunder and shall name Landlord and such of Landlord's Lienholders and ground lessors as are designated by Landlord, each as additional insureds thereunder, all as their respective interests may appear, shall contain a cross liability endorsement, and shall be primary and non-contributing with respect to any insurance maintained by Landlord. Such liability insurance shall insure Tenant and each additional insured for (1) the actions of Tenant and/or any of Tenant's employees, agents, representatives, contractors and/or invitees, (2) Alterations to, and occurrences in, the Premises, and (3) the use or operation of the Premises. Landlord shall have the right, from time to time, upon not less than thirty (30) days prior written notice to Tenant, to require an increase in such liability insurance limit if consistent with then standard industry practices for prudent risk management by a tenant of comparably-sized premises within Comparable Buildings.

(iii) Workers' Compensation and Employer's Liability Insurance in form and amounts as required by applicable law.

(iv) Any other form or forms of insurance as Landlord and Landlord's Lienholders may reasonably require from time to time, in form, in amounts, and for insurance risks against which a prudent tenant of a comparable size and in a comparable business would protect itself given the economic feasibility of such insurance and consistent with then industry standards for prudent risk management by tenants of comparably-sized premises in Comparable Buildings.

The minimum limits of insurance set forth in this Section 17(a) are not intended to limit the liability of Tenant under this Lease. Notwithstanding any provision of this Lease to the contrary, the obligations of Tenant to provide increased or new insurance under Sections 17(a)(ii) and (iv) above, shall be limited to the extent the same is then customarily provided by comparable tenants of comparably sized premises and having a comparable use in Comparable Buildings and is then reasonably available on a commercially reasonable basis at a reasonable cost. All policies of insurance maintained by Tenant under this Section 17(a) shall be taken out with insurance companies holding a General Policyholders Rating of "A-" and a Financial Rating of "VIII" or better, as set forth in the most current issue of Best's Insurance Reports. As soon as practicable after the placing of the required insurance, but prior to the date Tenant takes possession of all or part of the Premises, Tenant shall deliver to Landlord certificates evidencing the existence of the amounts and forms of coverage required hereunder. No such policy shall be cancelable or reducible in coverage except after at least thirty (30) days prior written notice to Landlord if such a time frame for notice of a reduction or cancellation is afforded by the applicable carrier. Tenant shall, within ten (10) days prior to the expiration of such policies, furnish Landlord with certificates of renewals or binders thereof; provided that if Tenant fails to furnish the same, Landlord may, following fifteen (15) days' notice to Tenant (unless such failure is cured within such fifteen (15) day period), order such insurance and charge the reasonable cost thereof to Tenant. If Landlord properly obtains any insurance that is the responsibility of Tenant under this Section 17(a), Landlord shall deliver to Tenant a written statement setting forth the cost of any such insurance and showing in reasonable detail the manner in which it has been computed and Tenant shall promptly remit said amount to Landlord, as additional rent. Tenant may satisfy its insurance obligations under this Lease by blanket, umbrella and/or, as to liability coverage in excess of One Million Dollars ($1,000,000.00), excess liability coverage, so long as the coverage afforded under the applicable policy is not reduced or diminished as a result thereof.

(b) During the Term, Landlord shall carry the following insurance:

(i) All Risk insurance (including a vandalism and malicious mischief endorsement and sprinkler leakage coverage, and also covering such other risks as Landlord or Landlord's lender may require) upon

the Project (but excluding any property which Tenant is obligated to insure under Sections 17(a) above) in an amount not less than the full replacement cost thereof (excluding footings, foundations and excavation and commercially reasonable deductible amounts), and including commercially reasonable rental loss coverage for losses covered by such insurance policy. Such insurance policy shall include coverage of the Tenant Improvements (as modified from time to time by Tenant's Alterations) and the parties shall reasonably cooperate to allow for proper valuation thereof for insurance purposes. Such insurance policy or policies shall name Landlord as a named insured. The deductible under the All Risk policy shall not exceed such amount as Landlord determines to be appropriate given reasonable and prudent risk management practices.

(ii) Commercial general liability insurance coverage, including personal injury, bodily injury, broad form property damage, automobile, Premises operations hazard, contractual liability (covering the indemnity contained in Section 15), and products and completed operations liability, with a combined single limit of not less than Three Million Dollars ($3,000,000.00).

Landlord may satisfy its insurance obligations under this Lease by blanket, umbrella and/or, as to liability coverage in excess of One Million Dollars ($1,000,000.00), excess liability coverage, so long as the coverage afforded under the applicable policy is not reduced or diminished as a result thereof.

(c) Other than as customary for general office use or to the extent permitted by this Lease, Tenant will not keep or use, sell or offer for sale, in or upon the Premises any article which may be prohibited by any insurance policy then in force covering the Building or the Project. If Tenant's occupancy or business in or upon the Premises, whether or not Landlord has consented to the same, includes such extraordinary activities for a first-class office building that the same results in any increase in premiums for the insurance periodically carried by Landlord with respect to the Building or the Project, Tenant shall pay as Additional Rent any such increase in premiums within thirty (30) days after being billed therefor by Landlord. In determining whether increased premiums are a result of a change in Tenant's use of the Premises, a schedule issued by the organization computing the insurance rate on the Project showing the various components of such rate, shall be conclusive evidence of the several items and charges which make up such rate.

(d) All policies of property damage insurance required hereunder shall include a clause or endorsement denying the insurer any rights of subrogation against the other party to the extent rights have been waived by the insured before the occurrence of injury or loss, if same are obtainable without unreasonable cost. To the extent such a waiver of subrogation is so obtainable, neither Landlord nor Tenant shall be liable to the other for any damage caused by fire or any of the risks insured against or required to be insured against under any insurance policy required by this Lease. Landlord and Tenant waive any rights of recovery against the other for injury or loss due to risks covered by or required to be covered by such policies of property damage insurance containing such a waiver of subrogation clause or endorsement to the extent insurance proceeds cover the injury or loss.

18. DAMAGE OR DESTRUCTION.

(a) If the Premises shall be destroyed by fire or other casualty so as to render all or a portion of the Premises untenantable, then, for so long as Tenant is actually not occupying all or a portion of the Premises as a result of such prevention from use, Tenant shall be entitled to an abatement of Tenant's obligation for payment of (i) Monthly Base Rent and Tenant's Expenses Excess, on a proportionate basis to the extent that Tenant's use of the Premises is so effectively prevented, and (ii) monthly parking fees, to the extent of the reduction in use of parking attributable to such inability to use all or a portion of the Premises; which abatement shall commence as of the date of the casualty and continue during the period of such repair or reconstruction, until such time as Tenant is no longer so effectively prevented from using the Premises. For all purposes of this Section 18, casualty damage shall be deemed to include, without limitation, any damage or destruction resulting from the occurrence of any Force Majeure Event.

(b) Except where Landlord or Tenant elects to terminate this Lease as hereinafter provided, Landlord shall use reasonable diligence to

repair any casualty to the Premises, Building or Common Areas to the extent of available insurance proceeds (plus any deductible amounts included in Operating Expenses pursuant to Section 6(a) above) plus any funds delivered by Tenant to Landlord for purposes of performing such repairs (as hereinafter provided), subject to delays and adjustment of insurance proceeds (provided that Tenant shall be responsible for the repair of Tenant's furniture, fixtures, equipment and personal property). In the event of the total destruction of the Premises or Project, or in the event of the partial destruction of the Premises or Project which is the result of an event not required to be covered and actually not covered by the insurance to be maintained by Landlord pursuant to this Lease, or requiring repair for which Landlord is unable (despite the exercise of commercially reasonable efforts) to obtain necessary governmental permits or approvals without being subject to unreasonable expense or condition, then Landlord shall have the right to elect to terminate this Lease by written notice to Tenant delivered within ninety (90) days following the occurrence of the casualty, provided that Tenant may elect to nullify such termination by agreeing that Landlord shall have no obligation for the repair of such damage in written notice delivered to Landlord not later than ten (10) days following Tenant's receipt of such termination notice. The proceeds from any insurance paid by reason of damage to or destruction of the Project or any part thereof insured by Landlord, shall belong to and be paid to Landlord. Subject to Section 22 below, Tenant shall not be entitled to any compensation or damages from Landlord or Landlord's insurance provider for loss in the use of the whole or any part of the Premises and/or any inconvenience or annoyance by such damage, repair, reconstruction or restoration.

(c) In the event of any damage or destruction of all or any part of the Premises, Tenant agrees to immediately notify Landlord thereof.

(d) Notwithstanding anything to the contrary contained herein, if the Premises is wholly or partially damaged or destroyed within the final eighteen (18) months of the then remaining Term of this Lease (as the same may theretofore have been extended pursuant to this Lease), and if as a result of such damage or destruction Tenant is, or reasonably will be, denied access to or use of other than a de minimis portion of the Premises for the conduct of its business operations for a period of sixty (60) consecutive days (or such shorter period as is then remaining in the Term), Landlord or Tenant may, at its option, by giving the other notice no later than sixty (60) days after the occurrence of such damage or destruction, elect to terminate the Lease as to the affected portion of the Premises (provided that if operation for business by Tenant as to the unaffected portions of the Premises is not reasonably possible, then such termination may be made as to the entire Premises).

(e) Notwithstanding anything to the contrary contained in this Lease, in the event of material casualty damage to the Premises or portion of the Project Common Areas reasonably required for operation of Tenant's business from the Premises (and where alternative Common Areas are not available) not resulting in termination of this Lease, Landlord shall deliver written notice to Tenant within ninety (90) days following such casualty damage or occurrence setting forth Landlord's good faith estimate of the time required for substantial completion of repair and/or restoration of the Premises or such Common Areas, and if such estimated time exceeds one (1) year from the occurrence of the casualty, Tenant may elect to terminate this Lease by written

notice to Landlord within fifteen (15) days following Tenant's receipt of such notice. In addition, in the event such repair and/or restoration of the Premises or such portions of the Project Common Areas is not actually substantially completed within one (1) year period from the occurrence of the casualty (or such longer time period as may have been estimated in such notice to Tenant), Tenant may elect to terminate this Lease upon thirty (30) days prior written notice to Landlord, provided that if such repair and/or restoration is substantially completed within such thirty (30) day period, such election to terminate shall be nullified and this Lease shall continue in full force and effect.

(f) Landlord and Tenant hereby waive the provisions of any statutes (including, without limitation, Sections 1932(2) and 1933(4) of the California Civil Code) or court decisions which provide a party to a lease with a right to abatement of rent or termination of the lease when leased property is damaged or destroyed and agree that such event shall be exclusively governed by the terms of this Lease.

(g) In the event of casualty damage to the Premises not resulting in termination of this Lease and requiring Tenant to temporarily

vacate all or portion of the Premises pursuant hereto, Landlord shall Endeavor in good faith to reach agreement with Tenant (on terms and Conditions mutually acceptable to both parties) for the interim lease by Tenant of alternate space within the Project (if available) prior to making such available alternate space available for interim lease by other Building tenants, provided that Landlord shall not be required to forego the opportunity to lease any such available space to a third party for a longer term in order to make such space available for interim lease by Tenant pursuant hereto.

19. EMINENT DOMAIN.

(a) If any material portion of the Project shall be taken for any public or quasi-public purpose by any lawful power or authority by exercise of the right of appropriation, condemnation or eminent domain, or sold to prevent such taking to such an extent as to render untenantable the entirety of the Promises or such a material Premises that Tenant's operation from the reminder of the Premises is not reasonably practicable as reasonably determined by Tenant. Tenant shall have the right to terminate this Lease effective as of the date possession is required to be surrendered to said Authority by written notice to Landlord by the effective date of such taking. Tenant shall not assert any claim against Landlord or the taking Authority for any compensation because of such taking other than a clam for any separate award attributable to the value of any personal property or trade fixtures of Tenant which are taken, costs of Tenant's relocation and unamortized costs of Tenant's Improvements to the extent costing in excess of $45.00 per square foot of Rentable Area in the Premises and Tenant hereby assigns to Landlord all of Tenant's interest in and Landlord shall be entitled to receive the entire amount of any other award without deduction for any estate or interest of Tenant (including, without limitation, any award attributable to the value of the remaining Term of this Lease). If Tenant does not so elect to terminate Landlord shall, to the extent of proceeds received commence to restore the Premises to substantially their some condition prior to such partial taking, and a proportionate allowance shall be made to Tenant for the Monthly Base Rent and Tenant's obligation for payment of Tenant's expenses excess corresponding to the time during which, and to the part of the Premises of which Tenant shall be so deprived on account of such taking and restoration. Nothing contained in this Section 19(a) shall be deemed to give Landlord any interest in any award made to Tenant for the taking of Tenant's personal property and trade fixtures or for Tenant's costs of relocation.

(b) In the event of a taking of the Premises or any part thereof for temporary use, (1) this Lease shall be remain unaffected thereby and Rent shall not abate, and (ii) Tenant shall be entitled to receive for itself such portion or portions of any award made for such use with respect to the period of the taking which is within the Term, provided that if such taking shall remain in force at the expiration of the Term or earlier termination of this Lease Tenant shall then pay to Landlord a sum equal to the reasonable cost of performing Tenant's obligations under Section 10(c) with respect to surrender of the Premises and upon such payment shall be excused from such obligations. For purposes of this Section 19(b) a temporary taking shall be defined as a taking for a period of twelve (12) months or less.

(c) Landlord and Tenant hereby waive the provisions of any statutes (including, without limitation, Section1265.130 of the California Cod of Civil Procedure) or court decisions which provide a party to a leased property is condemned or taken and agree that such event shall be exclusively governed by the terms of this Lease.

(d) In the event of the taking or condemnation of a part of the Premises not resulting in termination of this Lease and requiring Tenant to temporarily vacate all portions of the Premises pursuant hereto, Landlord shall endeavor in good faith to reach agreement with Tenant (on terms and conditions mutually acceptable to both parties) for the interim lease by Tenant of alternate space within the Project (if available) prior to making such available alternate pace available for interim lease by other Building tenants, provided that Landlord shall not be required to forego the opportunity to lease any such available space to a third party for a longer term in order to make such space available for interim lease by Tenant pursuant hereto.

20. ASSIGNMENT AND SUBLETTING.

(a) Tenant shall not voluntarily assign its interest in this Lease (an "assignment") or sublease or permit occupancy by third parties of all any part of the Promises (a "sublease") without first obtaining Landlord's prior written consent which consent shall not be unreasonably withheld, conditioned or delayed. Tenant shall not under any circumstances mortgage pledge or otherwise transfer or encumber this Lease or the Premises (except for an assignment or sublease pursuant to this Section 20). Any assignment or sublease without Landlord's prior written consent shall be voidable at Landlord's election and shall constitute a default hereunder. For purposes hereof in the event Tenant is a partnership a withdrawal or change of the partners owning more than a twenty–five percent (25%) interest in the partnership in one or more transfers or the transfer by the controlling shareholder or member of so much of its stock or membership interest that it is no longer the controlling shareholder or member shall constitute a voluntary assignment and shall be subject to the provisions of this Section 20 provided however that the provisions of this sentence shall not apply if Tenant is a public exchange. Notwithstanding anything to the contrary contained herein, Tenant shall have the right without Landlord's prior consent and without being subject to Section 20 (e) below but upon not less than fifteen (15) days prior written notice to Landlord to assign this Lease or sublet the Premises to any entity (i) controlling, controlled by or having fifty percent (50%) or more common control with Tenant, or (ii) resulting form a merger or consolidation with Tenant or acquiring all of the assets and/or stock of Tenant; provided that any such entity shall assume the obligations and liabilities of Tenant under this lease (any such assignment or subletting permitted without the prior consent of Landlord is referred to in this Lease as a "Permitted Transfer" and any such assignee or subtenant under a Permitted Transfer is referred to in this Lease as a "Permitted Transferee") and no such assignment or sublease shall in any manner release Tenant from its primary liability under this Lease.

(b) No consent to an assignment or sublease shall constitute a further waiver of the provisions of this Section 20. Tenant shall notify Landlord in writing of Tenant's intent to assign or sublease this Lease, the name of the proposed assignee or subtenant, information concerning the financial responsibility of the proposed assignee or subtenant and the economic and other material terms of the proposed assignment or subletting, and Landlord shall within thirty (30) days of receipt of such written notice, and the financial responsibility information and such other information as may be reasonably requested for Landlord's consent and submission of the information set forth above) elect one of the following : (i) consent to such proposed assignment or sublease; or (ii) refuse such consent, which refusal shall be on reasonable grounds.

(c) Landlord and Tenant agree, by way of example and not in limitation as to other reasonable grounds for withholding consent and without in any manner limiting Landlord's rights in the event of a proposed assignment or sublease. that it shall be reasonable under this Lease and under any applicable law for landlord to withhold its consent to a proposed assignment or subletting should Landlord determine that any of the following apply: (i) the proposed transferee's use of the Premises is inconsistent with the Permitted Use set forth in Section I (j) of this Lease; (ii) the proposed transferee is a character or reputation which is not consistent with the quality of the Building or Project; (iii) the proposed assignee or in the case of a sublease of more than fifty thousand (50,000) square feet of Rentable Area subtenant does not in Landlord's reasonable judgment have sufficient financial strength to assure performance of the obligations to be performed pursuant to such assignment or subletting; (iv) the space to be subleased is not regular in shape with appropriate means of ingress and aggress suitable for normal leasing purposes; (v) the proposed transferee is a governmental agency or instrumentality thereof (including without limitation any foreign consulate); (vi) the proposed transferee is a person or entity (or an affiliate thereof) currently leasing or occupying space within the Project and alternate space is available within the Project for lease to such proposed transferee; (vii) during the initial eighteen (18) months of the Term, the proposed transferee is a person or entity with whom Landlord is then negotiating for the lease or occupancy of space within the Project and alternate space is available within the Project for lease to such proposed transferee; (viii) Tenant is in default under this Lease (after

receipt of notice and the expiration of any applicable period for cure thereof under this Lease) at the time Tenant requests consent to the proposed assignment or sublease; or (ix) the proposed assignment or sublease is likely to result in more than a reasonable and safe number of occupants per floor within the space proposed to be assigned or sublet or is likely to result in insufficient visitor parking for the Building.

(d) Any assignee of Tenant's interest in this Lease (whether or not under and assignment requiring Landlord's consent) hereby agrees that (and at Landlord's option, if Landlord's consent is required for such assignment that Landlord receive an instrument executed by such assignee and expressly enforceable by Landlord agreeing that) such assignee assumes and agrees to be bound by all of the terms and provisions of this Lease and to perform all of the obligations Tenant hereunder. Any subtenant of all or any portion of the Premises (whether or not under a subletting requiring Landlord's consent) hereby agrees that (and at Landlord's option if Landlord's consent is required for such sublease pursuant to this Lease, it shall be a condition to such sublease that Landlord receive an instrument executed by such subtenant agreeing that) such sublease is subject and subordinate to this Lease and to all mortgages or deeds of trust; that Landlord my enforce the provisions of the sublease including (following the occurrence of any default by Tenant under this Lease which is not cured within any applicable period for cure pursuant to Section 21 below) collection of rent; that in the event of voluntary surrender by Tenant, or in the event of any re-entry or repossession of the Premises by Landlord may, at its option either (i) terminate this sublease or (ii) take over all of the right title and interest of Tenant as sub landlord under such sublease in which case such subtenant will attorn to Landlord but that nevertheless Landlord will not (1) be liable for any previous act or omission of Tenant under such sublease (2) be subject to any defense or offset previously accrued in favor of the subtenant against Tenant, or (3) be bound by any previous modification of any sublease made without Landlord's written consent or by any previous prepayment by subtenant of more than one month's rent.

(e) In connection with Landlord's grant of consent to an assignment or sublease as required under the provisions of this Section 20, Tenant shall pay Landlord's reasonable attorneys' fees and processing costs incurred in giving such consent. In the event of any assignment or sublease (other than a Permitted Transfer) Landlord shall receive as additional rent hereunder twenty-five percent (25%) of Tenant's "Excess Consideration" derived from such assignment or sublease. If Tenant shall elect to assign or sublet, Tenant shall use reasonable and good faith efforts to secure consideration form any such assignee or subtenant which would be generally equivalent to then-current market rent, but in no event shall Tenant's monetary obligations to Landlord, as set forth in this Lease, be reduced. In the event of sublease "Excess Consideration" shall mean all rent additional and other consideration actually received by Tenant from such subtenant and /or actually paid by such subtenant on behalf of Tenant in connection with the subletting in excess of the rent additional rent or other sums payable by Tenant under this Lease during the term of the sublease on a per square foot basis if less than all of the Premises is subleased, less the sum of Tenant's reasonable attorney's fees the cost of any alterations or improvement made for the benefit of such subtenant or any free rent period granted to such subtenant. In the event of an assignment "Excess Consideration" shall mean key money, bonus money or other consideration paid by the assignee to Tenant in connection with such assignment and any payment in excess of fair market value for services rendered by Tenant to assignee or for assets fixtures inventory equipment or furniture transferred by Tenant to assignee in connection with such assignment less the sum of Tenant's reasonable out-of pocket costs incurred in connection with such assignment for brokerage commissions, reasonable attorneys' fees, the cost of any alterations or improvements made for the benefit of such assignee and/or any free rent period granted to such assignee. If part of the Excess Consideration shall be payable by the assignee or subtenant other than in cash, then Landlord's share of such non-cash consideration shall be in such form as is reasonably satisfactory to Landlord.

(f) Notwithstanding any permitted assignment or subletting (whether or not the same requires Landlord's consent pursuant to this Section) Tenant shall at all times remain directly, primarily and fully responsible and liable for all payments owed by Tenant under this Lease and for compliance with all obligations under the terms and conditions of this

Lease. Landlord's waiver or consent to any assignment or subletting shall not relieve Tenant or any assignee or sub lessee from any obligation under this Lease whether or not accrued and Tenant shall at all times remain directly, primarily and fully responsible and liable for all payments owed by Tenant under this Lease and for compliance with all obligations of Tenant under the terms and conditions of this Lease.

21. DEFAULT BY TENANT.

(a) The occurrence of any one or more of the following events shall constitute a default hereunder by Tenant:

(i) The failure by Tenant to make payment of Rent as and when due where such failure shall continue for a period of three (3) days after written notice thereof from Landlord to Tenant provided however, that any such notice shall be in lieu of and not in addition to any notice required under California Code of Civil Procedure $1161 or any similar successor statute

(ii) The failure by Tenant to observe or perform any of the express or implied covenants or provisions of this Lease to be observed or performed by Tenant other than as specified in Section 21(a) (i) where such failure shall continue for a period of thirty days after written notice thereof form Landlord provided however that any such notice shall be in lieu of and not in addition to any notice required under California Code of Civil Procedure $1161 or any similar successor statute; provided further that if the nature of Tenant's default is such that more than thirty (30) days are reasonably required for its cure then Tenant shall not be deemed to be in default if Tenant shall promptly commence such cure within such thirty (30) day period and thereafter continuously and diligently prosecute such cure to completion.

(iii) The making by Tenant of any general assignment for the benefit of creditors; the filing by or against Tenant of a petition to have Tenant adjudged a bankrupt or a petition for reorganization or arrangement under any law relating to bankruptcy (unless in the case of a petition field against Tenant the same is dismissed within sixty (60) days); the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease where possession is not restored to Tenant within sixty (60) days; or if this Lease where such seizure is not discharged within sixty (60) days; or if this Lease shall by operation of law or otherwise pass to any person or persons other than Tenant.

(b) In the event of any such default by Tenant, in addition to any other remedies available to Landlord at law or in equity Landlord shall have the immediate option to terminate this Lease and all rights of Tenant hereunder. In the event that Landlord shall elect to so terminate this Lease then Landlord may recover from Tenant: (i) the worth at the time of award of any unpaid Rent which had been earned at the time of such termination plus (ii) the worth at the time of award of the amount by which the unpaid Rent which would have earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided plus (iii) the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided; plus (iv) any other amount necessary to compensate Landlord for all the determine proximately caused by Tenant's failure to perform Tenant's obligations under this Lease or which in the ordinary course of things would be likely to result there from for a new tenant, whether for the same or a different use and any special concessions made to obtain a new tenant, the unamortized value of any free rent, reduced rent, free parking reduced rate parking and any Tenant Improvement allowance or other costs or economic concessions provided paid granted or incurred by Landlord pursuant to this Lease (which unamortized value shall be determined by taking the total value of such concessions and multiplying such value by a fraction the numerator of which is the number of months of the Term not yet elapsed as of the date on which the Lease is terminated, and the denominator of which is the total number of months of the Lease Term) plus (v) at Landlord's election, such other amounts in addition to or in lieu of the forgoing as may be permitted form time to time by applicable law.

As used in Section 21 (b) (i) and (ii) above the "worth at the time of award" is computed by allowing interest at the interest Rate. As used in Section 21 (b) (iii) above, the "worth at the time of award" is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

(c) In the event of any such default by Tenant, Landlord shall also have the remedy described in California Civil Code Section 1951.4 (lessor may continue lease in effect after lessee's breach and abandonment and recover rent as it becomes due, if lessee has the right to sublet or assign subject only to reasonable limitations). Accordingly, if Landlord does not elect to terminate this Lease on account of any default by Tenant, Landlord may from time to time, without terminating this Lease enforce all of its rights and remedies under this Lease including the right recover all rent as it becomes due. In connection with the exercise of such remedy, any property of Tenant may be (i) removed and stored in a public warehouse or elsewhere at the cost of and for the account of Tenant or (ii) disposed of in personal property items not so removed by Tenant and bearing the protected marks of Tenant or any of Tenant's affiliates shall be treated by Landlord in accordance with the provisions of the forgoing clause (i) and not the foregoing clause (ii) No re-entry or taking possession of the Premises by Landlord pursuant to this Section 21 (c) shall be construed as an election to terminate this Lease unless a written notice of such intention is given to Tenant or unless the termination thereof be decreed by a court of competent jurisdiction.

(d) If Landlord does not elect to terminate this Lease as provided above, Landlord may either recover all Rent as it becomes due or relet the Premises or any part thereof for the Term of this Lease on terms and conditions as Landlord in its reasonable discretion may deem advisable with the right to re-enter the Premises to make alterations and repairs to the Premises to enable Landlord to take whatever other actions may be necessary to relet protect or preserve the Premises. In the event that Landlord shall elect to so relet then Rent received by Landlord from such reletting shall be applied: first to the payment of any costs incurred in connection with any reletting (including without limitation reasonable costs of brokerage commissions attorneys fees, improvement and/or moving allowances and alterations and/or repairs to the Promises); second, to the payment of any indebtedness other than Monthly Base Rent due hereunder from Tenant to Landlord; third, to the payment of Monthly Base Rent due and unpaid hereunder; and the residue, if any, shall be held by Landlord and applied to payment of future Rent as the same may become due and payable hereunder. Should that portion of such Rent received form such reletting during any month, which is applied to the payment of Rent hereunder be less than the Rent payable during that month by Tenant hereunder, then Tenant shall pay such deficiency to Landlord immediately upon demand therefore by Landlord. Such deficiency shall be calculated and paid monthly. Tenant shall also pay to Landlord, as soon as ascertained, any reasonable costs and expenses incurred by Landlord in such reletting, including but not limited to brokerage commissions, or in making such alterations and repairs not covered by the Rent Received from such reletting.

(e) Tenant hereby waives, for itself and all persons claiming by and under Tenant all rights and privilege which it might have under any present or future law to redeem the Premises or to continue the Lease after being dispossessed or ejected form the Premises.

(f) If Tenant fails to perform any covenant or condition to be performed by Tenant Landlord shall have the right (but not the obligation) to perform such covenant or condition (i) immediately in the event of an emergency situation of imminent risk of personal injury or material property damage, or (ii) prior to cure and following a second (2^{nd}) written notice to Tenant informing Tenant of Landlord's intention to exercise its rights under this Section 21 (f) after Tenant's failure to cure such failure to perform within the period provided for cure after Tenant's receipt of written notice form Landlord pursuant to Section 21 (a) (ii) above. All reasonable costs incurred by Landlord by Tenant together with interest at the interest Rate computed form the due date. Any performance by Landlord of Tenant's obligations shall not waive or cure such default. All reasonable costs and expenses incurred by Landlord including reasonable attorney's fees (whether or not legal proceedings are instituted) in collecting Rent or enforcing the obligations of Tenant under Lease shall be paid by Tenant to Landlord upon demand.

(g) All rights options and remedies of Landlord contained in this Lease shall be construed and held to be cumulative and no one of them shall be exclusive of the other and Landlord shall have the right to pursue any one or all of such remedies or any other remedy or relief which may be provided by law, whether or not stated in this Lease.

22. DEFAULT BY LANDLORD.

(a) Unless a shorter time period is herein specified Landlord shall not be in default hereunder unless Landlord fails to perform the obligations required of Landlord within a reasonable time, but in no event later than thirty (30) days after written notice by Tenant to Landlord specifying wherein Landlord had failed to perform such obligation; provided however that if the nature of Landlord's obligation is such that more than thirty (30) days are required for performance then Landlord shall not be in default if Landlord commences performance within such thirty (30) day period and thereafter continuously and diligently prosecutes the same to completion.

(b) In the event of any default on the part of Landlord, Tenant will give notice by registered or certified mail any Lien holder of writing (which writing shall include a request that such party be copied on any default notices); and shall offer such Lien holder a reasonable opportunity to cure the default including time to obtain possession of the Premises by power of sale or a judicial foreclosure or in the event of a ground lessor by appropriate judicial foreclosure or in the event of ground lessor by appropriate judicial action if such should prove necessary to effect a cure; provided that the provisions of this Section 22 (b) shall not limit Tenant 's right to seek an award for damages against Landlord for Landlord's default under this Lease which is not cured within the applicable terminate this Lease as result of such an uncured default until the expiration of the applicable notice and cure period provided under this Section 22 (b).

23. SUBORDINATION. This Lease shall be subject and subordinate at all times to (a) all ground leases which may now exist or hereafter be executed affecting the Building, the Project or the land upon which the Building and Project are situated or both and any and all amendments, renewals, modifications, supplements and extensions thereof; and (b) the lien of any mortgage or deed of trust which may now exist or hereafter be executed and any and all advances made thereunder and interest thereon and all modifications, renewals supplements consolidations and replacements thereof. Notwithstanding the forgoing Tenant acknowledge that Landlord shall have the right to subordinate or cause to be subordinated any such ground leases or any such liens to this Lease. In the event that any ground lease terminates for any reasons or any mortgage or deed of trust is foreclosed or a conveyance in lieu of foreclosure is made for any reason, Tenant shall, notwithstanding any subordination attorn to and become the tenant of the successor in interest to Landlord at the option of such successor in interest. Tenant shall execute and deliver, upon reasonable prior notice form Landlord any additional documents in such commercially reasonable form as is reasonably designated by Landlord evidencing the priority or subordination of this Lease with respect to any such ground leases or the lien of any such mortgage or deed of trust. Landlord shall use commercially reasonable efforts to obtain from any Lien holder to whose mortgage, deed of trust or ground lease this Lease is hereafter subordinated an agreement of non-disturbance on such Lien holder's commercially reasonable form for the benefit of Tenant (the "Future SNDA") and notwithstanding anything to the contrary contained in the forgoing it shall be a condition to Tenant's obligation to subordinate or attorn to any Lien holder to whose mortgage, deed of trust or ground lease this Lease is hereafter subordinated, that Landlord obtain such Future SNDA from such Lien holder. In addition, Landlord shall use reasonable efforts and diligence to obtain a subordination non-disturbance and attornment agreement for the benefit of Tenant form the existing Lien holder for the Project within thirty (30) days following the execution of this Lease, using such Lienholder's commercially reasonable form. For purposes of this Lease, a "Lien holder" shall mean any mortgagee under a mortgage beneficiary under a deed of trust or lessor under a master lease or ground lease encumbering all or a portion of the Project.

24. ESTOPPEL CERTIFICATE.

(a) Within fifteen (15) days following any written request which landlord may make from time to time, Tenant shall execute and deliver

to Landlord a statement in a form reasonably satisfactory to Landlord certifying: (i) the date of commencement of this Lease; (ii) the fact that this Lease is unmodified and I n full force and effect (or if there have been modifications hereto, that this Lease is in full force and effect as modified and stating the date and nature of such modifications); (iii) the date to which the Monthly Base Rent and other sums payable under this Lease have been paid; (iv) that to Tenant's knowledge, there are no current defaults under this Lease by either Landlord or Tenant except as specified in such statement and (v) such other matters reasonably requested by Landlord. Any statement delivered pursuant to this Section 24 may be relied upon by any existing or prospective mortgagee, beneficiary, encumbrance, transferee or purchaser of the interest of Landlord in the Project Promises or this Lease (without Knowledge to the contrary).

(b) Unless Landlord has knowledge to the contrary if Tenant fails to deliver such statement within such fifteen (15) day period and such failure remains uncured for a period of three (3) business days following Tenant's receipt of a second written notice from Landlord, then such failure shall be conclusive upon Tenant (i) that this Lease is in full force and effect, without modification except as may be represented by Landlord, (ii) that there are no uncured defaults in Landlord's performance, and (iii) that not more than one (1) monthly installment of Monthly Base Rent has been paid in advance.

25. DEFINITION OF LANDLORD. The Term "Landlord" as used in this Lease, so far as covenants or obligations on the part of Landlord are concerned, shall be limited to mean and include only the owner or owners, at the time in question, of the fee title to, or a lessee's interest in a ground lease of, the Project. In the event of any transfer or assignment of such title or leasehold interest and the assumption in writing of Landlord's remaining obligations under this Lease by the transferee or assignee, Landlord herein named (and in case of any subsequent transfers or conveyances, the then grantor) shall be automatically freed and relieved from and after the date of such transfer, assignment or conveyance of all liability respecting the performance of any covenants or obligations on the part of Landlord contained in this Lease thereafter to be performed. Landlord may transfer its interest in the Premises without the consent of Tenant and such transfer or subsequent transfer shall not be deemed a violation on Landlord's part of any of the terms and conditions of this Lease.

26. PARKING.

(a) During the Term, Tenant shall be entitled to the number of parking passes indicated in Section 1 (k), subject to payment of the then applicable monthly parking fee as established in accordance herewith; provided that Tenant agrees that in any event, throughout the Term of this Lease, Tenant shall be required to obtain and pay for not less than three (3) unreserved parking passes per each one thousand (1,000) square feet of Rentable Area within the Premises (rounded to the nearest whole number of parking passes to the extent rentable Area of the Premises is not evenly divisible by one thousand (1,000). Each parking pass shall entitle the holder thereof to one unreserved parking space within those portions of the Common Areas as may be

provided by Landlord from time to time for the purpose of parking motor vehicles for the Premises, provided that such Common Area parking shall be unreserved and may be provided by tandem or stacked parking (which may be for two (2) or three (3) cars), provided that a reasonably sufficient number of attendants (based upon the volume of such tandem or stacked parking) are available as reasonably necessary to coordinate such parking. Subject to Section 26 (d) below, monthly parking fees per parking pass for unreserved parking shall be Eighty Dollars ($80.00) per month per pass plus all applicable taxes and/or assessments from Commencement Date through and including the expiration of the sixtieth (60th) month of the Term, ninety Dollars ($90.00) per month per pass plus all applicable taxes and/or assessments from the commencement of the sixty-first (61st) month of the Term through and including the expiration of the one hundred twentieth (120th) month of the Term, One Hundred Dollars ($100.00) per month per pass plus all applicable taxes and/or assessments from the commencement of the one hundred twenty-first (121st) month of the Term through and including the expiration of the one hundred forty-fourth (144th) month of the Term, and One Hundred Ten Dollars ($110.00) per month per pass plus all applicable taxes and/or assessments from the commencement of the one hundred forty-fifth (145th) month of the Term through and including the expiration of the two hundred fourth (204th) month of the Term. Monthly parking fees per parking pass for unreserved parking during the Extended Term(s) shall be at Landlord's then prevailing rates therefore (as adjusted by Landlord from time

to time). Notwithstanding anything to the contrary contained herein, Tenant shall at all times be entitled to convert a portion of its monthly parking allotment from passes for unreserved parking spaces to passes for reserved parking spaces within the Project Common Areas (which spaces shall be included as a part of the total parking allotment which Landlord is required to provide to Tenant pursuant hereto), subject to tenant's payment of a monthly parking fee for each such reserved parking space pass, which fee shall equal two hundred percent (200%) of the then applicable unreserved parking pass rate, plus all applicable taxes and/or assessments, provided that in no event shall the total of Tenant's reserved parking passes at any time exceed ten percent (10%) of the total parking allotment which Landlord is required to provide to Tenant pursuant to this Lease. Tenant may convert from reserved to unreserved parking passes and vice-versa from time to time during the term upon not less than thirty (30) days prior written notice, provided that no more than an aggregate of ten percent (10%) of Tenant's monthly parking allotment may be converted from passes for unreserved spaces to passes for reserved parking spaces. The location of such reserved parking spaces shall be designated by Landlord (and to the extent practicable, shall be within the westerly portion of the Parking Structure), and shall be subject to tenant's prior approval (which approval shall not be unreasonably withheld, conditioned or delayed), so that the initial thirty (30) such reserved parking spaces are evenly distributed between the two (2) highest levels of the Project parking garage and all additional reserved parking spaces beyond such initial thirty (30) reserved parking spaces shall be located on the third level of the Project parking garage. Landlord shall cause each reserved parking space to be designated as "reserved". If Tenant desires any additional signage identifying such reserved parking spaces, such signage shall be subject to Landlord's prior written approval (which approval shall not be unreasonably withheld, conditioned or delayed), as to design and manner of installation and shall be installed by Landlord at Tenant's sole but reasonable cost. Monthly parking fees shall be payable monthly in advance prior to the first day of each calendar month. Landlord may assign any unreserved and unassigned parking spaces and/or make all or a portion of such spaces preferred and/or reserved, if it determines in its reasonable discretion that it is necessary for orderly and efficient parking. Visitor parking rates shall be at posted rates. Tenant shall be entitled to purchase validations for visitor parking charges at the prevailing rated for the purchase of such validations as established by Landlord from time to time for Building tenants. At Landlord's option, visitor parking shall be monitored by a parking attendant. Tenant shall not use any spaces which have been assigned for uses such as visitor parking or which have been designated by governmental entities with competent jurisdiction as being restricted to certain uses. Tenant hereby agrees to comply with all Laws relating to parking for Tenant's employees including without limitation, the payment of all parking charges and costs for all of its employees, visitors and invitees, whether by validation or otherwise.

(b) It is understood that, subject to the provisions of Section 26(a) above, a system of charges for parking (including the parking spaces to which Tenant is entitled pursuant to Section 1(k)) and rules and regulations with respect to parking may be established and amended by Landlord, in Landlord's reasonable discretion, from time to time. The use by Tenant and its employees, visitors and invitees of the parking facilities of the Project shall be on the terms and conditions set forth herein as well as in the established parking rules and regulations. Landlord shall not be responsible to Tenant for the violation or non-performance by any other tenant or occupant of the Projects of any of the established parking rules and regulations, but Landlord shall use reasonable diligence to enforce such rules and regulations. Tenant shall not permit or allow any vehicles that belong to or are controlled by Tenant or Tenant's employees to be loaded, unloaded or parked in areas other than those designated by Landlord for such activities. If Tenant permits or allows any of the prohibited activities described herein and in the established parking rules and regulations, then Landlord shall have the right, with reasonable notice given the applicable circumstance, in addition to such other rights and remedies that it may have, to remove or tow away the vehicle involved and charge the cost to Tenant, which cost shall be immediately payable upon demand by Landlord and/or to rescind the parking rights of the offender.

(c) Parking areas shall all be located on-Site and may be leased by, added to, substituted for, enlarged or established by Landlord for parking and any such addition to, or substitution for, a then parking area or any new parking area so established by Landlord for the purpose of use under this Section 26© shall during the time of their respective use under the provisions of this Section 26 be considered as part of the parking area and

shall be subject to all of the provisions of this Section 26, but Landlord shall not relocate Tenant's reserved parking spaces without prior written consent of Tenant (which consent shall not be unreasonably withheld, conditioned or delayed).

(d) Notwithstanding anything to the contrary contained herein, Tenant's obligation for payment of Tenant's monthly parking fees for parking passes up to the number of parking passes indicated in Section 1(k) above (including, without limitation, any parking passes for reserved parking obtained by converting unreserved parking passes as provided for under Section 26 (a) shall be abated during the initial twenty-four (24) months of the Term. The amount of monthly parking fees which Tenant is not obligated to pay during the initial twenty-four (24) months of the Lease Term pursuant to the terms of the immediately preceding sentence is referred to herein as "Abated Parking Fee Amount". Upon notice to tenant delivered by not later than the September 30 which is at least three (3) months prior to the start of the calendar year(s) as to which any Abated Parking Fee Amount purchased pursuant hereto would otherwise commence, Landlord shall have the right to purchase all or any part of the Abated Parking Fee Amount at any time prior to the expiration of the twenty-fourth (24th) month of the Lease Term, by paying to Tenant an amount equal to the "Abated parking Fee Purchase Price" (as hereinafter defined). As used herein, the "Abated Parking Fee Purchase Price" shall mean the present value of the Abated Parking Fee Amount allocable to such of the unexpired portion of the initial twenty-four (24) months of the Lease Term as Landlord desires to purchase pursuant hereto, as of the date of payment of the Abated Parking Fee Purchase Price by Landlord. Such present value shall be calculated (x) by suing such portion of the Abated Parking Fee Amount attributable to each remaining month during the initial twenty-four (24) months of the Lease Term as Landlord desires to purchase pursuant hereto, as the amounts to be discounted, and (y) by suing discount rates for each amount to be discounted equal to eight percent (8%) per annum. Upon such

payment of the Abated Parking Fee Purchase Price, the provisions of this Section 26 (d) shall be of no further force or effect as to the portion of the Abated Parking Fee Amount so purchased (which may be all of the Abated Parking Fee Amount if fully purchased pursuant hereto) and Tenant shall not be entitled to any further Abated Parking Fee Amount as to the portion of the Abated Parking Fee Amount so purchased.

27. SIGNAGE.

(a) Subject in all events to applicable Laws and any other restrictions of record or to which the Project is subject, Tenant shall be entitled to (i) Building standard identification of Tenant and its employees upon the common Building lobby directory board sign, at Tenant's sole cost and expense, provided that Tenant shall not be entitled to use of more than one (1) line upon such directory board sign per each two thousand (2,000) square feet of Rentable area within the Premises (rounded to the nearest whole number to the extent the Rentable Area of the Premises is not evenly divisible by two thousands (2,000); (ii) Building standard identification of Tenant by name upon the main entrance door to the Premises, to be installed at Tenant's sole cost and expense; and (iii) additional signage in accordance with Exhibit E attached hereto and incorporated herein by this reference. The exact location, size, materials, coloring, lettering and content of all Tenant signage shall not be unreasonably withheld, conditioned or delayed; provided that Landlord hereby pre-approves the specification for Tenant's signage as set forth on Exhibit E, Landlord hereby pre-approves animation of the monument sign and media display as set forth on Exhibit E (subject to Tenant obtaining necessary governmental approval therefore), and Landlord hereby pre-approves of content which would be rated PG-13 under current MPAA standards and does not contain nudity, profanity or violence (beyond that which is permitted under a PG-13 rating). Without limiting the generality of the foregoing and by way of example only, the parties hereby agree that it shall be reasonably for Landlord to withhold approval to any Tenant signage (other than as expressly set forth on Exhibit E) that would adversely affect the image or character of the Project as a first-class office building Project or marketing of the Project. Tenant shall be responsible for obtaining permits and governmental approvals for, fabrication, installation, maintenance, repair and replacement (as necessary to reflect any change in the identification of Tenant) of Tenant's Building exterior and Project exterior signage in first-class condition, at Tenant's sole cost and expense; provided that, at Landlord's option, Landlord shall perform the work of such obtaining of permits and approvals, fabrication, installation, maintenance, repair and/or replacement of such signs (or any number thereof) and Tenant shall reimburse Landlord for Landlord's reasonable costs of such performance, as additional rent, within thirty (30) days following Landlord's submission to

Tenant of a statement of such costs. Tenant's signage rights pursuant to this Section 27(a) shall be assignable any permitted assignee or subtenant under this Lease; except that Tenant's Building exterior and Project exterior signage rights under this Section 27 (a) shall only be assignable to an assignee or subtenant who is a Permitted Transferee. Landlord shall cooperate with Tenant to the maximum extent reasonably practicable in Tenant's efforts to obtain necessary governmental approvals for Tenant's desired identification on Tenant's exterior signage granted pursuant to this Section 27 (a) (including, without limitation, in connection with any desired "videotron" signage).

(b) Landlord hereby agrees that for so long as Tenant or any Permitted Transferee is occupying at least seventy-five percent (75%) of the premises originally leased hereunder, (i) the Building shall be known as the "Warner Music Building", and (ii) Landlord shall be known as the signage upon the southern elevation of the Building, the western elevation of the Building or the western one-third (1/3)rd of the northern elevation of the Building (except that the ground floor restaurant tenants shall be entitled to signage identification on the western one-third ($1/3^{rd}$) of the northern elevation of the Building as shown on Exhibit E).

28. NOTICES. All notices, demands, consents and approvals which may or are required to be given by either party to the other hereunder shall be in writing and shall be either served personally, or sent by overnight courier, or sent by registered or certified mail, return receipt requested with postage prepaid, as follows: if to Tenant, addressed at the address(es) designated in Section 1 (a), or if to Landlord, at the address(es) designated in Section 1 (b), or to such other place or places as the party to be notified may from time to time designate by at least fifteen (15) days notice to the other party. Such notices, demands, consents and approvals shall be deemed sufficiently served or given for all purposes hereunder, unless otherwise specified in this Lease, either (a) if personally served, upon such service, (b) if sent by overnight courier providing receipt of delivery, the following business day, or (c) if mailed, tow (2) business days after the time of mailing or on the date of receipt shown on the return receipt, whichever is earlier.

29. HOLDING OVER. If Tenants holds over in the Premises after the expiration of the Term or earlier termination of this lease, Tenant shall become a tenant at sufferance only, subject to the provisions of this Lease, except that Rent during such holding over shall equal one hundred fifty percent (150%) of the Rent in effect immediately prior to such expiration or termination. Acceptance by Landlord of Rent after such expiration or earlier termination shall not result in a renewal or extension of this Lease. If Tenant fails to surrender the Premises upon the expiration of the Term or earlier termination of this Lease despite demand to do so by Landlord, Tenant shall indemnify, defend and hold harmless Landlord from and against any and all claims, demands, losses, liabilities, costs and/or expenses (including, without limitation, reasonable attorneys' fees and expenses) arising as a result thereof, including, without limitation, any claim made by any succeeding tenant founded on or resulting from such failure to surrender.

30. QUIET ENJOYMENT. Landlord covenants and agrees with Tenant that upon Tenant paying the Rent required under this Lease and paying all other charges and performing all of the covenants and provisions on Tenant's part to be observed and performed under this Lease (subject to applicable notice and cure periods), Tenant shall and may peaceably and quietly have, hold and enjoy the Premises in accordance with and subject to the terms of this Lease and those certain matters of record specified in on Exhibit G attached hereto and such other matters of record as may hereafter encumber the Building, subject to the provisions of this Lease.

31. BROKERS. Landlord shall be responsible for the payment of a commission owing to Landlord's Broker specified in Section 1 (1) in connection with this Lease, to the extent set forth in separate written agreement between Landlord and Landlord's Broker, and Tenant shall be responsible for the payment of a commission owing to Tenant's Broker specified in Section 1 (1) in connection with this Lease to the extent set forth in separate written agreement between Tenant and Tenant's Broker (such amount payable to Tenant's Broker is referred to in this Lease as the "Tenant's Brokers Commissions"). Landlord and Tenant each represent and warrant that it has had no dealings with any real estate broker or agent in connection with the negotiation of this Lease, except for the Landlord's Broker and Tenant's Broker and that it know of no other real estate broker, agent or finder who is or might be entitled to a commission or fee in connection with this Lease.

In the event of any claim for broker's or finder's fees or commissions in connection with this lease other than amounts payable to Landlord's Broker and Tenant's Broker, (a) Landlord shall indemnify, hold harmless and defend Tenant from and against any and all liability, claims, demands, damages and costs

(including, without limitation, reasonable attorneys' fees and other litigation expenses) on account of such claim if it shall be made by Landlord's Broker or be based upon any statement, representation or agreement claimed to have been made by Landlord, and (b) Tenant shall indemnify, hold harmless and defend Landlord from and against any and all liability, claims, demands, damages and costs (including, without limitation, reasonable attorneys' fees and other litigation expenses) on account of such claim if it shall be made by Tenant's Broker or be based upon any statement, representation or agreement claimed to have been made by Tenant.

32. ROOFTOP EQUIPMENT.

(a) Subject to the provisions of this Section 32 and the other provisions of this Lease respecting Alterations, but at no additional rental Cost to Tenant, Tenant shall have the non-exclusive right during the Term, at Tenant's sole cost and expense, to install within an area on the roof of the Building reasonably designated by Landlord, for Tenant's own use such microwave, satellite or DSS dishes and other antenna and/or rooftop equipment (collectively, the "Rooftop Equipment") , which Rooftop Equipment shall include, without limitation, the related vertical and horizontal utility and telecommunication lines ("Communication Lines") throughout the Premises which are compatible with the Building structure and/or mechanical and utility systems, which Rooftop Equipment shall be of such size, weight and quantity, and at such location as is reasonably approved by Landlord and Landlord's structural engineer. Subject to compliance with any screening requirements, Tenant shall reimburse Landlord for the reasonable fees of Landlord's structural engineer incurred in evaluating Tenant's plans for installation of the Rooftop Equipment and any modifications thereto, within thirty (30) days following submission by Landlord to Tenant of invoices therefor. Tenant's Rooftop Equipment shall not take up more than a pro rata amount of the roof space available for Rooftop Equipment, based upon the proportion of Rentable Area within the Building leased by Tenant.

(b) The installation, maintenance, repair, operation and removal (as hereinafter provided) of such Rooftop Equipment shall be completed in a good and workmanlike manner and in conformity with (i) plans and specifications therefor (the "Rooftop Equipment Plans") showing matters including, without limitation, equipment size, location, weight and composition, and Tenant's plan for assembly, installation, maintenance and removal of such equipment, which Rooftop Equipment Plans shall be subject to Landlord's prior written approval, which approval shall not be unreasonably withheld, conditioned or delayed, and (ii) all applicable Laws, including, without limitation, Tenant's obtaining and keeping in force any necessary governmental permits or approvals for the operation of such Rooftop Equipment. Landlord shall reasonably cooperate with Tenant in Tenant's efforts to obtain any required governmental permits or approvals for Tenant's desired Rooftop Equipment in accordance with this Section 32. Notwithstanding anything to the contrary contained herein, the supporting structures for such Rooftop Equipment shall not penetrate the Building roof unless otherwise approved by Landlord in advance in writing, which approval shall not be unreasonably withheld, conditioned or delayed (provided that the parties hereby agree that it shall not be unreasonable for Landlord to condition such approval on Tenant assuming responsibility for any damage to the Building roof resulting therefrom or any work of repair or maintenance which would otherwise have been covered by a warranty which is voided or made inapplicable as a result thereof). At Landlord's option, all work of installation, maintenance, repair and other work affecting the roof in connection with the Rooftop Equipment shall be performed, at Tenant's sole but reasonable cost and expense, by Landlord or Landlord's affiliate, or by Landlord's designated roof contractor. Tenant shall, at its sole cost and expense, install screening of such Rooftop Equipment to prevent visibility from the street level, as Landlord may reasonably require, and any other screening of such Rooftop Equipment as may be required by applicable Laws. Tenant shall not be permitted to access the roof except when previously scheduled with Landlord or upon receipt of prior written approval from Landlord (which approval shall not be unreasonably withheld, conditioned or delayed) or as may be reasonably required in the event of an emergency situation.

(c) The Rooftop Equipment shall not unreasonably disturb or interfere with the Rooftop Equipment and uses of other occupants at the Project, and, if applicable, the Rooftop Equipment shall comply with all non-

interference rules of the Federal Communications Commission. Anything to the contrary contained herein notwithstanding, if, during the Lease Term, Landlord, in its reasonable judgment, believes that any of the Rooftop Equipment poses a material human health or environmental hazard and Landlord retains a qualified expert in such matters to review the situation and such expert concurs with Landlord's judgment, and such situation cannot be remediated or has not been remediated within ten (10) days after Tenant has been notified thereof, then Tenant shall immediately cease all operations of the applicable Rooftop Equipment until such situation is remedied. Tenant shall indemnify, defend (by counsel reasonably acceptable to Landlord) and hold harmless Landlord from any and all claims, demands, liabilities, damages, judgments, costs and expenses (including, without limitation, reasonable attorneys' fees and costs) which Landlord may suffer or incur arising out of or related to the installation, use, operation, maintenance, replacement and/or removal of the Rooftop Equipment or any portion thereof (except to the extent resulting from Landlord's breach of its obligations under this Lease).

(d) At Landlord's option, Landlord shall have the right to require the relocation of the Rooftop Equipment to an alternate location on the Building roof so long as there is no material adverse affect upon the continuous operation of Tenant's Rooftop Equipment, and in the event Landlord so requires such relocation, Landlord shall be responsible for the reasonable costs of such relocation.

(e) Tenant shall be solely responsible for any liability, cost, claim, expense (including, without limitation, attorneys' fees) and/or damage to the Building and/or the Project resulting from Tenant's installation, maintenance, operation, use, presence or removal of such Rooftop Equipment (except to the extent resulting from Landlord's breach of its obligations under this Lease). Tenant shall, at all times during the Term, pay to Landlord within thirty (30) days following demand therefor accompanied by reasonable evidence of such charges, all increased real estate taxes, insurance premiums or other charges which may be incurred by or charged to Landlord as a result of the installation, operation, maintenance and/or removal of the Rooftop Equipment. Tenant shall pay all costs and expenses of operation of the Rooftop Equipment, including, without limitation, any necessary utility services therefor. Tenant shall be entirely responsible for all maintenance of and repairs to the Rooftop Equipment so that at all times the Rooftop Equipment is in good condition and repair. Tenant shall maintain such insurance upon the Rooftop Equipment as Tenant is obligated to maintain with respect to the Premises pursuant to this Lease.

(f) Upon the expiration of the Term or earlier termination of this Lease, Tenant shall remove the Rooftop Equipment and restore that portion of the Building and Project, including, without limitation, the Building roof, affected by the Rooftop Equipment, to the same condition as existed prior to such installation, subject to reasonable wear and tear, all at Tenant's sole cost and expense. In the event Tenant fails to so remove the Rooftop Equipment and restore the affected portions of the Building by such expiration or within thirty (30) days after such earlier termination (other than early termination due to Tenant's default), Landlord may, at its option and at Tenant's sole cost and expense, remove and store and/or dispose of the Rooftop Equipment and restore the affected portions of the Building and Project, in which event all amounts reasonably paid or incurred by Landlord in connection therewith shall be paid by Tenant to Landlord within thirty (30) days following Landlord's submission to Tenant of reasonable evidence of the amount of such costs.

(g) Landlord makes no representation or warranty regarding the availability, feasibility or legality of the installation, operation, maintenance or removal of the Rooftop Equipment. In no event shall the installation, operation, maintenance or removal of the Rooftop Equipment in any manner

adversely affect any warranty in effect with respect to any portion of the Project. Tenant acknowledges and agrees that Tenant's inability to install, maintain, operate and/or remove the Rooftop Equipment, either pursuant to the terms hereof or for any other reason, shall not affect the remainder of this Lease and shall not entitle Tenant to any reduction in the Rent.

33. RIGHT OF FIRST NEGOTIAION. From and after the date hereof and throughout the Term of the Lease, Tenant shall have a right of first negotiation for the lease of any remaining leasable space located in the Building that becomes available for lease and is not then subject to an

option or right of any existing occupant (the "Expansion Space"), which right of first negotiation of Tenant shall be exercisable as follows:

(a) If following the date hereof and prior to the expiration of the Lease Term, Tenant desires to expand the Premises leased by Tenant in the Project, then Tenant shall deliver written notice thereof to Landlord (such notice is referred to herein as a "Tenant Expansion Interest Notice"). Notwithstanding anything to the contrary contained in this Section 33, Landlord shall have no obligation to comply with the requirements of this Section 33 except during the one (1) year period following Tenant's delivery to Landlord of a Tenant Expansion Interest Notice. Tenant may give successive Tenant Expansion Interest Notices so long as each such Tenant Expansion Interest Notice is given after the date which is one (1) year following Tenant's delivery to Landlord of the then most recent such Tenant Expansion Interest Notice. If during the one (1) year period following Tenant's delivery to Landlord of a Tenant Expansion Interest Notice, Landlord desires to lease any Expansion Space to a third party (including by way of a response to an offer by a third party), then Landlord shall promptly thereafter provide Tenant with written notice ("Landlord's Notice") specifying the Expansion Space and the material terms and conditions upon which Landlord would be willing to lease such Expansion Space to Tenant (the parties hereby agreeing that the non-economic terms and conditions of any lease of the Expansion Space pursuant to this Section 33 shall be on the non-economic terms and conditions set forth in this Lease, except if otherwise specified in the Landlord's Notice or Tenant's Notice, as applicable, and agreed upon by the other party). For purposes hereof, "economic terms and conditions" shall be deemed to include, without limitation, rent, operating expenses, lease term, rent commencement date (including any rent abatement), cost of tenant improvements to be constructed by Landlord, amount of tenant improvement allowance to be provided by Landlord, and brokerage commissions payable.

(b) If Tenant desires to lease such Expansion Space, Tenant shall, within ten (10) days following receipt of such Landlord's Notice, provide Landlord with written notice thereof ("Tenant's Notice") either (i) agreeing to lease such Expansion Space on the economic terms and conditions set forth in Landlord's Notice, in which event Landlord shall thereafter prepare an amendment to this Lease, which shall be subject to Tenant's approval (which approval shall not be unreasonably withheld, conditioned or delayed and shall, in any event, be granted or withheld within ten (10) days following submission thereof by Landlord; provided that Tenant's failure to respond within such ten (10) day period shall be deemed to constitute Tenant's election to rescind delivery of Tenant's Notice, in which event it shall be deemed that Tenant did not deliver a Tenant's Notice within the original ten (10) day period specified above), documenting Tenant's lease from Landlord of such Expansion Space on the terms and conditions set forth in Tenant's Notice and the non-economic terms and conditions set forth in this Lease except as otherwise provided in the Landlord's Notice, or (ii) offering to lease such Expansion Space on alternate terms and conditions set forth in Tenant's Notice.

(c) If Tenant fails to deliver such Tenant's Notice within such ten (10) day period specified in subsection (b) above, Landlord may proceed to lease such Expansion Space to any third party upon any terms and conditions Landlord desires in its sole and absolute discretion. If within such ten (10) day period Tenant delivers a Tenant's Notice pursuant to clause (ii) of subsection (b) above, Landlord shall promptly thereafter elect by written notice to Tenant either (1) to accept Tenant's offer, in which event Landlord shall thereafter prepare an amendment to this Lease (or a new lease, if reasonably appropriate), which shall be subject to Tenant's approval (which approval shall not be unreasonably withheld, conditioned or delayed and shall, in any event, be granted or withheld within ten (10) days following submission thereof by Landlord; provided that Tenant's failure to respond within such ten (10) day period shall, at Landlord's option, be deemed to constitute Tenant's election to rescind delivery of Tenant's Notice, in which event it shall be deemed that Tenant did not deliver a Tenant's Notice within the original ten (10) day period specified above), documenting Tenant's lease from Landlord of such Expansion Space on the terms and conditions set forth in Tenant's Notice and the non-economic terms and conditions set forth in this Lease except as otherwise provided in the Tenant's Notice, or (2) to reject Tenant's offer, in which event Landlord shall have the right to lease such Expansion Space prior to the date which is nine (9) months following the date of Tenant's Notice, to any third party on economic terms and conditions not more favorable to such third party than as set forth in Tenant's Notice (other than a de minimis manner). If Landlord rejects Tenant's offer but (x) thereafter prior to the date which is

nine (9) months following the date of Tenant's Notice, Landlord desires to lease such Expansion Space to any third party on economic terms and conditions which are more favorable to such third party than as set forth in Tenant's Notice (other than in a de minimis manner), or (y) thereafter following the date which is nine (9) months following the date of Tenant's Notice, Landlord desires to lease such Expansion Space to any third party (regardless of the proposed terms of such lease), Landlord shall first provide Tenant with a new Landlord's Notice setting forth the material terms and conditions upon which Landlord would be willing to lease such Expansion Space and Tenant shall again have ten (10) days following receipt of such notice to elect to lease such Expansion Space on the terms and conditions set forth in such new Landlord's Notice in the manner set forth herein.

(d) Landlord hereby represents and warrants to Tenant that no existing tenant of the Building has any existing expansion rights to any part of the Building which are prior to the rights of Tenant contained in this Section 33, and that no future tenant of the Building shall hereafter be granted any expansion rights as to Building that take priority over the expansion rights granted Tenant under this Section 33. Tenant's right of first negotiation pursuant to this Section 33 is personal to the original Tenant signatory to this Lease and shall not be transferable to any assignee or subtenant of Tenant (other than an assignee or subtenant who is a Permitted Transferee) or exercisable for the benefit of any subtenant of Tenant.

34. RELEASE OF FURTHER LIABILITY UNDER WARNER SPECIAL PRODUCTS LEASE. Promptly following the date hereof, Landlord shall cause the "landlord" under the "Warner Special Products Lease" (as hereinafter defined), and Tenant shall cause "Warner Special Products Tenant" (as hereinafter defined), as the "tenant" under the Warner Special Products Lease, to enter into a lease assignment agreement with Landlord which shall provide for the assignment of such Warner Special Products Lease effective as of the Commencement Date of this Lease from Warner Special Products to Landlord and the release of Warner Special Products from further liability under the Warner Special Products Lease accruing with respect to the period from and after the effective date of such assignment, without payment of any fee by Warner Special Products, in the form attached hereto as Exhibit Exhibit F and incorporated herein by this reference. As used herein, the "Warner Special Products Lease" shall mean that certain existing lease for premises containing an aggregate of approximately 16,477 rentable square feet located at Suites 800 (containing approximately 13,755 rentable square feet) and 730 (containing

approximately 2,722 rentable square feet) within the building at 3500 W. Olive Avenue in Toluca Lake, California, between Toluca Lake Financial Centre, an affiliate of certain of the entities having an interest in Landlord, as "landlord", and Warner Special Products, Inc. ("Warner Special Products"), an affiliate of Tenant, as "tenant".

35. ADDITIONAL SPACE BONUS. Not withstanding anything to the contrary contained in this Lease, if at any time within five (5) years following the Commencement Date, an entity other than Tenant but controlled by, controlling or under material common control with Tenant leases any other space in the Project (collectively, an "Affiliate Entity Lease"), then Tenant shall be entitled, at Landlord's option either to a payment from Landlord or an offset against Tenant's Monthly Base Rent next thereafter coming due, in an amount (the "Affiliate Entity Lease Credit Amount") equal to two (2) times the initial monthly base rent paid by the tenant under such Affiliate Entity lease for a Affiliate Entity Lease having an initial term of ten (10) years or longer (provided that if such Affiliate entity Lease is for an initial term of less than ten (10) years, then such Affiliate Entity Lease Credit Amount shall be the product obtained by multiplying two (2) times the initial monthly base rent paid by the tenant under such Affiliate Entity lease by a fraction the numerator of which is the number of months in the initial term of such Affiliate Entity Lease and the denominator of which is one hundred twenty (120). Nothing contained in this Section shall be deemed to obligate Landlord to enter into any such Affiliate Entity Lease or to require that Landlord reserve any space in the Project for any such Affiliate Entity Lease.

36. NET EFFECTIVE RENT PROTECTION. Notwithstanding anything to the contrary contained in this Lease, if at any time prior to the date which is the earlier to occur of (a) twenty-seven (27) months following the Effective Date of this Lease, or (b) the date upon which Landlord has leased at least eighty-five percent (85%) of the Building, Landlord enters into a lease (the "Other Lease") for any other space within the Building (other than the "Excluded Space", as hereinafter defined) pursuant to which Other Lease the tenant thereunder is required to pay to Landlord a "Net Effective Rent" (as

hereinafter defined) which, on a per square foot of Rentable Area basis, is less than the Net Effective Rent payable by Tenant under this Lease on a per square foot of Rentable Area basis, then the Monthly Base Rent under this Lease on a per square foot of Rentable Area basis being equal to the Net Effective Rent payable by the tenant under the Other Lease on a per square foot of Rentable Area basis. As used herein, the term "Net Effective Rent" shall mean the effective rental rate charged by Landlord for the premises leased calculated on a monthly per square foot of Rentable Area basis, using net present value analysis consistently applied, and accounting for all payments required to be made to and by Landlord under the applicable lease, including, without limitation, base rent, escalation of rent, passthrough of Operating Expenses and Tax Expenses, parking charges, tenant improvement costs and/or allowances, moving allowances, brokerage commissions and other lease costs and concessions. As used herein, the "Excluded Space" shall mean any portion of the Building designated by Landlord containing not more than fifteen percent (15%) of the Rentable Area of the Building.

37. HOLD SPACE.

(a) Tenant shall have the option, exercisable by written notice delivered to Landlord not later than April 1, 2003, to expand the Premises leased pursuant to this Lease to include additional space within the Building designated by Landlord (the "Hold Space") which shall be one contiguous area comprising not less than twelve thousand (12,000) square feet of Rentable Area provided that Tenant may not exercise such option when Tenant is in default under this Lease (after Tenant's receipt of written notice from Landlord and the expiration of any applicable cure period provided in Section 21(a) above unless Landlord has waived such default by Tenant in writing, provided that any such waiver by Landlord shall be granted or withheld in Landlord's sole and absolute discretion). If Tenant exercises its option to lease the Hold Space pursuant hereto, Tenant may lease all or a portion of the Hold Space, provided that any portion of the Hold Space not so leased is demised in a manner reasonably acceptable to Landlord so as to be reasonably susceptible to lease to a third party without additional exiting requirements or other additional costs. If requested by Tenant in advance of the exercise of such option, Landlord shall promptly identify for Tenant where such Hold Space shall be located. Prior to June 15, 2002, such Hold Space shall be Premises leased, but from and after June 15, 2002, such Hold Space shall be located as designated by Landlord and need not be contiguous to the original Premises leased. In the event of Tenant's lease of the Hold Space pursuant hereto, the Hold Space shall be added to the Premises leased under this Lease and shall be subject to payment of the rental amounts (calculated on a per square foot of Rentable Area basis) and other terms and conditions of this Lease from time to time thereafter applicable (including, without limitation, prorated concessions) to Tenant's lease of the original Premises pursuant to this Lease. In the event of Tenant's lease of any such Hold Space pursuant hereto, the parties shall, at the request of either party, document such lease in accordance with the provisions hereof by an amendment to this Lease in a form reasonably acceptable to the parties, but Tenant's right to lease such Hold Space shall not be conditioned upon the execution of such amendment. Notwithstanding anything to the contrary contained in the foregoing, from and after June 15, 2002, Landlord need not make the Hold Space available for lease by Tenant pursuant hereto if (i) a third party desires to lease space within the Building, (ii) but for other space leased to such third party and the Hold Space, there is no other available space for lease within the Building and (iii) all or a portion of the Hold Space is required for lease to such third party.

(b) Tenant's right to lease the Hold Space pursuant to this Section 37 is personal to the original Tenant signatory to this Lease and shall not be transferable to any assignee or subtenant of Tenant (other than an assignee or subtenant who is a Permitted Transferee) or exercisable for the benefit of any subtenant of Tenant.

38. ADJACENT BUILDING DEVELOPMENT. The parties hereby agree and acknowledge that certain entitlements have been received by Landlord for development of an additional building in the area located adjacent to the initial Site approximately as depicted on Exhibit B attached hereto (the "Adjacent Building") and that certain excavation work has been performed adjacent to the initial Site in connection with the possible development of such Adjacent to the initial Site in connection with the possible development of such Adjacent Building (the area of such existing excavation work in connection with the possible development of such Adjacent Building is referred to herein as the "Adjacent Building Excavation Area"). Nothing contained in

this Lease shall be deemed to create any covenant, representation or warranty by Landlord whether or when such Adjacent Building shall be developed. However, Landlord hereby agrees that:

(a) In the event the construction of the Adjacent Building has not commenced by the date which is one (1) year following the Commencement Date or if once commenced, such construction of the Adjacent Building ceases (other than on a temporary basis), then Landlord shall promptly thereafter cause the Adjacent Building Excavation Area to be landscaped substantially in accordance with the plan attached hereto as Exhibit H and

incorporated herein by this reference, Landlord shall not permit trailers or materials to be stored on the Adjacent Building Excavation Area until construction activity commences or resumes, as applicable, and Landlord shall cause the exposed visible surfaces of the shoring system to be painted.

(b) If constructed by Landlord, the Adjacent Building shall not be used for purposes inconsistent with the use of the Building which would have an adverse affect (other than in a de minimis manner) on the image or character of the Building as a first-class office building.

39. MISCELLANEOUS.

(a) Tenant shall faithfully observe and comply with the Rules and Regulations, a copy of which is attached hereto and marked Exhibit D, and all reasonable and non-discriminatory modifications thereof and additions thereto from time to time put into effect by Landlord and delivered in writing to Tenant, provided such modifications do not increase the monetary obligations of Tenant under this Lease or otherwise increase (other than in a de minimis manner) the obligations of Tenant under this Lease or diminish (other than in a de minimis manner) the rights of Tenant under this Lease. Landlord shall not be responsible to Tenant for the violation or non-performance by any other tenant or occupant of the Project of any of said Rules and Regulations, but Landlord shall use commercially reasonable efforts to non-discriminatorily enforce the Rules and Regulations. In the event of any conflict between any Rule or Regulation and the other provisions of this Lease, the other provisions of this Lease shall prevail.

(b) This Lease shall be governed by, and construed in accordance with, the laws of the State of California.

(c) Except as otherwise provided in this Lease, all of the covenants, conditions and provisions of this Lease shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns.

(d) The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof or any other termination of this Lease, shall not work a merger, and shall, at the option of Landlord, operate as an assignment to it of any or all subleases or subtenancies. Tenant agrees that the delivery of keys to any employee of Landlord or to Landlord's agent or any employee thereof shall not be sufficient to constitute a termination of this Lease or a surrender of the Premises.

(e) In the event either party shall institute any action or proceeding against the other party relating to this Lease, the unsuccessful party in such action or proceeding shall reimburse the successful party for its disbursements incurred in connection therewith and for its reasonable attorneys' fees and costs. In addition to the foregoing award of attorneys' fees and costs to the successful party, the successful party in any lawsuit on this Lease shall be entitled to its attorneys' fees and costs incurred in any post-judgment proceedings to collect or enforce the judgment. This provision is separate and several and shall survive the merger of this Lease into any judgment on this Lease.

(f) The waiver by either party of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of any subsequent breach of the same or any term, covenant or condition herein contained, nor shall any custom or practice which may become established between the parties in the administration of the terms hereof be deemed a waiver of or in any way affect the right of either party to insist upon the performance by the other party in strict accordance with the terms of this Lease. The subsequent acceptance of Rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular Rent so accepted, regardless of Landlord's knowledge of such

preceding breach at the time of acceptance of such Rent. No acceptance by Landlord of a lesser sum than that owed and due pursuant to this Lease shall be deemed to be other than on account of the earliest installment of such Rent or other amount due, nor shall any endorsement or statement on any check or any letter accompanying any check be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such installment or other amount or pursue any other remedy provided in this Lease.

(g) Neither party shall have any liability whatsoever to the other on account of the inability or delay of such party to fulfill any of its obligations under this Lease (other than obligations with respect to the payment of rent or any other monetary amounts owing under this Lease) by reason of any of the following to the extent not reasonably foreseeable and preventable or arising out of the negligence or wilful misconduct of the party otherwise obligated for performance of the obligation in question (collectively, any "Force Majeure Event"): fire, earthquake, explosion, flood, the elements, acts of God or the public enemy, acts of war, terrorist acts, strike, other labor trouble, interference of governmental authorities or agents, or shortages of fuel, supplies or labor resulting therefrom or any other cause beyond the reasonable control of the party obligated for such performance. If this Lease specifies a time period for performance of an obligation by either party (other than payment of rent or any other monetary amounts owing by either party under this Lease), that time period shall be extended by the period of any delay in such party's performance caused by any of the events described above. In addition, except as specifically set forth in Section 14(d) above, Landlord shall have no liability whatsoever to Tenant on account of any failure or defect in the supply, quantity or character of electricity or water furnished to the Premises or the Project, by reason of any requirement, act or omission of the public utility or others furnishing the Project with electricity or water, or for any other reason beyond Landlord's reasonable control, provided that Landlord shall use reasonable efforts to fulfill its obligations or remedy such failure or defect as soon as reasonably possible.

(h) The words "Landlord" and "Tenant" as used herein shall include the plural as well as the singular. Words used in any gender include other genders and the neutral. The paragraph headings of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

(i) Submission of this instrument for examination or signature by Tenant does not constitute a reservation of or option for lease, and it is not effective as a lease or otherwise until execution by and delivery to both Landlord and Tenant.

(j) Time is of the essence with respect to the performance of every provision of this Lease in which time of performance is a factor. For purposes of this Lease, a "business day" shall mean any day other than a Saturday, Sunday or a Holiday.

(k) The parties acknowledge that the content of this Lease and any related documents are confidential information, except that each party may make disclosures (collectively, "Permitted Disclosures") to such party's financial, legal, real estate, space planning and/or other consultants, to such party's existing or prospective investors or lenders, or prospective transferees of such party or such party's interest in this Lease and/or the Premises, or as may be required by applicable laws or reporting requirements. Each party shall use commercially reasonable efforts to keep such confidential information confidential (other than Permitted Disclosures). Tenant agrees that Landlord may issue one or more press releases or other public announcements respecting

the execution of this Lease, which may include, without limitation, identification of Tenant provided that the form and substance of any such press release or public announcement shall be approved in advance by Landlord and Tenant (which approval shall not be unreasonably withheld, conditioned or delayed).

(l) If any terms or provision of this Lease, or the application thereof to any persons or circumstances, shall to any extent be invalid or unenforceable, the remainder of this Lease, or the application of such provisions to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this Lease shall be valid and shall be enforceable to the extent permitted by law.

(m) Neither party shall record this Lease. However, upon request of either party, the parties shall execute (with notary acknowledgement) a memorandum of this Lease in a commercially reasonable form reasonably acceptable to the parties but not including reference to the rental amounts owing or other economic terms of this Lease (the "Memorandum of Lease"), which may be recorded by either party at such party's sole cost in the Official Records of Los Angeles County. The Memorandum of Lease may include reference to the covenants of Landlord in Section 38 above, and may be recorded as an encumbrance against the parcel containing the Adjacent Building Excavation Area. The provisions of this Lease shall control, however, in regard to any omissions from the Memorandum of Lease, or in respect to any provisions hereof which may be in conflict with the Memorandum of Lease. In the event either party so records the Memorandum of Lease, upon the expiration of the Term of this Lease or earlier termination of this Lease, Tenant shall execute and cause to be recorded in the Official Records of Los Angeles County, California, at the cost of the party who originally recorded the Memorandum of Lease, a quitclaim deed or other evidence of termination of this Lease in such form as is reasonably requested by Landlord. Tenant's obligation pursuant to the immediately preceding sentence shall survive the expiration of the Term or earlier termination of this Lease.

(n) In consideration of the benefits accruing hereunder, and notwithstanding anything contained in this Lease to the contrary, Tenant and all successors and assigns covenant and agree that, in the event of any actual or alleged failure, breach or default hereunder by Landlord or in the event of any other action against Landlord with respect to this Lease, their sole and exclusive remedy shall be against Landlord's interest in the Project and the proceeds from the sale thereof. Tenant and all such successors and assigns agree that the obligations of Landlord under this Lease do not constitute personal obligations of the individual partners, whether general or limited, members, directors, officers or shareholders of Landlord, and Tenant shall not seek recourse against the individual partners, members, directors, officers or shareholders of Landlord or any of their personal assets for satisfaction of any liability with respect to this Lease. Notwithstanding any contrary provision contained in this Lease, neither Landlord, any of the individual partners, members, directors, officers or shareholders of Landlord or any of their respective employees, agents or contractors shall be liable under any circumstances for any indirect or consequential damages or any injury or damage to, or interference with, Tenant's business, including but not limited to, loss of profits, loss of rents or other revenues, loss of business opportunity or loss of goodwill, in each case, however occurring.

(o) If in connection with obtaining financing for the Project any lender shall request modifications of this Lease as a condition to Landlord obtaining such financing, Tenant will not unreasonably withhold, delay or defer its consent thereto, provided that such modifications do not increase the financial obligations of Tenant hereunder or materially and adversely affect the leasehold interest hereby created or Tenant's rights hereunder.

(p) Whenever the consent or approval of the Landlord or Tenant is required under this Lease, such consent or approval shall not be unreasonably withheld, conditioned or delayed, unless a different standard for the granting or withholding of such approval or consent is specifically set forth in this Lease.

(q) At any time during the Term, Tenant shall upon ten (10) days prior written notice from Landlord, provide Landlord with a current financial statement and financial statements of the two (2) years prior to the current financial statement year. Such statements shall be prepared in accordance with generally accepted accounting principles and, if such is the normal practice of Tenant, shall be audited by an independent certified public accountant. Notwithstanding anything to the contrary contained herein, if Tenant is a publicly traded corporation making annual 10-K filings with the Securities and Exchange Commission, Tenant may satisfy the requirements of this subsection with respect to delivery of financial information by delivery of Tenant's most recent annual report filed with the Securities and Exchange Commission.

(r) Landlord and Tenant each hereby represent and warrant that such party is duly qualified to do business in California and that the individuals executing this Lease on such party's behalf is/are duly authorized to execute and deliver this Lease on such party's behalf.

(s) EACH PARTY HERETO (WHICH INCLUDES ANY ASSIGNEE, SUCCESSOR, HEIR OR PERSONAL REPRESENTATIVE OF A PARTY) SHALL NOT SEEK A JURY TRIAL, HEREBY WAIVES TRIAL BY JURY, AND HEREBY FURTHER WAIVES ANY OBJECTION TO VENUE IN THE COUNTY IN WHICH THE BUILDING IS LOCATED, AND AGREES AND CONSENTS TO VENUE AND PERSONAL JURISDICTION OF THE COURTS OF THE COUNTY AND STATE IN WHICH THE BUILDING IS LOCATED, IN ANY ACTION OR PROCEEDING OR COUNTERCLAIM BROUGHT BY ANY PARTY HERETO AGAINST THE OTHER ON ANY MATTER WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS LEASE, THE RELATIONSHIP OF LANDLORD AND TENANT, TENANT'S USE OR OCCUPANCY OF THE PREMISES, OR ANY CLAIM OF INJURY OR DAMAGE, OR THE ENFORCEMENT OF ANY REMEDY UNDER ANY STATUTE, EMERGENCY OR OTHERWISE, WHETHER ANY OF THE FOREGOING IS BASED ON THIS LEASE OR ON TORT LAW. IN THE EVENT LANDLORD COMMENCES ANY SUMMARY PROCEEDINGS OR ACTION FOR NONPAYMENT OF MONTHLY BASE RENT OR ADDITIONAL RENT, TENANT SHALL NOT INTERPOSE ANY COUNTERCLAIM OF ANY NATURE OR DESCRIPTION (UNLESS SUCH COUNTERCLAIM SHALL BE MANDATORY) IN ANY SUCH PROCEEDING OR ACTION, BUT SHALL BE RELEGATED TO AN INDEPENDENT ACTION AT LAW. EACH PARTY REPRESENTS THAT IT HAS HAD THE OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL CONCERNING THE EFFECT OF THIS SUBSECTION. THE PROVISIONS OF THIS SUBSECTION SHALL SURVIVE THE EXPIRATION OF THE TERM OR EARLIER TERMINATION OF THIS LEASE.

(t) Any dispute between Landlord and Tenant pursuant to this Lease (other than Landlord's exercise of unlawful detainer remedies) shall, at the option of either party, be heard by a reference pursuant to the provisions of California Code of Civil Procedure Section 638 et seq., for a determination to be made which shall be binding upon the parties as if tried before a court or jury. The parties agree specifically as to the following: (i) within five (5) business days after service of a demand by a party hereto, the parties shall agree upon a single referee who shall then try all issues, whether of fact or law, and then report a finding or judgment thereon, provided that if the parties are unable to agree upon a referee either party may seek to have one appointed, pursuant to California Code of Civil Procedure Section 640, by the presiding judge of the Los Angeles County Superior Court; (ii) the compensation of the referee shall

be such charge as is customarily charged by the referee for like services, and the cost of such proceedings shall initially be borne equally by the parties; provided, however, the prevailing party in such proceedings shall be entitled, in addition to all other costs, to recover its contribution for the cost of the reference as an item of damages and/or recoverable costs; (iii) if a reporter is requested by either party, then a reporter shall be present at all proceedings, and the fees of such reporter shall be borne by the party requesting such reporter and such fees shall be an item of recoverable costs, provided that only a party shall be authorized to request a reporter; (iv) the referee shall apply all California Rules of Procedure and Evidence and shall apply the substantive law of California in deciding the issues to be heard, and notice of any motions before the referee shall be given, and all matters shall be set at the convenience of the referee; (v) the referee's statement of decision under California Code of Civil Procedure Section 644 shall stand as the judgment of the court, subject to appellate review as provided by the laws of the State of California; (vi) the parties agree that they shall in good faith endeavor to cause any such dispute to be decided within four (4) months; and the location and date of hearing for any proceeding shall be determined by agreement of the parties and the referee, or if the parties cannot agree, then by the referee; and (vii) the referee shall have the power to award damages and all other relief.

(u) Tenant may install, maintain, replace, remove or use any communications or computer wires and cables (collectively, the "Lines") at the Project in or serving the Premises, provided that (i) Tenant shall obtain Landlord's prior written consent, use an experienced and qualified contractor approved in writing by Landlord, and comply with all of the other provisions of this Lease respecting the use of the Premises and the making of Alterations, (ii) an acceptable number of spare Lines and space for additional Lines shall be maintained for existing and future occupants of the Project, as determined in Landlord's reasonable opinion, (iii) the Lines therefor (including riser cables) shall be appropriately insulated to prevent excessive electromagnetic fields or radiation, and shall be surrounded by a protective conduit reasonably acceptable to Landlord, (iv) any new or existing Lines servicing the Premises shall comply with all applicable governmental laws and regulations, (v) as a condition to permitting the installation of new Lines, Landlord may require that Tenant remove existing Lines previously installed by Tenant located in or serving the Premises and repair any damage in connection with such removal, and (vi) Tennant shall pay all costs in connection therewith. Landlord reserves the right to require that Tenant remove any Lines located in or serving the Premises which are installed in violation of these provisions, or which are at any time in violation of any Laws or represent a dangerous or potentially dangerous

condition. Landlord further reserves the right to required that Tenant remove any and all Lines located in or serving the Premises upon the expiration of the Lease Term or upon any earlier termination of this Lease.

(v) This Lease may be executed in any number of counterparts, each of which shall be deemed to be an original, but any number of which, taken together, shall constitute one and the same instrument.

(w) This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease, and no prior agreement or understanding pertaining to any such matter shall be effective for any purpose. No provisions of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors-in-interest.

IN WITNESS WHEREOF, the parties have executed this Lease as of the date first above written.

LANDLORD:

MEDIA CENTER DEVELOPMENT, LLC,
a Delaware limited liability company

By: MEDIA CENTER PARTNERS, LLC,
a California limited liability company
its managing member

By: M. DAVID PAUL DEVELOPMENT LLC,
a California limited liability company,
its managing member

By: /s/ M. DAVID PAUL
M. David Paul, Managing Member

TENANT:

WARNER MUSIC GROUP INC.,
a Delaware corporation

By: /s/ HELEN MURPHY

Print Name: HELEN MURPHY

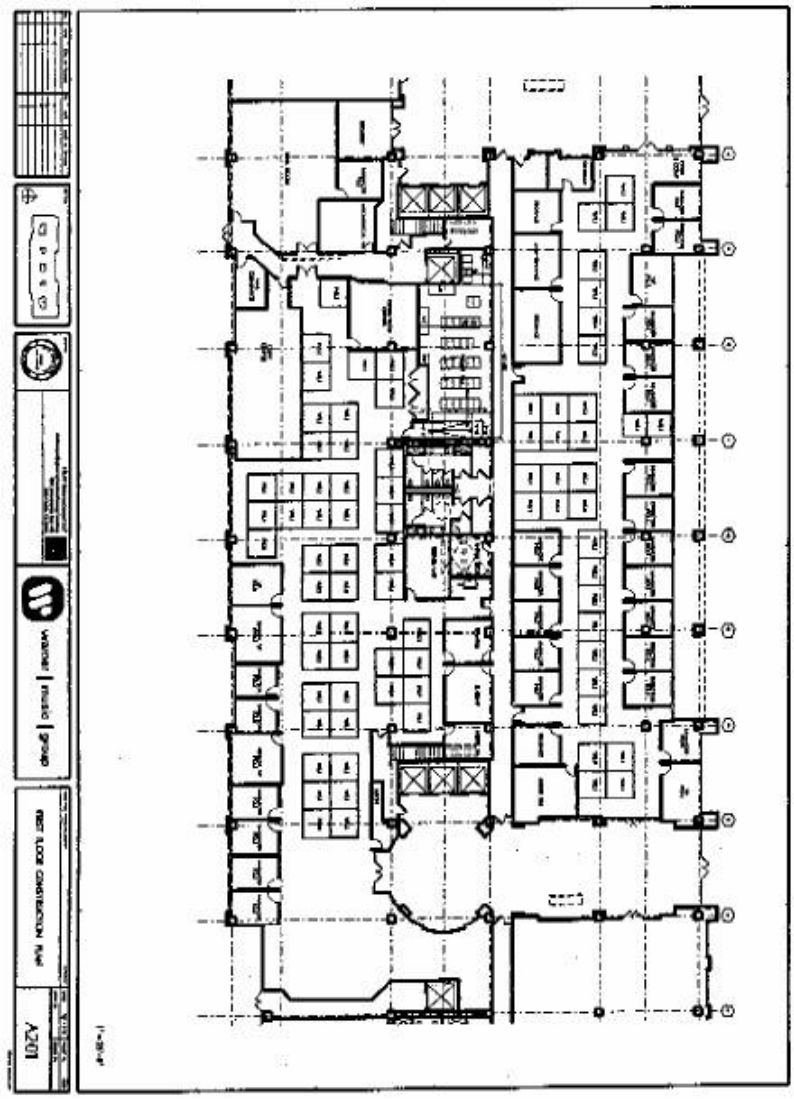
Its: CFO

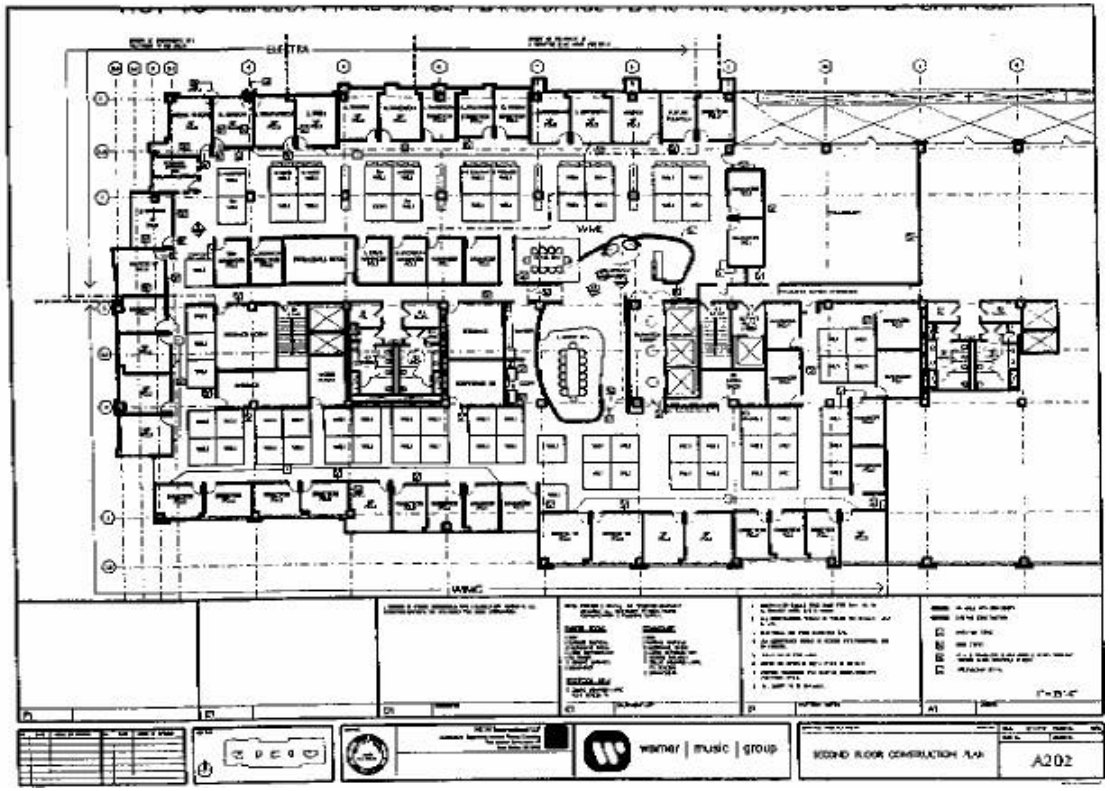
By: /s/ JOHN AVAGLIANO

Print Name: JOHN AVAGLIANO

Its: SVP

Exhibit A

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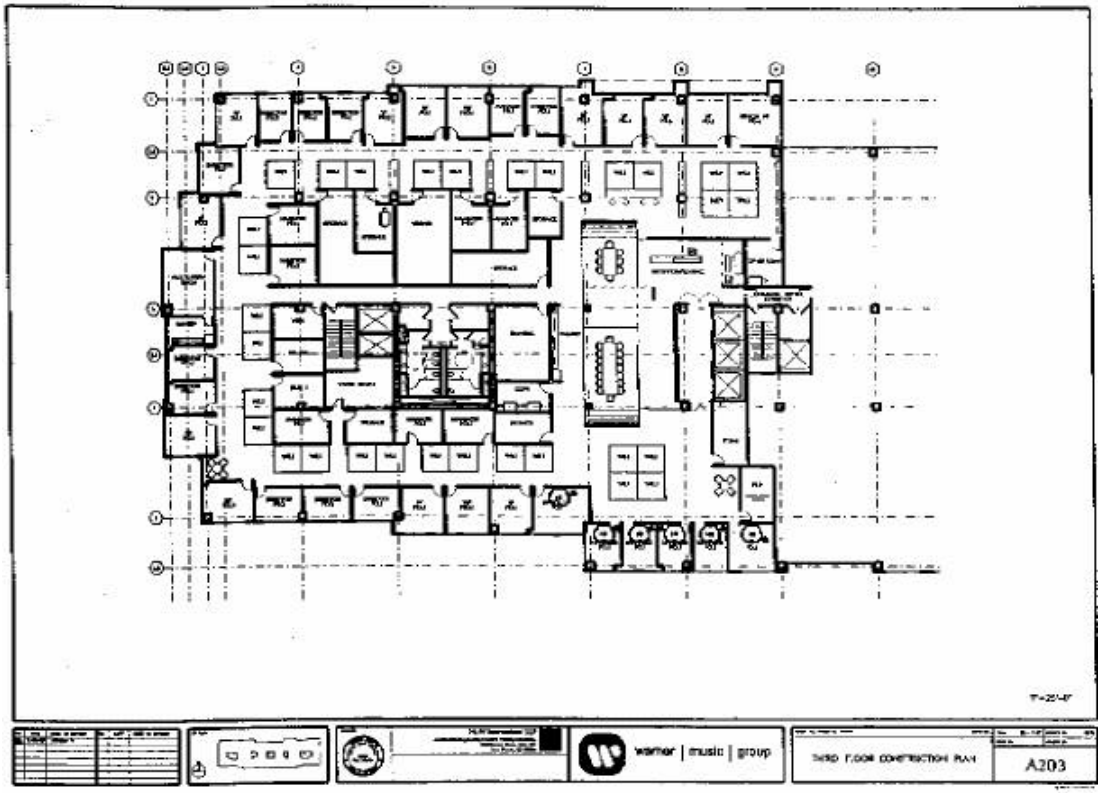
SECOND FLOOR CONSTRUCTION PLAN
A202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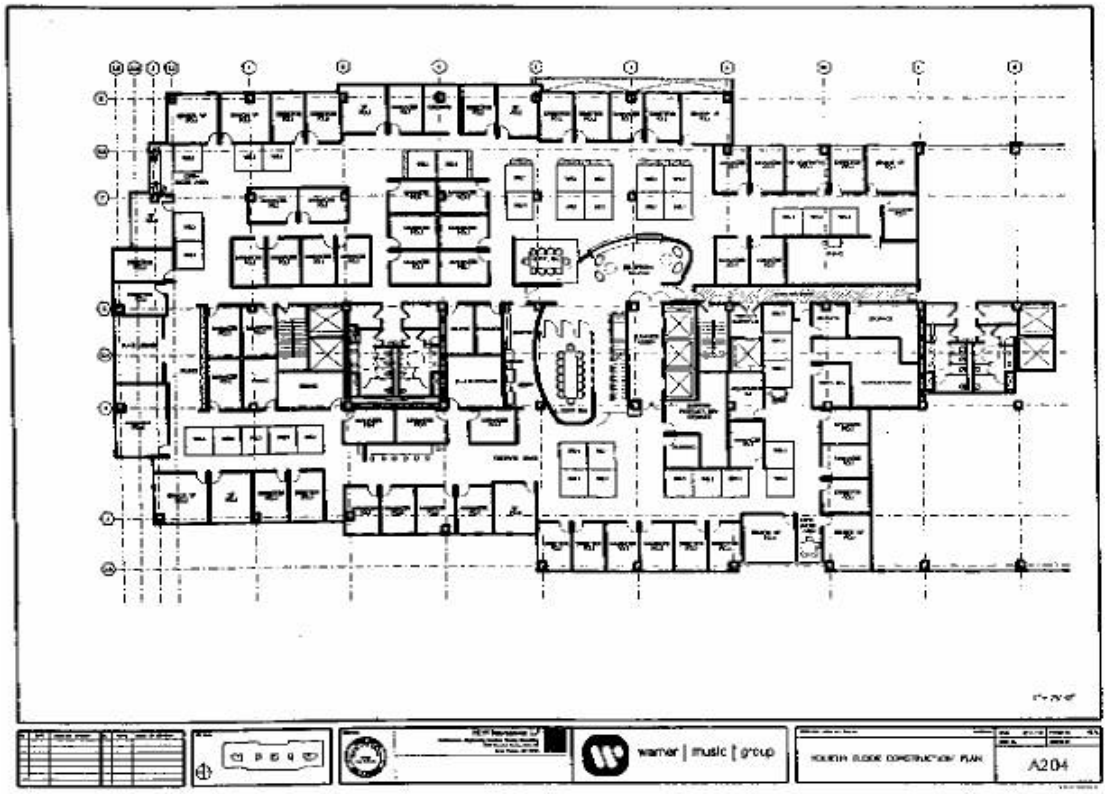
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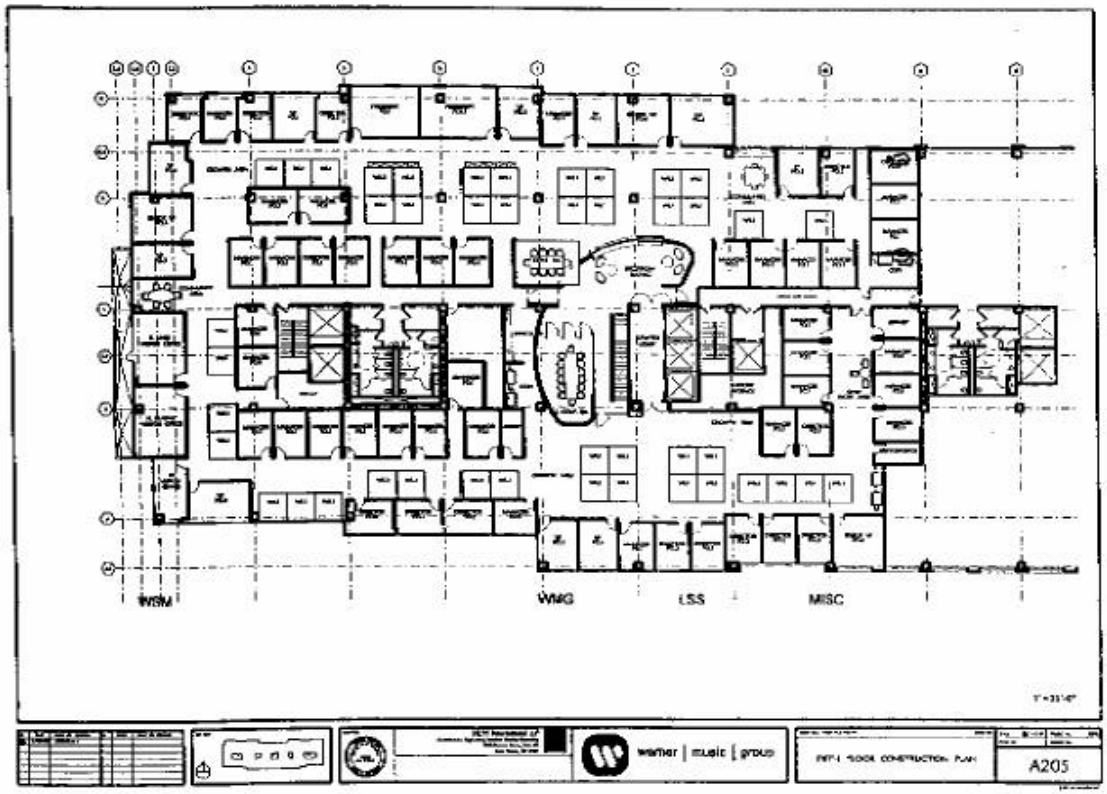
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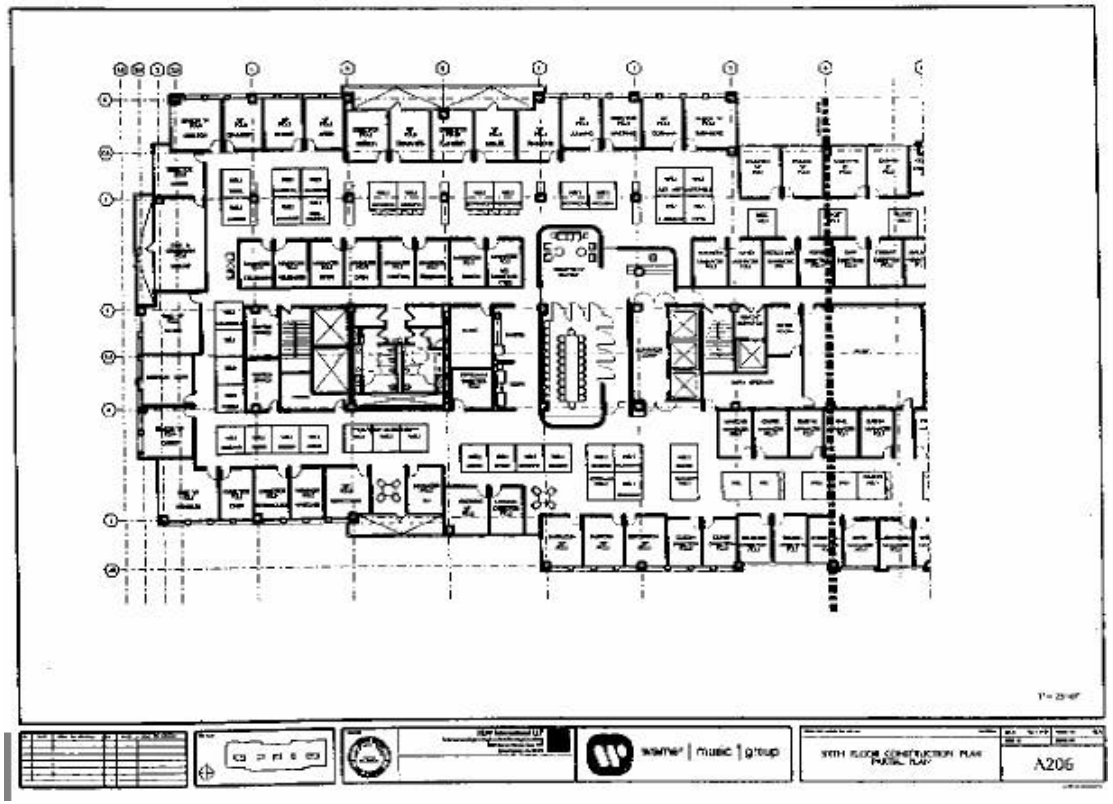
LSS
MISC
weiner | music | group
A205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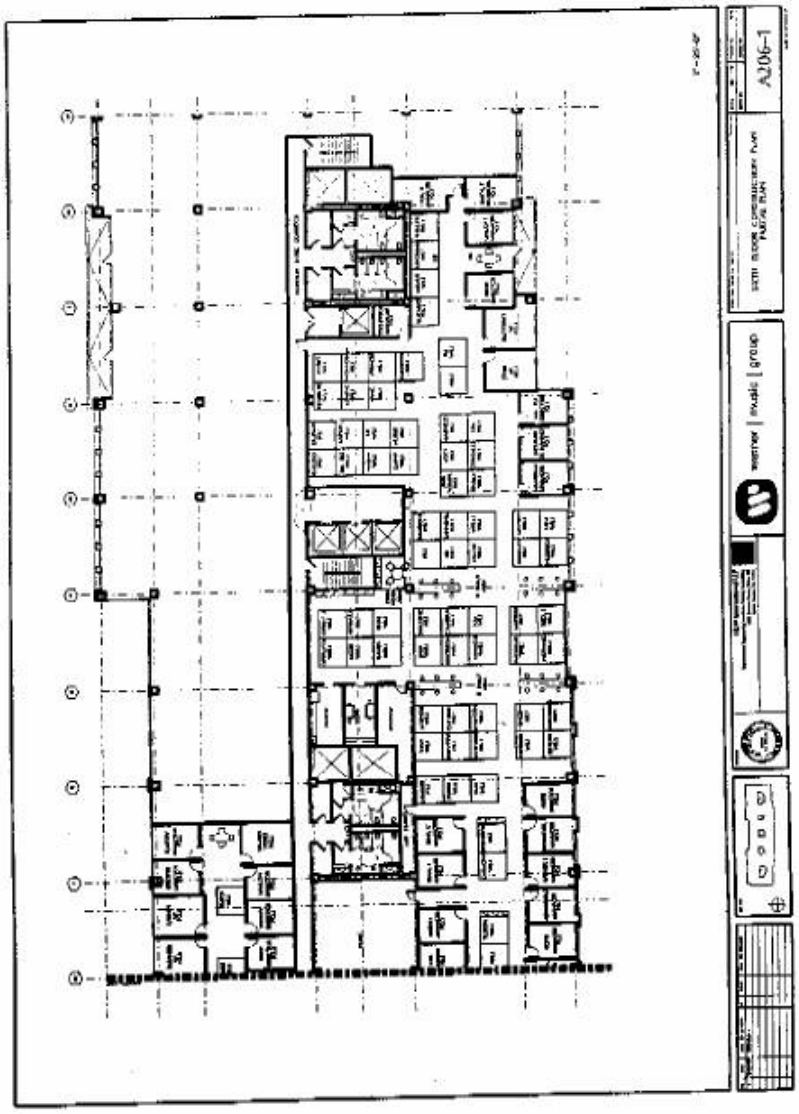
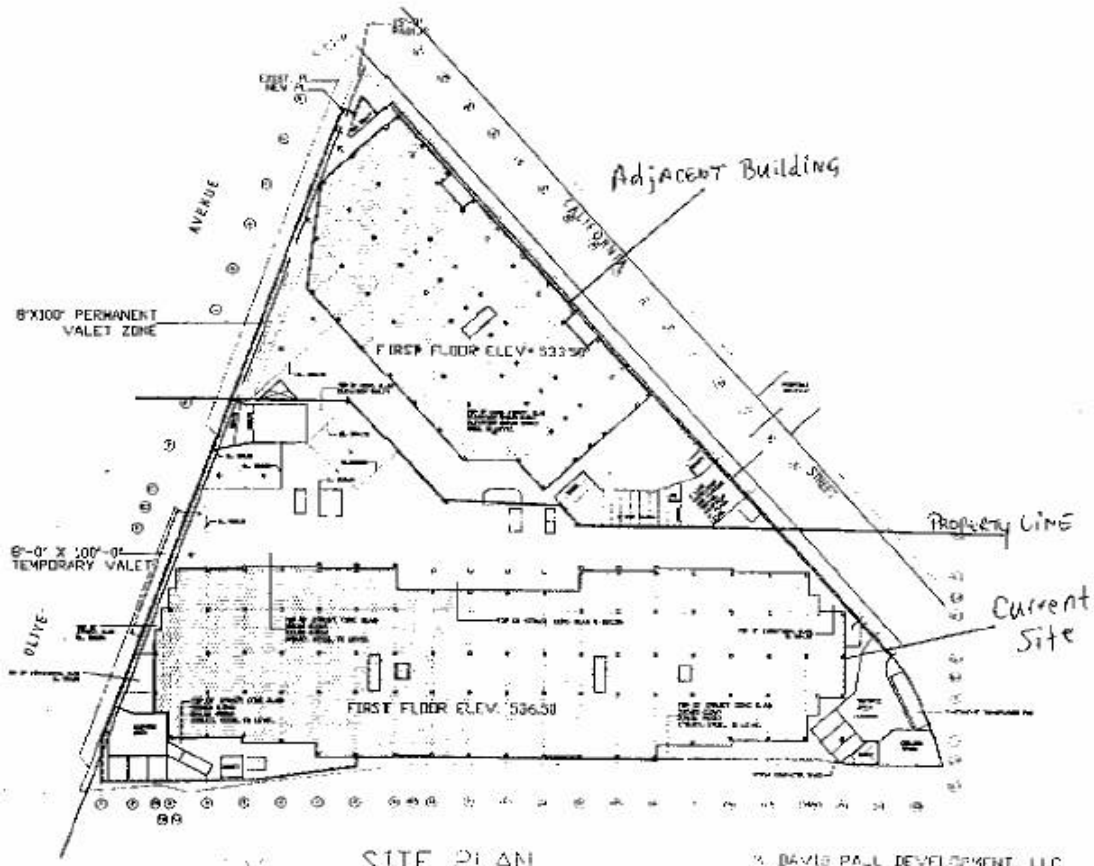
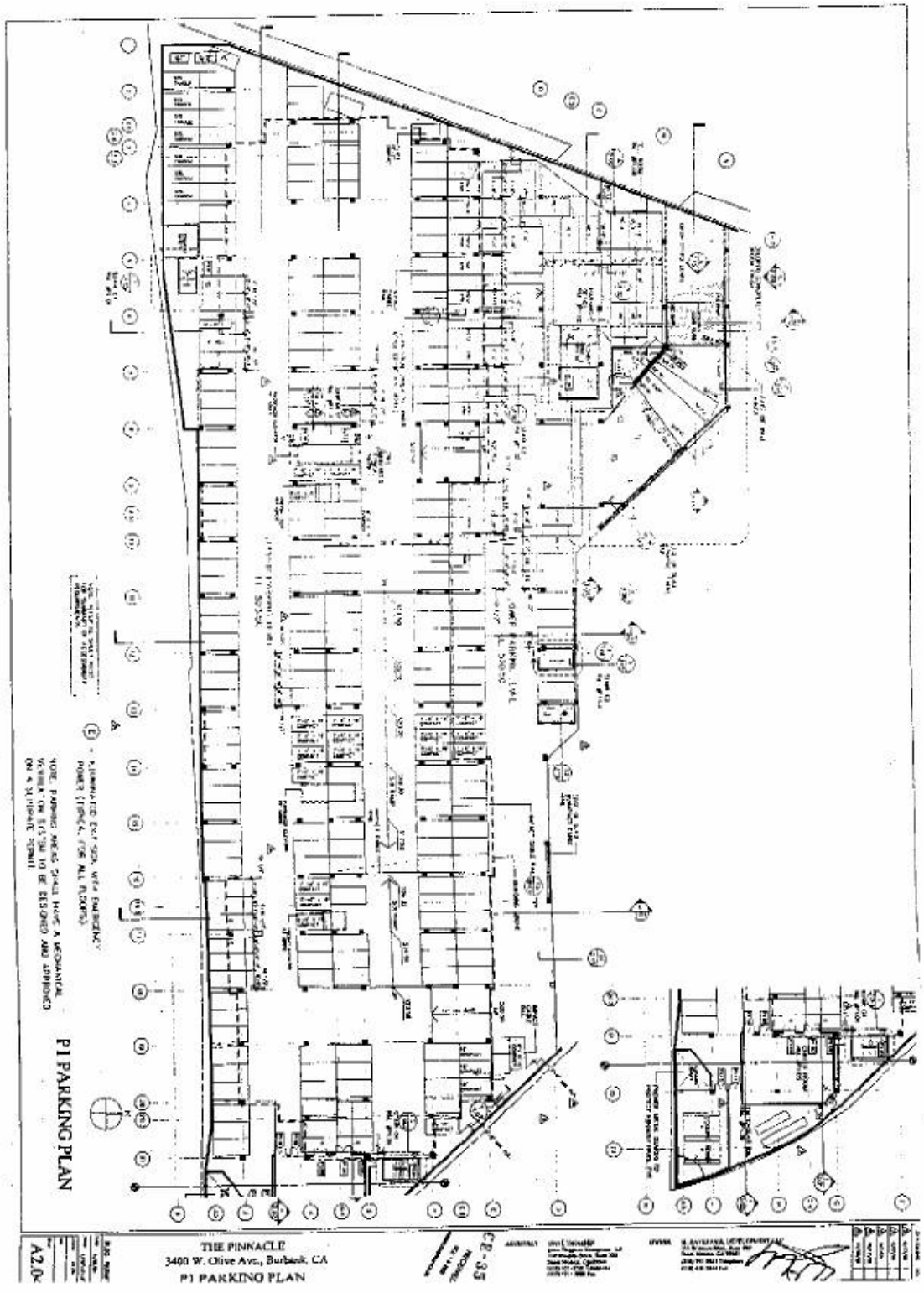


EXHIBIT B



SITE PLAN
THE PINNACLE
Burbank, California
5/8/02

A. DAVID PALL DEVELOPMENT, LLC
(310) 393-9633
(310) 458-2644 FAX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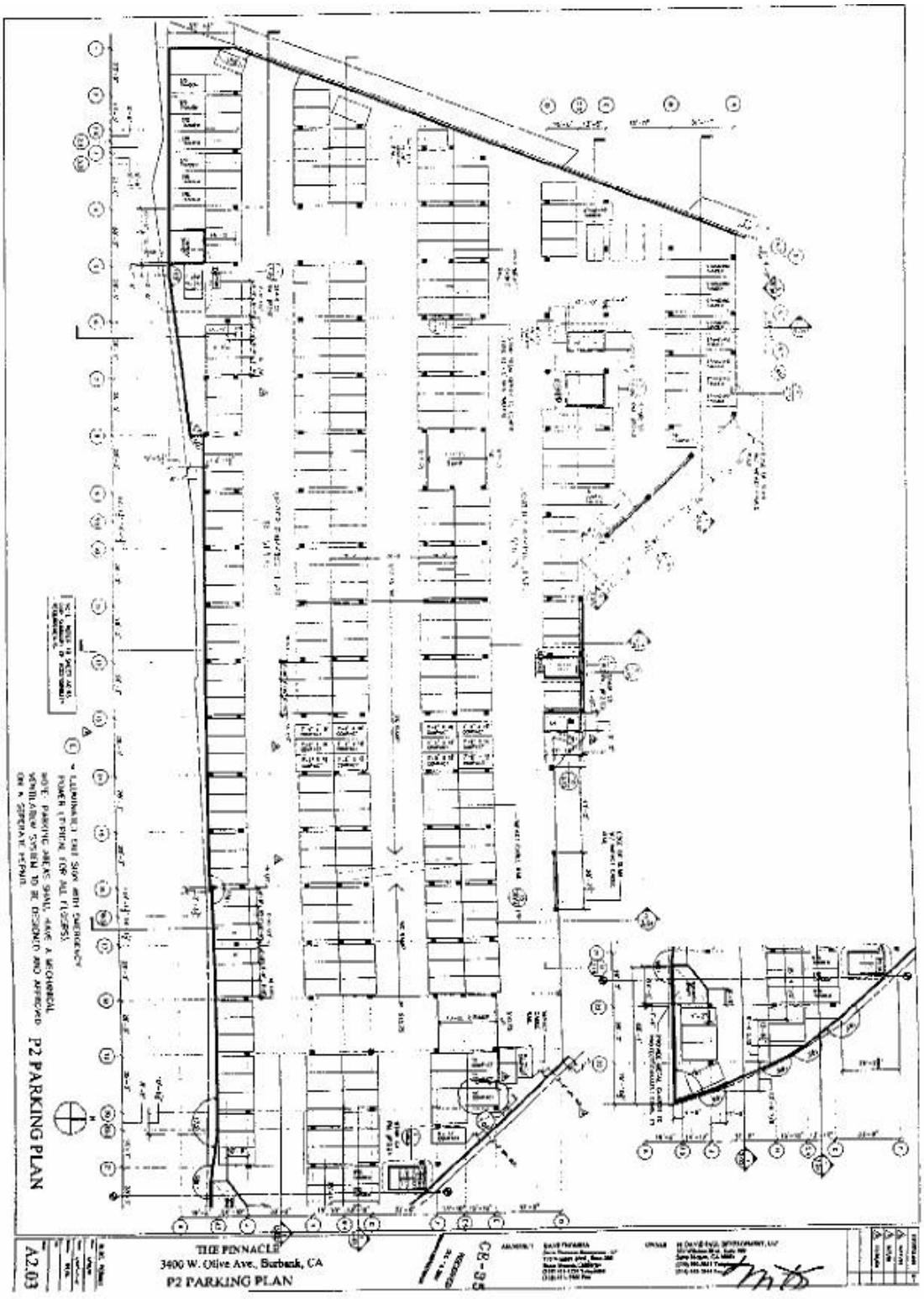
THE PINNACLE
3400 W. Olive Ave., Burbank, CA
P1 PARKING PLAN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THE PINNACLE
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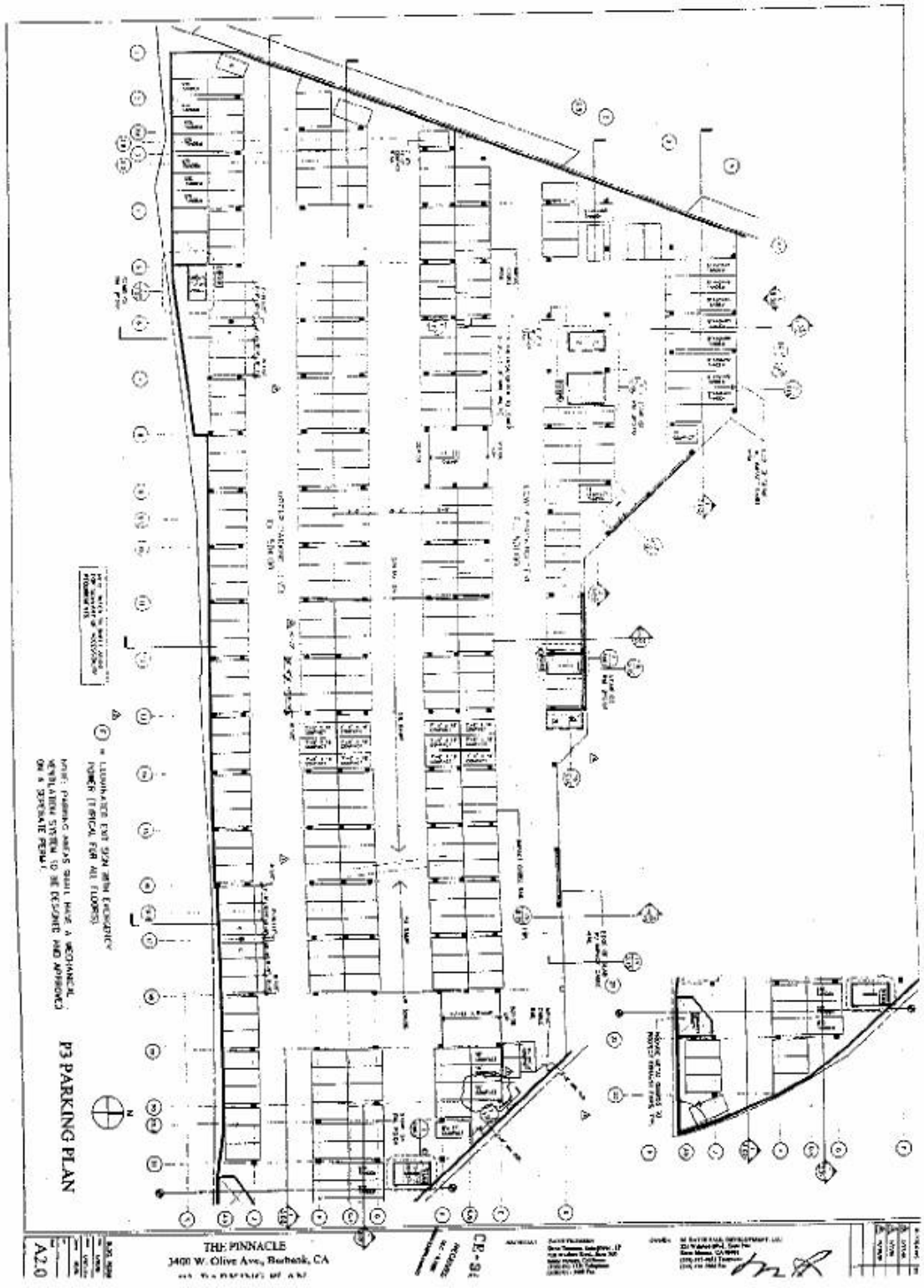
P2 PARKING PLAN
A2.03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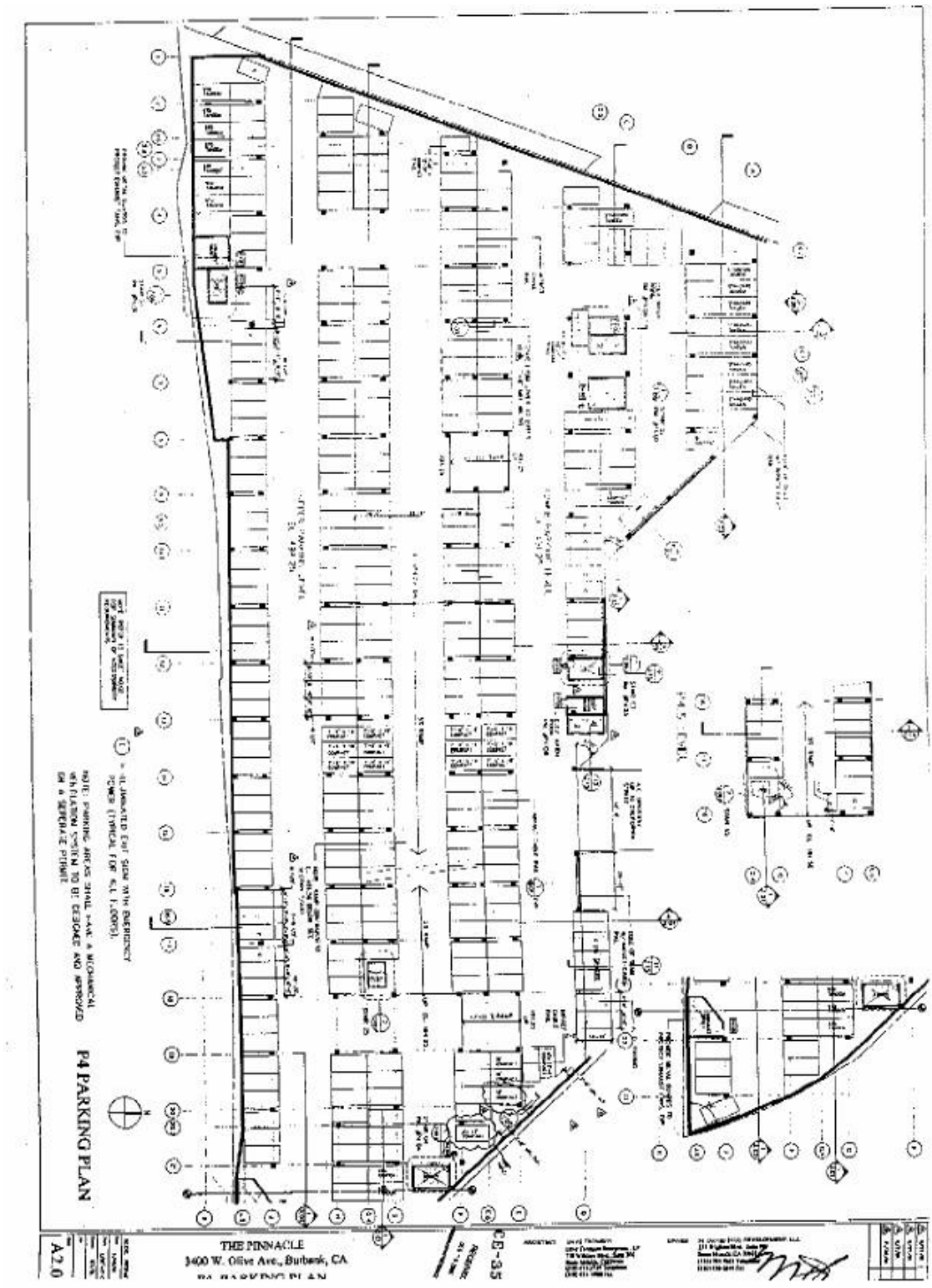
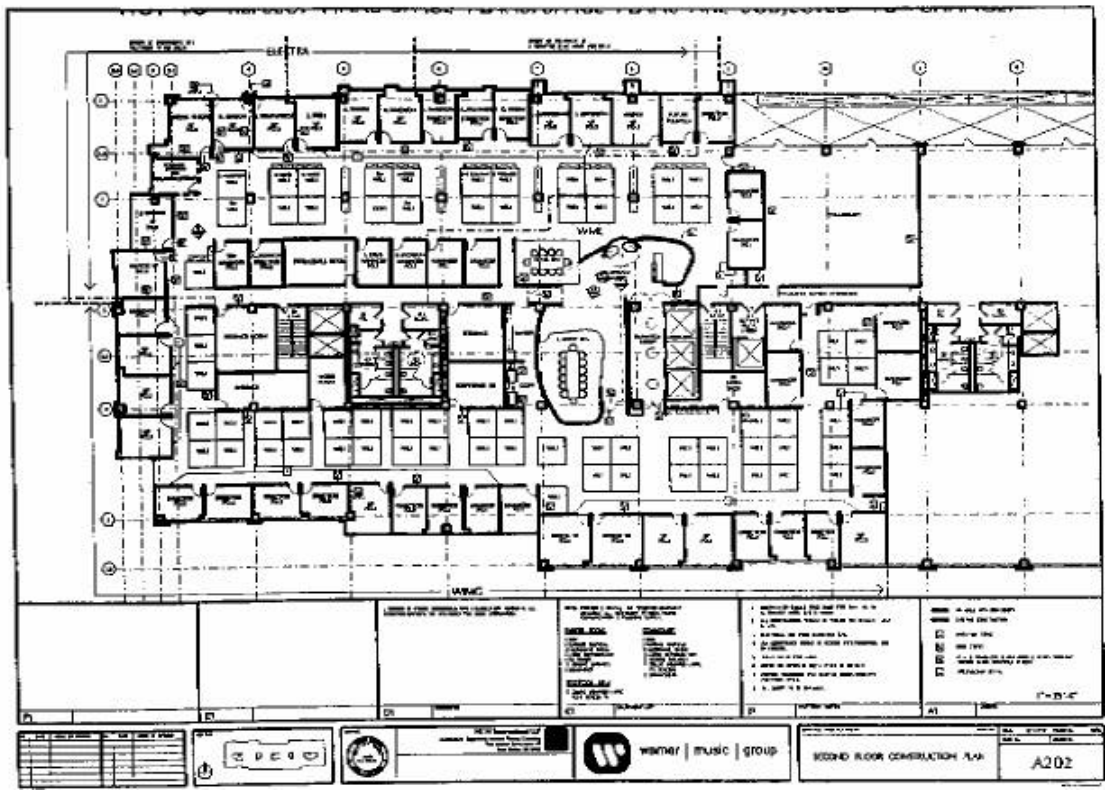


Exhibit A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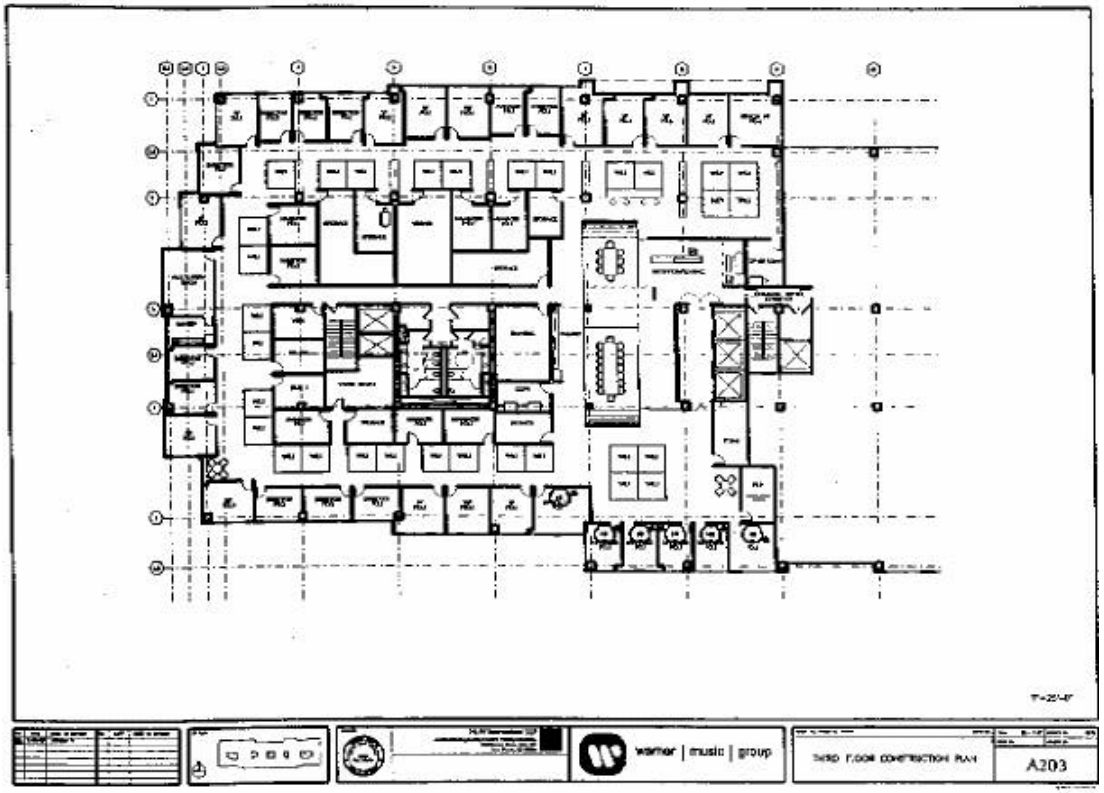
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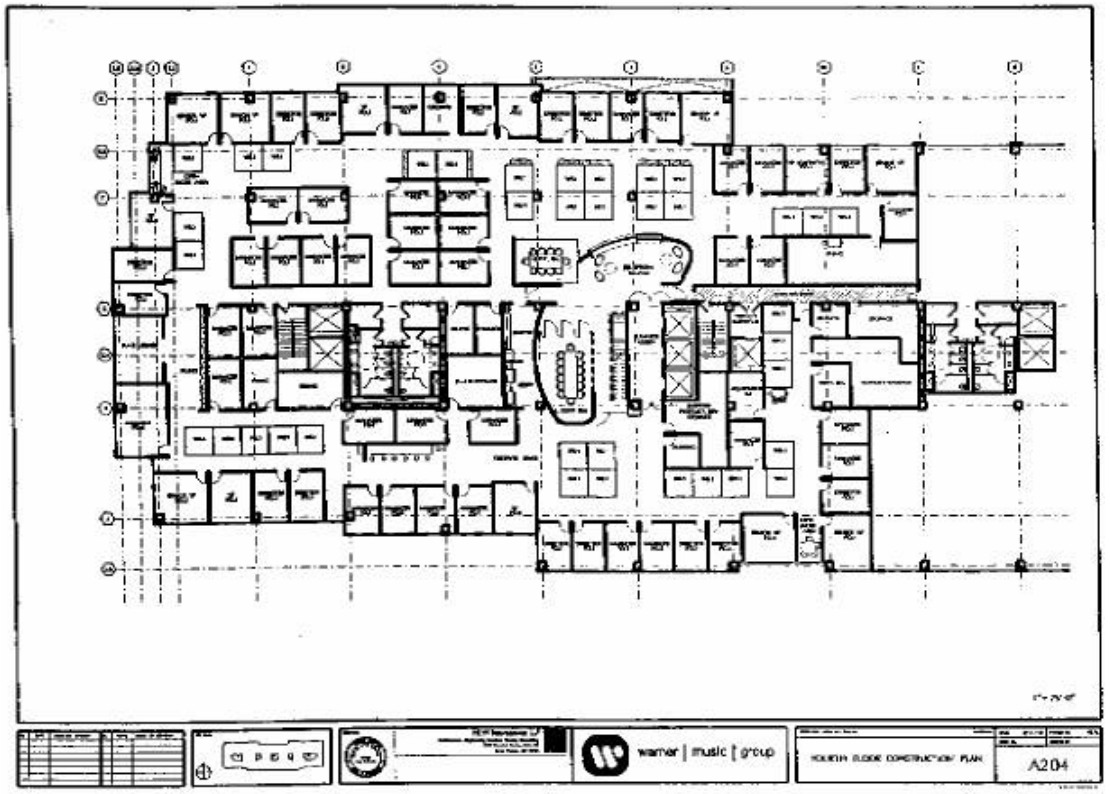
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FOURTH FLOOR CONSTRUCTION PLAN
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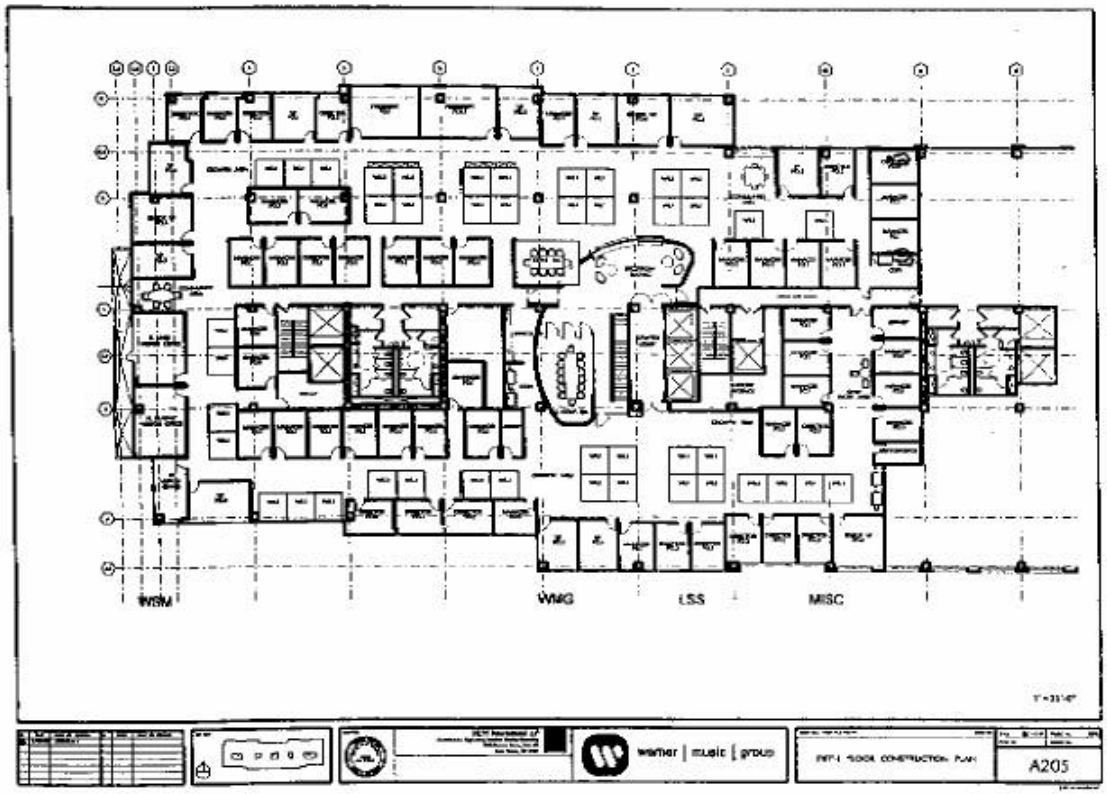
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LSS
MISC
weiner | music | group
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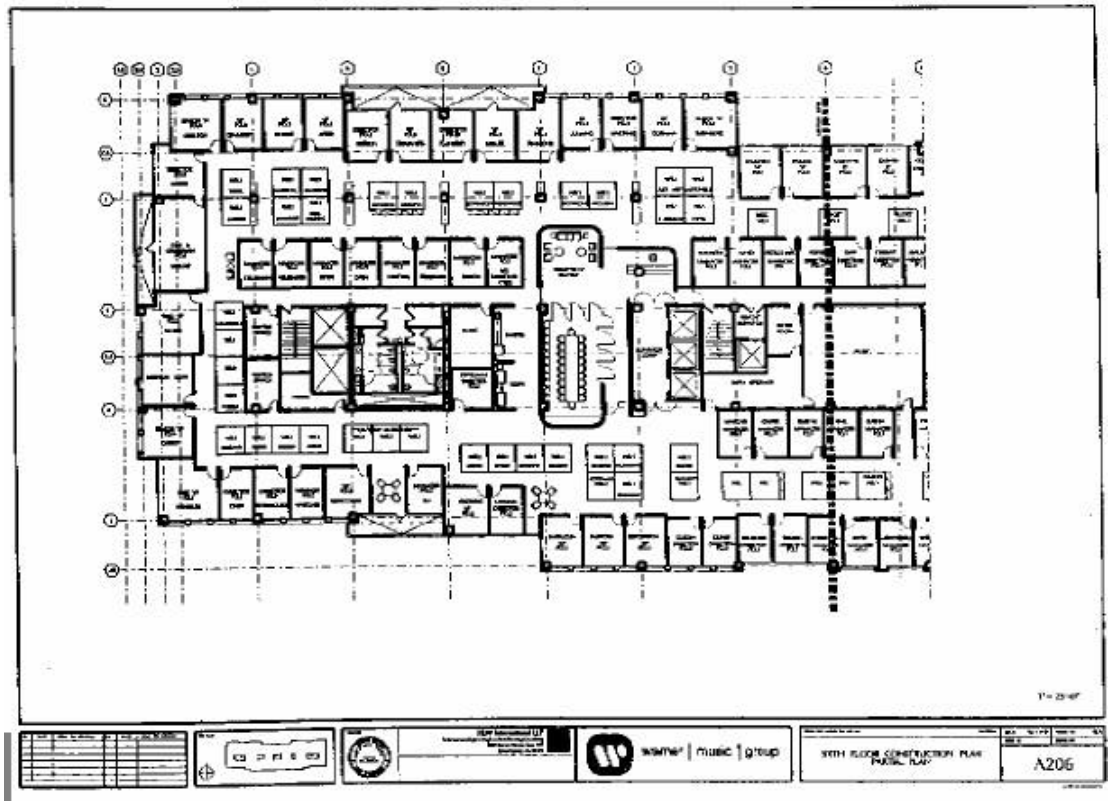
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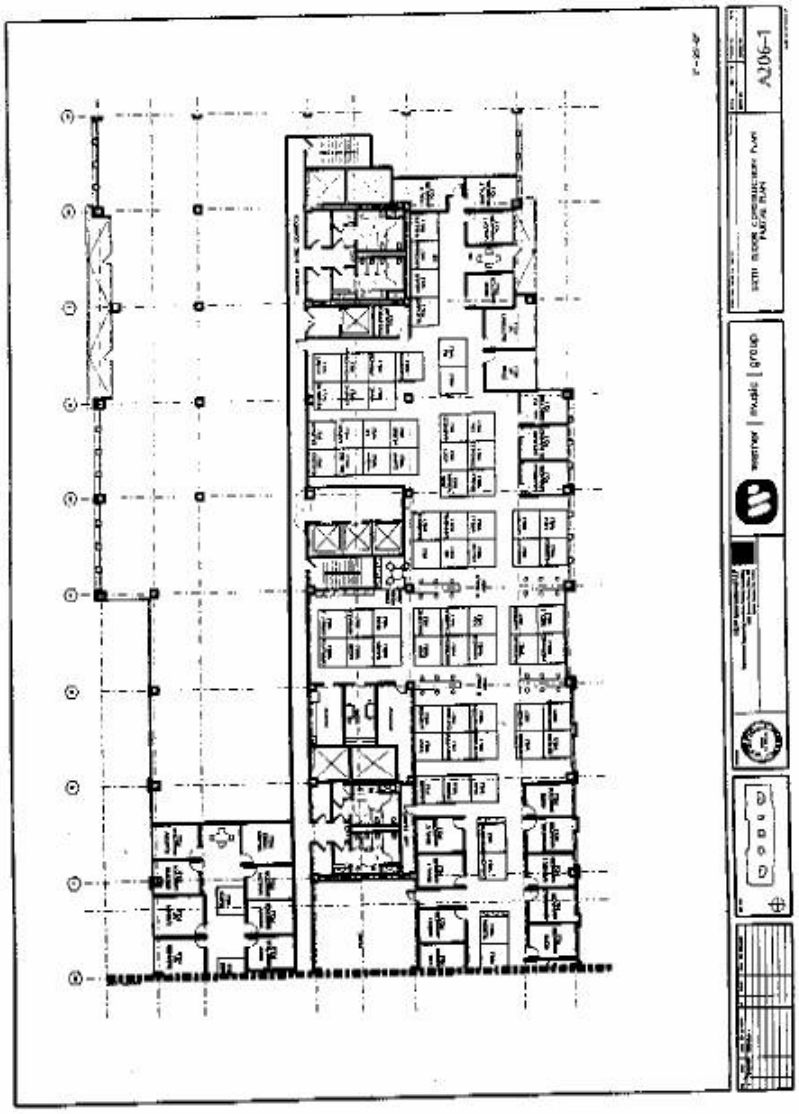
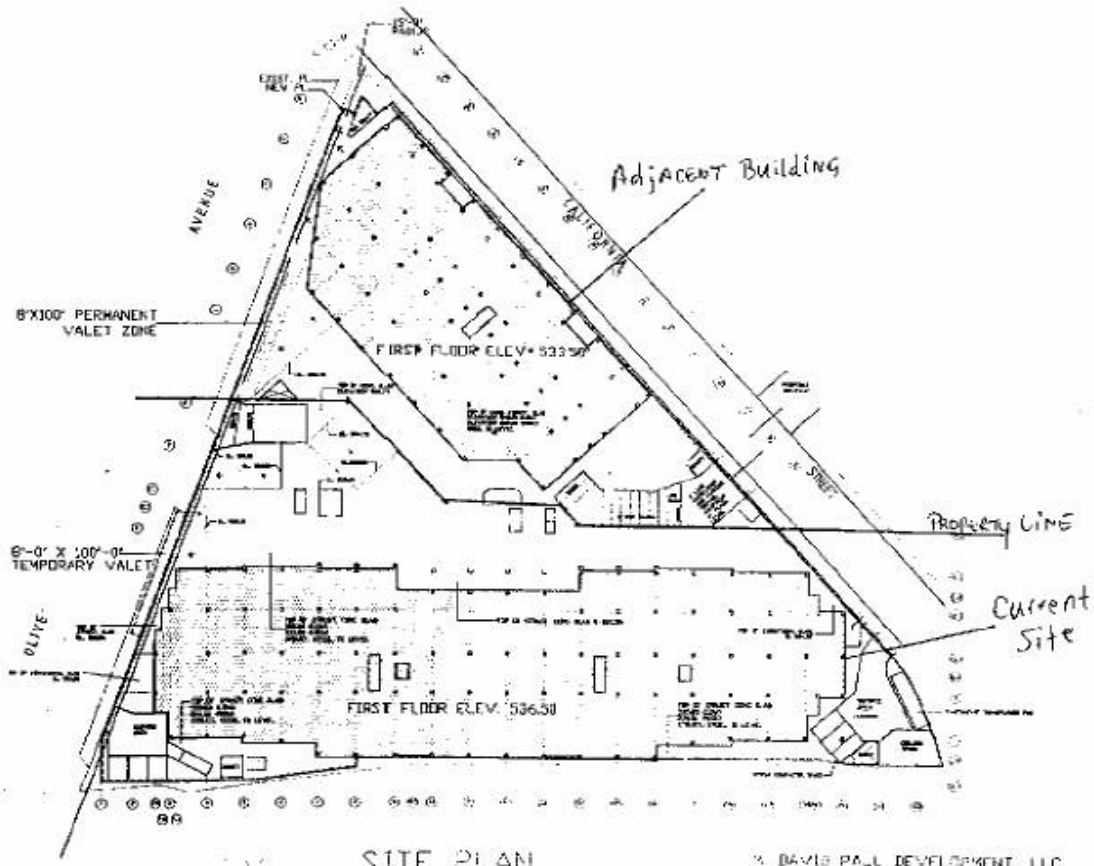
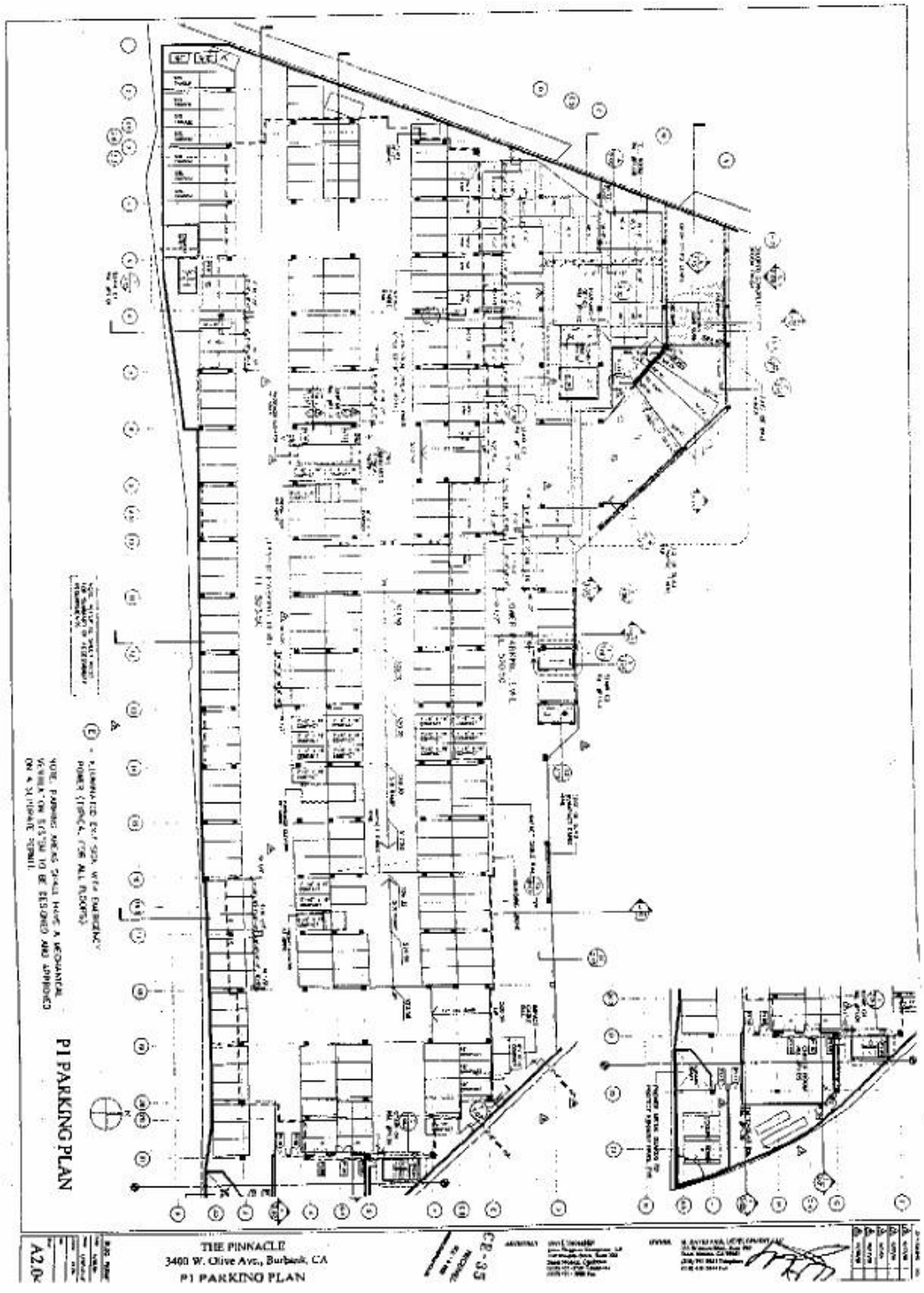


EXHIBIT B



SITE PLAN
THE PINNACLE
Burbank, California
5/8/02

A. DAVID PALL DEVELOPMENT, LLC
(310) 393-9633
(310) 458-2644 FAX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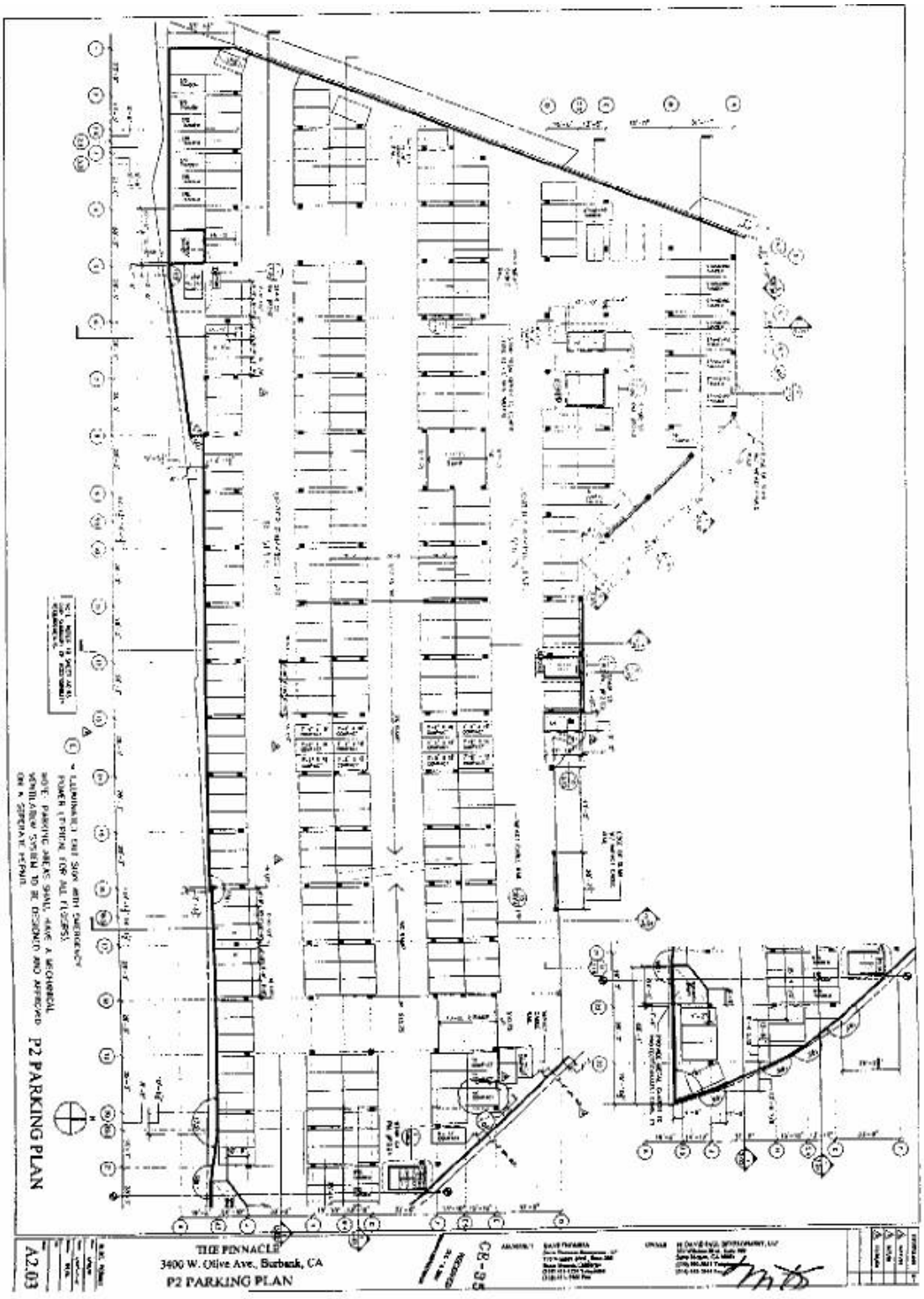
P1 PARKING PLAN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P2 PARKING PLAN
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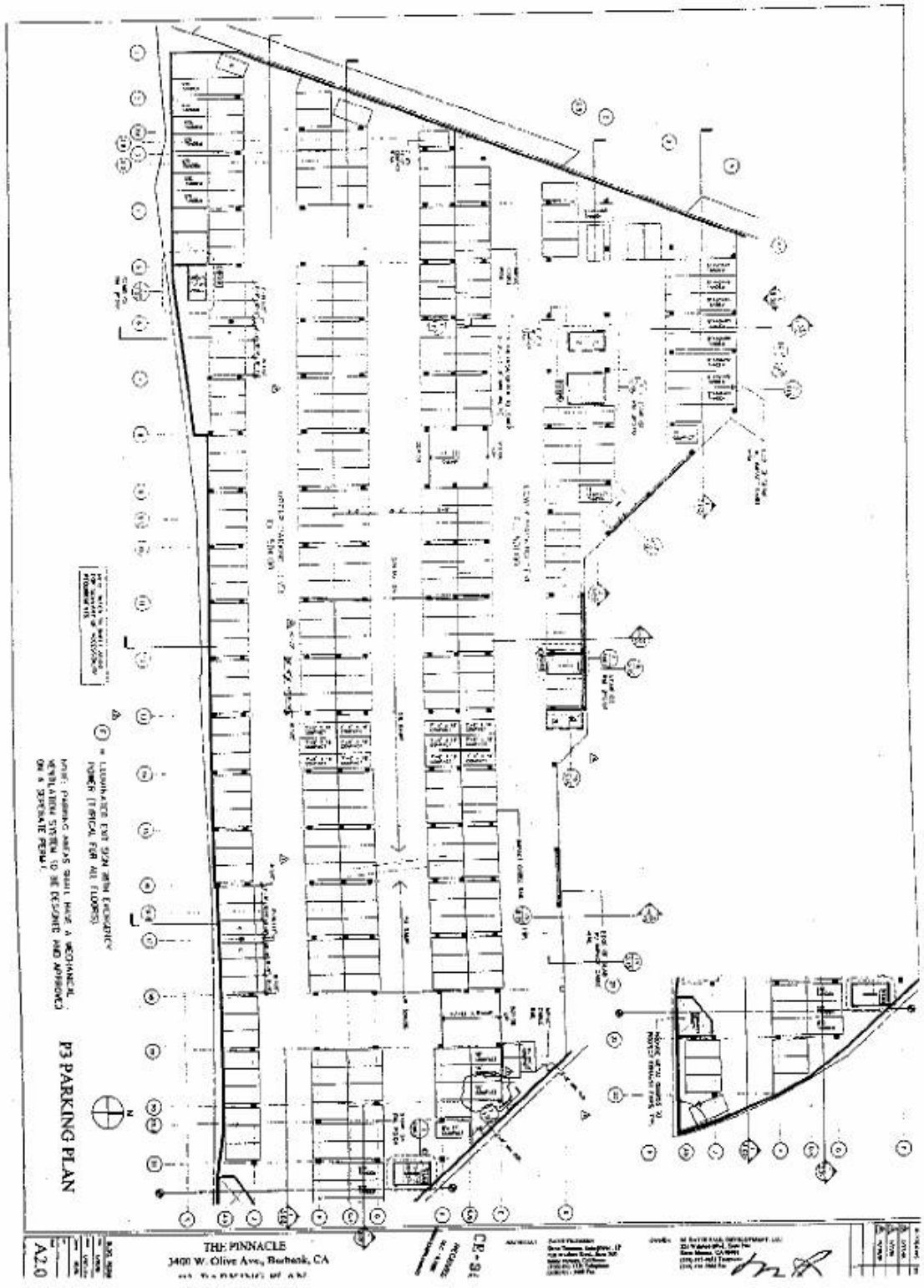
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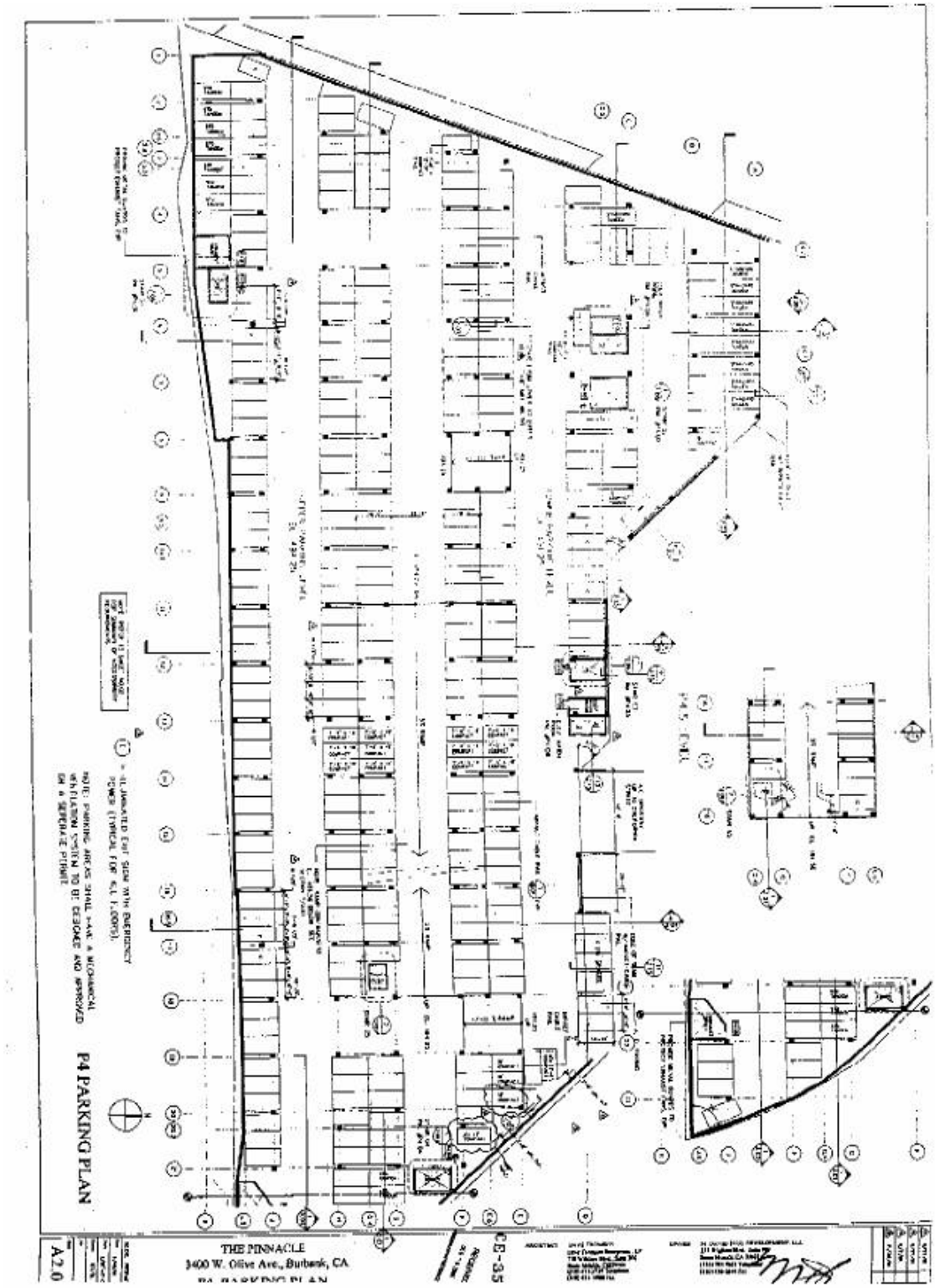

EXHIBIT C

IMPROVEMENT OF THE PREMISES

1. AS IS LEASE. Except as otherwise specifically provided in the Lease of which this Exhibit C is a part, the lease of the Premises (including, without limitation, HVAC, fire/life safety and other utility and mechanical systems within the Premises) by Tenant pursuant hereto shall be on an entirely "as is" basis. However, promptly following the date hereof in accordance with Landlord's construction schedule (but in any event prior to the Commencement Date), Landlord shall substantially complete such of the Common Areas of the Project as are reasonably required for the operation of Tenant's business from the Premises without material interference resulting from any incomplete portion of such Common Areas. Landlord heretofore performed certain "Core and Shell Work" for the Building substantially in accordance with those certain plans as more particularly described on Schedule 1 attached hereto and incorporated herein by this reference (the "Core and Shell Work Plans"). Landlord shall promptly hereafter perform the following work (collectively, the "Core and Shell Punch List Work"): (a) the work specified in those certain Punch Lists dated May 9, 2002 and May 20, 2002, prepared by Contractor, (b) the work specified in the certain Pre-Construction Site Survey prepared by HLW International LLP dated May 7, 2002 (except that it is agreed that no further wainscot need be installed in the first floor janitorial closet), and (c) painting the western exit staircase (i.e., walls, ceiling and handrails), providing physical barrier for second floor balcony (although the parties agree that installation of such barrier need not be completed until Substantial Completion of the Tenant Improvements), and painting the visible roofing material on the fourth floor balcony "tan". The Core and Shell Work (without regard to any particular Tenant Improvements installed by Tenant) shall meet the noise specifications set forth in Schedule 2 attached hereto and incorporated herein by this reference. Notwithstanding anything to the contrary contained in the Lease of which this Exhibit is a part (including, without limitation, Section 3(a) below in this Exhibit C), in the event that hereafter during the course of Tenant's construction of the Tenant Improvements, it is determined that any of the Core and Shell Work Plans (other than Core and Shell Punch List Work already completed), then (i) Landlord shall promptly, at Landlord's sole cost, perform such corrective work to conform the Core and Shell Work to the Core and Shell Work Plans, (ii) Landlord shall repair any damage to the Tenant Improvements resulting from Landlord's

performance of such corrective work, and (iii) the period of any delay in the Substantial Completion of the Tenant Improvements resulting from Landlord's performance of such corrective work and/or repair work under the foregoing clauses (i) and/or (ii) shall constitute a Landlord Delay.

2. TENANT IMPROVEMENTS.

(a) Tenant Improvement Allowance. Tenant shall be solely responsible for all costs of the initial construction of Tenant's improvements which are permanently affixed to the Premises (the "Tenant Improvements") and Landlord shall not be required to provide any allowance to Tenant in connection therewith; except only that within thirty (30) days following Tenant's request therefor following Tenant's commencement of physical construction of the Tenant Improvements within the Premises, Landlord shall pay to Tenant an allowance in an amount equal to Three Dollars ($3.00) per square foot of Rentable Area in the Premises ("Tenant Improvement Cash Allowance"). At Tenant's option, Tenant may apply the Tenant Improvement Cash Allowance to the rental charges first owed under this Lease. Tenant shall indicate whether Tenant would like to receive the Tenant Improvement Cash Allowance in cash or in the form of a rent credit at the time of Tenant's request for the Tenant Improvement Cash Allowance, and, should Tenant elect to receive a rent credit, then Landlord will not pay the Tenant Improvement Cash Allowance, and, should Tenant elect to receive a rent credit, then Landlord will not pay the Tenant Improvement Cash Allowance to Tenant, and Tenant instead shall apply the Tenant Improvement Cash Allowance to the first rental charges owed under this Lease until the entire Tenant Improvement Cash Allowance amount has been applied.

(b) Standard Tenant Improvement Package. Landlord has established specifications (the "Specifications") for some of the Building standard components which Tenant shall construct in the Premises, which Specifications are as described in Schedule 3 attached hereto and incorporated herein by this reference. Tenant hereby agrees that it has reviewed and approves the Specifications. The quality of the Tenant Improvements must at a minimum comply with the applicable Specifications, provided that if required by

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Landlord as to both (i) the Tenant Improvements constructed in any portion of the Premises which occupies a portion of a floor, rather than a full floor, of the Building, and (ii) window coverings, such items shall meet the Specifications.

3. CONSTRUCTION DRAWINGS.

(a) Selection of Architect/Construction Drawings. Tenant shall retain an architect/space planner (the "Architect") approved by Landlord, which approval shall not be unreasonably withheld, conditioned or delayed, to prepare the Construction Drawings. Tenant shall retain engineering consultants (the "Engineers") designated by Landlord or otherwise reasonably approved by Landlord to prepare all plans and engineering working drawings relating to the structural, mechanical, electrical, plumbing, HVAC, life-safety, and sprinkler work in the Premises in connection with the Tenant Improvements. Notwithstanding anything to the contrary contained in the foregoing, Landlord hereby pre-approves retention of HLW International LLP, Syska Hennessey Group, Martin Newsome Associates and Lighting Design Alliance. The plans and drawings to be prepared by Architect and the Engineers hereunder shall be known collectively as the "Construction Drawings". All Construction Drawings shall be professionally prepared consistent with drawings for comparable construction projects at Comparable Buildings, using one-eighth (1/8th) inch scale CAD drawings (or an alternate standard reasonably acceptable to Landlord). Landlord's review of the Construction Drawings as set forth in this Section 3, shall be for its sole purpose and shall not imply Landlord's review of the same, or obligate Landlord to review the same, for quality, design, compliance with Applicable Law or other like matters. Accordingly, notwithstanding that any Construction Drawings are reviewed by Landlord or its space planner, architect, engineers and consultants, and notwithstanding any advice or assistance which may be rendered to Tenant by Landlord or Landlord's space planner, architect, engineers, and consultants, Landlord shall have no liability whatsoever in connection therewith and shall not be responsible for any omissions or errors contained in the Construction Drawings, and Tenant's waiver and indemnity set forth in the Lease shall specifically apply to the Construction Drawings, except to the extent that such errors in the Construction Drawings result from errors contained in the Core and Shell Work Plans and not theretofore identified by the parties. Furthermore, Tenant and Architect shall use commercially reasonable efforts and diligence to verify, in the field, the dimensions and conditions as shown on the relevant portions of the Core and Shell Work Plans, so as to mitigate any costs Landlord may incur pursuant to this Exhibit as a result of errors in the Core and Shell Work Plans.

(b) Final Space Plan. The parties hereby approve of the final space plans for the Tenant Improvements which are attached as Exhibit A to the Lease of which this Exhibit is a part (the "Final Space Plan").

(c) Final Working Drawings. Within thirty (30) days after the full execution and delivery of this Lease by Landlord and Tenant, Tenant shall promptly cause the Architect and the Engineers to complete the architectural and engineering drawings for the Premises, and Architect shall compile a fully coordinated set of architectural, structural, mechanical, electrical and plumbing working drawings in a form which is complete to allow the general contractor or subcontractors to bid on the work and to obtain all applicable permits (collectively, the "Final Working Drawings") and shall submit the same to Landlord for Landlord's approval (which approval shall not be unreasonably withheld, conditioned or delayed). Tenant shall supply Landlord with four (4) copies signed by Tenant of such Final Working Drawings. Landlord shall advise Tenant with specificity within ten (10) business days after Landlord's receipt of the Final Working Drawings for the Premises whether or not Landlord approves of such proposed Final Working Drawings. The parties hereby agree that it shall be reasonable for Landlord to withhold approval of the proposed final Working Drawings if the Final Working Drawings are inconsistent with the approved Final Space Plan, existing Building systems or improvements, applicable Laws, or first-class office building use for the permitted uses under this Lease or are incomplete in any respect. If Tenant is so advised of Landlord's disapproval, Tenant shall promptly cause the Final Working Drawings to be revised to correct any deficiencies or other matters Landlord may reasonably require.

(d) Approved Working Drawings. The Final Working Drawings shall be approved by Landlord (the "Approved Working Drawings") prior to the commencement of construction of the Premises by Tenant. Within five (5) days after approval by Landlord of the Final Working Drawings, Tenant shall submit

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the same to the City of Burbank for all applicable building permits. Subject to the express representations and warranties of Landlord set forth in the Lease of which this Exhibit is a part, Tenant hereby agrees that neither Landlord nor Landlord's consultants shall be responsible for obtaining any building permit or certificate of occupancy for the Premises and that obtaining the same shall be Tenant's responsibility; provided, however, that Landlord shall cooperate with Tenant in executing permit applications and performing other ministerial acts reasonably necessary to enable Tenant to obtain any such permit or certificate of occupancy and perform its obligations under Sections 9(a) and 9(b) of the Lease of which this Exhibit is a part. No changes (other than customary, de minimis "field changes"), modifications or alterations in the Approved Working Drawings may be made without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed.

(e) 60% Construction Drawings. Notwithstanding anything to the contrary contained in the foregoing, the parties hereby agree that Tenant shall have the right to prepare customary "60%" construction drawings for the Tenant Improvements based upon the approved Final Space Plan (the "60% Construction Drawings") and submit four (4) copies of the same to Landlord, signed by Tenant, for Landlord's prior approval (which approval shall not be unreasonably withheld, conditioned or delayed). If so submitted, Landlord shall advise Tenant with specificity with ten (10) business days after Landlord's receipt of the 60% Construction Drawings whether or not Landlord approves of such proposed 60% Construction Drawings. The parties hereby agree that it shall be reasonable for Landlord to withhold approval of the proposed 60% Construction Drawings if the 60% Construction Drawings are inconsistent with the approved Final Space Plan, existing Building systems or improvements, applicable Laws, or first-class office building use for the permitted uses under this Lease or are incomplete in any respect. If Tenant is so advised of Landlord's disapproval, Tenant shall promptly cause the 60% Construction Drawings to be revised to correct any deficiencies or other matters Landlord may reasonably require. Once the 60% Construction Drawings are approved by Landlord and Tenant, subject to compliance with applicable Laws (including, without limitation, any permitting requirements of the City of Burbank), Tenant may commence performance of the Tenant Improvements on the basis thereof prior to achieving Approved Working Drawings so long as Tenant is diligently proceeding to achieve the Approved Working Drawings, subject to compliance with the other provisions of the Lease of which this Exhibit is a part.

4. CONSTRUCTION OF THE TENANT IMPROVEMENTS.

(a) Tenant's Selection of Contractors.

(i) The Contractor. Tenant shall retain a licensed general contractor (the "Contractor"), as contractor for the construction of the Tenant Improvements, by a process of competitive bidding (at the schematic design stage) among not less than three (3) qualified, licensed general contractors reasonably approved by Landlord and reasonably experienced in the performance of work comparable to the work of the Tenant Improvements in buildings comparable to the Building, or otherwise reasonably approved by Landlord, provided that Krismar Construction Company ("Krismar"), an affiliate of certain of the entities holding an interest in Landlord, shall have the right (but not the obligation) to be one of the bidding general contractors; provided, further, that Tenant need not select Krismar even if Krismar is the lowest bidder.

(ii) Tenant's Agents. All subcontractors, laborers, materialmen, and suppliers used by Tenant (such subcontractors, laborers, materialmen, and suppliers, and the Contractor to be known collectively as "Tenant's Agents") must be approved in writing by Landlord, which approval shall not be unreasonably withheld, conditioned or delayed; provided that, at Landlord's option, Tenant must contract with Landlord's base building subcontractors for any roof or mechanical work in the Premises provided that the fees charged by such subcontractors shall be commercially reasonable and competitive for the work performed as compared with comparably experienced licensed subcontractors in the Burbank area.

(b) Construction of Tenant Improvements by Tenant's Agents.

(i) Construction Contract; Cost Budget. Once a preliminary budget has been established for the construction of the Tenant Improvements, Tenant shall submit such preliminary budget to Landlord for informational purposes. Prior to Tenant's commencement of construction of the Tenant

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Improvements, Tenant shall submit to Landlord (1) the construction contract and general conditions with Contractor (the "Contract") and the bids of the Contractor and all subcontractors for major trades and materials suppliers for construction of the Tenant Improvements, for Landlord's approval, which approval shall not be unreasonably withheld, conditioned or delayed; and (2) a detailed breakdown, by trade, of the final costs to be incurred and/or which have been incurred for costs of design, purchase of materials for, permitting and construction of the Tenant Improvements (the "Final Costs") and a construction budget (the "Construction Budget") based upon such Final Costs.

(ii) Tenant's Agents.

(1) Landlord's General Conditions for Tenant's Agents and Tenant Improvement Work. Tenant's and Tenant's Agent's construction of the Tenant Improvements shall comply with the following: (A) the Tenant Improvements shall be constructed in strict accordance with the Approved Working Drawings; (B) Tenant and Tenant's Agents shall not, in any way, interfere with, obstruct or delay, any other work in the Building; (C) Tenant's Agents shall submit schedules of all work relating to the Tenant's Improvements to Contractor and Contractor shall, within five (5) business days of receipt thereof, inform Tenant's Agents of any changes which are necessary thereto, and Tenant's Agents shall adhere to such corrected schedule; and (D) Tenant shall abide by all reasonable and non-discriminatorily enforced rules made by Landlord with respect to the use of freight, loading dock and service elevators, storage of materials, coordination of work with the contractors of other tenants, and any other matter in connection with the construction of the Tenant Improvements. However Landlord shall reasonably cooperate with Tenant in the performance of the Tenant Improvements so as to facilitate use of the shared loading dock and service elevators, storage of materials and coordination of work in a manner which endeavors to minimize the extent of any delay in the performance of the Tenant Improvements resulting from use of such shared facilities and the multi-tenant nature of the Building.

(2) Indemnity. Tenant's indemnity of Landlord as set forth in the Lease shall also apply with respect to any and all costs, losses, damages, injuries and liabilities related in any way to any act or omission of Tenant or Tenant's Agents, or anyone directly or indirectly employed by any of them, or in connection with Tenant's not-payment of any amount arising out of the Tenant Improvements and/or Tenant's disapproval of all or any portion of any request for payment.

(3) Requirements of Tenant's Agents. Each of Tenant's Agents shall guarantee to Tenant and for the benefit of Landlord that the portion of the Tenant Improvements for which it is responsible shall be free from any defects in workmanship and materials for a period of not less than one (1) year from the date of completion thereof. Each of Tenant's Agents shall be responsible for the replacement or repair, without additional charge, of all work done or furnished in accordance with its contract that shall become defective within (1) year after the later to occur of (i) completion of the work performed by such contractor or subcontractors and (ii) the Commencement Date. The correction of such work shall include, without additional charge, all additional expenses and damages incurred in connection with such removal or replacement of all or any part of the Tenant Improvements, and/or the Building and/ or common areas that may be damaged or disturbed thereby. All such warranties or guarantees as to materials or workmanship of or with respect to the Tenant Improvements shall be contained in the Contract or subcontract and shall be written such that such guarantees or warranties shall inure to the benefit of both Landlord and Tenant, as their respective interests may appear, and can be directly enforced by either. Tenant covenants to give to Landlord any assignment or other assurances which may be necessary to effect such right of direct enforcement upon the occurrence of any uncured event of default by Tenant or earlier termination of the Lease of which this Exhibit is a part.

(4) Insurance Requirements.

(A) General Coverages. All of Tenant's Agents shall carry worker's compensation insurance covering all of their respective employees, and shall also carry public liability insurance, including property damage, all in form and with companies as are required to be carried by Tenant as set forth in the Lease provided that the limits of such insurance may be lower than the minimum limits of coverage required of Tenant to the extent such lower limits are commercially reasonable and customary

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given the work being performed by the applicable Tenant's Agent, and the policies therefor shall insure Landlord and Tenant, as their interests may appear, as well as the Contractor and subcontractors.

(B) Special Coverages. Tenant shall carry "Builder's All Risk" insurance in an amount reasonably approved by Landlord covering the construction of the Tenant Improvements, and such other insurance as Landlord may reasonably require, it being understood and agreed that the Tenant Improvements shall be insured by Landlord pursuant to the Lease immediately upon completion thereof. Such insurance shall be in amounts and shall include such extended coverage endorsements as may be reasonably required by Landlord. To the extent customarily maintained by first-class contractors, subcontractors or materialmen (as applicable) performing comparable work in Comparable Buildings, all of Tenant's Agents shall carry excess liability and Products and Completed Operation Coverage insurance, each in amounts not less than $1,000,000 per incident, $2,000,000 in aggregate, and in form and with companies as are required to be carried by Tenant as set forth in Section 17 of the Lease of which this Exhibit C is a part.

(C) General Terms. Certificates for all insurance carried pursuant to this Section 4(b) (ii) (4) shall be delivered to Landlord before the commencement of construction of the Tenant Improvements and before the Contractor's equipment is moved onto the site. All such policies of insurance must contain a provision that the company writing said policy will give Landlord at least thirty (30) days prior written notice of any cancellation or lapse of the effective date or any reduction in the amounts of such insurance. In the event that the Tenant Improvements are damaged by any cause during the course of the construction thereof, Tenant shall immediately repair the same at Tenant's sole cost and expense; except that if such damage is caused by the negligence or wilful misconduct of Landlord or Landlord's employees, agents or contractors and is not covered by the insurance maintained by Tenant (and would not have been so covered had Tenant maintained the insurance required to be maintained by Tenant under this Lease), then Landlord shall perform such required repair work at Landlord's sole cost. Tenant's Agents shall maintain all of the foregoing insurance coverage in force until the Tenant Improvements are fully completed and accepted by Landlord, except for any Products and Completed Operation Coverage insurance required by Landlord of the Contractor, which is to be maintained for five (5) years following completion of the work and acceptance by Landlord and Tenant. All insurance, except Workers' Compensation, maintained by Tenant's Agents shall preclude subrogation claims by the insurer against anyone insured thereunder. Such insurance shall provide that it is primary insurance as respects the owner and that any other insurance maintained by owner is excess and noncontributing with the insurance required hereunder. The requirements for the foregoing insurance shall not derogate from the provisions for indemnification of Landlord by Tenant under Section 4(b) (ii) (2) above.

(iii) Governmental Compliance. The Tenant Improvements shall comply in all respects with the following: (1) all applicable Laws and other state, federal, city or quasi-governmental laws, codes, ordinances and regulations, as each may apply according to the rulings of the controlling public official, agent or other person; (2) applicable standards of the American Insurance association and the National Electrical Code; and (3) building material manufacturer's specifications.

(iv) Inspection by Landlord. Landlord shall have the right to inspect the Tenant Improvements at all reasonable times, provided however, that Landlord's failure to inspect the Tenant Improvements shall in no event constitute a waiver of any of Landlord's rights hereunder nor shall Landlord's inspection of the Tenant Improvements constitute Landlord's approval of the same. Tenant shall have the right to accompany Landlord during any such entry. Should Landlord reasonably disapprove any portion of the Tenant Improvements based upon a failure to comply with the Approved Working Drawings, Landlord shall notify Tenant in writing of such disapproval and shall specify the items disapproved. Any defects or deviations in, and/or disapproval by Landlord of, the Tenant Improvements shall be rectified by Tenant at no expense to Landlord.

(v) Meetings. Commencing upon the execution of this Lease (or later as reasonably determined by Tenant), Tenant shall hold weekly meetings at a reasonable time, with the Architect and the Contractor regarding the progress of the preparation of Construction Drawings and construction of the Tenant Improvements, which meetings shall be held at a location

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reasonably acceptable to Landlord, and Landlord and/ or its agents shall receive prior notice of, and shall have the right to attend, all such meetings. One such meeting each month shall include the review of Contractor's current request for payment.

(c) Notice of Completion; Updated Approved Working Drawings. Within thirty (30) days following the commencement of Tenant's occupancy of the Premises (other than for purposes of construction of the Tenant Improvements), (i) Tenant shall cause the Architect and Contractor to update the Approved Working Drawings as necessary to reflect all changes made to the Approved Working Drawings during the course of construction (except customary, minor field changes shown on consultant's sketches provided to Landlord); (ii) Tenant shall deliver to Landlord properly executed unconditional final mechanics lien releases in compliance with California Civil Code Section 3262 (d) (4) from all of Tenant's Agents for labor rendered and materials delivered to the Premises in connection with the Tenant Improvements, and Tenant shall cause a Notice of Completion to be recorded in the office of the Recorder of the County of Los Angeles in accordance with Section 3093 of the Civil Code of the State of California or any successor statute, and deliver a copy thereof to Landlord, provided that if Tenant fails to do so within a reasonable period after receipt of written notice from Landlord, Landlord may execute and file the same on behalf of Tenant as Tenant's agent for such purpose, at Tenant's sole cost and expense; and (iii) Tenant shall deliver to Landlord two (2) sets of sepias and CAD diskette of such as-built drawings for the Premises with the completed Tenant Improvements and a copy of all warranties, guaranties, and operating manuals and information relating to the improvements, equipment, and systems in the Premises, and shall cause the Architect and Contractor to certify to the best of their knowledge that the "record-set" of as-built drawings are true and correct, which certification shall survive the expiration or termination of this Lease.

(d) Coordination by Tenant's Agents with Landlord. Upon tenant's delivery of the Contract to Landlord under Section 4 (b) (i) above, Tenant shall furnish Landlord with a schedule setting forth the projected date of the completion of the Tenant Improvements and showing the critical time deadlines for each phase, item or trade relating to the construction of the Tenant Improvements.

5. COMMENCEMENT DATE.

(a) Commencement Date. The "Commencement Date" shall occur for all purposes of this Lease upon January 1, 2003; which date shall be extended on a day for day basis to the extent of any delay in the "Substantial Completion of the Tenant Improvements" resulting from any "Landlord Delay", as such terms are hereinafter defined. Notwithstanding that the Lease Commencement Date shall not occur until following the delivery of possession of the Premises to Tenant by Landlord, this Lease shall be fully effective from and after the date of the execution of this Lease. Tenant's occupancy of the Premises following the delivery of possession of the Premises to Tenant by Landlord and prior to the Commencement Date for purposes of construction of the Tenant Improvements and installation of Tenant's trade fixtures, furniture, equipment and personal property shall be subject to all terms and conditions of this Lease other than Tenant's obligation for payment of Monthly Base Rent and Tenant's Expenses Excess. In addition, Tenant shall have the right to occupy all or any part of the Premises for the conduct of Tenant's business following the delivery of possession and prior to the Commencement Date, provided that such occupancy shall be subject to all terms and conditions of this Lease including, without limitation, Tenant's obligation for payment of Monthly Base Rent (calculated without regard to the provisions of Lease Sections 5 (c), 5(d), and 5(e)), prorated based upon the Rentable Area of the Premises so occupied for the conduct of Tenant's business.

(b) Landlord Delay. As used herein, the term "Landlord Delay" shall mean any delay in the Substantial Completion of the Tenant Improvements resulting from (i) the performance of required corrective work and/or repair work by Landlord pursuant to clause (i) and/ or (ii) of Section 1 of this Exhibit C, (ii) any breach of this Lease by Landlord; and/or (iii) the negligence or wilful misconduct of Landlord or its employees or agents; provided that no Landlord Delay shall be deemed to commence or occur unless and until the matter giving rise to such Landlord Delay is not cured by Landlord within one (1) business day following Landlord's receipt of written notice thereof from Tenant (which notice may, notwithstanding anything to the contrary contained herein, be delivered by facsimile transmission to Landlord

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c/o Jeffrey M. Worthe at (310) 458-2644, with telephone confirmation of receipt at (310) 393-9655, with a copy to Scott D. Brooks at (310) 277-7889 with telephone confirmation of receipt at (310) 277-4222, or to such other number(s) as Landlord may hereafter specify by written notice to Tenant).

(c) Definition of Substantial Completion of the Tenant Improvements. For purposes of this Lease, the "Substantial Completion of the Tenant Improvements" shall mean completion of construction of the Tenant Improvements in the Premises pursuant to the Approved Working Drawings with the exception of any punch list items, any furniture, fixtures, work stations, built-in furniture or equipment (even if the same requires installation or electrification by Tenant's Agents), and any tenant improvement finish items and materials which are selected by Tenant but which are not available within a reasonable time (given the anticipated date of the Lease Commencement Date), and Tenant's receipt of any governmentally-required permits and/or approvals to allow occupancy of the Premises (provided that Tenant shall use reasonable efforts and diligence in good faith to obtain such permits and/or approvals as soon as reasonably possible).

6. MISCELLANEOUS.

(a) Tenant's Representative. Tenant has designated Anthony Mason Associates, Jean Cavangh and Blake Messinger each as its representatives with respect to the matters set forth in this Exhibit, who, until further notice to Landlord, shall have full authority and responsibility, acting individually or together, to act on behalf of the Tenant as required in this Exhibit.

(b) Landlord's Representative. Landlord has designated M. David Paul and Jeffrey M. Worthe each as its representatives with respect to the matters set forth in this Exhibit, who, until further notice to Tenant, shall have full authority and responsibility, individually or together, to act on behalf of the Landlord as required in this Exhibit.

(c) Miscellaneous. Subject to applicable governmental requirements, Landlord shall reasonably cooperate with Tenant to allow the performance of construction of the Tenant Improvements by Tenant's Agents during such hours as are desired by Tenant. During the period of construction of the Tenant Improvements prior to the Commencement Date, (i) Tenant or Tenant's Agents shall not be charged for, directly or indirectly, HVAC usage during Building Hours (provided that such HVAC provided to the Premises need only be at such levels as are commercially reasonable for a tenant improvement construction site), electricity, water, or freight elevator or loading dock usage in connection with the construction of the Tenant Improvements, (ii) Landlord shall cause such loading dock to be reasonably available for Tenant's use during construction and move-in to the Premises, subject to scheduling and reasonable coordination with Landlord and other Project occupants, and (iii) the Contractor and all of its subcontractors shall not be charged for parking in the designated parking facility for Project contractors during construction of the Tenant Improvements prior to the Commencement Date. Landlord shall cause the Premises to be thoroughly cleaned promptly following the Substantial Completion of the Tenant Improvements and promptly following Tenant's move in to the Premises. None of Tenant's Agents shall be entitled to (1) display identification or other signage at the Project, (2) use passenger elevators at the Project, or (3) park anywhere except in the designated parking facility for Project contractors.

SCHEDULE 1 TO EXHIBIT C

Core and Shell Work Plans

Architectural Drawings by Dave Thomsen Enterprises

Sheet Number	Description	Date
A0.01	Cover Sheet, Sheet Index, Location Map	01/30/02
A0.02	General Notes, Project Information	04/10/01
A0.03	Accessibility Notes and Details	04/10/01
A1.01	Site Plan	11/30/01
A2.01	P4 Parking Plan	11/30/01
A2.02	P3 Parking Plan	11/30/01
A2.03	P2 Parking Plan	11/30/01
A2.04	P1 Parking Plan	11/30/01

A2.05	Plaza Slab and Drainage Plan	10/17/01
A2.06	First Floor Plan	01/30/02
A2.07	Second Floor Plan	08/17/01
A2.08	Third Floor Plan	08/17/01
A2.09	Fourth Floor Plan	08/17/01
A2.10	Fifth Floor Plan	08/17/01
A2.11	Sixth Floor Plan	08/17/01
A2.12	Roof and Penthouse Plan	09/07/01
A3.01	Building Sections	04/10/01
A3.02	Building Sections	04/10/01
A3.03	Building Sections	10/17/01
A3.04	Building Sections	09/07/01
A3.05	North and South Elevations	10/17/01
A3.05A	Exterior Color Key Elevations	10/17/01
A3.06	East and West Elevations	10/17/01
A3.06A	Exterior Color Key Elevations	10/17/01
A3.06.1	Penthouse Elevations	10/17/01
A3.07	Enlarged Elevations	08/17/01
A3.08	Enlarged Elevations	08/17/01
A3.09	Enlarged Elevations	10/17/01
A3.10	Enlarged Elevations	08/17/01
A3.11	Enlarged Elevations	06/27/01
A3.11.1	Plaza Elevator Elevations	10/17/01
A3.11.2	Plaza Elevator Elevations	11/30/01
A3.12	Wall Sections	04/10/01

A3.13	Wall Sections	04/10/01
A3.14	Wall Sections	04/10/01
A3.15	Garage Wall Sections	10/17/01
A3.16	Ramp Wall Elevations, Sections and Details	09/07/01
A3.17	Penthouse Wall Sections	04/10/01
A3.18	Terrace Sections/Trellis Details	04/10/01
A4.01	First Floor Core Plan	11/30/01
A4.02	Second Floor Core Plan	09/07/01
A4.03	Third Floor Core Plan	09/07/01
A4.04	Fourth Floor Core Plan	09/07/01
A4.05	Fifth Floor Core Plan	09/07/01
A4.06	Sixth Floor Core Plan	09/07/01
A4.08	Garage Entry Plan	11/30/01
A4.09	West Lobby Plans	01/30/02
A4.10	East Lobby Plans	01/30/02
A5.01	West Toilet Room Plans & Elevations	10/17/01
A5.02	Center Toilet Room Plans & Elevations	10/17/01
A5.03	East Toilet Room Plans & Elevations	10/17/01
A5.04	West Lobby Elevations	01/30/02
A5.05	East Lobby Elevations	01/30/02
A5.06	Elevator Cab Interiors	08/17/01
A6.01	Garage Entry Ramp Reflected Ceiling Plan	11/30/01
A6.02	Reflected Ceiling Plan	06/27/01
A6.03	West Lobby Ceiling Plan	11/30/01
A6.04	East Lobby Ceiling Plans	11/30/01
A7.01	Building Stair Plans (Stairs 1 & 2)	08/17/01
A7.02	Building Stair Plans (Stairs 3 & 4)	08/17/01
A7.03	Building Stair Sections	04/10/01
A7.04	Building Stair Sections	04/10/01
A7.05	Stair G1 Plans	05/04/01
A7.06	Stair G2 Plans	10/17/01
A7.06.1	Stair G3 Plans	09/07/01
A7.06.2	Stair G4 & G5 Plans	08/17/01
A7.07	Garage Stair Sections	08/17/01
A7.10	Stair Details	04/10/01
A8.01	Exterior Details	04/10/01
A8.02	Exterior Details	04/10/01
A8.03	Exterior Details	08/17/01
A8.04	Exterior Details	09/07/01
A8.05	Exterior Details	08/17/01
A8.06	Exterior Details	08/17/01

A8.07	Exterior Details	10/17/01
A8.08	Exterior Details	08/17/01

A8.09	Exterior Light Fixtures	09/07/01
A8.10	Lobby Details	01/30/02
A9.01	Door Details	04/10/01
A9.02	Partition Details	06/27/01
A10.01	Window Schedule	04/10/01
A10.02	Window Schedule	04/10/01
A10.03	Window Types	08/17/01
A10.04	Window Types	05/04/01
A10.05	Door Schedule	11/30/01
A10.06	Door Schedule	08/17/01
A10.07	Finish Schedule	10/17/01
A10.08	Finish Schedule	04/10/01

Structural Drawings by Englekirk Partners

Sheet Number	Description	Date
S1.1	General Notes	3/20/2001
S1.1.1	General Notes	3/20/2001
S1.2	Typical Details	3/20/2001
S1.3	Typical Details	3/20/2001
S1.3.1	Typical Details	3/20/2001
S1.3.2	Typical Details	3/20/2001
S1.4	Typical Details	3/20/2001
S1.5	Typical Details	3/20/2001
S1.6	Typical Details	3/20/2001
S2.1	Foundation Plan	3/20/2001
S2.2	P3 and P2 Parking Level Framing Plan	3/20/2001
S2.3	P1 Parking Level Framing Plan	3/20/2001
S2.4	Ground Floor Framing Plan	3/20/2001
S2.4A	Ground Floor Reinforcing Plan	3/20/2001
S2.5	Second Floor Framing Plan	3/20/2001
S2.6	Third Floor Framing Plan	3/20/2001
S2.7	Fourth Floor Framing Plan	3/20/2001
S2.8	Fifth Floor Framing Plan	3/20/2001
S2.9	Sixth Floor Framing Plan	3/20/2001
S2.10	Roof Framing Plan	3/20/2001

S2.11	Penthouse Framing Plan and Details	3/20/2001
S3.1	Foundation Sections and Details	3/20/2001
S3.2	Wall Sections	3/20/2001
S4.1	Steel Column Schedule	3/20/2001
S4.2	SMF and Brace Elevations	3/20/2001
S4.2.1	EBF Elevations	3/20/2001
S4.3	Details	3/20/2001
S4.4	Details	3/20/2001
S4.5	Brace Details and Miscellaneous	3/20/2001
S5.1	Elevator Roof Plans and Details	KC 4/19/01
S6.1	Ramp Sections	3/20/2001
S6.1.1	Ramp Sections	3/20/2001
S6.1.2	Ramp Sections	3/20/2001
S6.2	Ramp / Parking Level Sections	3/20/2001
S6.3	Ramp Sections	3/20/2001
S6.4	Details and Sections	3/20/2001

Mechanical Drawings by Pacific Mechanical Construction Management

Sheet Number	Description	Date
M-1	Title 24	12/15/01
M-2	Equipment Schedule	12/15/01
M-3	Plot Plan	12/15/01
M-4	Parking Exhaust Levels P-1, 2, 3, 4 and P-1 Level P	12/15/01
M-5	Chiller Room and Tower	12/15/01
M-6	Chiller & Tower Schematic	11/21/01
M-7	Piping Details	11/21/01
M-8	AC Floor Plan	11/21/01
M-9	Exhaust Systems and Shaft Connections	12/15/01
M-10	Duct Riser and Duct Details	12/15/01
M-11	Mechanical Roof Plan	12/15/01
M-12	Fan Rooms 1, 2 & 3 Details and Elevations	11/21/01
M-13	Vibration Isolators & Smoke Fire Damper Details	11/21/01
M-14	Control Wiring Diagram	11/21/01

Plumbing Drawings by Hellman\Lober and Suttles Plumbing

Sheet Number	Description	Date
P1.01	Legend, Schedules, General Notes & Sheet List	4/10/2002
P1.02	Site Plan	4/10/2002
P1.03	Plumbing Specifications	4/10/2002
P2.01	P4 Parking Plan	4/10/2002
P2.02	P2 and P3 Parking Plan	4/10/2002
P2.03	P1 Parking Plan	4/10/2002
P2.04	Plaza Level Drainage Plan	4/10/2002
P2.05	First Floor Plan	4/10/2002
P2.06	Second Floor Plan	4/10/2002
P2.07	Third Floor Plan	4/10/2002
P2.08	Fourth Floor Plan	4/10/2002
P2.09	Fifth Floor Plan	4/10/2002
P2.10	Sixth Floor Plan	4/10/2002
P2.11	Roof and Penthouse Plan	4/10/2002
P3.01	Enlarged Floor Plans	4/10/2002
P4.01	Riser Diagrams	4/10/2002
P4.02	Riser Diagrams	4/10/2002
P5.01	Details	4/10/2002
P5.02	Details	4/10/2002

Electrical Drawings by Sasco Electric

Sheet Number	Description	Date
E-0	Symbols and Abbreviations, General Notes	04/19/02
E-1	Parking Level 4 Electrical Plan	04/19/02
E-2	Parking Level 3 Electrical Plan	04/19/02
E-3	Parking Level 2 Electrical Plan	04/19/02
E-4	Parking Level 1 Electrical Plan	04/19/02
E-4A	Main Electrical Room	04/19/02
E-5	Plaza Level Electrical Plan	04/19/02
E-6	Plaza Level 1 Electrical Plan	04/19/02
E-7	Level 2 Electrical Plan	04/19/02
E-8	Level 3 Electrical Plan	04/19/02
E-9	Level 4 Electrical Plan	04/19/02
E-10	Level 5 Electrical Plan	04/19/02
E-11	Level 6 Electrical Plan	04/19/02
E-12L	Roof Level Lighting Plan	04/19/02
E-12PE	Roof and Penthouse East Power Plan	04/19/02
E-12PW	Roof and Penthouse West Power Plan	04/19/02
E-13	Details and Telephone Riser	04/19/02
E-14	Single Line Diagram MSB-A	04/19/02
E-15	Single Line Diagram MSB-B	04/19/02
E-16	Panel Schedules	04/19/02
E-17	Panel Schedules	04/19/02
E-18	Panel Schedules	04/19/02
E-19	Panel Schedules	04/19/02
	East Lobby	04/19/02
	West Lobby	04/19/02

Fire Protection Drawings by Qualco Fire Protection

Sheet Number	Description	Date
FP-1	General Notes and Symbols	2/18/2002
FP-2	Underground Piping Plan	2/18/2002
FP-3	Parking Level P-1 Bulk Piping Plan	2/18/2002
FP-4	Sleeve Location Stair #1 and 2	2/18/2002
FP-5	Sleeve Location Stair #3 and 4	2/18/2002
FP-6	Sleeve Locations-Parking Levels	2/18/2002
FP-7	Standpipe Isometric	2/18/2002
FP-8	Parking Level P-1	2/18/2002
FP-9	Parking Level P-2	2/18/2002
FP-10	Parking Level P-3	2/18/2002
FP-11	Parking Level P-4	2/18/2002
FP-12	Tower Ground Floor	2/18/2002

FP-13	Tower Second Floor	2/18/2002
FP-14	Tower Third and Fourth Floor	2/18/2002
FP-15	Tower 5th Floor	2/18/2002
FP-16	Tower 6th Floor	2/18/2002
FP-17	Tower Roof	2/18/2002
FP-18	Typ. Building Section	2/18/2002

Fire Alarm Drawings by National Fail Safe

Sheet Number	Description	Date
FA-1.00	Cover Sheet	5/21/2001
FA-2.01	Fire Alarm Control Panel	5/21/2001
FA-2.02	Fire Alarm Amplifier Panel	5/21/2001
FA-2.03	Firefighter's Telephone Panel	5/21/2001
FA-3.00	Riser Diagram	5/21/2001
FA-4.01	P-4 Fire Alarm Plan	5/21/2001
FA-4.02	P-4 Fire Alarm Plan	5/21/2001
FA-4.03	P-4 Fire Alarm Plan	5/21/2001
FA-4.04	P-3 Fire Alarm Plan	5/21/2001
FA-4.05	P-3 Fire Alarm Plan	5/21/2001
FA-4.06	P-3 Fire Alarm Plan	5/21/2001
FA-4.07	P-2 Fire Alarm Plan	5/21/2001
FA-4.08	P-2 Fire Alarm Plan	5/21/2001
FA-4.09	P-2 Fire Alarm Plan	5/21/2001
FA-4.10	P-1 Fire Alarm Plan	5/21/2001
FA-4.11	P-1 Fire Alarm Plan	5/21/2001
FA-4.12	P-1 Fire Alarm Plan	5/21/2001
FA-5.01	1st Floor Fire Alarm Plan	5/21/2001
FA-5.02	1st Floor Fire Alarm Plan	5/21/2001
FA-5.03	2nd Floor Fire Alarm Plan	5/21/2001
FA-5.04	2nd Floor Fire Alarm Plan	5/21/2001
FA-5.05	3rd Floor Fire Alarm Plan	5/21/2001
FA-5.06	3rd Floor Fire Alarm Plan	5/21/2001
FA-5.07	4th Floor Fire Alarm Plan	5/21/2001
FA-5.08	4th Floor Fire Alarm Plan	5/21/2001
FA-5.09	5th Floor Fire Alarm Plan	5/21/2001
FA-5.10	5th Floor Fire Alarm Plan	5/21/2001
FA-5.11	6th Floor Fire Alarm Plan	5/21/2001
FA-5.12	6th Floor Fire Alarm Plan	5/21/2001
FA-5.13	Roof Fire Alarm Plan	5/21/2001
FA-5.14	Roof Fire Alarm Plan	5/21/2001
FA-6.00	Fire Alarm Detail Sheet	5/21/2001

HVAC Controls Submittal by Control Management Systems
SD-110 Dated 09/14/2001

Sprinkler Submittal by Qualco Fir Protection
SD-20 Dated 02/05/2001

BUILDING STANDARDS

Warner Music Group - The Pinnacle Building
MEP Schematic Pricing Package

May 13, 2002

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233 WILSHIRE BOULEVARD
SUITE 990
SANTA MONICA, CALIFORNIA 90401
TELEPHONE: 310/458-3170

FACSIMILE: 310/458-9063
ACCOUNTING: 310/458-1753

krismar construction company, inc.

Memorandum

To: Jeff Worthe

From: Gary Morrison

Date: April 4, 2002

Re: Building Standard Clarifications

The following is in response to the Email that you forwarded me regarding HLW and Syska and Hennessy questions about our building standards. Reference the attached copy of the original email for corresponding item numbers.

HLW Questions

1. 2 ½" 25 GA studs with one layer of gyp-board both sides, 6" above ceiling for typical wall is acceptable.

2. For Warner Music Group, building standards are not mandatory however do represent minimum standard of quality. Deviations from the building standard should be clearly identified in writing along with the plans submitted to Landlord for approval.

3. Partitions and/or ceiling should not be attached with screws to window mullions. Ceiling shall be attached to wall just above the extruded piece that receives the drywall at the head of the window. Walls that terminate into windows shall end with 204S cap and the cap shall be adhered to the mullion with two (2) vertical strips of 1" x 1/8" neoprene, double stick tape.

4. Window coverings will be single roll, Mecho Shades. Color and percentage open of fabric to be determined. Window shades are an optional Tenant cost item.

Syska and Hennessy Questions

1. When 2x4's, 2x2's and downlights are used than the standards shall be used. When design dictates, other fixtures are acceptable provided that they are approved by the Landlord in advance.

2-7 See attached PMC letter dated April 4, 2002.

GENERAL CONTRACTOR/LICENSE: 290899

PACIFIC MECHANICAL CONSTRUCTION MANAGEMENT

14120 Live Oak Ave., Suite A-1
Baldwin Park, California 91706-1345
(626) 960-3971
Fax: (626) 960-0485
PMCM@prnvoo.com

License No. 481491
B.C.A 20.36.38

A Division of Pacific Mechanical Contractors

April 4, 2002

Krismar Construction Company
233 Wilshire Boulevard, Suite #990
Santa Monica, California 90401

Attention: Gary Morrison

Subject: Pinnacle Phase One HVAC Tenant work

Dear Gary:

This is to address the HVAC related items on your April 3, 2002 E-mail/fax.

2 & 3) Please see enclosed, revised April 2, 2002 Pinnacle Tenant Work Criteria Section T 15000, pages 1 through 7. Revisions are of the housekeeping type and include the following:

A) Correction of outside design conditions.

B) Suggestion for consideration of reheat boxes for interior zones on ground floor due to garage below.

C) Revision of all duct wrap insulation to 2", ¾" density and a requirement that duct mains, although lined, be wrapped when not exposed to assure the temperature of conditioned air delivered.

4) The building system is a variable volume hot water reheat system. The controls contractor is Control Management Systems, (909) 980-1141, Cliff Bailey. Thermostats are to be display type.

5) Box minimum setting is a tenant engineer call. Our experience is that over cooling occurs at 30% minimum when interior rooms are unoccupied (lights out) and that minimums must be set lower than 30%. Should resetting be necessary subsequent to commissioning, that will be the tenant's responsibility.
LAQ is satisfied by air quantity. Reasonable air quantities should be available in interior spaces when occupancy (lights and people) provides a load, causing boxes to open.

6) Duct configuration in conformance with the T 15000 standards, is a tenant engineer call. Note requirements for insulation/lining depending on ceiling treatment.

7) There are no seismic joints within Pinnacle Phase I.

Please make sure Don Dodd and Jeff receive the revised criteria.

Sincerely,

P.M.C.M.

/s/ DAVE DEMING

Dave Deming

DD/jam

Enclosure

THE PINNACLE
Burbank, California,
Tensent Work Criteria

1. **DESIGN**

A. Airflow quantity to be based upon temperature difference between room and supply air at outlet of 20°F and 16°F for the interior zones. Room design temperature is 72°F summer, 78°F winter.

B. Low velocity ducts and fittings sized at less than 0.1 inches water pressure loss per 100 feet.

C. Supply Diffusers 24 x 24 perforated face with modular core and frame appropriate to ceiling type. Diffuser cores and back-pans shall have a flat black enamel finish. Face to be off-white baked enamel on perforated plate and margin unless specified otherwise by architect and approved by owner's representative. Neck velocities to be 500 FPM maximum, unless scheduled otherwise. Furnish OBD's. Return inlet 12 x 24 perforated face.

D. Pressure independent variable volume boxes. Titus or Krueger minimum 2 row reheat coil. Box manufacturer to mount electronic controller furnished by control contractor. This contractor to pipe reheat valve furnished by control contractor. Thermostat and wiring furnished and installed by control contractor.

E. Follow good engineering design principles with low loss conical high side connections, minimal elbows and fittings; abrupt transitions or "tap and cap" work is not acceptable. Include minimum ¾" size, type L copper reheat pipe, full port shut-off ball valves, petas plugs, unions at coil and control valves, and insulation per base system.

F. Air and water balance in accord with NEBB or AABC. Submit balance reports. If owner does not approve air balance, acquire services of an independent balance agency to rebalance systems. Provide spot check of balance report as requested by owner.

G. Acquire services of base building controls contractor to adjust supply and relief fan settings and sensors to accommodate each new tenant improvement work without disruption of existing building tenants or creation of unacceptable draft conditions and/or noise.

H. Submit a block-out plan of zoning to tenant and owner prior to designing space. Plan shall indicate zone, air quantity and thermostat locations. Obtain approvals, by signature, before proceeding with design. Approval by owner does not relieve designer of compliance with criteria and proper performance. Each exterior exposure and each corner office to be individually zoned. Maximum 3 exterior rooms per zone. Consider use of reheat boxes for interior zones on first floor, due to garage below.

I. Provide appropriate air quantity and ductwork from adjacent interior zones to feed telephone and electric rooms, elevator lobbies, corridors and restrooms. Provide air distribution devices, fire, and smoke damper protection as appropriate.

J. Base Building Design Criteria:

Summer Design	96°F DB 68°F WB	74°F DB Interior ± 2°
Winter Design	34°F DB	70°F DB Interior ± 2°
Glazing:	.44 Shading Co-efficient .35 Transmission Factor	
Walls:	0.1 Transmission Factor	
Roof:	.05 Transmission Factor	
First Floor:	.33 Transmission Factor	

One person per 150 Usable Sq. Ft (average per floor) 20 CFM OSA per person	
Lights:	1.5 Watts per Sq. Ft.
Power:	2.0 Watts per Sq. Ft. Maximum 3.5 Watts per sq. ft.*

* Advise owner in writing of proposed usage greater than 2.0 watts per sq. ft.

K. Controls: To be performed by building base system control contractor, Control Management Systems. (909) 980-1141

Performance of controls by others must be pre-approved by building owner.

L. The following provisions have been made for unusual and/or after hours HVAC loads. Contact building owner for usage and associated costs.

1. 24 Hour condenser water system served by open cooling tower at central plant.

M. Interior zones to reduce to 15% of design, adjustable to 0. All zones close to 0 at building shut down.

N. Boxes shall be selected at 80% or less of nominal CFM, not exceeding 0.7” W.G. pressure loss through the box, including attenuators, coils, connection to main trunk and low pressure ducts and diffusers.

O. Hot water piping and ductwork upstream of boxes shall comply with base building specifications and plans. Water velocity shall not exceed 8 feet per second; friction loss shall not exceed 8 feet of water per 100 feet of pipe, fittings included. Ductwork upstream of boxes shall not exceed 2000 feet per minute velocity, or 15 inches friction loss per 100 feet of duct based on full load air quantity design conditions. Duct upstream of boxes shall be constructed with low loss fittings to SMACNA 3” W.C. specifications and fully lined.

1. Short radius adjustable elbows are not acceptable. Maximum fitting convergence angle 15º, inlet duct to box at least 2” larger I.D. than box connection.

2. Where shown in high side ductwork, install single blade volume dampers for rough system balancing. Damper blades shall be constructed of not less than sixteen (16) gauge galvanized steel with edges bent and center grooved. Hardware shall be locked quadrant, heavy duty type as manufactured by Duro-Dyne Type KS-0385 with three-eight inch (3/8”) rod, K-4 quadrant and SB-338 closed end bearings or approved equal.

P. Where duct mains are not exposed (concealed above tenant ceiling structure), regardless of the fact that ducts are lined, insulate all concealed cold supply air, high side duct mains with Microlite fiberglass duct insulation, foil faced, 3/4 lb. density, 2 inch thick insulation wrapped entirely around duct with joints lapped at least 2 inches and secured with 16 gauge galvanized wire on 12 inch centers. Insulation shall cover all surfaces including standing seams.

II. INSTALLATION

A. Furnish all labor, materials, equipment and services required to complete, connect, and place in optimum operating condition heating, ventilating, and air conditioning systems. All work shall conform to the applicable requirements of the latest edition of the Uniform Building Code, Uniform Mechanical Code, Title 22 and 24 of the California Administrative Code, NFPA Life Safety Codes, and all applicable local, state and federal codes, ordinances, laws and regulations governing the work.

B. Refer to general notes and specifications on architectural drawings for all applicable notes.

C. The contractor’s attention is called to the presence of existing conditions, conduit, piping, etc. The contractor shall be held responsible for the protection and repair of any and all damage caused by him or his work to existing conditions, piping, etc. New work and installations shall be made without interruptions of services to existing buildings and tenant spaces. Any interruptions required shall be made to minimize inconvenience and at times as approved in advance by the owner.

D. Verification of existing conditions: Contractor shall field verify all points of connection, the type and capacity of equipment and systems being modified, or affected, the space available for installation and assume full responsibility for the proper installation and operation of all mechanical systems added or modified. Initiation of work constitutes acceptance of existing systems and installation.

E. Contractor shall coordinate his work carefully with that of the other trades in order to avoid interference. Coordinate all ductwork and mechanical equipment with structural, plumbing, sprinkler and electrical systems. Any and all conflicts shall be resolved prior to installation, in concurrence with the architect.

F. Ductwork shall be galvanized sheet metal and in accordance with the requirements of "SMACNA" HVAC duct construction for low and medium velocity duct. Round ductwork shall be spiral construction. Adhere to UMC Chapter 10 Requirements. All ductwork shall be constructed, erected and tested in accordance with the most restrictive of local regulations, procedures detailed in the ASHRAE Handbook of Fundamentals, or the applicable standards adopted by the Sheet Metal and Air Conditioning Contractors National Association. In conflict, the most stringent shall apply.

G. Ductwork exposed shall be spiral sheet metal with 1", 1-1/2 lb. density internal circle liner insulation in conformance with SMACNA & NFPA Requirements. 1", 1-1/2 lb. lining required on all exposed rectangular duct and fittings. All exposed work to be carefully installed without blemish; duct, hangers, piping, equipment and appurtenances true, level, and plumb to building structural elements. Use single strap hangers with bolted connection to belly band on exposed spiral duct. No flex connections on exposed ductwork. Wipe down exposed duct and boxes to leave a clean, like new appearance. With the Tenant Engineer's and Owner Project Engineer's written approval, lining of round ductwork downstream of box plenums may be deleted except for the first 10' of duct.

Where a ceiling is installed, all lining of the round ductwork downstream of box plenums may be deleted. Duct must be wrapped with 2" thick ½ pound density felt faced duct wrap securely wired in place, and flex duct connections shall be made to air distribution devices in accord with Section G.G. of this specification.

H. All raw edges of internal insulation shall be coated with lagging adhesive to prevent erosion. Sealant on exposed ductwork shall be neatly applied for appearance with sharp edges (apply masking tape to achieve sharp edges and remove after sealing to provide clean edges). Use approved duct sealant at all transverse and longitudinal joints, fitting joints and elbow gores. On exposed ductwork, seal fitting joints and gores from inside to prevent aspiration soiling and provide a clean external appearance.

I. Make P.O.C to ducts as shown. Patch, seal and cap affected piping and ductwork; re-insulate as required.

J. Insure airtight integrity of entire systems upon completion (new and existing). Patch or replace ductwork as required. All patch/insulation quality to be aesthetically pleasing.

K. Confirm thermostats and control operation for indicated mechanical equipment. Calibrate thermostats.

L. Protection: Provide and be responsible for protection and repair of adjacent surfaces and areas which may become damaged as a result of work in this section. Protect work performed hereunder until completion and final acceptance of project by owner. Repair or replace all damaged or defective work to original specified condition, at no additional cost to the owner.

M. Clean-up: Contractor shall keep his work, and the adjacent areas affected, free and clear from all debris caused by the work of this section. During and upon completion of work herein specified, remove from building and site all debris, unused materials, and equipment caused by work of this section and leave work in a clean, acceptable condition.

N. Submit equipment, ductwork and piping layout shop drawings at 1/8" scale minimum as contract drawings for owner's review prior to shop fabrication and construction.

O. Submit test and balance reports for owner's review.

P. All materials exposed within the ceiling return air plenum to have a flame spread rating of not more than 25 and a smoke developed rating of not more than 50.

Q. Where a ceiling is installed, provide 3' 6" max. length flex duct (high pres. side) connection from mains to VAV boxes. Flex to be straight.

R. Install all VAV boxes to provide optimum access to service controls. Do not position VAV boxes over gyp. board ceilings, in or over walls, or in any manner which will impede service access.

S. Provide all VAV's with min. 4' long discharge sheet metal plenum with 1" thick–1 ½ # density liner or VAV manufacturer's approved attenuator. Duct connections not permitted in this section. Connect ducts to a minimum 2' long lined plenum down-stream of attenuator/plenum with low loss fittings.

T. Perimeter zone boxes shall be located over interior rooms whenever possible.

U. Provide minimum radius on elbows at 1-1/2 times duct size.

V. Provide conical (45 degree convergence) tap-ins in medium pressure ductwork (typical of all box to trunk connections).

W. HVAC components to be free from contact with piping, electrical conduits, ceiling suspension systems, and all building components. Remove noise and vibration from tenant spaces.

X. Protect penetrations in lined medium pressure ducts with nosing and accessories to prevent liner erosion.

Y. In non-accessible plaster (gyp. board) ceilings, route distribution to provide volume dampers and other control devices above accessible ceilings. When not possible, provide Young Regulators. Position same as directed by architect.

Z. All piping and ductwork shall pass freely through all walls and floors without rigid connections. Penetration points shall be sleeved to allow passage of piping or ductwork and maintain ¾ to 1/ ¼" clearance around the outside surfaces. This clearance shall be tightly packed with one pound density glass fiber, and caulked airtight with non-hardening sealant after installation of piping or ductwork. Apply appropriate fire proofing. For penetration through rated walls and floor, provide state of California fire marshal approved penetration system. Minimize rated wall duct penetrations. Reroute ductwork as required.

AA. The following items are part of this criteria:

a. Base Building Specifications.
b. HVAC Tenant Work Criteria.
c. Base Building Drawings.

Written owner approval must be obtained for deviations.

BB. Provide minimum of four duct diameters of straight duct prior to inlet of VAV boxes.

CC. At the completion of the work, the contractor shall deliver to the office of the building complete as-built drawings showing work as actually installed. Two prints, one Mylar and one auto cad (most recent update) C.D. Also one print marked up to show deviation from design drawings.

DD. Thermostats shall be located beside light switch at a height as directed by architect and in compliance with the handicap code requirements.

EE. Provide duct across panels for all fire dampers and access for shutoff and control valves and boxes. Where these items cannot be reached through accessible tile ceiling panels, coordinate all ceiling and/or wall access requirements with architect.

FF. Air balancing dampers shall be provided for each and every air outlet. Locate balancing damper at main duct branches and branch take-off for each outlet as far away as possible from air outlet. Outlet opposed blade damper shall be installed at full open position and shall not be used for air balancing purposing.

GG. Where ceilings occur, flexible duct shall be 7' 0" maximum length at diffusers. Flexible ducts shall consist of an exterior reinforced laminated vapor barrier, 1 ½" thick fiberglass insulation (K=.25 @ 75 DEG.F) encapsulated spring steel wire helix and impervious, smooth, non-perforated interior vinyl liner. Flexible ducts shall be individual lengths with factory fabricated steel connection collars. Flexible duct to be used only to connect terminal outlet, supply and return, air register to rigid duct system. Flexible ducts shall be supported at or near mid-length. Installation shall minimize sharp radius turns or offsets.

HH. All air moving equipment shall be interlocked with building life safety system to shut down on alarm.

II. All duct and pipe insulation and air conditioning equipment shall be certified by the California Energy Commission.

JJ. All unlined ductwork in return air plenum shall be insulated with 2" thick fiberglass blanket (3/4 lbs. density) with scrim foil vapor barrier, U.L. listed by "Manville" — Microlite, Certainteed, or equal.

KK. All rooms shall have return air path. Provide wall opening above hung ceiling, for all rooms enclosed by slab-to-slab partitions. Calculate total return air and show appropriately sized demising wall openings for floor return air. Do not allow any obstruction of return air path. Calculate return air velocity at less than 400 FPM. Show openings on plans.

LL. All work performed must match the existing installation in equipment, product and installation quality.

MM. All of the work performed is subject to inspection by the building owners for conformity with existing building systems, quality of products and installation. Do not perform any work that may adversely affect the existing building systems operation. Any work found unacceptable shall be promptly replaced or corrected at no additional cost. While owner has the right to inspection, no obligation exists.

NN. Submit all ductwork, duct accessories, shop drawings, equipment, and air handling fixtures for approval prior to fabrication and installation. Centrally locate all zone boxes to the zone served in order that the low velocity ductwork will run in both directions from the box.

OO. Do not install ducts or VAV boxes parallel under beams (spanning perpendicular to building core) which may impede return path @ 400 FPM. Coordinate with other trades, including existing conditions and shop drawings prior to installation.

PP. Exact locations of all ceiling diffusers, registers and grilles when detailed on the architectural reflected ceiling plan and architectural room elevations shall be followed.

QQ. All equipment shall be installed in strict accordance with the equipment manufacturer's recommendations. Provide all fittings, transitions, dampers, valves and other devices required for a complete workable and serviceable installation.

RR. All equipment, ducts, piping, and other devices and materials installed outside of the building or otherwise exposed to the weather shall be completely weatherproofed.

SS. All appliances designed to be fixed in position shall be securely fastened in place.

TT. Do not use flexible ducts in exhaust systems.

UU. Provide expansion joints in all ducts and pipes crossing expansion and seismic joints.

VV. Verify final location of thermostats and temperature sensors with furniture plans and owner's representative prior to installation.

EXHIBIT D

RULES AND REGULATIONS

1. Except as may be specifically provided in the Lease to which these Rules and Regulations are attached, no sign, placard, picture, advertisement, name or notice shall be installed or displayed on any part of the outside or inside of the Building or Project (except within the Premises) without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. Tenant shall not place anything against or near exterior windows or doors which may appear unsightly from outside the Premises or which are visible from the exterior of the Premises (other than approved window coverings). Landlord shall have the right to remove, at Tenant's expense and after affording Tenant a reasonable opportunity for cure after notice from Landlord, any sign installed or displayed in violation of this rule.

2. Tenant shall not obstruct any sidewalks, halls, passages, exits, entrances, elevators, escalators or stairways of the Project. The halls, passages, exits, entrances, elevators, escalators and stairways are not open to the general public, but are open, subject to reasonable regulations, to Tenant's business invitees. Landlord shall in all cases retain the right to control and prevent access thereto of all persons whose presence in the reasonable judgment of Landlord would be prejudicial to the safety and interest of the Project and its tenants. Neither Tenant nor any employee or invitee of Tenant shall go upon the roof of the Project except as otherwise expressly permitted under Lease Section 32.

3. Tenant shall cooperate with Landlord in maintaining the Premises. All cleaning and janitorial services for the Project and the Premises shall be provided exclusively through Landlord.

4. At Landlord's request, as a part of the Tenant Improvements, Tenant shall install new locks in, and re-key, the Premises, and in such event, Tenant shall deliver a copy of a key to all such exterior door locks to Landlord upon installation thereof. In addition, upon the termination of its tenancy, Tenant shall deliver to Landlord the keys to all doors and locks in the Premises.

5. All contractors and technicians rendering any Building-systems related service to Tenant shall be referred to Landlord for approval (which approval shall not be unreasonably withheld, conditioned or delayed) prior to performing any such service, including but not limited to, installation of telephone and telegraph equipment and electrical devices and installations affecting floors, exteriors walls, woodwork, windows, ceilings and any other physical portion of the Building. None of Tenant's contractors or subcontractors shall be entitled to (1) display identification or other signage at the Project, (2) use the passenger elevators at the Project, or (3) park anywhere except on the lowest level of the Project parking facility in the are designated by Landlord.

6. No deliveries shall be made which materially interfere with the operation of the Project. No outside food vendors shall be permitted within the Project except for making of specific deliveries of previously ordered items to the Premises or the premises of another tenant.

7. Intentionally omitted.

8. Tenant shall not use or keep in the Premises any kerosene, gasoline or inflammable or combustible fluid or material other than those limited quantities necessary for the operation or maintenance of office equipment. Tenant shall not use or permit to be used in the Premises any foul or noxious gas or substance, or permit or allow the Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Building by reason of noise, odors or vibrations, nor shall Tenant bring into or keep in or about the Premises any birds or animals.

9. Tenant shall not use any method of heating or air conditioning other than that supplied by Landlord, except for supplemental air conditioning systems installed in accordance with the provisions of the Lease.

10. Tenant shall not waste electricity, water or air conditioning and agrees to reasonably cooperate with Landlord to assure the most reasonably

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effective operation of the Building's heating and air conditioning and to comply with any governmental energy-saving rules, laws or regulations. Tenant shall not tamper with or attempt to adjust temperature control thermostats in the Premises. Tenant shall keep shell/core corridor doors closed.

11. Intentionally omitted.

12. Landlord reserves the right to exclude from the Building during hours other than Building hours of operation, any person unless that person is known to the person or employee in charge of the Building or has a pass or is properly identified. Tenant shall be responsible for all persons for whom it requests passes and shall be liable to Landlord for all acts of such persons. Landlord shall not be liable for damages for any reasonable error with regard to the admission to or exclusion from the Building of any person. Landlord reserves the right to prevent access to the Building in case of invasion, mob, riot, public excitement or other commotion by closing the doors or by other appropriate action.

13. Tenant shall close and lock the doors of its Premises and entirely shut off all water faucets or other water apparatus, and electricity, gas or air outlets before Tenant and its employees leave the Premises. Tenant shall be responsible for any damage or injuries sustained by other tenants or occupants of the Building or by Landlord for noncompliance with this rule.

14. The toilet rooms, toilets, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed and no foreign substance of any kind whatsoever shall be thrown therein. The expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the tenant who, or whose employee or invitees, shall have caused it.

15. Tenant shall not use the Premises for any business or activity other than that specifically provided for in this Lease.

16. Subject to the provisions of Lease Section 32, Tenant shall not install any radio or television antenna, loudspeaker or other device on the roof(s) or exterior walls of the Building or Project. Tenant shall not interfere with radio or television broadcasting or reception from or in the Project or elsewhere.

17. Tenant shall not cut or bore holes for wires, except in accordance with the provisions of the Lease pertaining to Alterations. Tenant shall not affix any floor covering to floor of the Premises in any manner except as approved by Landlord to the extent required by the provisions of the Lease pertaining to Alterations. Tenant shall repair any damage resulting from noncompliance with this rule.

18. Canvassing, soliciting and distribution of handbills or any other written material, and peddling in the Project are prohibited, and Tenant shall cooperate to prevent such activities by the Tenant Parties.

19. Landlord reserves the right to exclude or expel from the Project any person who, in Landlord's reasonable judgment, is intoxicated or under the influence of liquor or drugs or who is in material violation of any of the Rules and Regulations of the Project.

20. Tenant shall store all its trash and garbage bags within its Premises or in other facilities provided by Landlord. Tenant shall not place in any trash box or receptacle any material which cannot be disposed of in the ordinary and customary manner of trash and garbage disposal. All garbage and refuse disposal shall be made in accordance with reasonable directions issued from time to time by Landlord.

21. No cooking shall be done or permitted on the Premises except the use by Tenant of Underwriters' Laboratory approved equipment for brewing coffee, tea, and other similar hot beverages shall be permitted, and the use of an Underwriter's Laboratory approved microwave oven for employee use shall be permitted, provided that such equipment and use is in accordance with all applicable Laws. Tenant may install soft drink and/or snack food vending machines for use by Tenant's employees and invitees.

22. Tenant shall comply with all reasonable safety, fire protection and evacuation procedures and regulations established by Landlord or any government agency.

23. Tenant's requirements will be attended to only upon appropriate application to the Project management office by an authorized individual. Employees of Landlord shall not perform any work or do anything outside of their regular duties unless under special instructions from Landlord, and no employee of Landlord will admit any person (Tenant or otherwise) to any office without specific instructions from Landlord.

24. There shall be no smoking within the Building or immediately adjacent to Building entrance (except in areas, if any, designated therefor by Landlord).

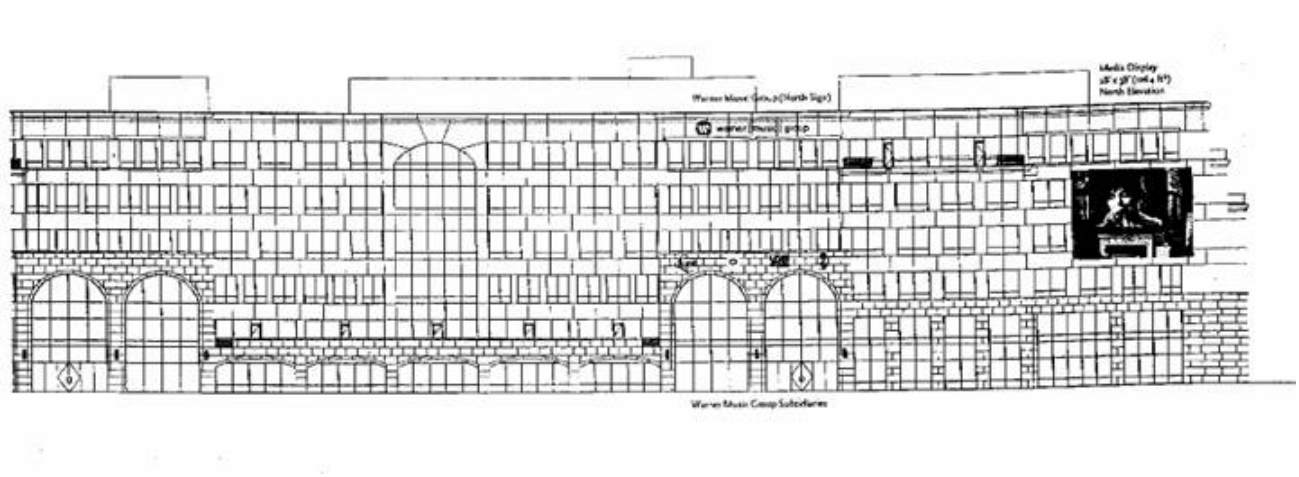
25. Landlord may waive any one or more of these Rules and Regulations for the benefit of Tenant or any other tenant, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of any other tenant, provided that Landlord shall not waive any of such Rules and Regulations for the benefit of another tenant if not also waived for the benefit of Tenant unless application of such Rule or Regulations to such other tenant is not comparable to the application of such Rule or Regulation to Tenant due to the use, premises location or other particularities of the lease of such other tenant.

26. These Rules and Regulations are in addition to, and shall not be construed to in any way modify or amend, in whole or in part, the terms, covenants, agreements and conditions of the Lease. However, in the event of any conflict between these Rules and Regulations and the provisions of the body of the Lease, the provisions of the body of the Lease shall control.

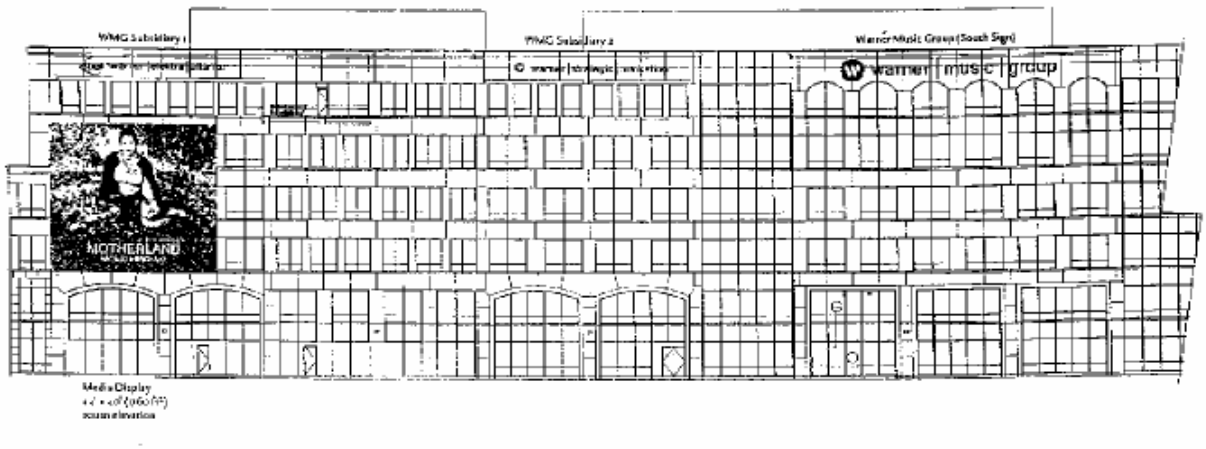
27. Upon written notice to Tenant, Landlord reserves the right to rescind any of these Rules and Regulations and to make future Rules and Regulations as, in its reasonable judgment, may from time to time be needed for safety, comfort and security, for care and cleanliness of the Project and for the preservation of good order therein. Tenant agrees to abide by all such Rules and Regulations herein above stated and any additional rules and regulations which are adopted and of which Tenant has received written notice.

28. Tenant shall be responsible for the observance of all of the foregoing rules by Tenant's employees, agents, customers, invitees and guests.

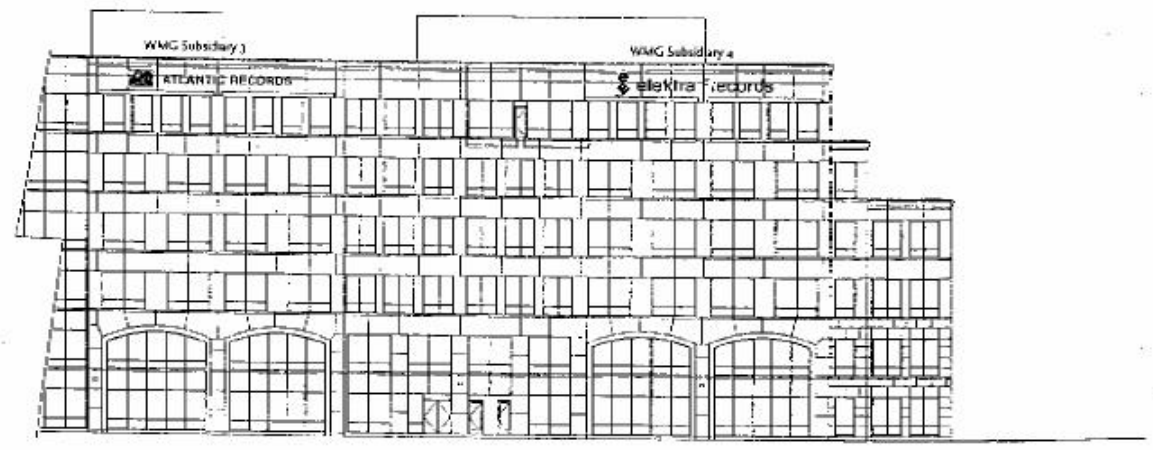
Sign Exhibit
North Elevation
Scale: 1/32“ = 1’



Sign Exhibit
South Elevation (A)
Scale: 1/32“ =1’

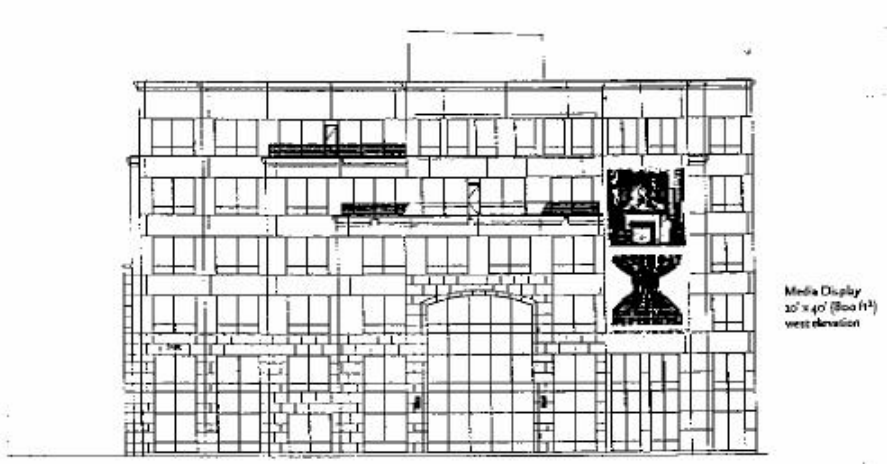


Sign Exhibit
South Elevation (B)
Scale: 1/32“ = 1’

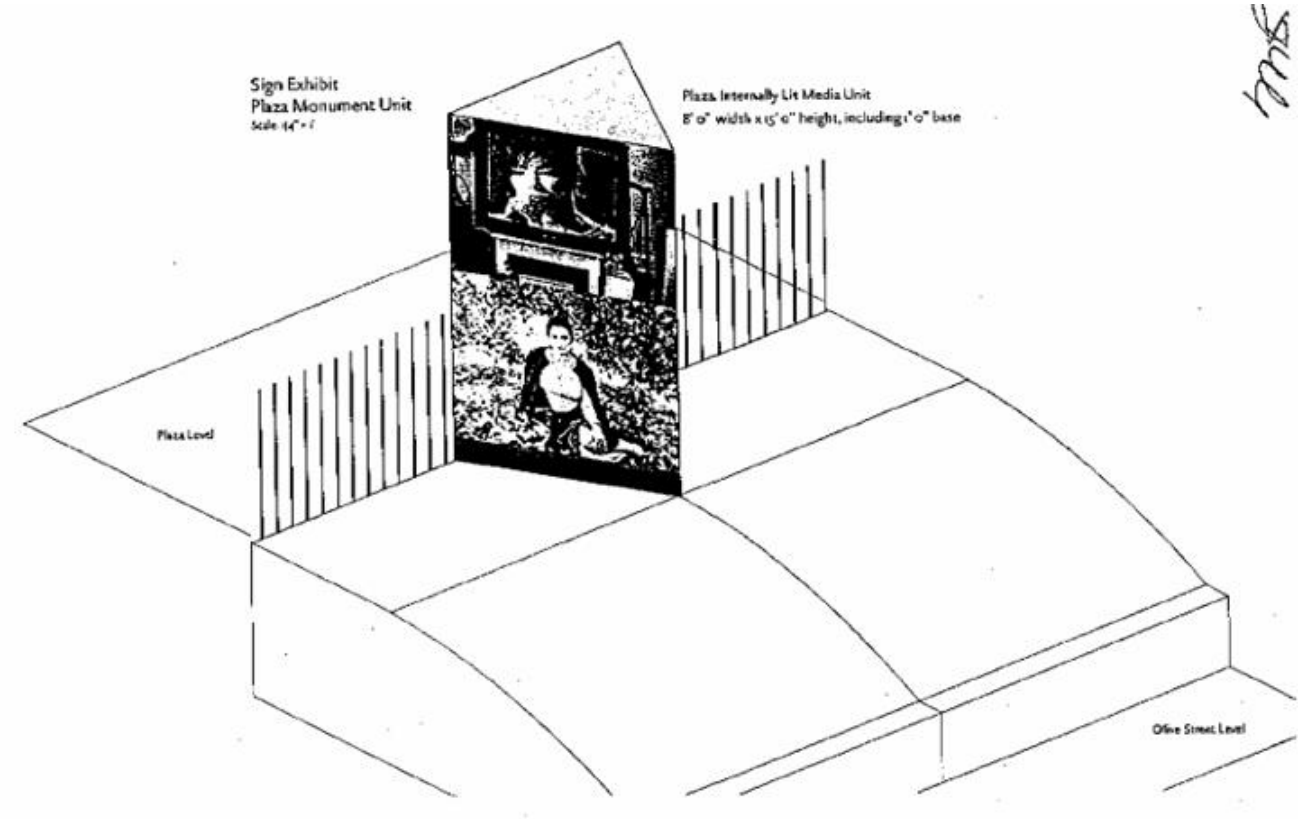


Sign Exhibit
West Elevation

Scale: 1/32“ = 1’



Sign Exhibit
Plaza Monument Unit
Scale: ¼” = 1’



Plaza Internally Lit Media Unit
8’ 0” width x 15’ 0” height, including 1’ 0” base

EXHIBIT F

ASSIGNMENT AND ASSUMPTION OF LEASE

THIS ASSIGNMENT AND ASSUMPTION OF LEASE (this “Agreement”) is made as of the day of June, 2002, by and among WARNER SPECIAL PRODUCTS, INC., a Delaware corporation (“Assignor”), MEDIA CENTER DEVELOPMENT, LLC, a Delaware limited liability company (“Assignee”), and TOLUCA LAKE FINANCIAL CENTRE, a California limited partnership (“Landlord”).

RECITALS:

A. Landlord and Assignor entered into that certain Agreement of Lease and Addendum to Lease each dated as of June 20, 1995 (as amended, the “Lease”) for the lease of certain premises (the “Premises”) containing an aggregate of approximately 16,477 rentable square feet located at Suites 800 (containing approximately 13,755 rentable square feet) and 730 (containing approximately 2,722 rentable square feet) located on the eighth (8th) and seventh (7th) floors of the building at 3500 W. Olive Avenue, Burbank, California.

B. Concurrently herewith, Assignee, as "Landlord", and Warner Music Group Inc., a Delaware corporation (the "3400 W. Olive Tenant"), as "Tenant", have entered into that certain Office Lease (the "3400 W. Olive Lease") respecting certain premises leased thereunder to be located within the building at 3400 W. Olive Avenue, Burbank, California (the "3400 W. Olive Lease Premises").

C. The parties now desire to enter into this Agreement to provide for the assignment by Assignor to Assignee of all of the right, title and interest of Assignor in and to the Lease, and Assignee's acceptance of such assignment and agreement to perform all of the obligations of "Tenant" under the Lease with respect to the period from and after the effective date of such assignment, all upon the terms and conditions hereinafter set forth.

TERMS:

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. Assignor hereby assigns to Assignee all of its right, title and interest in and to the Lease as of the date (the "Effective Date") which is the later to occur of (a) the date of Assignor's vacation of the Premises, or (b) the "Commencement Date" (as defined in the 3400 W. Olive Lease) under the 3400 W. Olive Lease. Assignee hereby accepts the foregoing assignment and assumes and agrees to be bound by and perform all covenants, conditions, obligations and duties of Assignor under the Lease with respect to the period from and after the Effective Date. Assignee agrees that it has inspected the Premises and hereby agrees to take the Premises in the condition existing upon the Effective Date, with Assignor having no obligation to restore the Premises to its original condition.

2. Assignor is hereby released by Landlord and Assignee from further obligations or liabilities accruing under the Lease with respect to the period from and after the Effective Date (but nothing contained herein shall be deemed to release Assignor from obligations or liabilities accruing under the Lease with respect to the period prior to the Effective Date, including, without limitation, indemnity obligations relating to claims made following the Effective Date relating to occurrences prior to the Effective Date). As of the Effective Date, Assignor shall have no continuing or future possessory rights in and to the Premises and thereafter waives any right it may possess to receive notice from Landlord relative to this Agreement or the Lease except with respect to the period prior to the Effective Date.

3. Assignor represents and covenants as follows:

(a) That the Lease is in full force and effect; that Assignor's interest therein is free and clear of all encumbrances; and that Assignor has fully performed all covenants and obligations due or owing under the Lease and has not done or permitted any acts in violation of the covenants contained in the Lease.

(b) That Assignor has not heretofore assigned, mortgaged or otherwise transferred, amended or encumbered, voluntarily or involuntarily, the

Lease or its interest in the Lease or subleased or allowed use or occupancy of the Premises by any other person or entity.

(c) That, to Assignor's actual knowledge: (i) Landlord has fully performed all the covenants and obligations on its part to be performed and observed under the Lease; (ii) Landlord has not done or permitted any act or acts in violation of any of the covenants, provisions or terms thereof; and (iii) there is not now in existence any reason or claim to offset, deduct or decrease any payments due under the Lease.

4. Landlord hereby consents to the assignment of the Lease to Assignee and the terms of this Agreement. Except as expressly otherwise provided in this Agreement, nothing in this Agreement shall be deemed to waive or modify any of the provisions of the Lease. Consent to this Agreement shall not be deemed a consent by Landlord to any further assignment, whether or not Assignee purports to permit the same.

5. Subject to the provisions of Paragraph 4, the provisions of this Agreement shall bind and inure to the benefit of the heirs, representatives, successors and assigns of the parties hereto.

6. Assignee's address for notices under the Lease shall be c/o M. David Paul Development LLC, 233 Wilshire Boulevard, Suite 990, Santa Monica, California 90401, Attn: M. David Paul, unless and until changed in accordance with the Lease.

7. In the event that at any time after the date hereof any party or parties hereto shall institute any action or proceeding against the other party or parties hereto relating to this Agreement, then and in that event, the party(ies) not prevailing in such action or proceeding shall reimburse the prevailing party(ies) for its reasonable attorneys' fees, and all fees, costs and expenses incurred by the prevailing party(ies) in connection with such action or proceeding. In addition to the foregoing award of fees, the prevailing party(ies) shall be entitled to its attorneys' fees, and all fees, costs and expenses incurred in any post-judgment proceedings to collect and enforce the judgment.

8. Each individual executing this Agreement on behalf of a partnership, corporation or limited liability company represents that he or she is duly authorized to execute and deliver this Agreement on behalf of the entity which is a party to this Agreement and agrees to deliver evidence of his or her authority to the other party(ies) upon request.

9. The parties agree to execute such other instruments and to do such further acts as may be reasonably necessary to carry out the provisions of this Agreement.

10. This Agreement may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

ASSIGNOR:

WARNER SPECIAL PRODUCTS, INC.,
a Delaware corporation

By: _____

Print Name: _____

Its: _____

By: _____

Print Name: _____

Its: _____

ASSIGNEE:

MEDIA CENTER DEVELOPMENT, LLC,
a Delaware limited liability company

By: MEDIA CENTER PARTNERS, LLC,
a Delaware limited liability
company, its managing member

By: M. DAVID PAUL
DEVELOPMENT LLC, a
California limited
liability company, its
managing member

By: _____
M. David Paul
Managing Member

LANDLORD:

TOLUCA LAKE FINANCIAL CENTRE,
a California limited partnership

By: OLIVE ASSOCIATES,
a California limited partnership,
its general partner

By: M. DAVID PAUL & ASSOCIATES,
a California limited
partnership, its general partner

By: _____
M. David Paul
General Partner

EXHIBIT G

[CHICAGO TITLE COMPANY LOGO]

PRELIMINARY REPORT

Dated as of: May 1, 2002 at 7:30 AM

Reference: MEDIA CENTER Order No.: 21049290-X52

CHICAGO TITLE COMPANY hereby reports that it prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception in Schedule B or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said Policy forms.

The printed Exceptions and Exclusions from the coverage of said Policy or Policies are set forth in the attached list. Copies of the Policy forms are available upon request.

Please read the exceptions shown or referred to in Schedule B and the exceptions and exclusions set forth in the attached list of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered. It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

THIS REPORT (AND ANY SUPPLEMENTS OR AMENDMENTS HERETO) IS ISSUED SOLELY FOR THE PURPOSE OF FACILITATING THE ISSUANCE OF A POLICY OF TITLE INSURANCE AND NO LIABILITY BE ASSUMED HEREBY. IF IT IS DESIRED THAT LIABILITY BE ASSUMED PRIOR TO THE ISSUANCE OF A POLICY OF TITLE INSURANCE, A BINDER OR COMMITMENT SHOULD BE REQUESTED.

The form of policy of title insurance contemplated by this report is:

AMERICAN LAND TITLE ASSOCIATION OWNER'S EXTENDED COVERAGE POLICY
AMERICAN LAND TITLE ASSOCIATION LOAN EXTENDED COVERAGE POLICY

Title Department

CHICAGO TITLE COMPANY
700 S. FLOWER ST. #900

LOS ANGELES, CA 90017
(213)488-4300 fax:

NATE GLOVER
X52

SCHEDULE A

Order No: 21049290 X52 Your Ref: MEDIA CENTER

1. The estate or interest in the land hereinafter described or referred to covered by this report is:

A FEE

2. Title to said estate or interest at the date hereof is vested in:

MEDIA CENTER DEVELOPMENT, LLC, A DELAWARE LIMITED LIABILITY COMPANY

3. The land referred to in this report is situated in the State of California, County of LOS ANGELES and is described as follows:

SEE ATTACHED DESCRIPTION

DESCRIPTION

Order No. 21049290

PARCEL 1:

LOTS 17 TO 19 INCLUSIVE, 48 TO 64 INCLUSIVE AND PORTIONS OF LOTS 15, 16, 20, 21, 45, 46, 47, 65, 66 AND THAT PORTION OF VACATED LIME STREET, ALL IN TRACT NO. 7553, IN THE CITY OF BURBANK, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 99 PAGES 16 AND 17 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS A WHOLE AS FOLLOWS:

BEGINNING AT THE MOST NORTHERLY CORNER OF SAID LOT 57; THENCE ALONG THE NORTHEASTERLY LINES OF SAID LOTS 57 TO 64 INCLUSIVE TO AND ALONG THE NORTHWESTERLY LINE OF PARCEL 12 OF THE RELINQUISHMENT DEED RECORDED NOVEMBER 18, 1964 AS INSTRUMENT NUMBER 5197 OF OFFICIAL RECORDS IN THE OFFICE OF SAID COUNTY RECORDER, SOUTH 22° 59’ 37” EAST 611.34 FEET; THENCE CONTINUING ALONG THE SOUTHWESTERLY LINE OF SAID PARCEL 12, SOUTH 11° 37’ 43” EAST 16.92 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 272.00 FEET, SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 17° 22’ 48” AN ARC DISTANCE OF 82.51 FEET TO THE SOUTHWESTERLY CORNER OF SAID PARCEL 12, SAID CORNER BEING IN THE NORTHEASTERLY LINE OF THE I-134 (VENTURA) FREEWAY; THENCE NORTHWESTERLY ALONG SAID NORTHEASTERLY LINE THROUGH ITS VARIOUS DEEDS, NORTH 69° 30’ 15” WEST 142.73 FEET, NORTH 69° 35’ 04” WEST 69.76 FEET, NORTH 72° 39’ 12” WEST 110.70 FEET TO THE NORTHEASTERLY LINE OF VACATED LIMA STREET; THENCE ALONG SAID NORTH EASTERLY LINE, NORTH 22° 59’ 10” WEST 1.52 FEET TO THE SOUTHWESTERLY LINE OF PARCEL 11 OF SAID RELINQUISHMENT DEED; THENCE ALONG SAID LINE, NORTH 71° 43’ 21” WEST 79.82 FEET TO THE SOUTHWESTERLY LINE OF SAID VACATED LIMA STREET; THENCE ALONG SAID SOUTHWESTERLY LINE, NORTH 22° 59’ 10” WEST 0.22 FEET TO SAID NORTHEASTERLY LINE OF THE I-134 (VENTURA) FREEWAY; THENCE CONTINUING ALONG SAID NORTHEASTERLY LINE, NORTH 76° 44’ 20” WEST 15.58 FEET, NORTH 77° 29’ 18” WEST 150.46 FEET TO THE NORTHWESTERLY CORNER OF SAID LOT 20; THENCE CONTINUING ALONG SAID NORTHEASTERLY LINE OF SAID FREEWAY, NORTH 63° 12’ 07” WEST 4.16 FEET, NORTH 57° 21’ 13” WEST 21.44 FEET, NORTH 74° 53’ 41” WEST 38.46 FEET TO A POINT IN THE SOUTHWESTERLY LINE OF SAID LOT 16, AND ALONG SAID LINE, SOUTH 23° 00’ 49” EAST 0.21 FEET AND CONTINUING ALONG THE SOUTHEASTERLY LINE OF SAID FREEWAY, NORTH 74° 01’ 44” WEST 22.11 FEET TO A POINT IN THE SOUTHEASTERLY LINE OF THE NORTHWESTERLY 10.00 FEET OF SAID LOT 15; THENCE ALONG SAID SOUTHEASTERLY LINE, NORTH 40° 10’ 20” EAST 19.26 FEET TO SAID SOUTHWESTERLY LINE OF LOT 16; THENCE ALONG SAID LINE, NORTH 23° 00’ 49” WEST 11.20 FEET TO THE MOST WESTERLY CORNER OF SAID LOT 16; THENCE ALONG THE NORTHWESTERLY LINES OF LOTS 16, 17, 18 AND 19, NORTH 40° 10’ 20” EAST 201.89 FEET TO THE MOST NORTHERLY CORNER OF SAID LOT 19; THENCE ALONG THE NORTHEASTERLY LINE OF SAID LOT 19, SOUTH 22° 59’ 10” EAST 11.21 FEET TO THE NORTHWESTERLY LINE OF SAID VACATED LIMA STREET; THENCE ALONG SAID LINE NORTH 40° 10’ 20” EAST 67.25 FEET TO THE SOUTHWESTERLY LINE OF SAID LOT 52; THENCE ALONG SAID LINE, NORTH 22° 59’ 10” WEST 11.21 FEET TO THE MOST WESTERLY CORNER OF SAID LOT 52; THENCE ALONG THE NORTHWESTERLY LINES OF SAID LOTS 52 THROUGH 57, NORTH 40° 10’ 20” EAST 302.67 FEET TO THE POINT OF BEGINNING.

EXCEPT THEREFROM THAT PORTION OF SAID LOTS LYING NORTHEASTERLY OF THE FOLLOWING DESCRIBED LINE:

BEGINNING AT THE MOST NORTHERLY CORNER OF SAID LOT 57; THENCE ALONG THE NORTHEASTERLY LINES OF LOTS 57 TO 62 INCLUSIVE, SOUTH 22° 59’ 37” EAST 484.22 FEET TO THE TRUE POINT OF BEGINNING; THENCE NORTH 70° 36’ 36” WEST 148.83 FEET; THENCE NORTH 22° 51’ 36” WEST 21.56 FEET; THENCE NORTH 70° 36’ 36” WEST 88.37 FEET; THENCE NORTH 22° 51’36” WEST 106.22 FEET; THENCE NORTH 70° 36’ 36” WEST 103.14 FEET TO THE NORTHWESTERLY LINE OF SAID LOT 52.

EXCEPT THEREFROM ALL MINERALS, OIL, GASES AND OTHER HYDROCARBONS BY WHATSOEVER NAME KNOWN THAT MAY BE WITHIN OR UNDER THE PARCEL OF LAND HEREINABOVE DESCRIBED, WITHOUT, HOWEVER, THE RIGHT TO DRILL, DIG OR MINE THROUGH THE SURFACE THEREOF, AS RESERVED IN THE DEEDS RECORDED DECEMBER 3, 1965 AS INSTRUMENT NO. 4248, MARCH 11, 1964 AS INSTRUMENT NO. 3500 AND JUNE 23, 1964 AS INSTRUMENT NO. 2275.

SAID LAND IS SHOWN AS PROPOSED PARCEL 1 ON THAT CERTAIN CERTIFICATE OF COMPLIANCE RECORDED MAY 22, 2001 AS INSTRUMENT NO. 01-868383.

PARCEL 2:

LOTS 55 TO 59 INCLUSIVE AND PORTIONS OF LOTS 50 TO 54 INCLUSIVE AND LOTS 60 TO 62 INCLUSIVE OF TRACT NO. 7553, IN THE CITY OF BURBANK, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 99 PAGES 16 AND 17 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY DESCRIBED AS A WHOLE AS FOLLOWS:

BEGINNING AT THE MOST NORTHERLY CORNER OF SAID LOT 57; THENCE ALONG THE NORTHEASTERLY LINES OF LOTS 57 TO 62 INCLUSIVE, SOUTH 22° 59’ 37” EAST 484.22 FEET; THENCE NORTH 70° 36’ 36” WEST 148.83 FEET; THENCE NORTH 22° 51’ 36” WEST 21.56 FEET; THENCE NORTH 70° 36’ 36” WEST 88.37 FEET; THENCE NORTH 22° 51’ 36” WEST 106.22 FEET; THENCE NORTH 70° 36’ 36” WEST 103.14 FEET TO THE NORTHWESTERLY LINE OF SAID LOT 52; THENCE ALONG SAID NORTHWESTERLY LINE AND THE NORTHWESTERLY LINES OF LOTS 53 THROUGH 57 TO THE POINT OF BEGINNING.

EXCEPT THEREFROM ALL MINERALS, OIL, GASES AND OTHER HYDROCARBONS BY WHATSOEVER NAME KNOWN THAT MAY BE WITHIN OR UNDER THE PARCEL OF LAND HEREINABOVE DESCRIBED, WITHOUT, HOWEVER, THE RIGHT TO DRILL, DIG OR MINE THROUGH THE SURFACE THEREOF, AS RESERVED IN THE DEEDS RECORDED DECEMBER 3, 1965 AS INSTRUMENT NO. 4248, MARCH 11, 1964 AS INSTRUMENT NO. 3500 AND JUNE 23, 1964 AS INSTRUMENT NO. 2275.

SAID LAND IS SHOWN AS PROPOSED PARCEL 2 OF THAT CERTAIN CERTIFICATE OF COMPLIANCE RECORDED MAY 22, 2001 AS INSTRUMENT NO. 01-868383.

PARCEL 3:

ALL RIGHTS AND BENEFITS OF THAT CERTAIN DOCUMENT ENTITLED “DEVELOPMENT RIGHTS DEED AND AGREEMENT”, BY AND BETWEEN NATIONAL BROADCASTING COMPANY, A DELAWARE CORPORATION (“GRANTOR”), NBC PLAZA L.P., A CALIFORNIA LIMITED PARTNERSHIP (“GRANTEE”), AND CITY OF BURBANK, A MUNICIPAL CORPORATION (“CITY”), AS RECORDED SEPTEMBER 27, 1991 AS INSTRUMENT NO. 91-1534540 AND MODIFIED BY A DOCUMENT ENTITLED “FIRST AMENDMENT TO DEVELOPMENT AGREEMENT FOR THE OLIVE-CALIFORNIA PROJECT (PREVIOUSLY CALLED THE NBC PLAZA PROJECT) AMENDMENT TO PLANNED DEVELOPMENT 89-6” DATED DECEMBER 20, 1996 AND RECORDED APRIL 21, 1997 AS INSTRUMENT NO. 97-596882.

SCHEDULE B

Order No: 21049290 X52 Your Ref: MEDIA CENTER

At the date hereof exceptions to coverage in addition to the printed Exceptions and Exclusions in the policy form designated on the face page of this Report would be as follows:

A 1. PROPERTY TAXES, INCLUDING ANY ASSESSMENTS COLLECTED WITH TAXES, TO BE LEVIED FOR THE FISCAL YEAR 2002-2003 THAT ARE A LIEN NOT YET DUE.

B 2. PROPERTY TAXES FOR THE FISCAL YEAR SHOWN BELOW ARE PAID. FOR INFORMATION PURPOSES THE AMOUNTS ARE:

FISCAL YEAR:	2001-2002
1ST INSTALLMENT:	$1,291.93
2ND INSTALLMENT:	$1,291.92
EXEMPTION:	$-NONE-
CODE AREA:	0002542
ASSESSMENT NO:	2483-023-443

C 3. PROPERTY TAXES FOR THE FISCAL YEAR SHOWN BELOW ARE PAID. FOR INFORMATION PURPOSES THE AMOUNTS ARE:

FISCAL YEAR:	2001-2002
1ST INSTALLMENT:	$82,321.39
2ND INSTALLMENT:	$82,321.38
EXEMPTION:	$-NONE-
CODE AREA:	0002542
ASSESSMENT NO:	2483-023-444

D 4. THE LIEN OF SUPPLEMENTAL OR ESCAPED ASSESSMENTS OF PROPERTY TAXES, IF ANY, MADE PURSUANT TO THE PROVISIONS OF PART 0.5, CHAPTER 3.5 OR PART 2, CHAPTER 3, ARTICLES 3 AND 4 RESPECTIVELY (COMMENCING WITH SECTION 75) OF THE REVENUE AND TAXATION CODE OF THE STATE OF CALIFORNIA AS RESULT OF THE TRANSFER OF

TITLE TO THE VESTEE NAMED IN SCHEDULE A; OR AS A RESULT OF CHANGES IN OWNERSHIP OR NEW CONSTRUCTION OCCURRING PRIOR TO DATE OF POLICY.

E 5. AN EASEMENT FOR THE PURPOSE SHOWN BELOW AND RIGHTS INCIDENTAL THERETO AS SET FORTH IN A DOCUMENT

PURPOSE:	PUBLIC STREET
RECORDED:	APRIL 5, 1974 AS INSTRUMENT NO. 4545
AFFECTS:	THAT PORTION OF LOT 57 TRACT NO. 7553, DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST NORTHERLY CORNER OF SAID LOT 57; THENCE SOUTHWESTERLY ALONG THE NORTHWESTERLY LINE OF SAID LOT, A DISTANCE OF 10.00 FEET; THENCE IN A DIRECT LINE TO A POINT ON THE NORTHEASTERLY LINE OF SAID LOT, DISTANT SOUTHEASTERLY THEREON 10.00 FEET FROM THE POINT OF BEGINNING; THENCE NORTHWESTERLY ALONG SAID NORTHEASTERLY LINE 10.00 FEET

TO THE POINT OF BEGINNING.

AFFECTS: PARCEL 8.

G 6. THE FACT THAT SAID LAND IS INCLUDED WITHIN A PROJECT AREA OF THE REDEVELOPMENT AGENCY SHOWN BELOW, AND THAT PROCEEDINGS FOR THE REDEVELOPMENT OF SAID PROJECT HAVE BEEN INSTITUTED UNDER THE REDEVELOPMENT LAW (SUCH REDEVELOPMENT TO PROCEED ONLY AFTER THE ADOPTION OF THE REDEVELOPMENT PLAN) AS DISCLOSED BY A DOCUMENT.

REDEVELOPMENT AGENCY:	THE WEST OLIVE REDEVELOPMENT PROJECT REDEVELOPMENT AREA
RECORDED:	DECEMBER 31, 1976 AS INSTRUMENT NO. 5100

H 7. AN EASEMENT FOR THE PURPOSE SHOWN BELOW AND RIGHTS INCIDENTAL THERETO AS SET FORTH IN A DOCUMENT

PURPOSE:	PUBLIC UTILITIES
RECORDED:	MARCH 14, 1961 AS INSTRUMENT NO. 2986
AFFECTS:	THE SOUTHEASTERLY 3 FEET.

I AFFECTS: PARCEL 9

J 8. AN EASEMENT FOR THE PURPOSE SHOWN BELOW AND RIGHTS INCIDENTAL THERETO AS SET FORTH IN A DOCUMENT

PURPOSE:	PUBLIC UTILITIES
RECORDED:	JUNE 23, 1969 AS INSTRUMENT NO. 2699
AFFECTS:	THE SOUTHEASTERLY 3.00 FEET MEASURED NORTHWESTERLY AT RIGHT ANGLES TO THE SOUTHEASTERLY LINE OF LOTS 18 AND 19 OF TRACT NO. 7553.

THE NORTHWESTERLY LINE OF SAID STRIP OF LAND TO BE PROLONGED OR SHORTENED SO AS TO TERMINATE IN THE SOUTHWESTERLY LINE OF SAID LOT 18 AND THE NORTHEASTERLY LINE OF SAID LOT 19.

AFFECTS: PARCEL 9.

L 9. AN EASEMENT FOR THE PURPOSE SHOWN BELOW AND RIGHTS INCIDENTAL THERETO AS SET FORTH IN A DOCUMENT

PURPOSE:	PUBLIC UTILITIES
RECORDED:	AUGUST 9, 1955 AS INSTRUMENT NO. 3285 IN BOOK 48599 PAGE 435, OFFICIAL RECORDS
AFFECTS:	THE SOUTHERLY 3 FEET.

AFFECTS: PARCEL 10.

N 10. THE TERMS, COVENANTS AND PROVISIONS SET OUT IN THAT CERTAIN DOCUMENT ENTITLED NBC PLAZA DEVELOPMENT AGREEMENT, BY AND BETWEEN THE CITY OF BURBANK AND THE NBC PLAZA L.P., RECORDED SEPTEMBER 20, 1991 AS INSTRUMENT NO. 91-1491083.

O 11. A DOCUMENT ENTITLED “FIRST AMENDMENT TO DEVELOPMENT AGREEMENT FOR THE OLIVE-CALIFORNIA PLAZA PROJECT (PREVIOUSLY CALLED THE NBC PLAZA PROJECT) AMENDMENT TO PLANNED DEVELOPMENT 89-6”, DATED DECEMBER 20, 1996 EXECUTED BY SNYDER PROPERTIES VENTURE, L.P., A CALIFORNIA LIMITED PARTNERSHIP, AS SUCCESSOR-IN-INTEREST TO NBC PLAZA L.P., AND THE CITY OF BURBANK, A MUNICIPAL CORPORATION OF THE STATE OF CALIFORNIA, SUBJECT TO ALL THE TERMS, PROVISIONS AND CONDITIONS THEREIN CONTAINED, RECORDED APRIL 21, 1997 AS INSTRUMENT NO. 97-596882.

P 12. A DOCUMENT ENTITLED “ASSIGNMENT AND ASSUMPTION AGREEMENT”, DATED MARCH 10, 2000 EXECUTED BY EOP-

MEDIA CENTER, L.L.C., A DELAWARE LIMITED LIABILITY COMPANY AND MEDIA CENTER DEVELOPMENT, LLC., A DELAWARE LIMITED LIABILITY COMPANY, SUBJECT TO ALL THE TERMS, PROVISIONS AND CONDITIONS THEREIN CONTAINED, RECORDED MARCH 10, 2000 AS INSTRUMENT NO. 00-0369324.

Q 13. AN EASEMENT FOR THE PURPOSE SHOWN BELOW AND RIGHTS INCIDENTAL THERETO AS SET FORTH IN A DOCUMENT

GRANTED TO:	THE CITY OF BURBANK
PURPOSE:	PUBLIC STREET PURPOSES
RECORDED:	JULY 13, 2001 AS INSTRUMENT NO. 01-1217983
AFFECTS:	AS PROVIDED THEREIN

R 14. THE FACT THAT SAID LAND IS INCLUDED WITHIN A PROJECT AREA OF THE REDEVELOPMENT AGENCY SHOWN BELOW, AND THAT PROCEEDINGS FOR THE REDEVELOPMENT OF SAID PROJECT HAVE BEEN INSTITUTED UNDER THE REDEVELOPMENT LAW (SUCH REDEVELOPMENT TO PROCEED ONLY AFTER THE ADOPTION OF THE REDEVELOPMENT PLAN) AS DISCLOSED BY A DOCUMENT.

REDEVELOPMENT AGENCY:	BURBANK REDEVELOPMENT AGENCY
RECORDED:	JULY 24, 2001 AS INSTRUMENT NO. 01-1305317

S 15. A DEED OF TRUST TO SECURE AN INDEBTEDNESS IN THE ORIGINAL AMOUNT SHOWN BELOW

AMOUNT:	$60,000,000.00
DATED:	OCTOBER 11, 2001
TRUSTOR:	MEDIA CENTER DEVELOPMENT, LLC, A DELWARE LIMITED

	LIABILITY COMPANY
TRUSTEE:	CHICAGO TITLE COMPANY
BENEFICIARY:	CALIFORNIA BANK & TRUST, A CALIFORNIA BANKING CORPORATION
RECORDED:	OCTOBER 19, 2001 AS INSTRUMENT NO. 01-1993091
ORIGINAL LOAN NUMBER:	NOT SHOWN

T 16. AN UNRECORDED LEASE AFFECTING THE PREMISES HEREIN DESCRIBED, EXECUTED BY AND BETWEEN THE PARTIES HEREIN NAMED, WITH CERTAIN TERMS, COVENANTS, CONDITIONS AND PROVISIONS SET FORTH THEREIN

LESSOR:	MEDIA CENTER DEVELOPMENT LLC
LESSEE:	ARNIE MORTON'S OF CHICAGO/BURBANK LLC
DISCLOSED BY:	A MEMORANDUM OF LEASE
RECORDED:	SEPTEMBER 27, 2001 AS INSTRUMENT NO. 01-1830373

U AN AGREEMENT (AND THE PROVISIONS CONTAINED THEREIN) WHICH STATES THAT SAID LEASE IS SUBORDINATE TO THE DEED OF TRUST

RECORDED:	OCTOBER 19, 2001 AS INSTRUMENT NO. 01-1993091
BY AGREEMENT RECORDED:	NOVEMBER 30, 2001 AS INSTRUMENT NO. 01-2274781

V 17. AN UNRECORDED LEASE AFFECTING THE PREMISES HEREIN DESCRIBED, EXECUTED BY AND BETWEEN THE PARTIES HEREIN NAMED, WITH CERTAIN TERMS, COVENANTS, CONDITIONS AND PROVISIONS SET FORTH THEREIN

LESSOR:	MEDIA CENTER DEVELOPMENT, LLC, A DELAWARE LIMITED LIABILITY COMPANY
LESSEE:	SPECTRUM FOODS, INC., A CALIFORNIA CORPORATION
DISCLOSED BY:	SUBORDINATION, ATTORNMENT AND NONDISTURBANCE AGREEMENT
RECORDED:	NOVEMBER 30, 2001 AS INSTRUMENT NO. 01-2274780

W AN AGREEMENT (AND THE PROVISIONS CONTAINED THEREIN) WHICH STATES THAT SAID LEASE IS SUBORDINATE TO THE DEED OF TRUST

RECORDED:	OCTOBER 19, 2001 AS INSTRUMENT NO. 01-1993091
BY AGREEMENT RECORDED:	NOVEMBER 30, 2001 AS INSTRUMENT NO. 01-2274780

X 18. A CLAIM OF MECHANIC'S LIEN

AMOUNT:	$ 597,414.00

CLAIMANT:	STROCAL, INC.

RECORDED: APRIL 5, 2002 AS INSTRUMENT NO. 02-0814200

Y 19. ANY OTHER CLAIMS FOR MECHANICS' LIENS THAT MAY BE RECORDED BY REASON OF A WORK OF IMPROVEMENT THAT IS DISCLOSED BY THE MECHANIC'S LIEN SHOWN IN THE LAST ABOVE NUMBERED ITEM.

Z 20. ANY RIGHTS, INTERESTS OR CLAIMS WHICH MAY EXIST OR ARISE BY REASON OF THE FOLLOWING MATTERS DISCLOSED BY AN INSPECTION OF SURVEY:

A) A WALKWAY EXISTS OVER APPROXIMATELY THE NORTHWESTERLY 11 FEET OF SAID LAND ADJOINING OLIVE AVENUE.

AA 21. WATER RIGHTS, CLAIMS OR TITLE TO WATER, WHETHER OR NOT SHOWN BY THE PUBLIC RECORDS.

AB 22. ANY CLAIM, WHICH ARISES OUT OF THE TRANSACTION VESTING IN THE INSURED THE ESTATE OR INTEREST INSURED BY THIS POLICY, BY REASON OF THE OPERATION OF FEDERAL BANKRUPTCY, STATE INSOLVENCY, OR SIMILAR CREDITORS' RIGHTS LAWS, THAT IS BASED ON:

(i) THE TRANSACTION CREATING THE ESTATE OR INTEREST INSURED BY THIS POLICY BEING DEEMED A FRAUDLENT CONVEYANCE OR FRAUDLENT TRANSFER; OR

(ii) THE TRANSACTION CREATING THE ESTATE OR INTEREST INSURED BY THIS POLICY BEING DEEMED A PREFERENTIAL TRANSFER EXCEPT WHERE THE PREFERENTIAL TRANSFER RESULTS FROM THE FAILURE:

(A) TO TIMELY RECORD THE INSTRUMENT OF TRANSFER; OR

(B) OF SUCH RECORDATION TO IMPART NOTICE TO A PURCHASER FOR VALUE OR A JUDGMENT OR LIEN CREDITOR.

AC 23. ANY CLAIM, WHICH ARISES OUT OF THE TRANSACTION CREATING THE INTEREST OF THE MORTGAGEE INSURED BY THIS POLICY, BY REASON OF THE OPERATION OF FEDERAL BANKRUPTCY, STATE INSOLVENCY, OR SIMILAR CREDITORS' RIGHTS LAWS, THAT IS BASED ON:

(i) THE TRANSACTION CREATING THE INTEREST OF THE INSURED MORTGAGEE BEING DEEMED A FRAUDULENT CONVEYANCE OR FRAUDULENT TRANSFER; OR

(ii) THE SUBORDINATION OF THE INTEREST OF THE INSURED MORTGAGEE AS A RESULTS OF THE APPLICATION OF THE DOCTRINE OF EQUITABLE SUBORDINATION; OR

(iii) THE TRANSACTION CREATING THE INTEREST OF THE INSURED MORTGAGEE BEING DEEMED A PREFERENTIAL TRANSFER EXCEPT WHERE THE PREFERENTIAL

TRANSFER RESULT FROM THE FAILURE:

(A) TO TIMELY RECORD THE INSTRUMENT OF TRANSFER; OR

(B) OF SUCH RECORDATION TO IMPART NOTICE TO A PURCHASER FOR VALUE OR A JUDGMENT OR LIEN CREDITOR.

AD 24. ANY RIGHTS OF THE PARTIES IN POSSESSION OF SAID LAND, BASED ON ANY UNRECORDED LEASE, OR LEASES.

THIS COMPANY WILL REQUIRE THAT A FULL COPY OF ANY UNRECORDED LEASE BE SUBMITTED TO US, TOGETHER WITH ALL SUPPLEMENTS, ASSIGNMENTS AND AMENDMENTS, BEFORE ISSUING ANY POLICY OF TITLE INSURANCE.

AE 25. MATTERS WHICH MAY BE DISCLOSED BY AN INSPECTION OR SURVEY OF SAID LAND OR BY INQUIRY OF THE PARTIES IN POSSESSION THEREOF.

AF THIS OFFICE MUST BE NOTIFIED AT LEAST 7 BUSINESS DAYS PRIOR TO THE SCHEDULED CLOSING IN ORDER TO ARRANGE FOR AN INSPECTION OF THE LAND; UPON COMPLETION OF THIS INSPECTION YOU WILL BE NOTIFIED OF THE REMOVAL OF SPECIFIC COVERAGE EXCEPTIONS AND/OR ADDITIONAL EXCEPTIONS TO COVERAGE.

AG END OF SCHEDULE B

AH NOTE NO. 1: THERE ARE NO CONVEYANCES AFFECTING SAID LAND, RECORDED WITHIN SIX (6) MONTHS OF THE DATE OF THIS REPORT.

AI NOTE NO. 2: THE CHARGE FOR A POLICY OF TITLE INSURANCE, WHEN ISSUED THROUGH THIS TITLE ORDER, WILL BE BASED ON THE SHORT-TERM RATE.

AJ NOTE NO. 3: THIS COMPANY WILL REQUIRE THAT AN ALTA SURVEY OF SAID LAND, SATISFACTORY TO THIS COMPANY, BE SUBMITTED. IT IS RECOMMENDED THAT THE SURVEYOR CONTACT THIS COMPANY PRIOR TO STARTING THE SURVEY.

AK NOTE NO. 4: YOUR OPEN ORDER REQUEST INDICATES THAT A LIMITED LIABILITY COMPANY WILL BE ACQUIRING, ENCUMBERING OR CONVEYING REAL PROPERTY IN YOUR TRANSACTION. UNDER THE PROVISIONS OF "THE CALIFONIA LIMITED LIABILITY ACT, EFFECTIVE SEPTEMBER 30, 1994" THE FOLLOWING WILL BE REQUIRED:

1. A COPY OF THE ARTICLES OF ORGANIZATION (AND ALL AMENDMENTS, IF ANY) THAT HAS BEEN FILED WITH THE SECRETARY OF STATE.

2. THE REQUIREMENT THAT THIS COMPANY BE PROVIDED WITH A COPY OF THE OPERATING AGREEMENT. THE COPY PROVIDED MUST BE CERTIFIED BY THE APPROPRIATE MANAGER OR MEMBER THAT IT IS A COPY OF THE CURRENT OPERATING AGREEMENT.

3. IF THE LIMITED LIABILITY COMPANY IS MEMBER-MANAGED THEN THIS COMPANY MUST BE PROVIDED WITH A CURRENT LIST OF THE MEMBER NAMES.

AL NOTE NO. 5: WHEN THIS TITLE ORDER CLOSES AND IF CHICAGO TITLE IS HANDLING LOAN PROCEEDS THROUGH SUB-ESCROW, ALL TITLE CHARGES AND EXPENSES NORMALLY BILLED, WILL BE DEDUCTED FROM THOSE LOAN PROCEEDS (TITLE CHARGES AND EXPENSES WOULD INCLUDE TITLE PREMIUMS, ANY TAX OR BOND ADVANCES, DOCUMENTARY TRANSFER TAX AND RECORDING FEES, ETC.) .

AM NOTE NO. 6: IF THIS COMPANY IS REQUESTED TO DISBURSE FUNDS IN CONNECTION WITH THIS TRANSACTION, CHAPTER 598, STATUTES OF 1989 MANDATES HOLD PERIODS FOR CHECKS DEPOSITED TO ESCROW OR SUB-ESCROW ACCOUNTS. THE MANDATORY HOLD PERIOD FOR CASHIER CHECKS, CERTIFIED CHECKS AND TELLER'S CHECKS IS ONE BUSINESS DAY AFTER THE DAY DEPOSITED. OTHER CHECKS REQUIRE A HOLD PERIOD OF FROM TWO TO FIVE BUSINESS DAYS AFTER THE DAY DEPOSITED. IN THE EVENT THAT THE PARTIES TO THE CONTEMPLATED TRANSACTION WISH TO RECORD PRIOR TO THE TIME THAT THE FUNDS ARE AVAILABLE FOR DISBURSEMENT (AND SUBJECT TO COMPANY APPROVAL), THE COMPANY WILL REQUIRE THE PRIOR WRITTEN CONSENT OF THE PARTIES. UPON REQUEST, A FORM ACCEPTABLE TO THE COMPANY AUTHORIZING SAID EARLY RECORDING MAY BE PROVIDED TO ESCROW FOR EXECUTION.

WIRE TRANSFERS

THERE IS NO MANDATED HOLD PERIOD FOR FUNDS DEPOSITED BY CONFIRMED WIRE TRANSFER. THE COMPANY MAY DISBURSE SUCH FUNDS THE SAME DAY.

CHICAGO TITLE WILL DISBURSE BY WIRE (WIRE-OUT) ONLY COLLECTED FUNDS OR FUNDS RECEIVED BY CONFIRMED WIRE (WIRE-IN). THE FEE FOR EACH WIRE-OUT IS $25.00. THE COMPANY'S WIRE-IN INSTRUCTIONS ARE:

WIRE-IN INSTRUCTIONS FOR BANK OF AMERICA:

BANK:	BANK OF AMERICA 1850 GATEWAY BLVD. CONCORD, CA 94520
BANK ABA:	121000358
ACCOUNT NAME:	CHICAGO TITLE COMPANY BROADWAY PLAZA OFFICE
ACCOUNT NO.:	12351- 50737
FOR CREDIT TO:	CHICAGO TITLE COMPANY 700 SOUTH FLOWER, SUITE 900 LOS ANGELES, CA 90017
FURTHER CREDIT TO:	ORDER NO. : 021049290

PLATS
NG/MV

CHICAGO TITLE INSURANCE COMPANY

Fidelity National Financial Group of Companies' Privacy Statement

July 1, 2001

We recognize and respect the privacy expectation of today's consumers and the requirements of applicable federal and state privacy laws. We believe that making you aware of how we use your non-public personal information ("Personal Information"), and to whom it is disclosed, will form the basic for a relationship of trust between us and the public that we serve. This Privacy Statement provides that explanation. We reserve the right to change this Privacy Statement from time to time consistent with applicable privacy laws.

In the course of our business, we may collect Personal Information about you from the following sources:

- From applications or other forms we received from you or your authorized representatives;
- From your transactions with, or from the services being performed by, us, our affiliates, or others;
- From our internet web sites;
- From the public records maintained by governmental entities that we either obtain directly from those entities, or from our affiliates or others; and
- From consumer or other reporting agencies.

Our Policies Regarding The Protection Of The Confidentiality And Security Of Your Personal Information

We maintain physical, electronic and procedural safeguards to protect your Personal Information from unauthorized access or intrusion. We limit access to the Personal Information only to those employees who need such access in connection with providing products or services to you or for other legitimate business purposes.

Our Policies and Practices Regarding the Sharing of Your Personal Information

We may share your personal information with our affiliates, such as insurance companies, agents, and other real estate settlement service providers. We may also disclose your Personal Information:

- to agents, brokers or representatives to provide you with services you have requested;
- to third-party contractors or service providers who provide services or perform marketing or other functions on our behalf; and
- to others with whom we enter into joint marketing agreements for products or services that we believe you may find of interest.

In addition, we will disclose your Personal Information when you direct or give us permission, when we are required by law to do so, or when we suspect fraudulent or criminal activities. We also may disclose your Personal Information when otherwise permitted by applicable privacy laws such as, for example, when disclosure is needed to enforce our rights arising out if any agreement, transaction or relationship with you.

One of the most important responsibilities of some of our affiliated companies is to record documents in the public domain. Such documents may contain your Personal Information.

Right To Access Your Personal Information And Ability To Correct Errors Or Requests Change Or Deletion

Certain states afford you the right to access your Personal Information and, under certain circumstances, to find out to whom your Personal Information has been disclosed. Also, certain states afford you the right to request correction, amendment or deletion of your Personal Information. We reserve the right, where permitted by law, to charge a reasonable fee to cover the costs incurred in responding to such requests.

All requests must be made in writing to the following address:

Privacy Compliance Officer
Fidelity National Financial, Inc.
4050 Calle Real, Suite 220
Santa Barbara, CA 93110

Multiple Products or Services:

If we provide you with more than on financial product or service, you may receive more than one privacy notice from us. We apologize for any inconvenience this may cause you.

Attached to Order No. 021049290

CLTA PRELIMINARY REPORT FORM

Exhibit A (revised 01/04/02)

CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY - 1990

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building or zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating (i) the occupancy use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a

notice of the enforcement there of or a notice of a defect, lien, or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.

2. (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.

Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.

3. Defects, liens, encumbrances, adverse claims or other matters:

(a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;

(b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;

(c) resulting in no loss or damage to the insured claimant;

(d) attaching or created subsequence to Date of Policy; or

(e) resulting in loss or damage which would not have been sustained if the insured had paid value for the insured mortgage or for the estate or interest by this policy.

4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequence owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.

Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.

5. Any claim which arises out of the transaction vesting in the insured the estate of interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

EXCEPTIONS FROM COVERAGE - SCHEDULE B, PART 1

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.

Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.

2. Any fact, rights, interest, or claims which or not shown by the public records but which could be ascertained by an inspection of the land which or which may be asserted by persons in thereof.

3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.

4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose and which are not shown by the public records.

5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the insurance thereof; (c) water rights, claims or title to water, whether or not the matter excepted under (a), (b) or (c) are shown by the public records.

Attached to Order No. 021049290

CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE (6/2/96)
ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (10/17/98)

EXCLUSIONS

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation. This includes ordinances, laws, and regulations concerning:

a. building
b. zoning
c. Land use
d. improvements on the Land
e. Land division

f. environmental protection

This Exclusion does not apply to violations or the enforcement of these matters if notice of the violation or enforcement appears in the Public Records at the Policy Date.

This Exclusion does not limit the coverage described in Coverage Risk 14, 15, 16, 17 or 24.

2. The failure of Your existing structures, or any part of them, to be constructed with accordance with applicable building codes. This Exclusion does not apply to violations of building codes if notice of the violation appears in the Public Records at the Policy Date.

3. The right to take the land by condemning it, unless:

a. notice of exercising the right appears in the public records at the Policy Date; or

b. the taking happened before the Policy Date and is on You if You bought the land without Knowing of the taking.

4. Risks:

a. that are created, allowed, or agreed to by You, whether or not they appear in the Public Records;

b. that are Known to You at the Policy Date, but not to Us, unless they appear in the Public Records at the Policy Date;

c. the result is no loss to You; or

d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.d, 22, 23, 24 or 25.

5. Failure to pay value for YOUR Title.

6. Lack of a right:

a. to any Land outside the area specifically described and referred to in paragraph 3 of Schedule A; and

b. in streets, alleys, or waterways that touch the Land.

This is the exclusion does not limit the coverage described in Covered Risk 11 or 18.

Attached to Order No. 021049290

AMERICAN LAND TITLE ASSOCIATION RESIDENTIAL TITLE INSURANCE POLICY (6-1-87)

EXCLUSIONS

In addition to the Exceptions in Schedule 8, you are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or governmental regulation.

This includes building, zoning ordinances and also laws and regulations concerning:

land use
improvements on the land
land division
environmental protection

This exclusion does not apply to violations or the enforcement of these matters which appear in the public records at Policy Date.

This exclusion does not limit zoning coverage described in Items 12 and 13d Covered Title Risks.

2. The right to take the land by condemning it, unless:

a notice of exercising the right appears in the public records on the Policy Date the taking happens prior to the Policy Date and is binding on you if you bought the land without knowing of the taking.

3. Title Risks:

that are created, allowed, or agreed to by you
that are known to you, but not to us, on the Policy Date - unless they appear in the public records
that result in no loss to you
that first affect your title after the Policy Date - this does not limit the labor and material lien coverage in item 8 of Covered Title Risks.

4. Failure to pay value of your title.

4. Lack of a right:

5. to any land outside the area specifically described and referred to in item 3 of Schedule A

OR

in streets, alleys, or waterways that touch your land

This exclusion does not limit the access coverage in Item 5 of Coverage Title Risks.

Attached to Order No. 021049290

AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (10-17-92)
WITH ALTA ENDORSEMENT - FORM 1 COVERAGE

and

AMERICAN LAND TITLE ASSOCIATION LEASEHOLD LOAN POLICY (10-17-92)
WITH ALTA ENDORSEMENT - FORM 1 COVERAGE

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, cost, attorneys' fee or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or regulating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof a notice of a defect, lien or encumbrance resulting from violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.

   (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.

2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.

3. Defects, liens, encumbrances, adverse claims or other matters:

   (a) created, suffered, assumed or agreed to by the insured claimant;

   (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under policy;

   (c) resulting in no loss or damage to the insured claimant;

   (d) attaching or created subsequent to Date of Policy (except to the extent that this policy insures the priority of the lien of the insured mortgage over any statutory lien for services, labor or material or to the extent insurance is afforded herein as to assessments for street improvements under construction or completed at Date of Policy); or

   (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage.

4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness to comply with applicable doing business laws of the state in which the land is situated.

5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidence by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.

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6. Any statutory lien for services, labor or materials (or the claim of priority of any statutory lien for services, labor or materials over the lien of the insured mortgage) arising from an improvement or work related to the land which is contracted for and commenced subsequent to Date of Policy and is not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance.

7. Any claim, which arises out of the transaction creating the interest of the mortgagee insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' right laws, that is based on:

   (i) the transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer; or

   (ii) the subordination of the interest of the insured mortgagee as a result of the doctrine of equitable subordination; or

(iii) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:

(a) to timely record the instrument of transfer; or

(b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

The above policy forms may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following General Exceptions:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.

   Proceedings by a public agency which may result in taxes or assessments, or notices, of such proceedings, whether or not shown by the records of such agency or by the public records.

2. Any facts, rights, interests or claims which are not shown by the pubic records but which could be ascertained by an inspection of the land or by making inquiry of persons in possession thereof.

3. Easements, liens, or encumbrances, or claims thereof, which are not shown by the public records.

4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.

5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

Attached to Order No. 021049290

ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (10/13/01)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorney fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the Land; (ii) the character, dimensions or location of any improvements now or hereafter erected on the Land; (iii) a separation in ownership or a change in the dimensions or areas of the Land or any parcel of which the Land is or was a part: or (ii) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the Land has been recorded in the Public Records at Data of Policy. This exclusion does not limit the coverage provided under Covered Risks 12, 13, 14 and 16 of this policy.

   (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the Land has been recorded in the Public Records at Date of Policy. This exclusion does not limit the coverage provided under Covered Risks 12, 13, 14, and 16 of this policy.

2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the Public Records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without Knowledge.

3. Defect, liens, encumbrances, adverse claims or other matters:

   (a) created, suffered, assumed or agreed to by the Insured Claimant;

   (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;

   (c) resulting in no loss damage to the Insured Claimant;

   (d) attaching or created subsequent to Date of Policy (this paragraph does not limit the coverage provided under Covered Risks 8, 16, 18, 19, 20, 21, 22, 23, 24, 25 and 26); or

   (e) resulting in loss or damage which would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.

4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of the Insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the Land is situated.

5. Invalidity or unenforceability of the lien of the Insured Mortgage, or claim thereof, which arises out of the transaction evidenced by the Insured

Mortgage and is based upon usury, except as provided in Covered Risk 27, or any consumer credit protection or truth in lending law.

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6. Real property taxes or assessments of any governmental authority which become a lien on the Land subsequent to Date of Policy. This exclusion does not limit the coverage provided under Covered Risks 7, 8(e) and 26.

7. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This exclusion does not limit the coverage provided in Covered Risk 8.

8. Lack of priority of the lien of the Insured Mortgage as to each and every advance made after Date of Policy, and all interest charged thereon, over liens, encumbrances and other matters affecting the title, the existence of which are Known to the Insured at:

   (a) The time of the advance; or

   (b) the time a modification is made to the terms of the Insured Mortgage which changes the rate of interest charged, if the rate of the interest is greater as a result of the modification than it would have been before the modification. This exclusion does not limit the coverage provided in covered Risk 8.

9. The failure of the residential structure, or any portion thereof to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This exclusion does not apply to violations of building codes if notice of the violation appears in the Public Records at Date of Policy.

Attached to Order No. 021049290

AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY (10-17-92)

and

AMERICAN LAND TITLE ASSOCIATION LEASEHOLD OWNER'S POLICY (10-17-92)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged affecting the land has been recorded in the public records at Date of Policy.

2. (b) Any governmental police power not excluded by (a) above, except to the extent notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.

   Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be biding on the rights of a purchaser for value without knowledge.

3. Defects, liens, encumbrances, adverse claims or other matters:

   (a) created, suffered, assumed or agreed to by the insured claimant;

   (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;

   (c) resulting in no loss or damage to the insured claimant;

   (d) attaching or created subsequent to Date of Policy; or

   (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.

4. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:

   (i) the transaction creating the estate or interest insured by this policy being deemed a fraudulent conveyance or fraudulent transfer; or

   (ii) the transaction creating the estate or interest insured by this policy being deemed a preferential transfer except where the preferential transfer results from the failure:

(a) to timely record the instrumental of transfer; or

(b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

The above policy forms may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage Policy will also include the following General Instructions:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.

   Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.

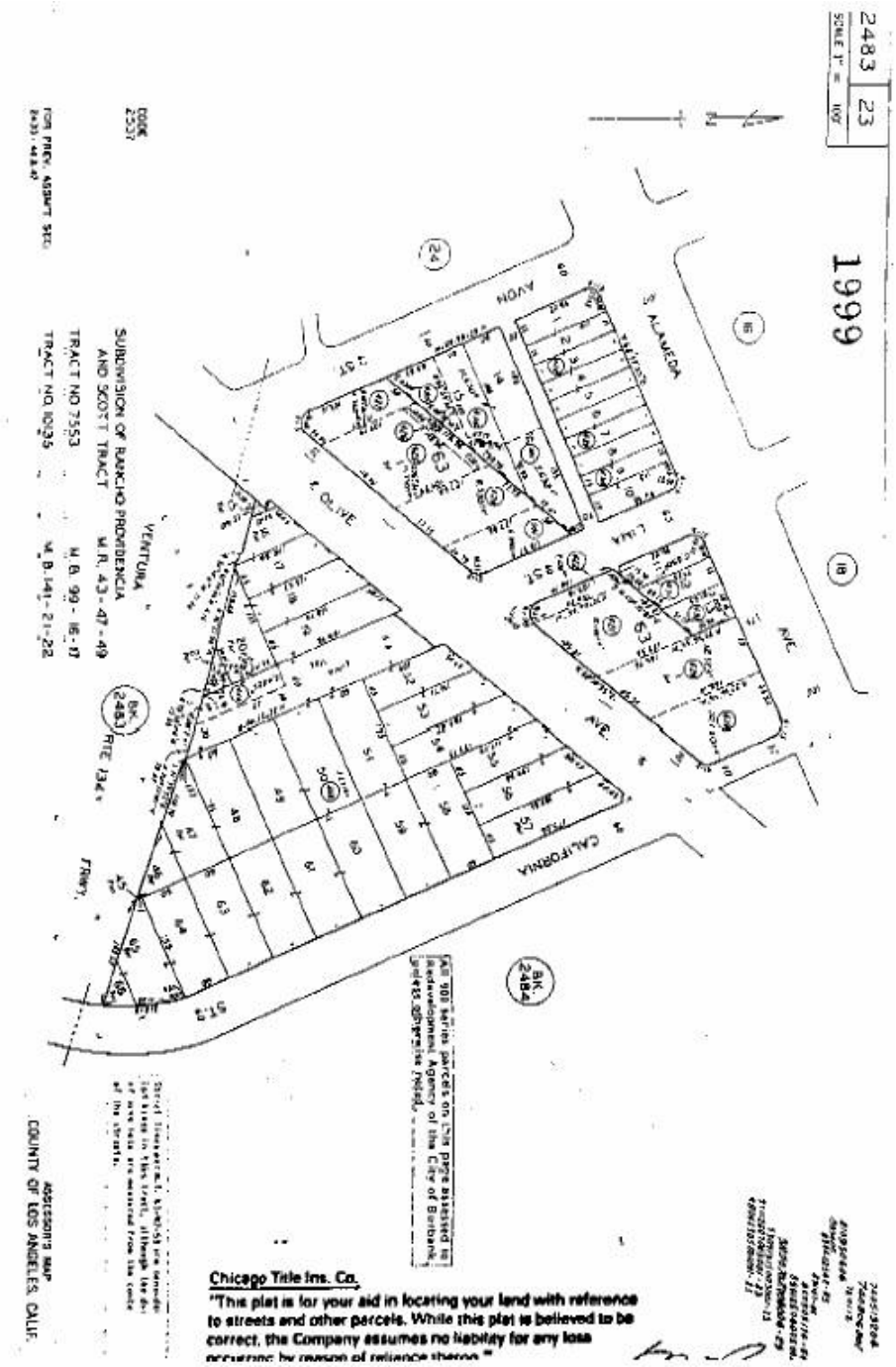
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or by making inquiry of persons in possession thereof.

3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.

4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments or any other facts which a correct survey would disclose, and which are not shown by the public records.

5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

[GRAPHICS FLOOR PLAN]



[GRAPHICS BUILDING PICTURE

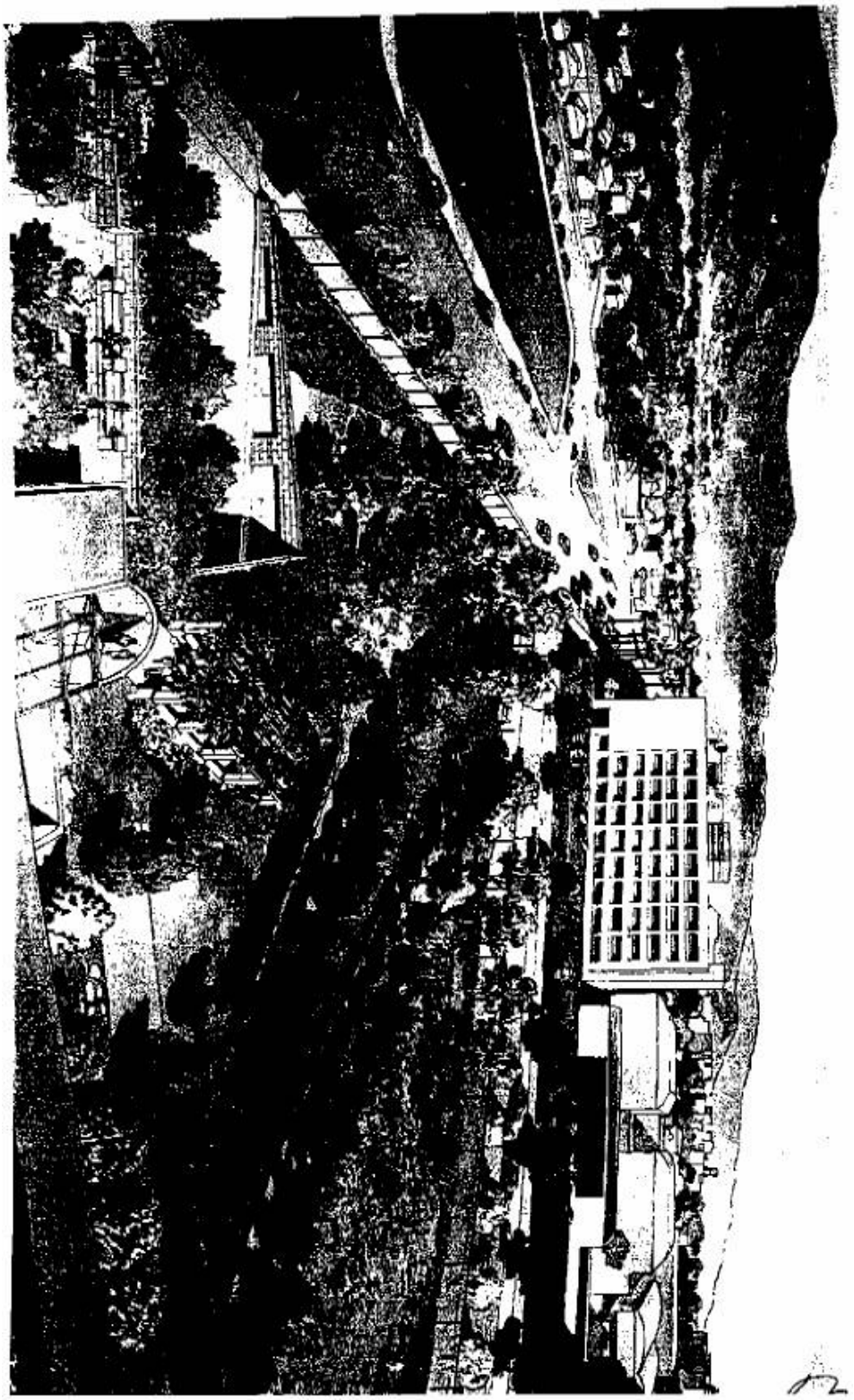


EXHIBIT I

JANITORIAL SPECIFICATIONS

Daily:

(1) Empty and clean all trash containers, and dispose of all trash and rubbish.

(2) Clean and maintain in a sanitary and odor-free condition all floors, wash mirrors, basins, toilet bowls, and urinals.

(3) Furnish and replenish all toilet room supplies (including soap, towels, seat covers, toilet tissue, and sanitary napkins).

(4) Sweep or dust mop all hard surface floors, and carpet sweep all carpeted areas, including stairways and halls. Offices with hard surface floors in the public lobby area shall be damp mopped daily.

(5) Remove finger marks and smudges from all glass entrance doors and spot clean interior partition and door glass for finger marks and smudges.

(6) Specifically, check, and if action is needed then:

a. Dust the tops of all furniture, counters, cabinets, and window sills, (which are free of interfering objects).

b. If readily removable by janitorial staff in the ordinary course of janitorial service, remove spots and/or spills from carpets, floors, and stairways.

Twice Weekly:

Vacuum all carpets.

Weekly:

(1) Damp mop all hard surface floors.

(2) Treat stainless steel fountains and sinks to eliminate stains and mineral deposits.

(3) Spot clean the walls if readily cleanable by janitorial staff in the ordinary course of janitorial service.

(4) Sweep parking areas and sidewalks.

Quarterly:

(1) Strip all hard surface floors and apply a new coat of floor finish; buff as necessary to produce a uniformly shining appearance.

(2) Treat carpets for electricity control (if not integrated in the fabric).

(3) Dust window blinds.

Semi-annually:

Wash all Building exterior surface of exterior Building windows.

Annually:

(1) Steam clean carpets to remove all stains and spots, as requested by Tenant, at Tenant's sole cost and expense.

(2) Clean drapes, as requested by Tenant, at Tenant's sole cost and expense.

(3) Wash interior surface of exterior Building windows.

EXHIBIT J

SECURITY SPECIFICATIONS

1. During weekday Building Hours, a receptionist located at the main Common Area Building lobby security desk to monitor the security cameras throughout the Project.

2. Guard service during evening hours Monday through Friday and on Saturdays to monitor the exterior areas of the Project.

3. A card key system shall be used to control after-hour access to the parking garage entrances and Building entrances and after-hours elevator use.

4. The parking garage entrance shall have card key controlled access after-hours with security roll down gates and operating security cameras.

Exhibit 10.27

CONFIDENTIAL INFORMATION

1290 ASSOCIATES, L.L.C.

Landlord

TO

WARNER COMMUNICATIONS INC.

Tenant

Lease

Dated as of February 1, 1996

TABLE OF CONTENTS

INDEX OF DEFINED TERMS

Definition	Page

Definition	Page

LEASE, dated as of February 1, 1996, between 1290 ASSOCIATES, L.L.C. ("Landlord"), a New York limited liability company whose address is c/o Olympia & York Companies (U.S.A.), 237 Park Avenue, New York, New York 10017 and WARNER COMMUNICATIONS INC. ("Tenant"), a Delaware corporation, whose address is 75 Rockefeller Plaza, New York, New York 10019.

W I T N E S S E T H

WHEREAS, Landlord is willing to lease to Tenant and Tenant is willing to hire from Landlord, on the terms hereinafter set forth, certain space in the office building located at 1290 Avenue of the Americas, New York, New York (the "Building") on the land more particularly described in Exhibit A (the "Land"; the Land and the Building and all plazas, sidewalks and curbs adjacent thereto are collectively called the "Project").

NOW, THEREFORE, Landlord and Tenant agree as follows:

ARTICLE 1

Premises; Term; Use

1.01 Demise. (a) Landlord hereby leases to Tenant and Tenant hereby hires from Landlord, subject to the terms and conditions of this Lease, the following space:

(i) the entire 23rd floor of the Building substantially as shown on the plans thereof attached hereto as Exhibit B-1 (the "Block A Space"),

(ii) the entire 25th and 27th floors of the Building substantially as shown on the plans thereof attached hereto as Exhibits B-4 and B-6 (collectively, the "Block B Space"; the portion of the Block B Space which shall have been delivered to Tenant on the date hereof, together with the Block C Space is herein referred to as the "Delivered Blocks" and each portion of the Delivered Blocks, which is on different floors, is individually a "Delivered Block"),

(iii) the entire 24th floor of the Building substantially as shown on the plans thereof attached hereto as Exhibit B-2 (the "Block C Space"),

(iv) the entire 26th floor of the Building substantially as shown on the plans thereof attached hereto as Exhibit B-5 (the "Block D Space"),

(v) the entire 28th floor of the Building substantially as shown on the plan thereof attached hereto as Exhibit B-3 (the "Block E Space"),

(vi) the entire 29th floor of the Building substantially as shown on the plan thereof attached hereto as Exhibit B-7 (the "Block F Space"; the Block A Space, the Block B Space, the Block C Space, the Block D Space, the Block E Space and the Block F Space are individually a "Block" and collectively, the "Blocks" and together with any other space as and when such other space shall after the date hereof be included in the demise hereunder, the "Premises"; the Blocks excluding the Block F Space are collectively the "Initial Blocks"), and

(b) Landlord and Tenant agree that each floor comprising the Blocks is conclusively deemed to contain the number of rentable square feet of space specified therefore on Exhibits B-1 through B-7 attached hereto. Landlord represents and warrants to Tenant that floors 2 and above of the Building contain in the aggregate 1,793,457 rentable square feet, determined using the same standard of measurement as that used to determine the rentable square footage of the Blocks.

1.02 Term. (a) The term of this Lease (the "Term") shall commence on the date hereof, and shall end with respect to the entire Premises, unless sooner terminated as herein provided, on June 30, 2012 (such date, as the same may be extended pursuant to Article 9, is called the "Expiration Date). Possession of each Block will, subject to the terms of this Lease, be delivered by Landlord to Tenant on the Commencement Date applicable to such Block in the condition required in this Lease. Tenant's obligations under the terms of this Lease with respect to any Block, shall not commence until the Commencement Date for such Block.

1.03 Commencement Date. (a) (i) "Block A Commencement Date" means February 1, 1996 ("Stated Block A Commencement Date") as such date may be extended pursuant to Section 1.03(b) hereof.

(ii) "Block B Commencement Date" means with respect to the Delivered Blocks the date of this Lease and with respect to the remainder of the Block B Space, February 1, 1996 ("Stated Block B Commencement Date") as such date may be extended pursuant to Section 1.03(b) hereof.

(iii) "Block C Commencement Date" means the date of this Lease ("Stated Block C Commencement Date").

(iv) "Block D Commencement Date" means March 1, 1996 ("Stated Block D Commencement Date") as such date may be extended pursuant to Section 1.03(b) hereof.

(v) "Block E Commencement Date" means January 15, 1996 ("Stated Block E Commencement Date") as such date may be extended pursuant to Section 1.03(b) hereof.

(vi) "Block F Commencement Date" means the earlier of (A) June 30, 1998 (the "Stated Block F Commencement Date") and (B) the Early Block F Commencement Date as such dates may be extended pursuant to Section 1.03(b) hereof. The Early Block F Commencement Date shall mean the date specified by Landlord in a notice to Tenant (the "Block F Notice") which Block F Notice Landlord may, but shall not be obligated to, provide to Tenant on or prior to January 31, 1998, advising Tenant that either the Block F Space has been vacated by and is free of any possessory right (including, without limitation, Bank of New York) or that Landlord reasonably anticipates the Block F Space to be vacated and free of any such rights prior to May 31, 1998 and that the Block F space shall become part of the Premises on the date specified in the Block F Notice, which specified date shall be at least one hundred twenty (120) days after the giving of such notice unless Tenant and Landlord mutually agree on adding the Block F Space to the Premises prior to the expiration of such 120 day period. (Each of the Stated Block A Commencement Date, the Stated Block B Commencement Date, the Stated Block C Commencement Date, the Stated Block D Commencement Date, the Stated Block E Commencement Date and the Stated Block F Commencement Date is called a "Stated Commencement Date" and each of the Block A Commencement Date, the Block B Commencement Date, the Block C Commencement Date, the Block D Commencement Date, the Block E Commencement Date and the Block F Commencement Date is called a "Commencement Date").

(b) If Landlord shall be unable to deliver possession of any Blocks (other than the Delivered Blocks) to Tenant on or before the applicable Stated Commencement Date (or the Early Block F Commencement Date, if applicable) for such Block by reason of a

holdover tenancy in all or any portion of such Block, Tenant Delay, Force Majeure, or otherwise, Landlord shall notify Tenant thereof and the applicable Commencement Date of such Block (other than the Delivered Blocks) shall be extended by one day for each day that Landlord shall be unable to deliver possession thereof (the Stated Commencement Date (or the Early Block F Commencement Date, if applicable) as extended by Force Majeure is the "Force Majeure Adjusted Commencement Date"). If any Stated Commencement Date or Early Block F Commencement Date, each as set forth in clause (a), is extended pursuant to this clause (b), promptly after the occurrence of each Commencement Date, Landlord shall notify Tenant thereof and Landlord and Tenant shall confirm such Commencement Date by a separate instrument; provided, that the failure to execute and deliver any such instrument shall not affect the determination of any such dates in accordance with this Article 1. Pending the resolution of any dispute as to a Commencement Date, Tenant shall pay Rent based upon Landlord's determination. Any dispute as to a Commencement Date shall be resolved by arbitration in accordance with Section 9.03 hereof.

(c) If for any reason Landlord shall be unable to deliver possession of the Premises to Tenant, in Delivery Condition, on any date specified in this Lease for such delivery, Tenant's sole rights and remedies therefor shall be as expressly set forth in clauses (d) and (e) and the validity of this Lease shall not be impaired, nor shall the Term be extended, by reason thereof. This Section 1.03 shall be an express provision to the contrary for purposes of Section 223-a of the New York Real Property Law and any other law of like import now or hereafter in effect.

(d) If Landlord is unable to deliver to Tenant possession of any Block (or in the case of the Block B Space and the Block C Space, the portion thereof other than the Delivered Blocks), in Delivery Condition, on or prior to the Stated Commencement Date for such Block by reason of Force Majeure, then the Rent Commencement Date for such undelivered Block (or in the case of the Block B Space and the Block C Space, the portion thereof other than the Delivered Blocks) shall be postponed by one day for each day that such failure continues beyond the Stated Commencement Date.

(e) If Landlord is unable to deliver to Tenant possession of any Block (or in the case of the Block B Space and the Block C Space, the portion thereof other than the Delivered Blocks), in Delivery Condition on or before the applicable Stated Commencement Date for such Block by reason other than Force Majeure or Tenant Delay, then the Rent Commencement Date for such undelivered Block (or in the case of the Block B Space and the Block C Space, the portion thereof other than the Delivered Blocks) shall be postponed by (i) one day for each day that such failure continues for such undelivered Block or portion thereof to and including the 90th day of such delay, (ii) 1.1 days for each day that such failure

continues beyond the 90th day of such delay to and including the 120th day of such delay, (iii) 1.2 days for each day that such failure continues beyond the 120th day of such delay, to and including the 150th day of such delay, (iv) 1.3 days for each day that such failure continues beyond the 150th day of such delay, to and including the 180th day of such delay, (v) 1.4 days for each day that such failure continues beyond the 180th day of such delay, to and including the 210th day of such delay, and (vi) 1.5 days for each day that such failure continues beyond the 210th day of such delay.(1) In no event shall the Rent Commencement Date for such undelivered Block be extended by reason of Tenant Delay.

(f) If Landlord is unable to deliver to Tenant possession of any Block (or in the case of the Block B Space and the Block C Space, the portion thereof other than the Delivered Blocks) in Delivery Condition on or before the date required for such delivery pursuant to this Lease by

reason of a holdover tenancy in all or any portion of such Block, Landlord shall use commercially reasonable efforts (including commencement and prosecution with reasonable diligence, summary dispossess or other appropriate proceedings), to terminate such holdover tenancy.

(g) "Delivery Condition" means with respect to any Blocks that Landlord's Work with respect to such Blocks is deemed to have been substantially completed in accordance with this Section 1.03(g). Landlord's Work with respect to any Block shall be deemed to have been substantially completed on the later of the third business day after Landlord notifies Tenant that the Landlords's Work is substantially completed and the date upon which such Landlord's Work has in fact been substantially completed. Landlord's work shall be deemed substantially completed when Landlord's Work has been completed other than minor details or adjustments ("Punch List Items") which do not interfere in material respect with Tenant's ability to prepare the applicable Block for Tenant's initial occupancy thereof, those items which as set forth in Exhibit G are not a condition to delivery of such Blocks and (iii) any part of Landlord's Work to the extent not completed due to Tenant Delay.

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(1) By way of illustration of the application of the provisions of Sections 1.03(d) and (e), if delivery of Block A is delayed beyond the Stated Block A Commencement Date for twenty (20) days due to causes other than Tenant Delay and Force Majeure, followed by thirty (30) days due to Force Majeure, followed by twenty (20) days due to Tenant Delay and one hundred ten (110) days due to causes other than Tenant Delay and Force Majeure; then the Block A Rent Commencement Date will be delayed for a total of one hundred sixty-five (165) days computed as follows: thirty (30) days due to Force Majeure and one hundred thirty five (135) days for the delay caused by reasons other than Force Majeure or Tenant Delay (day for day for the first ninety (90) days, thirty-three (33) days (30 x 1.1) for the next thirty (30) days and twelve (12) days (10 x 1.2) for the next ten (10) days.

Landlord and Tenant, within ten (10) days after the relevant Commencement Date with respect to the Block A Space, the Block B Space (other than the Delivered Blocks), the Block D Space, the Block E Space and the Block F Space, and within ten (10) days after the portion of Block B Space which is a Delivered Block and the Block C Space are delivered to Tenant on the applicable Second Commencement Date, shall jointly inspect such Block and note any Punch List Items with respect to such Blocks. Landlord shall promptly complete any and all such Punch List Items.

1.04 Tenant Delay. "Tenant Delay" means any delay which Landlord may encounter in the performance of Landlord's obligations under this Lease (i) as the direct result of any breach by Tenant of its obligations under this Lease or (ii) by reason of any negligence or wrongful act or omission of any nature of Tenant, its Affiliates, Related Service Providers occupying all or any part of the Premises, the Tenant Group or any of their agents, employees, contractors or invitees. Tenant shall pay to Landlord any costs or expenses incurred by Landlord by reason of any Tenant Delay which are in excess of the costs and expenses which Landlord would have incurred had the Tenant Delay not occurred. Landlord shall give Tenant notice of any alleged Tenant Delay which is actually known to the Building manager. During any period that the Building manager or Landlord's construction supervisor, if any, actually knows of the Tenant Delay, no Tenant Delay shall be deemed to exist until the later of (i) the actual commencement of such Tenant Delay and (ii) fifteen days prior to (or in the case of an alleged Tenant Delay in connection with Sections 1.03(e) and (g), five days prior to) the date Landlord shall have given Tenant such notice of Tenant Delay. Notwithstanding the immediately preceding sentence, (i) during any period of time that the Tenant Delay is unknown by the Building manager and Landlord's construction supervisor, if any, such Tenant Delay shall be deemed to exist notwithstanding that no notice thereof has been delivered by Landlord to Tenant and (ii) any Tenant Delay in connection with Section 1.03(b) shall be deemed to exist notwithstanding that no notice thereof has been delivered by Landlord to Tenant. Any dispute with respect to Tenant Delay may be resolved by arbitration pursuant to Section 9.03 hereof.

1.05 Use. The Premises shall be used and occupied by Tenant (and its permitted subtenants, Affiliates and Related Service Providers) solely as general and executive offices (including such ancillary uses in connection therewith as shall be reasonably required in the operation of their businesses) and the following (but only to the extent such uses are ancillary to use of the Premises as general and executive offices) are permitted by Law in the Premises and are for the benefit of Tenant's employees or the employees of Tenant's permitted subtenants, Affiliates and Related Service Providers, in each case occupying any part of the Premises and reasonable numbers of guests, of the foregoing Affiliates or Related Service Providers. In no event shall any of such uses be made available to employees of Tenant,

Affiliates or Related Service Providers who are not located at the Building (other than reasonable numbers of senior executives) or to the general public: The Identified Ancillary uses are intended to benefit and to be ancillary to the use of the Premises and not to benefit persons not located in the Premises, other than incidentally and in limited numbers): (i) an employee cafeteria (the "Cafeteria"); provided, that if cooking will be done (other than only microwave cooking) (A) Tenant shall install all flues, vents, grease traps and ansul systems and other similar items reasonably requested by Landlord, (B) Tenant shall install an exhaust system that, in Landlord's reasonable judgment, is consistent with the standards of a first class office building in midtown Manhattan, (C) all ducts and flues shall be installed within the Premises and shall exit the Building from a location reasonably acceptable to Landlord, (D) Tenant shall clean all grease traps as appropriate, (E) Tenant shall bag all wet garbage, place such garbage in containers that prevent the escape of odors, and provide for a refrigerated waste facility to store such garbage pending disposal and (F) Landlord shall cause such Cafeteria to be serviced on a regular basis by the Building's exterminator, provided such exterminator is competent and the price for its services is reasonable, and Tenant shall pay to Landlord within thirty (30) days after demand, the cost of providing any additional extermination service required by reason of such Cafeteria; and further provided (whether or not cooking will be done), (v) Tenant shall not allow any odors to escape from the Premises to other portions of the Project, (w) Tenant shall otherwise maintain and operate the Cafeteria consistent with the standards of a first class office building in midtown Manhattan, and (x) the entire floor on which such cafeteria is located and the entire floor immediately above and the entire floor immediately below the floor on which such cafeteria is located shall be fully leased by Tenant or its Affiliates or Related Service Providers (provided, once completed consistent with this clause (x), Tenant shall not be required to move such cafeteria to satisfy such requirement that it be located between floors fully leased by Tenant, it Affiliates or Related Service Providers and (y) the Cafeteria shall consist of no more than 15,000 rentable square feet in the aggregate; and (ii) an infirmary; provided, Tenant shall (A) regularly dispose of all medical materials, medical rubbish, medical waste, "red bag waste," infectious waste and other materials that require special disposal ("Medical Waste") generated in connection with Tenant's use of the Premises as an infirmary to comply with all Laws, (B) at its cost and expense engage the service of a contamination waste disposal firm for regular disposal of such medical waste, (C) not use or operate in the Premises any equipment, machinery or other device, including without limitation x-ray and radiation machines, electronic scanners, which emit radiation or other objectionable emissions outside of such infirmary, (D) not store or use substances (other than in limited quantities which are customary in infirmaries in first class, midtown Manhattan office buildings), which could be deemed dangerous or combustible, including without limitation, high pressure gases, (E) store all medicines and drugs (whether prescription or otherwise), in a safe secure place, under lock and key; (iii) a health and fitness facility consisting of no more than 8,000 rentable square feet in the aggregate; provided, that

(A) no noise or vibration from the health and fitness facility shall emanate from the Premises so that the same shall annoy or disturb other tenants in the Building and the entire floor on which such health and fitness facility is located and the entire floor immediately above and the entire floor immediately below the floor on which such health and fitness facility is located shall be fully leased by Tenant or its Affiliates or Related Service Providers (provided, once completed consistent with this clause (A) Tenant shall not be required to move such health and fitness facility to satisfy such requirement that it be located between floors fully leased by Tenant, its Affiliates or Related Service Providers), upon completion of such health and fitness facility, and (B) the location, the size and configuration of the space utilized, the placement and type of equipment and construction of the health and fitness facility shall be subject to the reasonable recommendations of Landlord's consultants (which consultants shall be paid by Tenant, provided such consultant is competent and its charges for its services are reasonable), be in conformity with the standards of a first-class midtown Manhattan office building and its use shall not cause any harmonic sway in the Building; (iv) a childcare facility (not to exceed 5,000 rentable square feet in the aggregate); (v) library (including video and audio); (vi) wholesale sale of limited quantities of Tenant's products so as to constitute samples and a representative product and licensing of products and services and showrooms therefor, provided that such sales and any storage of products in connection therewith are only incidental to the use of the Premises as general and executive offices; (vii) travel agency solely for use of Tenant, its Affiliates and Related Service Providers occupying space in the Premises; (viii) pantries (with no cooking facilities other than microwave cooking); and (ix) a computer center (the ancillary uses described in clauses (i)-(ix) above are called the "Identified Ancillary Uses")). Notwithstanding anything in Section 4.06 or elsewhere in this Lease to the contrary, Tenant shall be responsible for complying with all Laws applicable to the use of the Premises for the Identified Ancillary Uses (including, without limitation, any structural and nonstructural alterations to the Premises or Building required by such Laws) and for obtaining, at Tenant's sole cost and expense, all consents, approvals and permits (including, without limitation, any amendment to the certificate of occupancy for the Building and any public assembly permit) required by reason of any such use and Landlord makes no representation to Tenant as to the suitability of the Premises for any of the Identified Ancillary Uses. Landlord, at Tenant's expense, shall cooperate with Tenant's efforts to obtain any such consents, approvals and permits, including, without limitation, executing and delivering any documents or instruments reasonably required by Tenant in connection therewith. The entire floor on which any music, sound or video demonstration areas of Tenant, its subtenants, Affiliates or Related Service Providers are located and the entire floor immediately above and the entire floor immediately below shall be fully leased by Tenant, its subtenants, Affiliates or Related Service Providers (once any demonstration area is completed, Tenant shall not be required to move such demonstration area to satisfy such requirement that it be located between floors leased by Tenant, its Affiliates or Related Service Providers; provided Tenant shall take such actions as

are reasonably required by Landlord to ensure that any noise or vibration generated within the demonstration area does not disturb other tenants in the Building, including installing soundproofing materials). Nothing in this Section 1.05 which permits the Premises or any part thereof to be used for Identified Ancillary Uses shall be interpreted to mean that Tenant is permitted to make any Alterations other than in compliance with all of the terms and conditions set forth in Section 4.02 including the requirement to obtain Landlord's prior consent where required in Section 4.02.

In no event shall the Premises be used for any of the following: (a) a banking, trust company, safe deposit business, savings bank, a savings and loan association, or a loan company, except as general and executive offices and not as a branch open to the public, (b) the sale of travelers' checks and/or foreign exchange except to employees of Tenant, its Affiliates or members of the Related Service Providers, (c) a stock brokerage office or for stock brokerage purposes except as general and executive offices and not as a branch open to the public, (d) a restaurant, bar or for the sale of food or beverages, except for reasonable quantities of pantries (with no cooking facilities, other than microwave cooking), vending machines for drinks, candy and snacks to service employees of Tenant, its Affiliates and Related Service Providers in each case which are occupying space in the Premises and as otherwise specifically provided herein, (e) photographic reproductions and/or offset printing, other than such reproduction or film processing (subject, in the case of film processing, to the reasonable requirements of Landlord in connection with storage, disposal and ventilation) which is ancillary to the use of the Premises as general and executive offices, (f) an employment or travel agency, other than a travel agency to service solely employees of Tenant, its Affiliates and Related Service Providers in each case which are occupying space in the Premises in connection with travel related to said parties' business, (g) a school or classroom except for training facilities for the use by the employees of Tenant, its Affiliates or members of the Related Service Providers which in each case are occupying space in the Premises, (h) medical or psychiatric offices except as provided in the preceding paragraph, (i) conduct of an auction, (j) gambling activities, (k) conduct of obscene, pornographic or similar disreputable activities, (1) offices of an agency, department or bureau of the United States Government, any state or municipality within the United States or any foreign government, or any political subdivision of any of them, (m) offices of any charitable, religious, union or other not-for-profit organization which would cause adverse federal, state or local income tax or other tax consequences to Landlord; provided, that, in no event shall the rentable square feet occupied by charitable, religious, union or other not-for-profit organizations and any entity set forth in clause (n) below exceed 25,000 rentable square feet in the aggregate, or (n) offices of any tax exempt entity within the meaning of Section 168(h)(2) of the Internal Revenue Code of 1986, as amended, or any successor or substitute statute, or rule or regulation applicable thereto which would cause adverse federal, state or local income

tax or other tax consequences to Landlord; provided, that, in no event shall the rentable square feet occupied by such tax exempt entities together with the rentable square feet occupied by the entities set forth in clause (m) above exceed 25,000 rentable square feet in the aggregate. The Premises shall not be used for any purpose which would be inconsistent with the first class character of the Building, create unreasonable or excessive elevator or floor loads, constitute a public or private nuisance or interfere with any other tenant or Landlord.

1.06 Tenant's Right of Offering.

(a) During the Term and provided that:

(i) This Lease shall not have terminated,

(ii) Tenant, together with any Affiliates of Tenant (and any Related Service Providers occupying space leased by Tenant or any Affiliate of Tenant), shall be in actual occupancy of not less than 80% of the aggregate rentable square feet of the

Blocks and the space currently leased by Tenant on the fourth floor in the Building, and

(iii) Tenant shall not be in default hereunder beyond the expiration of any applicable notice and grace period (provided, that Landlord, in its sole discretion, may waive this requirement);

then, Tenant may lease additional space for its own use and occupancy or that of its Affiliates, even though such space may not be available for a term that is coterminous with this Lease (herein called "Additional Space") in accordance with this Section 1.06.

(b) If during the Term any separately leasable units of office space (as determined by Landlord) on floors two (2) through and including nine (9) of the Building (the "Offer Space") become Available (as such term is hereinafter defined) or are anticipated by Landlord to become Available within twelve (12) months (herein, for so long as such separately leasable units of office space remains Available, called "Available Space") Landlord shall promptly provide Tenant with a written listing (the "Available Space Notice") specifying the date on which each such separately leasable unit of Available Space is anticipated to become Available; and the configuration (including the rentable square footage, floor plan and floor) of each such separately leasable unit of Available Space. Within ten (10) days after the giving of the Available Space Notice, Tenant shall either (x) give to Landlord a notice (the "Request for Information") in which Tenant shall request that Landlord deliver to Tenant the

Landlord's List for any or all of the separately leasable units of Available Space designated on the Available Space Notice, or (y) refrain from giving a Request for Information. In the event Tenant refrains from giving a Request for Information, Tenant's rights with respect to all Available Space described in such Available Space Notice shall terminate and Landlord shall be free to lease all or any portion of such space to others at such rental and upon such terms and conditions as Landlord in its sole discretion may desire and Landlord shall have no obligation to include on any future Available Space Notice such space unless such space is leased to an entity other than Tenant and once again becomes Available Space. If Tenant gives to Landlord a Request for Information, then Landlord shall, within twenty (20) days after the giving of such Request for Information provide Tenant with a written listing ("Landlord's List") specifying the following with respect to the Available Space listed on the Request for Information:

(i) the date on which each such separately leasable unit of Available Space listed on the applicable Request for Information is anticipated to become Available,

(ii) the term for which each such separately leasable unit of Available Space listed on the applicable Request for Information is available for leasing (it being acknowledged and agreed by Tenant that, except for the Fourth Floor Exception, such term may be substantially longer or shorter than the term then remaining on this Lease and that Tenant shall not have the right to require Landlord to lease to Tenant any separately leasable unit of Available Space for a term that is coterminous with the term of this Lease).

(iii) any terms and conditions on which each such separately leasable unit of Available Space listed on the applicable Request for Information is Available that are in variance with the terms of this Lease (e.g., if Landlord will have a cancellation option with respect to all or a portion of such Available Space),

(iv) the number of rentable square feet (computed by the same manner as rentable square feet was computed for the Blocks) contained in and the configuration of each such separately leasable unit of Available Space listed on the applicable Request for Information (it being acknowledged and agreed by Tenant that its right to lease any separately leasable unit of Available Space

shall be with respect to such space as so configured and sized in the Landlord's List and that such space may consist of a combination of more than one contiguous floor),

(v) the rental for such Available Space (taking into account all relevant factors such as free rent periods and construction allowances and the base year, base amount and other calculations in connection with Taxes, Operating Payments and electricity and other elements of the economic package offered by Landlord),

(vi) the renewal rights, if any, that will be applicable with respect to such Available Space, and

(vii) such other matters as Landlord may deem appropriate for such Landlord's List.

The "Fourth Floor Exception" shall mean that at all times that Tenant or its Affiliates are leasing the space which Tenant is currently leasing on the fourth floor of the Building (whether pursuant to the existing lease or a new lease; the "Fourth Floor Lease"), if any Offer Space shall become Available Space for all or any part of the balance of such fourth floor, then such Offer Space shall, if added to the Premises pursuant to this Section, be added to the Premises for a term which is coterminous with the terms of the Fourth Floor Lease and the terms and conditions, under which such Offer Space is added to the Premises, shall be appropriately adjusted to reflect that the term thereof is coterminous with the term of the Fourth Floor Lease rather than the term which such Offer Space is otherwise Available for leasing.

(c) Any given separately leasable unit of Offer Space shall be "Available" as of any date only to the extent that it is not then:

(i) subject to a lease with a scheduled expiration date more than twelve (12) months after the giving of Landlord's List,

(ii) subject to (1) any currently existing rights, options (including, without limitation, any right of first refusal or right of first offer), or negotiated agreements (including, without limitation, any mandatory additional space provision) (collectively the "Existing Rights") of tenants leasing space in the Building as of the date hereof (herein called "Existing Tenants") and any

renewal rights and rights which are granted after the date hereof by Landlord to such Existing Tenants to lease additional space on the same floor that an Existing Tenant is now occupying or has an existing right to occupy in the future (provided, however, that Landlord agrees that, as long as Tenant or an Affiliate of Tenant is leasing the space on the fourth floor of the Building which Tenant is currently leasing, Landlord will not grant, after the date hereof, to such Existing Tenants any rights to lease additional space on the fourth floor; and further provided, that Landlord shall not grant to an Existing Tenant, after the date hereof, the right or option to lease additional Offer Space, which is prior in right to Tenant, on the same floor that an Existing Tenant currently leases space unless such tenant then leases at least 60% of the rentable square feet comprising such floor except that if such Existing Tenant is Unisys Corporation and Unisys Corporation is not occupying at least 60% of the rentable square feet comprising such floor, then Landlord may, after the date hereof, grant Unisys Corporation the right or option to lease additional Offer Space on the floor that it currently leases space, if Landlord shall have first offered such Offer Space to Tenant as . provided herein and Tenant shall not have added such space to the Premises as herein provided) and (2) any rights and options granted by Landlord after the date hereof to tenants leasing space in the Building after the date hereof (herein called "Future Tenants") to lease additional space on the same floors of the Building on which such Future Tenant is then leasing space and to extend the term of such Future Tenants' leases (except that Landlord agrees that as long as Tenant or an Affiliate of Tenant is leasing the space on the fourth floor of the Building which Tenant is currently leasing, Landlord will not grant, after the date hereof, to such Future Tenants any right to lease additional space on the fourth floor of the Building; and further provided, that Landlord will, not grant, after the date hereof, to a Future Tenant any right or option which is prior in right to Tenant to lease additional Offer Space on the same floor that such Future Tenant is then leasing space unless such Future Tenant is then leasing at least 60% of the rentable square feet comprising such floor), in each case, that could render such unit of space unavailable for leasing to Tenant, or

(iii) the subject of active bona fide lease negotiations as of the date of this Lease.

(d) Tenant shall keep confidential all information contained in Landlord's List and shall disclose same only to: (i) in-house personnel, (ii) Tenant's attorneys and (iii) Tenant's consultants, in each case on an as-needed basis, and Tenant shall require such personnel, attorneys and consultants to keep all such information confidential.

(e) (i) Tenant shall have the option, within the time period as more particularly set forth in clause (ii) below, to add to the Premises one or more of the separately leasable units of Available Space designated on Landlord's List. Any Additional Space shall be delivered to Tenant vacant and broom-clean, but otherwise in its "AS IS" condition (unless otherwise specified in Landlord's List) but free of all tenancies and occupancies and subject to the provisions of Section 7.05 hereof in the event of a casualty, and added to the Premises on the date (herein called the "Additional Space Inclusion Date") on which Landlord makes such space available to Tenant.

(ii) Within twenty (20) days after the giving of Landlord's List, Tenant shall either:

(w) give to Landlord a notice (herein called a "Tenant's Exercise Notice"), in which Tenant shall elect to add to the Premises one or more of the separately leasable units of Available Space designated on Landlord's List in the exact configuration with the same number of rentable square feet and at the same rental and otherwise on the terms set forth on Landlord's List (it being acknowledged and agreed by Tenant that such space may consist of a combination of more than one contiguous floors); or

(x) give to Landlord a notice (herein called. a "Tenant's Counteroffer") in which Tenant shall inform Landlord that Tenant is not willing to add to the Premises one or more of the separately leasable units of Available Space designated on Landlord's List, in the exact configuration and with the same number of rentable square feet and for the same term of years and at the same rental set forth on Landlord's List, but shall also inform Landlord that Tenant would be willing to lease space from Landlord's List for a specified term of years ("Tenant's Specified Term"), for a specified rentable square footage and specified

configuration ("Tenant's Specified RSF") and for a specified rental, which shall take into account all relevant factors, including any free rent periods, construction allowances and the base year, base amount and other calculations in connection with Taxes, Operating Payment, and electricity and other elements of the economic package offered by Tenant (Tenant's Specified Rental); provided, that Tenant's Specified Term must be in full year increments (e.g., not 9 years and 9 months, rather than 10 years), unless Tenant's Specified Term is for a term coterminous with the remainder of the Premises and Tenant's Specified RSF must not leave Landlord with an effectively unleasable block of space (e.g., Tenant shall not specify 38,000 rentable square feet as Tenant's Specified RSF if Landlord's List contains a full floor consisting of 40,079 rentable square feet); or

(y) refrain from giving a Tenant's Exercise Notice or a Tenant's Counteroffer.

(iii) In the event that Tenant refrains from giving a Tenant's Exercise Notice or a Tenant's Counteroffer, Tenant's rights with respect to all Available Space described in such Landlord's List (herein called the "Waived Space") shall terminate and Landlord shall be free to lease all or any portion of such Waived Space to others at such rental and upon such terms

(including, without limitation, size, configuration and length of term) and conditions as Landlord in its sole discretion may desire whether such rental terms, provisions and conditions are the same as those offered to Tenant or more or less favorable. Tenant shall, within five (5) days after Landlord's request therefor, deliver an instrument in form reason-ably satisfactory to Landlord confirming the aforesaid waiver, but no such instrument shall be necessary to make the provisions hereof effective; provided, however, that Landlord shall have no obligation to include on any Available Space Notice any of the Waived Space which has appeared on any prior Landlord's Lists unless such Waived Space is leased to an entity other than Tenant and once again becomes Available Space.

(iv) In the event that Tenant gives a Tenant's Counteroffer, then Landlord, within twenty (20) days after the giving of such Tenant's Counteroffer, shall either:

(x) elect to lease to Tenant the space designated by Tenant from among the separately leasable units of Available Space contained on Landlord's List, in a commercially reasonable configuration, equal in size to Tenant's Specified RSF for a term equal to Tenant's Specified Term, and for a rental equal to Tenant's Specified Rental in which event such space shall be added to the Premises on all of the terms and conditions set forth in this Section 1.06; or

(y) elect not to lease to Tenant the space designated by Tenant from among the separately leasable units of Available Space contained on Landlord's List, equal in size to Tenant's Specified RSF for a term equal to Tenant's Specified Term and at a rental equal to Tenant's Specified Rental, in which event Landlord shall not (with respect to the first leasing of the space in question after such space was offered to Tenant in the Landlord's List) without first offering the space in question to Tenant, lease to another tenant the block of space designated by Tenant from among the separately leasable units of Available Space contained on Landlord's List for (A) a term within ten (10%) percent, plus or minus, of Tenant's Specified Term, (B) for a rentable square footage within ten (10%) percent, plus or minus, of Tenant's Specified RSF or (C) for a rental computed on a per square foot basis per annum (taking into account all relevant factors such as free rent periods, construction allowances and the base year, base amount and other calculations in connection with Taxes, Operating Payments and electricity and other elements of the economic package) discounted to present value at the Interest Rate less than 90% of Tenant's Specified Rental discounted to present value at the Interest Rate (collectively the "Required Reoffer Terms").

(v) For purposes of subsection 1.06(e)(iv)(y) hereof and this subsection 1.06(e)(v), if, with respect to the first leasing of the space in question after such space was offered to Tenant in the

Landlord's List, Landlord intends to enter into negotiations with a third party to lease to such third party a block of space from among the separately leasable units of Available Space contained on Landlord's List, for the Required Reoffer Terms (herein called the "Reoffer Space"), Landlord shall provide Tenant with a notice (herein called a "Reoffer Notice") which, with respect to such Reoffer Space, shall contain all of the information required to be contained in a Landlord's list including, without limitation, the exact size and configuration (the "Reoffer Configuration") and length of term (the "Reoffer Term Length") and the rental (the "Reoffer Rental") for which Landlord intends in good faith to enter into negotiations for such Reoffer Space. Tenant shall have twenty (20) days after the giving of the Reoffer Notice to elect by written notice to Landlord (herein called the "Reoffer Acceptance Notice") to add the Reoffer Space to the Premises in the exact Reoffer Configuration, for the exact Reoffer Term and the exact Reoffer Rental, and subject to all of the terms and conditions of this Section 1.06 for the leasing of Additional Space. In the event that Tenant does not give the Reoffer Acceptance Notice within such twenty (20) day period, Tenant shall be deemed to have waived its right to lease the Reoffer Space, and Landlord shall be free to lease all or any portion of such Reoffer Space to others at such rental and upon such terms (including, without limitation, size, configuration and length of term) and conditions as Landlord in its sole discretion may desire whether such rental terms, provisions and conditions are the same as those offered to Tenant or more or less favorable; provided, however, Landlord shall not (with respect to the first leasing of the space in question after such space was offered to Tenant in the Landlord's List) without first offering the space in question to Tenant in the manner provided above in this clause (v), lease the Reoffer Space to another tenant for (A) term within ten (10%) plus or minus of the Reoffer Term Length, (B) for a rentable square footage within ten (10%) percent, plus or minus, of the rentable square footage specified in the Reoffer Configuration or (C) for a rental computed as set forth in subsection 1.06(e)(iv)(y) above discounted to present value at the Interest Rate less than 90% of the Reoffer Rental discounted to present value at the Interest Rate. The term, upon which Landlord shall offer such space to

Tenant shall be upon the terms which Landlord intends in good faith to enter into negotiations for such space. Tenant shall, within five (5) days after Landlord's request therefor, deliver an instrument in form reasonably satisfactory to Landlord confirming the aforesaid waiver, but no such instrument shall be necessary to make the provisions hereof effective.

(f) In the event that (i) Tenant shall elect pursuant to the terms hereof to lease a separately leasable unit of Available Space, and (ii) such separately leasable unit of Available Space shall come available for leasing on an unscheduled basis (e.g., as the result of a bankruptcy or a leasehold surrender) prior to the anticipated Additional Space Inclusion Date (herein called "Unscheduled Available Space"), then Landlord shall give to Tenant a notice (herein called an "Unscheduled Available Space Notice") to Tenant setting forth the revised anticipated Additional Space Inclusion Date for such separately leasable unit of space, and such separately leasable unit of space shall be added to the Premises on the later to occur of (i) the date on which

Landlord makes such space available to Tenant and (ii) the earlier to occur of (x) the original anticipated Additional Space Inclusion Date and (y) the date that is sixty (60) days after the date on which Landlord notifies Tenant of such revised anticipated Additional Space Inclusion Date.

(g) Tenant shall lease the Additional Space upon all of the terms and conditions of this Lease that are in effect immediately prior to the Additional Space Inclusion Date, except that:

(i) any inconsistency between the terms and conditions specified in Landlord's List, the Reoffer Notice or Tenant's Counteroffer as applicable, and the terms and conditions set forth in this Lease shall be governed by Landlord's List, the Reoffer Notice or Tenant's Counteroffer as applicable;

(ii) Tenant shall not be entitled to any dedicated elevator service, any hours of free services or any right to use passenger elevators for construction personnel and hand tools or other special uses in connection with Tenant's preparation and move into the Additional Space, or any special services or arrangements unless such terms are provided for in Landlord's List, the Reoffer Notice or Tenant's Counteroffer, as applicable;

(iii) the net effective rental payable by Tenant with respect to the Additional Space shall be the rental in Landlord's List, or the Reoffer Notice (or Tenant' Specified Rental or the Reoffer Rental, if applicable);

(iv) the Additional Space shall be added to the Premises in the exact configuration and with the same number of rentable square feet set forth on Landlord's List, Tenant's Counteroffer or the Reoffer Notice, as the case may be (it being acknowledged and agreed by Tenant that such space may consist of a combination of more than one contiguous floors).

(h) If any Additional Space shall not be available for Tenant's occupancy on the anticipated Additional Space Inclusion Date for any reason including the holding over of the prior tenant, then Landlord shall use commercially reasonable efforts to make such space available as soon as is reasonably practicable; provided, however, that Landlord and Tenant agree that the failure to have such Additional Space available for occupancy by Tenant shall in no way affect the validity of this Lease or the inclusion of such Additional Space in the demised premises or the obligations of Landlord or Tenant hereunder, nor shall the same be construed in any way to extend the term of this Lease, and for the purpose of this Section 1.06 the Additional Space Inclusion Date shall be deferred to and shall be the date such Additional Space is available for Tenant's occupancy unleased and free of tenants or other occupants. The provisions of this Section 1.06 are intended to constitute "an express provision to the contrary" within the meaning of Section 223-a of the New York Real Property Law. Notwithstanding anything to the contrary contained herein, the event that Landlord is unable to deliver possession of any separately leasable unit of Additional Space to Tenant within one (1) year after the anticipated Additional Space Inclusion Date therefor, Tenant, as its sole remedy, may elect by written notice given to Landlord within the twenty (20) day period commencing on the first anniversary of such anticipated Additional Space Inclusion Date, to revoke its election to add such Additional Space to the Premises.

(i) Notwithstanding anything to the contrary contained herein, Tenant shall not have the right to elect to add any separately leasable unit of Additional Space to the Premises if there would be less than five (5) years remaining in the term of this Lease for the Blocks as of the anticipated Additional Space Inclusion Date for such separately leasable unit of such space provided, Tenant may simultaneously elect to exercise its right to extend the term of this Lease pursuant to the provisions of Article 9 hereof with respect to the entire Premises (except for Additional Space previously leased by Tenant which has an expiration date different than the Expiration Date) leased by Tenant as of the time of such exercise

whereupon, such extension of the Term shall be included in determining whether less than five (5) years remain in the term of this Lease.

(j) Time is of the essence of each and every provision of this Section 1.06.

(k) Promptly after the request of Tenant, but in no event more than once in any twelve month period, Landlord shall provide to Tenant, for informational purposes only, a list of the expected termination dates of all Offer Space.

(l) Any dispute with respect to the matters set forth in this Section 1.06 shall be resolved by arbitration pursuant to Section 9.03 hereof.

(m) Landlord represents to Tenant that the only Existing Rights as of the date hereof with respect to Offer Space which are superior to Tenant's right of offering set forth in this Section 1.06 are (i) Alex Brown and Sons Incorporated with respect to the 8th and 9th floors, (ii) Equitable Life Assurance Society of the United States with respect to floors 7, 8 and 9, (iii) AT&T Global with respect to floors 4 and 5 and (iv) Straight Arrow Publishers L. P. with respect to floors 2, 3, 4, 5 and 6.

ARTICLE 2

Rent

2.01 Rent. "Rent" shall consist of Fixed Rent and Additional Charges.

2.02 Fixed Rent.

(a) The fixed rent ("Fixed Rent") for the Blocks shall be at the following rates:

(i) for the period commencing on the applicable Fixed Rent Commencement Date to and including July 31, 2001, $37.18 per annum per rentable square foot of space in the Blocks from time to time included in the Premises payable by Tenant in equal monthly installments;

(ii) for the period commencing on August 1, 2001 to and including December 31, 2006, $40.18 per annum per rentable square foot

of space in the Blocks from time to time included in the Premises payable by Tenant in equal monthly installments; and

(iii) for the period commencing on January 1, 2007 to and including the Expiration Date, $44.18 per annum per rentable square foot of space in the Blocks from time to time included in the Premises payable by Tenant in equal monthly installments.

Each monthly installment of Fixed Rent shall be payable by Tenant in advance on the Fixed Rent Commencement Date and on the first day of each calendar month thereafter; provided, that if the Fixed Rent Commencement Date is not the first day of a month, then Fixed Rent for the month in which the Fixed Rent Commencement Date occurs shall be prorated and paid on the Fixed Rent Commencement Date; and further provided that if this Lease shall terminate on a date other than the last day of the month for reasons other than the occurrence of a default by Tenant, the Fixed Rent for the month in which the Lease terminates shall be prorated; and any overpayment to Landlord, in excess of amounts payable by Tenant to Landlord under this Lease, shall be refunded to Tenant. "Fixed Rent Commencement Date" (A) for the Block A Space, the Block B Space, the Block C Space, the Block D Space and the Block E Space means July 1, 1997 as such date may be extended for any Block (other than the Delivered Blocks), pursuant to Sections 1.03(d) and (e) hereof and (B) for the Block F Space means a date that is the number of months (including partial months, if any, as a fraction) after the Stated Block F Commencement Date (or, if the Block F Notice shall have been given by Landlord, then the Early Block F Commencement Date), as such dates may be extended pursuant to Section 1.03(d) and (e) hereof, determined by multiplying 17 months by a fraction, the numerator of which is the number of months (including partial months, if any, as a fraction) that the Block F Space is included in the demise hereunder and the denominator of which is 197 months. "Tax and Operating Payment Commencement Date" means the applicable Fixed Rent Commencement Date as such date may be extended for any Block (other than the Delivered Blocks), pursuant to Sections 1.03(d) and (e) hereof. "Rent Commencement Date" means the applicable Fixed Rent Commencement Date and Tax and Operating Payment Commencement Date with respect to each Block.

(b) If Tenant's ability to obtain any governmental permit required by Tenant to perform Tenant's initial Alterations in any Block, or portion of any Block or in the Building with respect to any Block or portion thereof, is delayed due to (i) the failure of Landlord (by reason other then Force Majeure or Tenant Delay) to sign applications for governmental permits in accordance with and within the time period provided in Section 4.02 (j) hereof or (ii) the failure of Landlord (by reason other then Force Majeure or Tenant Delay) to cure any violation of Law which Landlord has an affirmative obligation to comply

with pursuant to the terms of this Lease, then provided in all cases Tenant is using commercially reasonable prudence and diligence to avoid such delay, Tenant may notify Landlord of such resulting delay (making specific reference to this Section 2.02(b)) and if Landlord shall not have signed such application within five days after such notice or shall not have cured such violation within forty-five (45) days of such notice (if the cure requires the performance of work) or fifteen (15) days after notice if such violation is a monetary violation then Fixed Rent and Additional Charges pursuant to Sections 2.04 and 2.05 shall be abated with respect to such Block or such portion of such Block, in the case of clause (i), for the number of days, that substantial completion of Tenant's initial Alterations in such Block or portion of such Block is delayed due to such inability to obtain any governmental permit beyond such five day period and, in the case of clause (ii), for the number of days that substantial completion of Tenant's initial Alterations in such Block or portion of such Block is delayed due to such inability to obtain any governmental permit beyond such forty-five (45) day period if such violation is a non-monetary violation and for any period beyond the fifteenth day Landlord receives notice of such violation from Tenant in the event of a monetary violation; provided, that in each case Rent shall be abated only with respect to that portion of the Blocks in which substantial completion of Tenant's initial Alterations is so delayed.

2.03 Additional Charges. "Additional Charges" means Tax Payments, Operating Payments and all other sums of money, other than Fixed Rent, at any time payable by Tenant under this Lease, all of which Additional Charges shall be deemed to be rent.

2.04 Tax Payments. (a) "Base Tax Amount" means $15,986,033.

(b) "Taxes" means (i) the real estate taxes, vault taxes, assessments and special assessments levied, assessed or imposed upon or with respect to the Project by any federal, state, municipal or other government or governmental body or authority, and (ii) any expenses actually incurred by Landlord (or if paid to an Affiliate of Landlord, the reasonable and customary expenses incurred by Landlord) in contesting such taxes or assessments and/or the assessed value of the Project, which expenses shall be allocated to the Tax Year to which such expenses relate. If at any time the method of taxation shall be altered so that in lieu of or as an addition to or as a substitute for, the whole or any part of such real estate taxes, assessments and special assessments now imposed on real estate, there shall be levied, assessed or imposed ("Substituted Taxes") (x) a tax, assessment, levy, imposition, fee or charge wholly or partially as a capital levy or otherwise on the rents received therefrom (which shall be computed for purposes of inclusion in Taxes as if the Project were the only property owned by Landlord), or (y) any other additional or substitute tax, assessment, levy, imposition, fee or charge which is clearly identifiable as a tax on real estate or the owner thereof, and not as a

generally applicable business tax, including without limitation, transportation taxes, fees and assessments, then all such taxes, assessments, levies, impositions, fees or charges or the part thereof so measured or based shall be included in "Taxes." If the owner, or lessee under a Superior Lease, of all or any part of the Building and/or the Land is an entity exempt from the payment of taxes described in clauses (i) and (ii), there shall be included in "Taxes" the taxes described in clauses (i) and (ii) which would be so levied, assessed or imposed if such owner or lessee were not so exempt and such taxes shall be deemed to have been paid by Landlord on the dates on which such taxes otherwise would have been payable if such owner or lessee were not so exempt. Except as permitted in this Section 2.04(b), with respect to Substituted Taxes, "Taxes" shall not include (A) any franchise, capital stock, transfer income, estate, gift, succession, inheritance, mortgage recording, transfer gains or unincorporated business tax or commercial rent tax imposed on Landlord, (B) any

penalties or late charges with respect to the payment of Taxes, provided, penalties and late charges shall not include the failure to take advantage of a discount for early payment and costs in connection with the payment of Taxes in installments or (C) any costs or expenses included in Operating Expenses, including without limitation, water, sewer vault and sales taxes which are included in Operating Expenses. If any special assessments for public improvements which are or shall be levied, assessed or imposed upon or with respect to the Project are payable at the option of Landlord in installments, then such special assessment shall be included in Taxes as if Landlord shall have elected to pay such special assessment over the longest period permitted. Landlord represents and covenants to Tenant that no tax abatement will be in effect for the Project in the Tax Years included in the calculation of Base Tax Amount.

(c) "Tax Year" means each period of 12 months, commencing on the first day of July of each such period, in which occurs any part of the Term, or such other period of 12 months occurring during the Term as hereafter may be adopted as the fiscal year for real estate tax purposes of the City of New York.

(d) "Tenant's Share" means a fraction expressed as a percentage, the numerator of which shall be the rentable square footage of space from time to time included in the Premises and the denominator of which shall be 1,793,457. Any Change in Tenant's Share shall be effective from and after each applicable Tax and Operating Payment Commencement Date (or other date, with respect to any space other than Blocks on which Tenant is required pursuant to the terms of this Lease to commence making Tax Payments with respect to such space) and Tenant's Tax Payments for any Tax Year in which such change occurs shall be adjusted accordingly;

(e) If Taxes for any Tax Year, including the Tax Year in which the Tax and Operating Payment Commencement Date for any Block occurs, shall exceed the Base

Tax Amount, Tenant shall pay to Landlord (each, a "Tax Payment") Tenant's Share of the amount by which Taxes for such Tax Year are greater than the Base Tax Amount. The Tax Payment for each Tax Year shall be due and payable in installments in the same manner that Taxes for such Tax Year are due and payable by Landlord, whether to the City of New York or to a Superior Lessor or Superior Mortgagee (unless such Superior Lessor or Superior Mortgagee is an Affiliate of Landlord (or other entity which controls the management and operations of Landlord which is not an Affiliate of Landlord) in which case the Tax Payment shall be due and payable in installments, in the same manner that Taxes for such Tax Year are due and payable to the City of New York). If Tenant is required to escrow Taxes with Landlord pursuant to the preceding sentence due to a requirement of any Superior Lease or Superior Mortgage, then Landlord will give Tenant a credit against Taxes equal to any interest that Landlord earns on such funds that Tenant has escrowed. Tenant shall pay Tenant's Share of each such installment within twenty (20) days after the rendering of a statement therefor (a "Tax Statement") by Landlord to Tenant, gut in no event shall Tenant be required to pay Tenant's Share of any Taxes more than twenty (20) days prior to the date such Taxes first become due and payable by Landlord. The Tax Statement to be rendered by Landlord shall set forth in reasonable detail the computation of Tenant's Share of the particular installment(s) being billed. If Landlord shall not have received the relevant bill from the taxing authority ("Tax Bill") at the time any Tax Statement is delivered to Tenant, Landlord shall deliver to Tenant, promptly after receipt thereof by Landlord (and shall endeavor to do so within one hundred twenty (120) days after receipt of such Tax Bill by Landlord), a statement setting forth the amount (if any) of any overpayment or underpayment by Tenant with respect to the Tax Payment paid by Tenant in accordance with such Tax Statement and the appropriate party shall pay to the other party the amount of such overpayment or underpayment within twenty (20) days after such statement is received by Tenant. At the request of Tenant, Landlord shall deliver to Tenant a copy of the relevant Tax Bill within the later of sixty (60) days after such demand and sixty (60) days after receipt by Landlord of such Tax Bill. If there shall be any increase in the Taxes for any Tax Year, whether during or after such Tax Year, or if there shall be any decrease in the Taxes for any Tax Year, the Tax Payment for such Tax Year shall be appropriately adjusted and paid or refunded, as the case may be, in accordance herewith. In no event, however, shall Taxes be reduced below the Base Tax Amount.

(f) If Landlord shall receive a refund of Taxes for any Tax Year, Landlord within thirty (30) days of receipt of such refund shall pay to Tenant Tenant's Share (which is in effect during the Tax Year to which the applicable refund relates) of the net refund (after deducting from such refund the costs and expenses of obtaining the same (provided, that if any of such expenses are paid to an Affiliate of Landlord, it shall only include any such cost and expenses which are reasonable and customary), including, without limitation, appraisal, accounting and legal fees, to the extent that such costs and expenses were

not included in Operating Expenses or in Taxes for such Tax Year or any prior Tax Year and after adding Tenant's Share of any interest paid to Landlord by the taxing authority in connection with such refund); provided, that such payment to Tenant shall in no event exceed Tenant's Tax Payment paid for such Tax Year (except to the extent of added interest). If Landlord fails to pay Tenant the overpayment within fifteen (15) days after the same is due, then any sum due shall accrue interest at the Interest Rate until it has been paid in full. If in any Tax Year included in the Term, the assessed value of the Project on which Taxes are calculated is increased over the prior Tax Year, Landlord shall cause the assessed value of the Project to be diligently contested unless in Landlord's reasonable judgment such contest would be unsuccessful.

2.05 Operating Payments. (a) "Base Operating Amount" means Operating Expenses for the Base Operating Year.

(b) "Base Operating Year" means calendar year 1996.

(c) "Landlord's Statement" means an instrument setting forth, in reasonable detail, the calculation of the Operating Payment payable by Tenant for a specified Operating Year, certified by Landlord. To the extent Landlord provides operating statements to Superior Mortgagees or Superior Lessee, which statements are certified by a certified public accountant, then Landlord will also deliver a copy of such certified statement to Tenant.

(d) "Operating Expenses" means all expenses paid or incurred by or on behalf of Landlord in respect of the repair, replacement, maintenance, operation and security of the Project, including, without limitation, (i) salaries, wages, medical, surgical, insurance (including, without limitation, group life and disability insurance), union and general welfare benefits, pension payments, severance payments, sick day payments and other fringe benefits of employees of Landlord, Landlord's Affiliates and their respective contractors engaged in such repair, replacement, maintenance, operation and/or security excluding employees of landlord and Landlord's Affiliates above the grade of building manager; provided, that with respect to such employees so engaged in connection with the Project and properties other than the Project, such expenses shall be equitably allocated between the Project and the property other than the Project; (ii) payroll taxes, worker's compensation, uniforms and related expenses (whether direct or indirect) for such employees;

(iii) the cost of fuel, gas, steam, electricity, heat, ventilation, air-conditioning band chilled or condenser water, water, sewer and other utilities, together with any taxes and surcharges on, and fees paid in connection with the calculation and billing of, such utilities; (iv) the cost of painting and/or decorating all areas of the Project, excluding, however, any space contained therein which is demised to tenants; (v) the cost of casualty, liability, fidelity, rent and all other insurance

regarding the Project; (vi) except for tools and equipment related to alterations, repairs, replacements and/or improvements set forth in clause (x) below which shall be included in Operating Expenses in accordance with clause (x), the cost of all supplies, tools, materials and equipment, whether by purchase or rental, used in the repair, replacement, maintenance, operation and/or security of the Project, and any sales and other taxes thereon, provided, with respect to leased tools and equipment, if such tools and equipment are customarily purchased in first class midtown Manhattan office buildings and if purchased by Landlord would be capitalized pursuant to clause (x), then such tools and equipment shall be included in Operating Expenses as if purchased in connection with replacements set forth in clauses (x)(I), (II) or (III), as applicable, below; (vii) the rental value of Landlord's Building office and any other premises in the Building (not to exceed 1,000 square feet in the aggregate) utilized by the personnel of either Landlord, Landlord's Affiliates or Landlord's contractors, in connection with the repair, replacement, maintenance, operation and/or security thereof, and all office expenses, such as telephone, utility, stationery and similar expenses incurred in connection therewith; (viii) the cost of cleaning, janitorial and security services, including, without limitation, glass cleaning, snow and ice removal and garbage and waste collection and disposal; (ix) the cost of all interior and exterior landscaping and all temporary exhibitions located at or within the Project; (x) the cost of all alterations, repairs, replacements and/or improvements made at any time during and after the Base Operating Year by or on behalf of Landlord, whether structural or non structural, ordinary or extraordinary, foreseen or unforeseen, and whether or not required by this Lease, and all tools and equipment related thereto; provided, that if under GAAP, any of the costs referred to in this clause (x) are required to be capitalized, then such costs shall not be included in Operating Expenses during and after the Base Operating Year unless they (I) are required by any Laws enacted after the date of this Lease, (II) have the effect of reducing expenses that would otherwise be included in Operating Expenses, or (III) constitute a replacement which in Landlord's reasonable judgment is prudent to make in lieu of repairs to the replaced item(s) (excluding in the case of this clause (III) the Capital Program Work and any portion of such replacement which consists of upgrading of the Building electrical, HVAC, telecommunications, or elevator systems (excluding upgrading which would be included in clauses (I) and (II)) or which are performed for cosmetic or aesthetic purposes)) (the cost of alterations, repairs, replacements and/or improvements described in clauses (I) and (III), together with interest thereon at the greater of (A) the Interest Rate in effect on December 31 of the Operating Year in which such costs were incurred or (B) the actual costs incurred by Landlord (not to exceed the Interest Rate) to finance such alterations, repairs, replacements and/or improvements described in clauses (I) and (III) of this clause (x), shall be amortized and included in Operating Expenses over the useful life of the item in question, as determined by Landlord in accordance with GAAP; the cost of alterations, repairs, replacements and/or improvements described in clause (II) of this clause (x) plus interest thereon, at the rate set forth above in this parenthetical, shall be

included in Operating Expenses in the Operating Year in which such costs are incurred and in each Operating Year thereafter to the extent of the reduction in expenses resulting therefrom in such Operating Year until the entire cost thereof and interest thereon shall have been fully included in Operating Expenses); (xi) management fees equal to 2-1/2% of the aggregate rents, additional rents and other charges (excluding any amounts payable by other tenants in the Building and Tenant for miscellaneous charges and expenses such as, without limitations, overtime HVAC use, supervision charges or the freight elevator) payable to Landlord by tenants of the Building; provided, if during any relevant period, including the Base Operating Year, the rent, additional rent or other charges on which such management fee is calculated is abated, then, in such event, the management fee to be included in Operating Expenses for such period shall be increased to reflect the management fee (equal to 2-1/2%) which would have been included in Operating Expenses if such rent, additional rent or other charges would not have been abated; (xii) all reasonable costs and expenses of legal, bookkeeping, accounting and other professional services; (xiii) fees, dues and other contributions paid by or on behalf of Landlord to civic or other real estate organizations and any assessments, dues, levies or charges paid to any business improvement district or similar organization or to any entity on behalf of such an organization; and (xiv) subject to the limitations set forth above, all other fees, costs, charges and expenses properly allocable to the repair, replacement, maintenance, operation and/or security of the Project, in accordance with then prevailing customs and practices of first class office buildings in midtown Manhattan, City of New York. Operating Expenses shall reflect all rebates, credits and similar reductions received by or for the benefit of Landlord. Notwithstanding the foregoing, "Operating Expenses" shall not include the following:

(1) depreciation and amortization (except with respect to the alterations, repairs, replacements, and/or improvements described in clauses I, II and III of clause (x) of this Section 2.05(d));

(2) principal and interest payments and other costs incurred in connection with any financing or refinancing of the Project or any portion thereof (except as provided in clause (x) above);

(3) the cost of tenant improvements made for tenant(s) of the Building;

(4) brokerage commissions, consultant fees, and marketing, promotion and advertising expenses incurred in procuring tenants for the Building;

(5) the cost of any work or service (including, without limitation in connection with a cafeteria or dining facility, or athletic, luncheon or recreational club)

performed for any tenant of the Building (including Tenant), whether at the expense of Landlord or such tenant, to the extent that such work or service is in excess of the work or service that Landlord is required to furnish Tenant under this Lease at the expense of Landlord;

(6) the cost of any electricity consumed in the Premises or in any other space in the Building demised to tenants;

(7) Taxes;

(8) legal fees incurred in preparing leases for tenants or in enforcing the terms of any lease;

(9) any cost to the extent Landlord is reimbursed therefor out of insurance proceeds or otherwise (Landlord hereby covenants and agrees to use reasonable efforts to collect any of the aforesaid amounts payable to Landlord, excluding litigation, and to prosecute such collection with due diligence) other than by means of operating expense reimbursement provisions contained in the leases of other tenants;

(10) franchise, estate, gift, mortgage recording, transfer gains, transfer, unincorporated business, commercial rent or income taxes imposed on Landlord;

(11) all compensation and fringe benefits of any leasing staff maintained by Landlord to procure tenants for the Building;

(12) rent concessions incurred in connection with procuring tenants to lease space in the Building including any costs related to procuring the surrender or modification of an existing lease of space in the Project;

(13) all amounts (other than management fees which shall be governed by Section 2.05(d)(xi) above) paid by Landlord to Affiliates of Landlord for goods and services in the Building to the extent the same materially exceed the costs of such goods or services supplied or rendered by unaffiliated third parties on a competitive basis in first class midtown Manhattan office buildings;

(14) legal fees and disbursements and other costs incurred by Landlord which would not have been incurred but for (i) the negligence or willful misconduct of Landlord including any judgment or settlement and the arbitration and court costs in connection therewith and (ii) any bankruptcy of Landlord or similar proceeding;

(15) rent, additional rent and other charges payable by Landlord under any lease or sublease of space at the Building, which is assigned or further sublet to Landlord;

(16) Arbitration expenses to the extent unrelated to the costs and expenses includable in Operating Expenses;

(17) all costs incurred in connection with the acquisition or sale of development rights in connection with the Project or the conveyance of title to the Project;

(18) the cost to acquire, maintain, insure or replace works of art which are in the nature of "fine art" rather than decorative art work with no unusual value;

(19) any costs incurred by Landlord resulting solely by reason of Landlord's breach of the terms and conditions of a lease of space at the Project or any other contract or agreement in connection with the Building unless in Landlord's reasonable business judgment, the breach of such contract or agreement will have the effect of reducing expenses that would otherwise be included in Operating Expenses;

(20) all amounts paid by Landlord under the Superior Lease or any ground lease at the Project (other than amounts which constitute a reimbursement to the lessor under the Superior Lease or the ground lessor for items which would have been included in Operating Expenses under this Lease if the same were paid directly by Landlord) and all amounts paid by Landlord to consummate such Superior Lease or ground lease;

(21) all fines, penalties, interest and other late payment charges (other than as set forth in 2.05(d)(x) and costs of failing to take advantage of a prepayment discount);

(22) all costs of capital improvements and any other capital costs other than as expressly provided in Section 2.05(d)(x);

(23) all costs incurred by Landlord in connection with commercial concessions operated by Landlord to the extent such costs would not be included in Operating Expenses if such commercial concessions were operated by an entity other than Landlord;

(24) additions to Building reserves;

(25) dues paid for membership in trade associations or similar organizations other than such associations and organizations in which owners and managers of first class Manhattan office buildings are members but such costs will be allocated among the buildings owned or managed by Landlord or its Affiliates as applicable;

(26) costs of removing asbestos, PCB's or other hazardous materials or substances in or about the Project in connection with a capital abatement program (but excluding such removal costs incurred in the ordinary course of operating and maintaining the Project which shall be included in Operating Expenses);

(27) any costs for which Landlord is reimbursed by Tenant under another category of item included in Operating Expenses; and

(28) any costs associated with the sale, transfer or restructuring of the ownership of Landlord or the Project.

(e) "Operating Year" means each calendar year in which occurs any part of the Term.

(f) For each Operating Year, including the Operating Year in which the applicable Tax and Operating Payment Commencement Date occurs, Tenant shall pay (each, an "Operating Payment") Tenant's Share of the amount, if any, by which Operating Expenses for such

Operating Year exceed the Base Operating Amount.

(g) If during any relevant period (i) any rentable space in the Building above the ground floor shall be unoccupied, and/or (ii) the tenant or occupant of any space in the Building above the ground floor undertook to perform work or services therein in lieu of having Landlord perform the same and the cost thereof would have been included in Operating Expenses, then, in any such event, the Operating Expenses for such period shall be increased to reflect the Operating Expenses that would have been incurred if such space had been occupied or if Landlord had performed such work or services, as the case may be.

(h) Landlord may furnish to Tenant, prior to the commencement of each Operating Year, a statement setting forth Landlord's reasonable estimate of the Operating Payment for such Operating Year. Tenant shall pay to Landlord on the first day of each month during such Operating Year, an amount equal to 1/12th of landlord's estimate of the Operating Payment for such Operating Year. If Landlord shall not furnish any such estimate for an Operating Year or if Landlord shall furnish any such estimate for an Operating Year subsequent to the commencement thereof, then (A) until the first day of the month following

the month in which such estimate is furnished to Tenant, Tenant shall pay to Landlord on the first day of each month an amount equal to the monthly sum payable by Tenant to Landlord under this Section 2.05 in respect of the last month of the preceding Operating Year; (B) after such estimate is furnished to Tenant, Landlord shall notify Tenant whether the installments of the Operating Payment previously made for such Operating Year were greater or less than the installments of the Operating Payment to be made in accordance with such estimate, and (x) if there is a deficiency, Tenant shall pay the amount thereof within thirty (30) days after such notification by Landlord, or (y) if there is an overpayment, Landlord shall, within thirty (30) days after such notification by Landlord refund to Tenant the amount thereof; and (C) on the first day of the month following the month in which such estimate is furnished to Tenant and monthly thereafter throughout such Operating Year Tenant shall pay to Landlord an amount equal to 1/12th of the Operating Payment shown on such estimate. Landlord may, during each Operating Year, furnish to Tenant a revised statement of Landlord's estimate of the Operating Payment for such Operating Year, and in such case, the Operating Payment for such Operating Year shall be adjusted and paid or refunded as the case may be, substantially in the same manner as provided in the preceding sentence.

(i) Landlord shall furnish to Tenant a Landlord's Statement for each Operating Year (and shall endeavor to do so within one hundred twenty (120) days after the end of each Operating Year). If Landlord's Statement shall show that the sums paid by Tenant, if any, under Section 2.05(h) exceeded the Operating Payment to be paid by Tenant for the applicable Operating Year, Landlord shall refund to Tenant the amount of such excess within thirty (30) days after the furnishing of such Landlord's Statement; provided, if such excess is not paid within one hundred fifty (150) days after the end of the applicable Operating Year, Landlord shall pay to Tenant such excess together with interest thereon at the Interest Rate from the date which is one hundred fifty (150) days after the applicable Operating Year through the date the refund is paid by Landlord; and if the Landlord's Statement shall show that the sums so paid by Tenant were less than the Operating Payment to be paid by Tenant for such Operating Year, Tenant shall pay the amount of such deficiency within thirty (30) days after the furnishing of such Landlord's Statement; provided, if such deficiency is not paid within thirty (30) days after the furnishing of such Landlord's Statement, Tenant shall pay to Landlord such deficiency together with interest thereon at the Interest Rate from the date which is thirty (30) days after the furnishing of such Landlord's Statement through the date the deficiency is paid by Tenant.

(j) (i) Tenant, upon notice given within one hundred eighty (180) days after Tenant's receipt of a Landlord's Statement, may elect to have Tenant's designated (in such notice) agent (who may be an employee of Tenant but who may not be paid on a contingency fee basis) examine such of Landlord's books and records (collectively "Records")

as are directly relevant to such Landlord's Statement and Tenant shall be entitled, at its expense, to make copies of such Records to the extent relevant to Tenant's review. Tenant shall and shall cause its agent to treat all Records as confidential and only for the purposes herein intended and upon request of Landlord, shall confirm same in writing. Tenant shall not make any of the Records available, or disclose or communicate any of the contents of the Records directly or indirectly to any person or entity other than its agent, and other advisors for the sole purpose of evaluating and pursuing such disagreement with Landlord. As a condition to Tenant's right to review the Records, Tenant shall pay all sums required to be paid in accordance with the Landlord's Statement in question. If Tenant shall not give such notice within such one hundred eighty (180) day period, then such Landlord's Statement shall be conclusive and binding upon Tenant. Tenant and Tenant's employees, accountants and agents shall treat all Records as confidential, and, upon request by Landlord, shall confirm such confidentiality obligation in writing. Notwithstanding the foregoing, within 3-1/2 years after the expiration of the 1996 Operating Year, Tenant may deliver a notice of its election to review Landlord's Statement for the Operating Year 1996 with the first notice it delivers to Landlord under this Section 2.05(j)(ii) electing to review Landlord's statements for any subsequent operating year.

(ii) Tenant, within one hundred twenty (120) days after the date on which the Records are made available to Tenant, may send a notice ("Tenant's Statement") to Landlord that Tenant disagrees with the applicable Landlord's Statement, specifying in reasonable detail the basis for Tenant's disagreement and the amount of the Operating Payment Tenant claims is due (to the extent known to Tenant). If Tenant fails timely to deliver a Tenant's Statement, then such Landlord's Statement shall be conclusive and binding on Tenant. Landlord and Tenant shall attempt to adjust such disagreement. If they are unable to do so Tenant shall notify Landlord, within one hundred fifty (150) days after the date on which the Records are made available to Tenant in connection with the disagreement in question, that Tenant desires to have such disagreement determined by an Arbiter, and promptly thereafter Landlord and Tenant shall designate a certified public accountant (the "Arbiter") whose determination made in accordance with this Section 2.05(j)(ii) shall be binding upon the parties. If Tenant timely delivers a Tenant's Statement, the disagreement referenced therein is not resolved by the parties and Tenant fails to notify Landlord of Tenant's desire to have such disagreement determined by an Arbiter within the one hundred fifty (150) day period set forth in the preceding sentence, then the Landlord's Statement to which such disagreement relates shall be conclusive and binding on Tenant. If the determination of the Arbiter shall substantially confirm the determination of Landlord, then Tenant shall pay the cost of the Arbiter. If the Arbiter shall substantially confirm the determination of Tenant, then Landlord shall pay the cost of the Arbiter. In all other events, the cost of the Arbiter shall be borne equally by Landlord and Tenant. The Arbiter shall be a member of an independent certified

public accounting firm having at least three (3) accounting professionals, who are certified public accountants. If Landlord and Tenant shall be unable to agree upon the designation of the Arbiter within fifteen (15) days after receipt of notice from the other party requesting agreement as to the designation of the Arbiter, which notice shall contain the names and addresses of two or more certified public accountants who are acceptable to the party sending such notice, then either party shall have the right to request the American Arbitration Association (or any organization which is the successor thereto) (the "AAA") to designate as the Arbiter a certified public accountant whose determination made in accordance with this Section 2.05(j)(ii) shall be conclusive and binding upon the parties, and the cost of such certified public accountant shall be borne as provided above in the case of the Arbiter designated by Landlord and Tenant. Any determination made by an Arbiter shall not exceed the amount determined to be due in the first instance by Landlord's Statement, nor shall such determination be less than the amount claimed to be due by Tenant in Tenant's Statement, and any determination which does not comply with the foregoing shall be null and void and not binding on the parties, in which instance the parties will select a new certified public accountant to act as the Arbiter. In rendering such determination such Arbiter shall not add to, subtract from or otherwise modify the provisions of this Lease, including the immediately preceding sentence. Pending the resolution of any contest pursuant to this Section 2.05(j)(ii), and as a condition to Tenant's right to prosecute such contest, Tenant shall pay all sums required to be paid in accordance with the Landlord's Statement in question. If Tenant shall prevail in such contest, an appropriate refund shall be made by Landlord to Tenant. The term "substantially" as used in this Section 2.05(j)(ii), shall mean a variance of 5% or more of the Operating Payment in question. If Tenant shall prevail in such contest and the Arbiter shall confirm that the Operating Expenses was overstated by 10% or more of the Operating Expenses on which the Operating Payment was paid, then Landlord shall pay to Tenant, upon thirty (30) days demand by Tenant, the reasonable cost of the agent of Tenant which examined the Records in connection with such Operating Payment.

2.06 Tax and Operating Provisions. (a) In any case provided in Section 2.04 or 2.05 in which Tenant is entitled to a refund, Landlord may, in lieu of making such refund, credit or allow Tenant to recoup against future installments of Rent any amounts to which Tenant shall be entitled unless, after Tenant shall become entitled to such refund, Tenant demands Landlord pay such refund rather than credit such refund, in which case Landlord shall pay such refund to Tenant within thirty (30) days after demand by Tenant. Nothing in this Article 2 shall be construed so as to result in a decrease in the Fixed Rent. If this Lease shall expire before any such credit or recoupment shall have been fully applied, then (provided, that Tenant is not in default under this Lease) Landlord shall refund to Tenant the unapplied balance of such credit or recoupment. Notwithstanding any provision herein to the contrary, in the event that Landlord has not made an election to allow Tenant a credit against the Rent with

respect to any refund due Tenant under Section 2.04 or 2.05 and Landlord has not paid Tenant within thirty (30) days after the payment was due, then Tenant on ten (10) days' notice to Landlord may recoup such amount due with interest at the Interest Rate by taking a recoupment against the Rent until such payment with all interest due thereon has been fully recouped.

(b) Landlord's failure to render or delay in rendering a Landlord's Statement with respect to any Operating Year or any component of the Operating Payment shall not prejudice Landlord's right to thereafter render a Landlord's Statement with respect to any such Operating Year or any such component, nor shall the rendering of a Landlord's Statement for any Operating Year prejudice Landlord's right to thereafter render a corrected Landlord's Statement for such Operating Year, provided, except with respect to a retroactive application of a Law or a new policy by a governmental authority, if Landlord shall fail to render a corrected Landlord's Statement with respect to any Operating Year or a corrected statement for any Tax Payment or installment thereof, in each case, within the earlier to occur of (i) three (3) years after the expiration of the applicable Operating Year or Tax Year (or in the case of Tax Statements, three (3) years after the last date on which costs applicable to the Tax Year in question were incurred) and (ii) five hundred forty-five (545) days after the expiration of the Term, then Landlord shall be deemed to have waived its claim to receive any additional Operating Payment or Tax Payment which would have been payable in connection with such corrected Landlord's Statement or corrected statement for Tax Payment. Except as provided in the preceding sentence, Landlord's failure to render or delay in rendering any statement with respect to any Tax Payment or installment thereof shall not prejudice Landlord's right to thereafter render such a statement, nor shall the rendering of a statement for any Tax Payment or installment thereof prejudice Landlord's right to thereafter render a corrected statement therefor.

(c) If in connection with a dispute with a tenant in the Building, a nonappealable decision by a court of competent jurisdiction, an arbiter in a fmal and binding arbitration or an accountant or other individual selected by Landlord and/or a tenant of the Building or the AAA or comparable body pursuant to the terms of the applicable lease which in each case is final, binding and nonappealable shall provide that Operating Expenses in any Operating Year included in the Term were overstated, then to the extent such overstatement resulted in Tenant paying an Operating Payment in excess of the Operating Payment Tenant would have paid if the Operating Expenses reflected such court's or arbiter's decision, to the extent applicable (a "Final Decision"), promptly after such decision, Landlord shall furnish to Tenant a corrected Landlord's Statement together with payment of such excess; provided, if such court or arbiter shall finally decide the dispute later than 545 days after the expiration of

the Term, Landlord shall not be required to refund such excess to Tenant. Landlord covenants and agrees to furnish Tenant with redacted copies of all relevant Final Decisions.

(d) Landlord and Tenant confirm that the computations under this Article 2 are intended to constitute a formula for agreed rental escalation and may or may not constitute an actual reimbursement to Landlord for Taxes and other costs and expenses incurred by Landlord with respect to the Project. If the Building shall be condominiumized, then Tenant's Operating Payments and Tax Payments shall, if necessary, be equitably adjusted such that Tenant shall thereafter continue to pay the same share of the Taxes and Operating Expenses of the Building as Tenant would pay in the absence of such condominimization.

(e) Each Tax Payment in respect of a Tax Year, and each Operating Payment in respect of an Operating Year, which (i) begins prior to the applicable Tax and Operating Payment Commencement Date, or other date, with respect to space, other than Blocks, which Tenant is required pursuant to the terms of this Lease to commence paying Tax Payment and Operating Payments with respect to such space, and any tax refund pursuant to Section 2.04(f), shall be prorated to correspond to that portion of such Tax Year and Operating Year occurring after the applicable Tax and Operating Payment Commencement Date, or (ii) ends after the expiration or earlier termination of this Lease, and any tax refund pursuant to Section 2.04(f), shall be prorated to correspond to that portion of such Tax Year or Operating Year occurring within the Term.

2.07 Electric Charges. (a) If the Premises includes one or more entire floors, Tenant's demand for, and consumption of, electricity on such floors shall be determined by meter or meters installed (or, if existing, retrofitted) by Landlord at Landlord's expense. Tenant shall pay for such electric consumption within fifteen (15) days after rendition of bills therefor (which bills Landlord shall endeavor to provide monthly), which bills shall be rendered by or on behalf of Landlord separately for each meter.

(b) The amount payable by Tenant per "KW" and "KWHR" for electricity consumed within the Premises, whether determined by meters or as otherwise provided below, shall be 100% of the amount (as adjusted from time to time, "Landlord's Rate") at which Landlord from time to time purchases each KW and KWHR of electricity for the same period from the utility company (including all surcharges, taxes, fuel adjustments, taxes passed on to consumers by the public utility, and other sums payable in respect thereof). Landlord's Rate shall be determined by dividing the cost charged by said utility (averaged separately for KW and KWHRs) during each respective billing period by the number of KWs and KWHRs consumed by the Project as set forth on the utility company invoice for such period.

(c) If (i) the Premises includes one or more partial floors, (ii) any portion of Tenant's electric consumption (KW and KWHR) is measured on a meter that also measures the electric consumption of another tenant in the Building, (iii) Tenant occupies any full floors in the Premises prior to the installation of meters, or (iv) if a meter measuring Tenant's electric consumption (KW and KWHR) is malfunctioning, then in any such case Tenant's consumption (KW and KWHR) of electricity shall be reasonably estimated by Landlord, and Tenant shall pay 100% of Landlord's Rate as applied to such consumption (the "Actual Charge"); provided, that in no event shall Tenant pay less than $2.50 per rentable square foot per annum ($1.00 per rentable square foot per annum with respect to each Block during the period of Tenant's construction of initial Alterations in such Blocks (the "Minimum Charge").

(d) The Actual Charge shall be adjusted by Landlord from time to time if there is a change in Landlord's Rate, and may be adjusted by Landlord from time to time if, in Landlord's reasonable judgment, Tenant is not paying for the entire cost of Tenant's demand for, and consumption of, electricity, including, without limitation, by reason that additional electrical equipment is installed in the Premises, or if Tenant increases its hours of operation. If applicable, any adjustment to the Actual Charge shall be retroactive to the date of the relevant change in Tenant's consumption or in Landlord's Rate.

(e) If Tenant disagrees in good faith with any such determination or adjustment of the Actual Charge, Tenant shall notify Landlord thereof within ninety (90) days after landlord gives Tenant notice of such determination or adjustment or if Tenant believes (i) there is a change in Landlord's Rate or (ii) Tenant is paying in excess of the entire cost of Tenant's demand for and/or consumption of electricity, including, without limitation, by reason that electrical equipment is removed or altered in the Premises or if Tenant decreases its hours of operation, Tenant shall notify Landlord thereof. And in each case, Landlord shall retain, at Tenant's expense or Landlord's expense if the consultant substantially agrees with Tenant, an independent electrical consultant reasonably satisfactory to Tenant who shall survey the demand for, and consumption of, electricity by Tenant and, if applicable, each other tenant who shares such submeter, and the determination made by such electrical consultant shall be binding on Landlord and Tenant (provided, that in no event shall the charge to Tenant be less than the Minimum Charge). If Tenant fails to so disagree with any such determination or adjustment made by Landlord, or to request that Landlord obtain an independent electrical consultant, within such ninety (90) day period, such determination or adjustment shall be conclusive and binding on Tenant. Pending the determination of such consultant, Tenant shall pay the Actual Charge determined by Landlord, and upon such determination by the consultant, appropriate adjustment shall be made retroactive to the date of the relevant change with interest at the Interest Rate from the date each payment was made with respect to the relevant change

(provided, that in the case of clauses (e)(i) and (ii), no adjustment will be made for any period which is forty-five (45) days prior to Tenant's notice to Landlord of the matters set forth in such clauses (e)(i) and (ii)). Landlord shall refund to Tenant any over payment as hereinabove provided within fifteen days after Landlord is notified of such consultants determination. Surveys of Tenant's electrical consumption shall be based upon the use of electricity during Business Hours on Business Days, and on such other days and hours when electricity is used in the Premises; and if cleaning services are provided by Landlord, such survey shall include Landlord's normal cleaning hours of five (5) hours per day for lighting within the Premises and for electrical equipment normally used for such cleaning. Surveys of Tenant's electrical consumption shall take into account that the Landlord's Rate or the electric consumption of Tenant during the period that the survey is conducted may be different than the Landlord's Rate or electric consumption of Tenant during the period covered by the Actual Charge that Tenant is contesting.

(f) Tenant shall at its cost furnish and install all replacement lighting, tubes, lamps, bulbs and ballasts required in the Premises.

(g) Landlord shall cooperate, at the sole cost and expense of Tenant, in Tenant's efforts to obtain electric utility incentives for which Tenant may be qualified, provided, that such efforts shall not in any way adversely impact Landlord, any tenants in the Building or the operation of the Building.

2.08 Manner of Payment. Tenant shall pay all Rent as the same shall become due and payable under this Lease either by wire transfer of immediately available federal funds or by check (subject to collection), drawn on a New York State bank, in each case at the times provided herein without notice or demand and without setoff or counterclaim. All Rent shall be paid in lawful money of the United States to Landlord at its office or such other place as Landlord may from time to time designate. Except as otherwise specifically provided herein, if Tenant fails to pay any Fixed Rent or recurring Additional Charges within five (5) days after the applicable due date or fails to pay any other Additional Charges within twenty (20) days after the applicable due date, then Tenant shall pay interest thereon at the Interest Rate from the date when such payment became due through and including the date such payment is received by Landlord. Any Additional Charges for which no due date is specified in this Lease shall be due and payable on the 10th day after the date of invoice.

ARTICLE 3

Landlord Covenants

3.01 Landlord Services. (a) From and after the date that Tenant receives delivery of any Blocks (or in the case of cleaning from and after the date that Tenant first occupies the applicable Block for the conduct of Tenant's business, and not during any initial Alteration period or during the performance of Landlord's work) Landlord shall furnish Tenant with the following services in connection with such Blocks (collectively, "Landlord Services"):

(i) heat, ventilation and air-conditioning to the Premises during Business Hours on Business Days and from 8:00 a.m. to 1:00 p.m. on Saturday substantially in accordance with the design specifications set forth in Exhibit I attached hereto; if Tenant shall require heat, ventilation or air conditioning services through the Building's systems at any other times, Landlord shall furnish such service (A) in the case of a Business Day, upon receiving notice from Tenant by 3:00 p.m. of such Business Day and (B) in the case of a day other than a Business Day, upon receiving notice from Tenant by 1:00 p.m. of the immediately preceding Business Day which notice requirement in clause (A) and (B) above may be satisfied by delivering such notices to the building manager (who is currently Ed Fallon) by hand or by telecopy with confirmed receipt to (212) 397-7866 as such telecopy number may be changed by Landlord by notice to Tenant but during Business Hours only, and Tenant shall pay to Landlord upon demand Landlord's then established charges therefor (which, as of the date hereof is $165 per hour per zone (floors 23-29 being in the same zone) comprised of 8% for water, 59% for steam and 33% for electric energy and, from and after the date hereof, will not, unless otherwise required by Law, be comprised of any costs other than water, steam and electric energy or other utilities and Landlord will not increase its percentage profit factor in computing any of those components), provided, if other Building systems servicing the Premises service the premises leased by any other tenant in the Building and any such other Tenant requests heat, ventilation or air conditioning services during such time which Tenant is requesting such services then the charges therefor will be equitably apportioned by Landlord between such tenant and Tenant. If, as part of Tenant's initial Alterations to the Blocks or thereafter, Tenant intends to install a supplemental air conditioning system to serve the Premises, Landlord shall, at the request of Tenant, use reasonable efforts to make space available in the Building's mechanical areas located on the 25th floor of the Building for the placement of the mechanical equipment related to such supplemental air conditioning system. Tenant shall not be required to pay rent to Landlord for such space. Tenant shall, at its sole cost, maintain and service such system; provided, if such system is located in any part of the Building other than the Premises, Tenant shall be accompanied by a representative of Landlord who shall be made available to Tenant at reasonable times upon reasonable advance notice

from Tenant and, other than during Business Hours on Business Days in connection with work that is not structural and does not affect the usage or proper functioning of the Building Systems, the actual cost incurred by Landlord for such representative shall be paid by Tenant to Landlord within twenty (20) days after demand by Landlord. Landlord shall provide up to 100 tons of condenser water for such supplemental air conditioning system on a year-round basis through the Building's condenser water system based on Tenant's demonstrated need. Tenant shall have the right, upon payment to Landlord of Landlord's actual costs, to tap into the Building's condenser water system to allow Tenant to receive such condenser water. Tenant shall pay to Landlord, within thirty (30) days after demand, Landlord's reasonable estimate of the actual cost of providing such condenser water (which, as of the date of this Lease, is $.08 per ton hour comprised of 90% for electric energy and 10% for water and from and after the date hereof, will not, unless otherwise required by Law be comprised of any costs other than water, electric energy or other utilities and Landlord will not increase its percentage profit factor in computing any of those components). Such condenser water shall be provided 24 hours a day and shall not exceed 88 degrees Fahrenheit at the entry point into the Premises. Wet connections to the Building's condenser water system are not permitted. Upon forty-five (45) days prior notice, Landlord shall perform any draindowns and refills required for Tenant's connection to the Building's condenser water system at the cost of Tenant;

(ii) steam in a manner consistent with a first class midtown Manhattan office building, if required by Tenant for any additional heating or permitted kitchen use, in which event Tenant shall pay to Landlord the cost of such steam as well as the cost of piping and other equipment or facilities required to supply steam to and distribute steam within the Premises; Landlord may install and maintain, at Tenant's expense, meters to measure Tenant's consumption of steam and Tenant shall reimburse Landlord for the quantities of steam shown on such meters and Landlord's charge for the production or purchase of such steam, on demand;

(iii) (A) passenger elevator service to each floor of the Premises at all times during Business Hours on Business Days, with at least two passenger elevators subject to call at all other times, and (B) except for the freight elevator dedicated to Equitable pursuant to and during the time periods set forth in that certain Lease dated as of July 20, 1995 between Landlord and Equitable (the "Equitable Lease"), a copy of which provision Landlord has previously delivered to Tenant, freight elevator service to the Premises on a first come-first served basis (i.e., no advance scheduling) during Business Hours on Business Days, and on a reserved basis at all other times upon the payment of Landlord's cost therefor (which, as of the date of this Lease is $65 per hour for the freight elevator and $65 per hour for the truck elevator comprised of 90% labor and 10% Landlord profit and which, after the date hereof, unless required by Law, shall be comprised of 90% labor and 10% profit); provided, during

Tenant's construction of its initial Alterations in the Blocks Tenant shall be entitled to receive up to 350 man-hours of such overtime freight elevator and truck elevator usage (for purposes of calculating such usage, freight and truck elevator time must be reserved jointly so that one (1) hour of freight elevator use will include one hour of truck elevator use and one hour of truck elevator use will include one hour of freight elevator use and 349 hours will remain after one hour of such use) without charge and the charge after such free usage for freight and truck elevator service during Tenant's initial Alterations in the Blocks during times other than Business Hours, on Business Days shall be comprised of labor only and no Landlord profit. The use of all elevators by Tenant shall be on a nonexclusive basis, except as otherwise provided herein. Landlord will maintain and operate all elevators servicing the Premises in a manner substantially consistent with Exhibit J attached hereto. Except as required by Law and except for the Elevator Reconfiguration set forth in Section 8.22, Landlord represents and warrants that as of the date hereof and covenants and agrees that throughout the Term the passenger elevators serving floors 23 through 29 of the Building provide service to those floors exclusively and serve no other floors of the Building above the lobby. Tenant shall be permitted to (x) install a security desk, in accordance with Exhibit H attached hereto, in the lobby of the Building adjacent to the elevator bank (4 elevators) serving floors 23 through 29, and (subject to the reasonable approval of Landlord as to the manner of use and design consistency with the remainder of the lobby) to maintain, at all times that Tenant is permitted access hereunder to the Premises, a security guard at such desk and (y) unless space serviced by such elevator bank serving floors 23 through 29 is leased or subleased by Landlord to any entity (other than Tenant) who refuses to be subject to the controlled access of Tenant's security desk, control access by persons other than Landlord, its employees, agents and contractors to such elevators servicing floors 23 through 29 of the Building in the same manner and subject to the same conditions as Tenant may control access to the Premises pursuant to this Lease; provided, that with respect to any entities to which Landlord has leased, or subleased space, such entities shall only be subject to reasonable controlled access of Tenant's

security desk, at no cost to such entities; and further provided, that during any period that more than one full floor of the Blocks is occupied by any one or more entities other than Tenant, Tenant's Affiliates or Related Service Providers, at Landlord's option exercised by ten (10) days' notice to Tenant, Tenant's right to install and maintain the security desk and the related security guard shall be null and void and of no force and effect. During the three-year period after the Commencement Date of each Block, Tenant shall have the right to the exclusive use, during times other than Business Hours on Business Days, of one (1) passenger cab in the elevator bank serving such Blocks to transport personnel, hand tools and furniture in connection with the initial Alterations in such Blocks, provided, that, notwithstanding the provisions of Section 7.03 hereof, Tenant shall be responsible for all damage caused to such elevator or the Building lobby arising from such use as provided in this sentence. Tenant shall install protective coverings reasonably acceptable to Landlord in the interior of such elevator

and the Building lobby in order to protect the same from damage. If Tenant intends to move a substantial part of its furniture, equipment or files into or out of the Blocks, then provided Tenant coordinates such move with the building manager and provided Tenant is not in default of this Lease beyond any applicable notice and cure period, Tenant shall, from time to time as may be reasonable, be permitted to use, during times other than Business Hours on Business Days and other than times that Landlord intends to use such passenger cabs for repairs, maintenance or otherwise, one passenger cab serving the Blocks in connection with such moves (or all, except for one, available passenger cabs serving the Blocks after the Block F Commencement Date). Notwithstanding the provisions of Section 7.03 hereof, Tenant shall be responsible for all damage caused to such elevator cabs and to the Building lobby arising from such use in connection with such move. Tenant shall pay to Landlord on demand Landlord's additional actual costs (including security and maintenance) of Tenant's use of the passenger cabs and Building lobby to transport construction personnel, hand tools and furniture in connection with the initial Alterations and in connection with such move. Notwithstanding any provision herein to the contrary, in no event shall passenger cabs be used to transport building materials or construction debris;

(iv) reasonable quantities of hot and cold water to the floor(s) on which the Premises are located for core lavatory, executive lavatory, pantry, drinking, sprinkler and cleaning purposes only in a manner consistent with first class midtown Manhattan office buildings; if Tenant requires water for any other purpose, Landlord shall furnish cold water at the Building core riser through a capped outlet located on each of the floors on which the Premises is located (within the core of the Building), and the cost of heating such water, as well as the cost of piping and supplying such water to the Premises, shall be paid by Tenant, provided, that Landlord will not charge Tenant a connection fee for connecting piping within the Premises to the capped outlet located on each of the floors of the Premises; Landlord may install and maintain, at Tenant's expense, meters to measure Tenant's consumption of cold water and/or hot water for such other purposes in which event Tenant shall reimburse Landlord for the quantities of cold water and hot water shown on such meters (including Landlord's standard charge for the production of such hot water, if produced by Landlord), on demand;

(v) electric energy in accordance with the specifications attached to this Lease as Exhibit K through presently installed electric facilities for Tenant's reasonable use of lighting and other electrical fixtures, appliances, supplemental air conditioning and equipment; in no event shall Tenant's consumption of electricity exceed the capacity of existing feeders to the Building or the risers or wiring serving the Premises as set forth on Exhibit L. If Tenant demonstrates the need for additional electric power for Tenant's use and occupancy of the Premises for the use permitted herein, and in Landlord's reasonable judgment (taking

into account the then existing and future needs of other then existing and future tenants, and other needs of the Building), unallocated power is available in the Building, Landlord shall allocate additional electric energy to Tenant sufficient to provide Tenant with up to, and if reasonably necessary, more than 8 watts per useable square foot per floor (inclusive of electric energy already made available to Tenant as provided in Exhibit L attached to this Lease). Landlord reserves the right to discontinue the furnishing of electric energy to Tenant in the Premises at any time, upon prior notice, for a period of time reasonably necessary for Tenant to obtain electric energy directly from the public utility furnishing electric service to the Building. If Tenant is permitted by Law to obtain electric energy directly from the public utility company furnishing the same, Tenant may request Landlord to discontinue furnishing electric energy to Tenant in the Premises upon thirty (30) days prior notice. If Landlord or Tenant exercises such right of termination, this Lease shall continue in full force and effect and shall be unaffected thereby, except only that, from and after the effective date of such termination, Landlord shall not be obligated to furnish electric energy to Tenant. If Landlord so discontinues furnishing electric energy to Tenant, Tenant shall pay the electric charge, pursuant to Section 2.07 through the date of discontinuance and Tenant shall arrange to obtain electric energy directly from the public utility company furnishing electric service to the Building. Such electric energy may be furnished to Tenant by means of existing Building system feeders, risers and wiring to the extent the same is available, suitable and safe for such purpose and Landlord will not impose any additional charge for the use of such facilities;

(vi) cleaning services in accordance with Exhibit E attached hereto. Tenant shall pay to Landlord on demand the costs incurred by Landlord for (A) extra cleaning work in the Premises required because of (x) misuse or neglect on the part of Tenant, its subtenants or their respective employees or visitors, (y) interior glass partitions or an unusual quantity of interior glass surfaces and (z) non-building standard materials or finishes installed in the Premises other than wood and stone flooring, carpeting or vinyl wall coverings, and (B) removal from the Premises and the Building of any refuse of Tenant in excess of that ordinarily accumulated in business office occupancy, including, without limitation, kitchen refuse, or at times other than Landlord's standard cleaning times. Notwithstanding the foregoing, Landlord shall not be required to clean any portions of the Premises used for preparation, serving or consumption of food or beverages, training rooms, data processing or reproducing operations, film processing, infirmary, private lavatories or toilets or other special purposes requiring greater or more difficult cleaning work than office areas (collectively, "Extra Cleaning") and Tenant shall, except as hereinafter provided in this Section 3.01(a)(vi), retain Landlord's cleaning contractor to perform such cleaning at Tenant's expense. Landlord's cleaning contractor shall have access to the Premises after 6:00 p.m. and before 8:00 a.m. and not at other hours and shall have the right to use, without charge therefor, all light, power and water in the Premises reasonably required to clean the Premises. Tenant shall

submit to Landlord's cleaning contractor, Tenant's specifications for the Extra Cleaning in the Premises and shall obtain from such contractor a bid for Extra Cleaning in the Premises. Provided that the bid submitted by such contractor is reasonably competitive, Tenant shall retain such contractor for the Extra Cleaning in the Premises. If such bid is not reasonably competitive, Tenant may retain another contractor reasonably acceptable to Landlord (which will utilize the same union local as Landlord's cleaning contractor) for the Extra Cleaning in the Premises; provided, that if Tenant retains a contractor other than

Landlord's contractor, then (A) any reasonable out-of-pocket security expenses incurred from time to time by Landlord in supervising such contractor shall be paid by Tenant within thirty (30) days after demand therefor, (B) Tenant's contractor shall store all of its equipment and supplies and material within the Premises, and Landlord shall furnish no space therefor, and (C) Tenant shall bag and place all rubbish, garbage, waste and other debris in an area within the Premises reasonably designated by Landlord daily prior to 6:00 AM and Tenant will arrange with the contractor designated by Landlord or at Landlord's option, Landlord shall arrange, at Tenant's expense, for removal of such items from the Premises to the Building loading dock at such times as are reasonably designated by Landlord. The Extra Cleaning in the Premises shall be performed in a manner consistent with a first class midtown Manhattan office building. Tenant shall pay the contractor retained by Tenant directly for the cost of Extra Cleaning in the Premises and Landlord shall not be required to perform Extra Cleaning in the Premises; and

(vii) use of the Building's loading dock, (A) from 8 a.m. to 6 p.m. on Business Hours or Business Days, on a first come-first serve basis (i.e., no advance scheduling) and no tenant in the Building, including Tenant, shall be permitted to advance schedule use of the Building's loading dock during such time periods and (B) on a reserved basis at all other times and Tenant shall pay Landlord's established charges for such after hours use of loading dock (which, as of the date of this Lease is $65 per hour for freight elevator and $65 per hour for the truck elevator comprised of 90% labor and 10% Landlord profit and which after the date hereof, unless required by Law, shall be comprised of 90% labor and 10% profit); provided, that Tenant shall not be required to pay Landlord's established charges for after hours use of the loading dock if it is paying Landlord's after hours charge for the freight elevator for the same period or is applying its free usage credit of the freight or truck elevator during its initial Alterations.

(viii) Landlord shall make available at no additional cost to Tenant reasonable shaft and conduit space in order for Tenant to receive reasonable and customary telecommunication and cable access from the companies or public utilities providing such services; provided, that during such access, Tenant shall be accompanied by a representative of Landlord who shall be made available to Tenant at reasonable times, upon reasonable advance notice from Tenant; and except when such representative is made available during Business

Hours, on Business Days (during which period the representative shall be made available without charge), the actual cost to Landlord for such representative shall be paid by Tenant to Landlord within twenty (20) days after demand by Landlord.

3.02 Other Building Services. (a) Except if and to the extent the following shall be Tenant's obligation pursuant to this Lease, Landlord shall, at Landlord's cost and expense (subject to reimbursement by Tenant as Operating Expenses to the extent provided for in Section 2.05 hereof) operate, maintain, repair and replace (if reasonably necessary) (i) all structural portions of the Building, such as, by way of example only, the roof, foundation, footings, exterior walls, load-bearing columns, ceiling and floor slabs, windows, window sills and sashes, (ii) all common and public service areas of the Building, including, without limitation, all elevators, corridors and lobbies, (iii) all Building systems (including, without limitation, the sprinkler and Class E system), serving the common and public service areas and the Premises (other than any distribution of such systems located in the Premises and installed by Tenant), in each case throughout the Term, and in such manner as is consistent with the maintenance, operation and repair standards of first class midtown Manhattan office buildings (the areas described in clauses (i), (ii) and (iii) are collectively called the "Landlord Obligation Areas").

(b) Landlord shall provide Building security in a manner which is consistent with a first class midtown Manhattan office building and shall maintain a security guard in the main lobby of the Building at all times.

(c) Landlord shall make available on each floor of the Blocks a connection to the cable television service providing such service to the Building.

3.03 General Provisions. (a) Landlord may stop or interrupt any Landlord Service, electricity, or other service and may stop or interrupt the use of any Building facilities and systems at such times as may be necessary and for as long as may reasonably be required by reason of accidents, strikes, or the making of repairs, alterations or improvements, or inability (other than the lack of funds) to secure a proper supply of fuel, gas, steam, water, electricity, labor or supplies, or by reason of any other cause beyond the reasonable control of Landlord; provided, that (i) Landlord shall not interrupt service of more than one passenger elevator at any one time during Business Hours on Business Days for repairs, ongoing maintenance, or renovations except in the case of an emergency, and (ii) if electric consumption in the Premises or any part thereof is required to be measured by meter, then except as provided in this Section 3.03 or Section 3.01(v), Landlord shall not permanently discontinue measuring such consumption by meter unless required by Law or a public utility tariff. Except as otherwise expressly provided for in this Lease, Landlord shall have no

liability to Tenant by reason of any stoppage or interruption of any Landlord Service, electricity or other service or the use of any Building facilities and systems for any reason. Landlord shall use reasonable diligence to make such repairs as may be required to machinery or equipment within the Project to provide restoration of any Landlord Service and, where the cessation or interruption of such Landlord Service has occurred due to circumstances or conditions beyond the Project boundaries, to cause the same to be restored by diligent application or request to the provider. Landlord shall take all steps as would be taken by owners of first class midtown Manhattan office buildings to restore such services at the earliest possible time, and shall conduct all repair and restoration work relating thereto in such manner as to minimize interference with or interruption of the conduct of Tenant's business in the Premises.

(b) Without limiting any of Landlord's other rights and remedies, if Tenant shall be in monetary default beyond any applicable grace period and which default is not being contested by a judicial proceeding or arbitration if provided for in this Lease. Landlord shall not be obligated to furnish to the Premises any supplemental service such as after hours heating, ventilation or air conditioning and Landlord shall have no liability to Tenant by reason of any failure to provide, or discontinuance of, any such supplemental service. Landlord shall be obligated to restore such supplemental services if Tenant cures such default.

(c) "Business Hours" means 8:00 a.m. to 6:00 p.m. "Business Days" means all days except Saturday, Sundays, New Year's Day, Washington's Birthday, Memorial Day, Independence Day, Labor Day, Thanksgiving, the day following Thanksgiving, Christmas Day and any other days which are either (i) observed by both the federal and the state governments as legal holidays or (ii) designated as a holiday by the applicable Building Service Union Employee Service contract or Operating Engineers contract (which as of the date of this Lease are Good Friday, Columbus Day and Martin Luther King's Birthday).

(d) Any provision of this Lease which provides that Landlord or employees of Landlord shall perform a service for Tenant at Tenant's cost, charge or expense shall be deemed to mean that landlord or Landlord's designated contractor shall perform such service and Tenant shall pay such cost, charge or expense for such service to, at Landlord's election, either Landlord or such contractor (subject to the relevant provision of this Lease with respect to timing of payment, furnishing of backup and Tenant's dispute rights).

3.04 Additional Covenants. Landlord shall install the partition wall in the Building Lobby by the elevator serving the Blocks, in accordance with Exhibit N attached hereto.

ARTICLE 4

Leasehold Improvements; Tenant Covenants

4.01 Initial Improvements. (a) Landlord shall perform or cause to be performed, in each Block, the work described on Exhibit G ("Landlord's Work"). All of Landlord's Work shall be performed by Landlord at Landlord's sole cost and expense. Subject . to delays by reason of Force Majeure and Tenant Delay, Landlord shall, with respect to each Block (other than the Delivered Blocks) (A) substantially complete Landlord's Work which, as set forth in Exhibit G, is a condition to delivery of such Block, on or before the applicable Commencement Date and (B) substantially complete such items of Landlord's Work which, as set forth in Exhibit G, are not a condition to delivery of such Block, on or prior to the date set forth in Exhibit G and if no date is set forth therein, then on the date that Tenant has substantially completed its Initial Alterations in the applicable Block and shall have given Landlord thirty (30) days' notice thereof. Tenant shall remove Tenant's Property from the Delivered Blocks and shall vacate and deliver to Landlord possession of the Delivered Blocks. Any items of Tenant's Property which remain in the Block B Space and the Block C Space after delivery of possession thereof to Landlord may, at the option of Landlord be deemed abandoned, and may be disposed of by Landlord, without accountability in such manner as Landlord shall determine at Tenant's reasonable expense. Tenant is not required to deliver all of the Delivered Blocks simultaneously to Landlord, but may deliver the Delivered Blocks in installments, provided, that each such delivery shall consist of full floor units or any space which was delivered to Tenant by landlord on the date hereof in less than full floor units. Subject to delay, by reason of Force Majeure and Tenant Delay, Landlord shall with respect to each of the Delivered Blocks (x) substantially complete Landlord's Work which, as set forth in Exhibit G, is a condition to delivery of such Delivered Block, within thirty (30) days after the later of fifteen (15)-days after Tenant shall have notify Landlord of the date it intends to vacate the Delivered Block and the date Tenant delivers to Landlord vacant session of the Delivered Block in the condition required in this Section 4.01 (the date Tenant so delivers to Landlord vacant possession of the Delivered Block is the "Tenant Delivery Date" and the day after such thirty (30) days is the "Stated Second Commencement Date") and (y) substantially complete such items of Landlord's Work which, as set forth in Exhibit G, is not a condition to delivery of such Blocks, on or prior to the date set forth in Exhibit G and if no date is set forth therein, then on the date that Tenant has substantially completed its Initial Alterations, in the applicable Delivered Block and shall have given Landlord thirty (30) days' notice thereof. On the applicable Commencement Date and Second Commencement Date, Tenant shall accept the Blocks in "as is" condition on such date, subject only to the requirements of this Section 4.01. All initial improvements which do not constitute Landlord's Work shall constitute Alterations

and shall be performed by Tenant at Tenant's expense in accordance with Section 4.02 and any applicable provisions of Exhibit D. Possession of the Delivered Blocks in Delivery Condition, shall, subject to the terms of this Lease, be delivered to Tenant on the applicable Stated Second Commencement Date. If Landlord is unable to deliver possession of a Delivered Block to Tenant on or before the Stated Second Commencement Date in Delivery Condition, (x) the Stated Second Commencement Date shall be extended by one day for each day that Landlord shall be unable to deliver possession thereof in Delivery Condition (the Stated Second Commencement Date as the same may be extended is the "Second Commencement Date") and (y) Fixed Rent and Additional Charges payable pursuant to Sections 2.04 and 2.05 with respect to such undelivered Delivered Block shall be abated for (x) the number of days equal to the Block C and B Abatement Percentage, as applicable multiplied by the number of days that such failure to deliver continues beyond the Stated Second Commencement Date by reason other than Force Majeure and Tenant Delay (including, without limitation, the failure of Tenant to deliver possession of the Delivered Blocks to Landlord in the condition required in this Lease on the date required for such delivery) and (y) one day for each day that any of the Delivered Blocks are not delivered to Tenant in Delivery Condition beyond the Stated Second Commencement Date due to Force Majeure. The "Block C and B Abatement Percentage" means, with respect to the failure of landlord to deliver to Tenant possession of the Delivered Blocks on or prior to the Stated Second Commencement Date by reason other than the Force Majeure and Tenant Delay, (i) for the first thirty (30) days, 1.1 days, (ii) for the second thirty (30) days, 1.2 days, (iii) for the third thirty (30) days, 1.3 days, (iv) for the fourth thirty (30) days, 1.4 days and (v) for each day thereafter, 1.5 days. From the date Tenant delivers any of the Delivered Blocks to Landlord and until the applicable Second Commencement Date therefore, Tenant will not be responsible with respect to such Delivered Block to carry insurance or to indemnify Landlord, Superior Lessor and Superior Mortgagees for acts or omissions occurring in such Delivered Block other than the acts, omissions or negligence of Tenant, its Affiliates and Related Service Providers or any person claiming through or under Tenant, its Affiliates and Related Service Providers or any of the respective partners, directors, officers, agents, employees or contractors but shall otherwise be required to pay Fixed Rent, Tax Payments and Operating Payments, and perform all obligations it is otherwise required to perform with respect to such Delivered Blocks, other than obligations which arise out of Landlord's use of such Delivered Blocks during such period such as mechanics' liens arising from Landlord's Work, maintenance and repair of the

Delivered Blocks, costs of electric consumption, compliance with Law related to Landlord's Work, and cleaning of the Delivered Block necessitated by Landlord's Work.

(b) Tenant shall have the right to install a supplemental air conditioning system to serve the Premises and, subject to the prior approval of Landlord, which approval shall not be unreasonably withheld, to install louvers to service such air cooled supplemental units in any portion of the exterior curtain wall on the floors where the Blocks are located except for (i) the west wall facing Avenue of the Americas, and (ii) the two window bays on the north and south walls nearest the west wall as more particularly described on Exhibit O attached hereto.

(c) As part of Tenant's initial Alterations to the Blocks, Tenant shall within 365 days after the Commencement Date or the Second Commencement Date (as the case may be) for each of the floors constituting Blocks perform the work set forth on Exhibit F annexed hereto ("Tenant's Required Work") with respect to such Blocks. Landlord shall allow Tenant an allowance in the amount of $20,000 for each full floor included in the Blocks plus 60 cents for each rentable square foot included in the Blocks (the "Tenant Required Work Allowance"), which allowance shall be applied against the cost and expense incurred by Tenant in connection with Tenant's Required Work. Tenant shall apply the entire Tenant Required Work Allowance for each Block only to the Tenant Required Work in such Block before being used for any other purpose. In the event that the cost and expense of Tenant's Required Work shall exceed the amount of the Tenant Required Work Allowance, Tenant shall be entirely responsible for such excess. In the event that the cost and expense of Tenant's Required Work shall be less than the amount of the Tenant Required Work Allowance, Tenant shall be allowed to retain any such excess. Tenant Required Work Allowance shall be paid to Tenant by official bank check drawn on a New York State Bank upon execution and delivery of this Lease by Landlord and Tenant.

(d) Landlord shall allow Tenant an allowance in the aggregate amount of $45 per rentable square foot for the Initial Blocks and an allowance for Block F Space equal to the amount calculated by multiplying $1,097,100 by a fraction the numerator of which is the number of months (including any partial months as a fraction) that the Block F Space is included in the demise hereunder and the denominator of which is 197 months (hereinafter called the "Work Allowance"), which allowance shall be solely applied against the cost and expense incurred by Tenant within three years after the applicable Commencement Date or the Second Commencement Date, as the case may be, in connection with (i) the performance of Tenant's initial Alterations in all or any part of the Blocks including without limitation permit costs and costs of construction related consultants, (ii) moving into the Blocks, (iii) services performed by Tenant's Registered Architect and Professional Engineer in connection with such

initial Alterations therein, (iv) the purchase and installation of telecommunication equipment and furniture therein and (v) such other work, materials and services in connection with Tenant's initial occupancy therein which are reasonably approved by Landlord ("Tenant's Allowance Work"). Tenant may apply the Work Allowance with respect to any Block to the Tenant's Allowance Work incurred by Tenant in any other Block. In the event that the cost and expense of Tenant's Allowance Work shall exceed the amount of the Work Allowance, Tenant shall be entirely responsible for such excess. In the event that the cost and expense of Tenant's Allowance Work shall be less than the amount of the Work Allowance, then the amount of such difference shall be applied as a credit against the Rent payable hereunder by Tenant. Twenty-five percent of the Work Allowance for the Initial Blocks shall be payable on the execution and delivery of this Lease by Landlord and Tenant by official bank check drawn on a New York State Bank and twenty-five percent of the Work Allowance for the Block F Space shall be payable on the Block F Commencement Date by official bank check drawn on a New York State Bank (the "Initial Work Allowance"). The balance of the Work Allowance shall be payable as Tenant's Allowance Work progress within thirty (30) days after Tenant shall make periodic requisitions for portions thereof not to exceed in the aggregate the amount of the Work Allowance provided (A) together with the first such requisition for the Work Allowance for the Initial Blocks and for the Block F Space as applicable, Tenant shall furnish to Landlord the items required in clauses (i) and (ii) first appearing below with respect to the portion of the Tenant Work Allowance paid to Tenant prior to the first requisition for such Block (including evidence that such Tenant Work Allowance has been spent) and with respect to the Tenant Required Work Allowance, (B) all such requisitions shall be submitted no more frequently than once per month and (C) except as provided for in the next paragraph, no requisition shall include the last 10% of the Tenant Work Allowance until all the requirements for final payment of Tenant's Work Allowance as set forth in this Section 4.01(d) with respect to the Blocks have been complied with. Landlord shall pay directly to Tenant by a check drawn on a New York State bank an amount equal to the total cost of the portion of Tenant's Allowance Work for each Block referenced in such requisition, provided, that Tenant shall furnish to Landlord together with such requisition:

(i) copies of invoices from the contractors, materialmen and others performing the portion of Tenant's Allowance Work with respect to the applicable Block referenced in such requisition; and

(ii) a certificate from Tenant (executed by an officer of Tenant holding the office of vice-president or higher) and Tenant's Registered Architect stating that such portion of Tenant's Allowance Work with respect to the applicable Block has been substantially completed or substantially installed in accordance

with Tenant's approved design drawings and specifications and that payment is due and owing for such work.

Prior to the final payment by Landlord of the last 10% of the Tenant's Work Allowance for the Blocks, in addition to the requirements set forth in this Section 4.01(d) above, Tenant shall furnish to Landlord to the extent not previously furnished to Landlord:

(iii) a certificate from Tenant and Tenant's Registered Architect stating that Tenant's Allowance Work and Tenant's Required Work with respect to the Blocks have been substantially completed in accordance with Tenant's approved design drawings and specifications;

(iv) all sign-off documents with respect to Tenant's Allowance Work and Tenant's Required Work with respect to the Blocks from all agencies having jurisdiction;

(v) written final unconditional lien waivers, from all contractors, materialmen and others performing Tenant's Allowance Work and Tenant's Required Work with respect to the Blocks or, if any of such lien waivers cannot be obtained by Tenant, notwithstanding its reasonable efforts to obtain the same, a written statement by Tenant, either that it has paid the contractor in question or the general contractor (in the event that the missing lien waiver is from a subcontractor) or that a dispute exists with the contractor and Tenant has reserved an amount sufficient to pay the amount in dispute;

(vi) copies of all licenses and permits required by governmental authorities for operation and occupancy of such Block (except to the extent of Tenant's inability to obtain such licenses and permits is delayed due to the failure of Landlord to sign applications, for governmental permits or remove a violation in accordance with and within the time periods provided in Section 4.02(j) and Section 2.02(b) hereof respectively;

(vii) as-built plans and specifications, with respect to Tenant's Allowance Work and Tenant's Required Work with respect to the Blocks; and

(viii) copies of all guarantees and warranties issued to Tenant in connection with Tenant's Allowance Work and Tenant's Required Work with respect to the Blocks.

Notwithstanding the foregoing, in the event that Tenant has complied with all of the provisions of Section 4.02(d)(i)-(viii), except that Tenant has not been able to obtain a sign-off document, license or permit (individually or collectively a "Governmental Approval") as provided for in Section 4.02(d)(iv) or (vi) and the sole reason that Tenant has not been able to obtain such Governmental Approval is that the appropriate agency has not performed its inspection or taken such other ministerial action; then in such event Landlord will disburse to Tenant all but the last 2% of the Tenant Work Allowance and will disburse the final 2% upon receipt of the required Governmental Approval.

(e) If Landlord fails to pay the Work Allowance or any part thereof which is due and payable under this Lease on or before the due date therefor and such failure continues for fifteen (15) days after Tenant notifies Landlord of such failure (which notice shall state that Tenant intends to set off or recoup such amount against the next installment of Rent unless Landlord pays such amount to Tenant) (an "Offset Notice"), then Tenant may, in addition to any other remedies it may have for the failure to pay such amount, set-off or recoup such amount against Rent payable under this Lease, together with interest accrued thereon at the Interest Rate from the date which such amount became due and payable to the date of Landlord's payment or Tenant's recoupment of such amount. Any dispute with respect to Tenant's entitlement to all or any portion of the Work Allowance may be submitted to arbitration pursuant to Section 9.03 hereof. If Landlord disputes Tenant's entitlement to all or any part of the Work Allowance, Landlord may nevertheless pay the amount of the disputed Work Allowance without prejudice to Landlord's dispute.

4.02 Alterations. (a) Tenant shall make no improvements, changes or alterations in or to the Premises or the Building ("Alterations") without Landlord's prior approval. Provided Tenant is not in default under this Lease beyond any notice and cure period, Landlord shall not unreasonably withhold its approval to any Alteration that is not a Material Alteration (or to any Material Alteration to which it has otherwise in this Lease agreed to not unreasonably withhold its consent). Notwithstanding the foregoing, (i) Landlord's consent shall not be required with respect to work solely involving painting, decorating and/or wall covering ("Decorating"), provided, that, in each case such work does not require Tenant to obtain a building permit and (ii) Landlord shall be deemed not to have unreasonably withheld its consent to any Alteration if such Alteration requires the consent of any Superior Mortgagee or Superior Lessor and such consent shall have been withheld by such Superior Mortgagee or Superior Lessor. "Material Alteration" means an Alteration that (i) is

not limited to the interior of the Premises or which affects the exterior (including the appearance) of the Building, (ii) is structural or affects the strength of the Building (except Landlord will not unreasonably withhold its approval with respect to one floor cut on each floor of the Premises for an internal staircase, core drill of slab, treaded rod and isolators for installation of equipment and increasing the live load), (iii) affects the usage or the proper functioning of any of the Building systems except if the usage or functioning of the Building System is not materially or adversely affected and the Alteration is limited to and does not affect any part of the Building other than the interior of the Premises, or (iv) requires a change to the Building's certificate of occupancy unless such change is limited to the certificate of occupancy for the Premises and is in connection with an Identified Ancillary use. Notwithstanding the foregoing, if any Alteration to which Landlord has consented requires access to the Building's shafts, risers, conduits, utility closets and machine rooms, then Landlord shall not unreasonably withhold its consent to reasonable and customary access and use of the Building's shafts, risers, conduits, utility closets and machine rooms in connection therewith subject to the reasonable requirements of Landlord, including, without limitation, the time periods and manner of access and supervision by personnel of Landlord; provided, that during such access, Tenant shall be accompanied by a representative of Landlord who shall be made available to Tenant at reasonable times, upon reasonable advance notice from Tenant; and except when such representative is made available during Business Hours, on Business Days (during which period the representative shall be made available without charge), the actual cost to Landlord for such representative shall be paid by Tenant to Landlord within twenty (20) days after demand by Landlord.

(b) Tenant, in connection with any Alteration, shall comply with the Alteration Rules and Regulations set forth as Exhibit D, attached hereto. To the extent any of the provisions contained in Exhibit D conflict with the provisions of the Lease, the provisions of the Lease shall govern and control. To the extent any of the provisions contained in Exhibit D are modified or supplemented by Landlord after the date hereof, and as a result thereof, there is a conflict between the provisions of the Lease and the provisions of such modified or supplemented Exhibit D, the provisions of the Lease shall govern and control; provided, however, that in no event shall Landlord modify or supplement the provisions of Exhibit D, relating to the construction supervisory fee. Tenant shall not proceed with any Alteration which is not Decorating unless and until Landlord approves Tenant's plans and specifications therefor. Landlord shall, within twenty (20) days following receipt of Tenant's plans and specifications, advise Tenant of Landlord's approval or disapproval of such plans and specifications or any part thereof. If Landlord shall fail to approve or disapprove Tenant's plans and specifications or any part thereof within such twenty (20) days, Tenant shall have the right to give a reminder notice to Landlord and if Landlord fails to approve or disapprove Tenant's plans and specifications or any part thereof within two (2) Business Days after receipt

of such reminder notice, Landlord shall be deemed to have approved such plans and specifications or the applicable part thereof. If Landlord shall disapprove such plans and specifications (or any part thereof), Landlord shall set forth its reasons for such disapproval in writing and in reasonable detail and itemize those portions of the plans and specifications so disapproved. Landlord shall advise Tenant with ten (10) days following receipt of Tenant's revised plans and specifications, or portions thereof, of Landlord's approval or disapproval of the revised plans and specifications or any portion thereof, and shall set forth Landlord's reasons for any such further disapproval in writing and in reasonable detail. If Landlord fails to approve or disapprove the revised plans and specifications or any portion thereof within such ten (10) days, Tenant shall have the right to give a reminder notice to Landlord and if Landlord fails to approve or disapprove Tenant's plans and specifications or any part thereof within two (2) Business Days after receipt of such reminder notice, Landlord shall be deemed to have approved the revised plans and specifications or such portions thereof. If Tenant's Plans and Specifications are in connection with an Alteration, other than a Material Alteration, Tenant may submit any dispute with Landlord as to the reasonableness of Landlord's disapproval of such plans

and specifications to arbitration in accordance with Section 9.03 hereof. Any review or approval by Landlord of plans and specifications with respect to any Alteration is solely for Landlord's benefit, and without any representation or warranty to Tenant with respect to the adequacy, correctness or efficiency thereof, its compliance with Laws or otherwise.

(c) Tenant shall pay to Landlord upon demand Landlord's reasonable out-of-pocket costs and expenses (including, without limitation, the reasonable and customary fees of any architect or engineer employed by Landlord or any Superior Lessor or Superior Mortgagee for such purpose) for reviewing plans and specifications and inspecting Alterations (other than Decorating).

(d) Except if the Tenant is a Qualified Tenant, before proceeding with any Alteration that will cost more than $250,000 (exclusive of the costs of Decorating and items constituting Tenant's Property), as estimated by a reputable contractor designated by Landlord and reasonably acceptable to Tenant, Tenant shall furnish to Landlord one of the following: (i) a cash deposit, (ii) a performance bond and a labor and materials payment bond (issued by a corporate surety licensed to do business in New York reasonably satisfactory to Landlord) or (iii) an irrevocable, unconditional, negotiable letter of credit, issued by a bank and in a form reasonably satisfactory to Landlord; each to be equal to 110% of the cost of the Alteration, estimated as set forth above. Any such letter of credit shall be for one year and shall be renewed by Tenant each and every year until the Alteration in question is completed and shall be delivered to Landlord not less than fifteen (15) days prior to the expiration of the then current letter of credit, failing which Landlord may present the then current letter of

credit for payment. Upon (A) the completion of the Alteration in accordance with the terms of this Section 4.02 and (B) the submission to Landlord of (x) proof evidencing the payment in full for said Alteration, (y) written unconditional lien waivers of mechanics' liens and other liens on the Project from all contractors performing said Alteration and (z) all submissions required pursuant to Section B4 of Exhibit D attached hereto, the security deposited with Landlord (or the balance of the proceeds thereof, if Landlord has drawn on the same) shall be returned to Tenant. Upon Tenant's failure properly to perform, complete and fully pay for any Alteration, as reasonably determined by Landlord, Landlord may, upon notice to Tenant, draw on the security deposited under this Section 4.02(d) to the extent Landlord deems necessary in connection with said Alteration; the restoration and/or protection of the Premises or the Project and the payment of any costs, damages or expenses resulting therefrom. Any cash security deposit being held by Landlord pursuant to this Section 4.02(d) will be held in escrow in an interest bearing account and all interest will accrue for the benefit of Tenant. Notwithstanding any provision in this Lease to the contrary as long as Tenant is a Qualified Tenant, no subtenant will be required to comply with the terms of this Section 4.02(d) unless Landlord has agreed to provide a nondisturbance agreement to such subtenant.

(e) Tenant shall obtain (and furnish, prior to commencement and prosecution of Alterations, copies to Landlord of) all necessary governmental permits and certificates for the commencement and prosecution of Alterations and for final approval thereof upon completion, and shall cause Alterations to be performed in compliance therewith, and in compliance with all Laws and in substantial compliance with the plans and specifications approved by Landlord. Alterations shall be diligently performed in a good and workmanlike manner, using new materials and equipment at least equal in quality and class to the then standards for the Building. Alterations other than Decorating shall be performed by contractors first approved by Landlord which approval shall not be unreasonably withheld or by the contractors listed in Exhibit P hereto; provided, that any Alterations in and to the base building systems shall be performed only by contractors designated by Landlord, including, as of the date hereof the contractors listed on Exhibit P. Landlord may from time to time add and delete names from Exhibit P. If Landlord shall fail to approve or disapprove of any contractors within twenty (20) days after Tenant's request for Landlord's approval, Tenant shall have the right to give a reminder notice to Landlord and if Landlord fails to approve or disapprove such proposed contractor within two (2) Business Days after receipt of such reminder notice, Landlord shall be deemed to have approved such contractor. Tenant may submit any dispute with Landlord as to the reasonableness of Landlord's disapproval of such contractors to arbitration in accordance with Section 9.03 hereof. The performance of any Alteration shall not be done in a manner which would violate Landlord's union contracts affecting the Project, or create any work stoppage, picketing, labor disruption, disharmony or dispute or any interference with the business of Landlord or any tenant or occupant of the

Building. Tenant shall immediately stop the performance of any Alteration if Landlord notifies Tenant that continuing such Alteration would violate Landlord's union contracts affecting the Project, or create any work stoppage, picketing, labor disruption, disharmony or dispute or any interference with the business of Landlord or any tenant or occupant of the Building.

(f) Throughout the performance of Alterations, Tenant shall carry worker's compensation insurance in statutory limits, "all risk" Builders Risk coverage valued on a replacement cost basis and written on a completed value basis and general liability insurance with limits of not less than the limits required in Section 7.02, with completed operation endorsement, for any occurrence in or about the Project, under which Landlord and its agent and any Superior Lessor and Superior Mortgagee whose name and address have been furnished to Tenant shall be named as additional insureds (except with respect to worker's compensation and Builders Risk coverage, provided, that any insurance proceeds of the Builders Risk coverage covering Improvements and Betterments shall be paid by Tenant to Landlord as and when required in this Lease), with insurers which comply with the provisions of Section 7.02. Tenant shall furnish Landlord with evidence that such insurance is in effect at or before the commencement of Alterations and, on request, at reasonable intervals thereafter during the continuance of Alterations.

(g) Should any mechanics' or other liens be filed against any portion of the Project by reason of the acts or omissions of, or because of a claim against, Tenant or anyone claiming under or through Tenant, Tenant shall cause the same to be canceled or discharged of record by bond or otherwise within sixty (60) days after notice from Landlord. If Tenant shall fail to cancel or discharge said lien or liens within said 60-day period, Landlord may, upon 5 days' prior notice to Tenant, (which notice may be given at any time but not earlier than fifty-five (55) days after Landlord shall have sent the sixty (60) day notice provided above in this clause (g)) cancel or discharge the same and Tenant shall reimburse Landlord for all costs incurred in canceling or discharging such liens, together with interest thereon at the Interest Rate from the date incurred by Landlord to the date of payment by Tenant, such reimbursement to be made within fifteen (15) days after receipt by Tenant of a written statement from Landlord as to the amount of such costs. Tenant shall indemnify and hold Landlord harmless from and against all costs (including, without limitation, attorneys' fees and disbursements and costs of suit), losses, liabilities or causes of action arising out of or relating to any Alteration, including, without limitation, any mechanics' or other liens asserted in connection with such Alteration.

(h) Tenant shall deliver to Landlord, within thirty (30) days after the completion of an Alteration other than Decorating, "as-built" drawings thereof. During the Term, Tenant shall keep records of Alterations other than Decorating costing in excess of

$5,000 including plans and specifications, copies of contracts, invoices, evidence of payment and all other records customarily maintained in the real estate business relating to Alterations and the cost thereof and shall, within thirty (30) days after demand by Landlord, furnish to Landlord copies of such records.

(i) All Alterations to and Fixtures installed by Tenant in the Premises shall be fully paid for by Tenant in cash and shall not be subject to conditional bills of sale, chattel mortgages, or other title retention agreements.

(j) Provided Tenant complies with the provisions of this Section 4.02 and Exhibit D in connection with Alterations, Landlord shall, within ten (10) Business Days (or five (5) Business Days in connection with Tenant's initial Alterations in the Blocks) after request of Tenant, sign such applications for governmental permits as Tenant may reasonably require in connection with Alterations which have been consented to by Landlord.

4.03 Landlord's and Tenant's Property. (a) All fixtures, equipment, improvements and appurtenances attached to or built into the Premises, whether or not at the expense of Tenant other than Tenant's Property (collectively, "Fixtures"), shall be and remain a part of the Premises and shall not be removed by Tenant except that in connection with an Alteration, Tenant may remove such Fixtures; provided, that such removed Fixtures are replaced with Fixtures consistent with the Fixtures installed in the Building by other tenants in the Building and all damage to the Premises caused by such removal is repaired in connection with such Alteration. All Fixtures constituting Improvements and Betterments shall be the property of Tenant during the Term and, upon expiration or earlier termination of this Lease, shall become the property of Landlord. All Fixtures other than Improvements and Betterments shall, upon installation, be the property of Landlord. "Improvements and Betterments" means (i) all Fixtures, if any, installed at the expense of Tenant, whether installed by Tenant or by Landlord (i.e., excluding any Elevator Reconfiguration Work and Fixtures paid for by Landlord directly or by way of the Work Allowance or Tenant Required Work Allowance or any other work allowance paid by Landlord to Tenant in connection with Additional Space included in the Premises) and (ii) all carpeting in the Premises.

(b) All movable partitions, business and trade fixtures, special cabinet work, machinery and equipment, and all furniture, furnishings and other articles of movable personal property owned by Tenant its Affiliates, subtenants or Related Service Providers and located in the Premises (collectively, "Tenant's Property") shall be and shall remain the property of Tenant and may be removed by Tenant at any time during the Term; provided, that if any Tenant's Property is removed, Tenant shall repair any damage to the Premises or to the Building resulting from the installation and/or removal thereof.

(c) At or before the Expiration Date, or within fifteen (15) days after any earlier termination of this Lease, Tenant, at Tenant's expense, shall remove Tenant's Property from the Premises (except such items thereof as Landlord shall have expressly permitted to remain, which shall become the property of Landlord), and Tenant shall repair any damage to the Premises or the Building resulting from any installation and/or removal of Tenant's Property. Any items of Tenant's Property which remain in the Premises after the Expiration Date, or more than fifteen (15) days after an earlier termination of this Lease, may, at the option of Landlord, be deemed to have been abandoned, and may be retained by Landlord as its property or disposed of by Landlord, without accountability, in such manner as Landlord shall determine, at Tenant's reasonable expense.

(d) Landlord, by notice (the "Fixture Notice") given to Tenant, may require Tenant, notwithstanding Section 4.03(a), to remove all or any Fixtures that do not constitute a standard office installation, such as, by way of example only, kitchens, vaults, safes, raised flooring and stairwells. Such notice shall be given (i) together with Landlord's consent to the installation of any Fixture (other than a Fixture installed as part of the initial Alterations in the Blocks), (ii) within thirty (30) days after Landlord receives Tenant's Fixture List, with respect to Fixtures installed in the Blocks as part of the initial Alterations in the Blocks, (iii) at any time prior to the earlier of (x) sixty (60) days after notice of Landlord's obligation to provide a Fixture Notice is delivered by Tenant to Landlord (which notice by Tenant shall not be delivered earlier than two hundred seventy (270) days prior to the Expiration Date) and (y) the Expiration Date or at any time not later than thirty (30) days after any earlier termination of the Lease, with respect to (A) Fixtures installed as part of Tenant's initial Alterations to the Blocks and not included in Tenant's Fixture List or (B) Fixtures, the installation of which was not consented to by Landlord or was not required to be consented to by Landlord. If Landlord shall give such notice, then Tenant, at Tenant's expense, shall remove the same from the Premises, shall repair and restore the Premises to the condition existing prior to installation thereof and shall repair any damage to the Premises or to the Building due to such removal prior to the Expiration Date or earlier termination of this Lease (except that in the event of Fixtures installed as set forth in clause (iii) in connection with an early termination of this Lease, within thirty (30) days after the giving of such notice by Landlord) and the existence of such Fixtures and their removal by Tenant shall not constitute a holding over by Tenant. Promptly after Tenant completes its initial Alterations, Tenant shall provide to Landlord a list (the "Fixture List") of the Fixtures to be installed by Tenant in the Blocks. Notwithstanding any provisions herein to the contrary, at the Landlord's option Tenant shall remove the Antenna and the 75 Rock Conduit on or prior to the Expiration Date or within thirty (30) days of an earlier termination of this Lease.

4.04 Access and Changes to Building. (a) Landlord reserves the right, at any time, to make changes in or to the Project as Landlord may deem necessary or desirable, and Landlord shall have no liability to Tenant therefor, provided, that any such change does not materially and adversely interfere with Tenant's reasonable access to Avenue of the Americas, 51st Street, 52nd Street, the lobby, the concourse, 75 Rock Passage or the Premises and does not affect the first class nature of the Project or the services provided to Tenant. Landlord may install and maintain pipes, fans, ducts, wires and conduits within or through the walls, floors or ceilings of the Premises; provided, that same are concealed behind walls, below floors or above ceilings, and do not reduce the rentable square feet in the Premises beyond a de minimis extent in the aggregate. In exercising its rights under this Section 4.04, Landlord shall use reasonable efforts to minimize any interference with Tenant's use of the Premises for the ordinary conduct of Tenant's business. Tenant shall not have any easement or other right in or to the use of any door or any passage or any concourse or any plaza connecting the Building with any subway or any other building or to any public conveniences, and the use of such doors, passages, concourses, plazas and conveniences may, without notice to Tenant, be regulated or discontinued at any time by Landlord, provided, that, subject to Force Majeure, requirements of Law and to temporary closures due to among other things, the need for repairs, improvements, maintenance and/or cleaning, Landlord shall not, during Business Hours on Business Days during the Term, close the access from the Building to the underground passage outside the Building ("75 Rock Passage") which connects the Building to the underground passage

("Adjacent Passage") providing access to 75 Rockefeller Plaza and the Rockefeller Center Concourse. Landlord makes no representation as to the permissibility of keeping the 75 Rock Passage or access thereto from the Building or access to the Adjacent Passage open under applicable Law or otherwise or the rights of Landlord with respect thereto. If the 75 Rock Passage or access thereto from the Building or access to the Adjacent Passage from the Project is closed, then Landlord shall promptly, upon the request of and cost of Tenant take such reasonable actions as may be requested by Tenant to cause the 75 Rock Passage, access thereto from the Building, and access to the Adjacent Passage from the Project, as applicable, to be reopened.

(b) Except for the space within the inside surfaces of all walls, hung ceilings, floors, windows and doors bounding the Premises, all of the Building, including, without limitation, exterior Building walls, core corridor walls and doors and any core corridor entrance, any terraces or roofs adjacent to the Premises, and any space in or adjacent to the Premises used for shafts, stacks, pipes, conduits, fan rooms, ducts, electric or other utilities, sinks or other Building facilities, and the use thereof, as well as access thereto through the Premises, are reserved to Landlord and are not part of the Premises. Landlord reserves the right to name the Building and to change the name or address of the Building at any time and from time to time; provided, that if Landlord changes the address of the Building, then at the

request of Tenant and at Landlord's cost, Landlord shall make all appropriate filings with the United States Post Office, if any such filings are available, to continue delivering mail to the Building which is addressed to the prior address. Nothing in this Section 4.04(b) shall be construed to diminish Tenant's rights under Article 10, Section 4.02 or other express provisions of the Lease which permit Tenant access to shaft space or other non-Premises space in the Building nor shall this Section 4.04(b) be construed to prevent Tenant from making reasonable and customary use of the plenums in the Premises and areas behind nonstructural walls in the Premises for duct work, wiring and other customary uses.

(c) Landlord shall have no liability to Tenant if at any time any windows of the Premises are either temporarily darkened or obstructed for less than 60 consecutive days or if at any time any windows of the Premises are temporarily darkened or obstructed by reason of any repairs, improvements, maintenance and/or cleaning in or about the Building (or permanently darkened or obstructed if required by Law) or covered by any translucent material for the purpose of energy conservation, or if any part of the Building, other than the Premises, is temporarily closed or inoperable. Landlord shall not permanently close or permanently render inoperable the entrance to the Building located at 51st Street, 52nd Street and Avenue of the Americas, the 75 Rock Passage, the elevators servicing the Premises, the truck elevator or the loading dock and the waiver of liability herein above provided in this clause (c) shall not apply if the same is permanently closed or permanently rendered inoperable; provided, that Landlord shall have no liability to Tenant if the same are required to be permanently closed or to be permanently rendered inoperable by Law or by condemnation. The phrase "Landlord shall have no liability to Tenant" as used in this Section 4.04(c) shall not be interpreted to restrict any right of Tenant to claim a constructive eviction if otherwise permitted by law.

(d) Landlord and persons authorized by Landlord shall have the right, upon prior notice to Tenant (except in an emergency, in which case, upon such notice, if any, which in Landlord's reasonable determination is appropriate), to enter the Premises (together with any necessary materials and/or equipment), to inspect or perform such work as Landlord may reasonably deem necessary or to exhibit the Premises to prospective purchasers or lenders or, during the last 24 months of the Term, to prospective tenants, or for any other reasonable purpose as Landlord may deem necessary or desirable. Landlord shall use commercially reasonable efforts to minimize interference with Tenant's use and enjoyment of the Premises and to exercise due care in entering and exiting the Premises. During the performance of any work of Landlord in or about the Premises, Landlord shall have the right to store in the Premises materials and equipment utilized in connection with such work, but only so much materials as would be consumed in one day and only such equipment as is reasonably necessary. Other than in connection with an emergency, Landlord shall not enter the Premises

unless accompanied by a representative of Tenant; provided, that Tenant shall have made such representative available to Landlord upon reasonable prior notice (not to exceed one Business Day). Notwithstanding the provisions of this Section 4.04(d), except (i) in emergencies, (ii) if required by Law or (iii) if the inability to gain access would materially and adversely affect another tenant in the Building or the operation of the Building or (iv) in the event Landlord has provided Tenant with prior reasonable notice and Landlord is accompanied by a representative of Tenant which Tenant shall make available to Landlord, Tenant shall be permitted to exclude Landlord from entering certain secure areas in the Premises from time to time designated by Tenant to Landlord in writing, not to exceed in the aggregate 10,000 square feet, provided, that Tenant shall indemnify and hold Landlord harmless from and against all costs (including without limitation, reasonable attorney fees and disbursements and costs of suit) losses, liabilities or causes of action arising out of or relating to the inability of Landlord to gain access to such secure area).

(e) Subject to the other provisions of this Lease, including without limitation clause 2 of the Rules and Regulations attached hereto as Exhibit C, Tenant shall have access to the Premises 24 hours a day, 7 days a week, 365 days a year.

4.05 Repairs. Tenant shall keep the Premises (including, without limitation, all Fixtures which are not the responsibility of Landlord pursuant to this Lease to repair) in good condition and, upon expiration or earlier termination of the Term, shall surrender the same to Landlord in the same condition as when first occupied, reasonable wear and tear excepted (to the extent Tenant pays to Landlord (A) in accordance with Section 7.05(g) in connection with a casualty damage to Tenant's Improvements and Betterments one-half of the sum of (i) the insurance proceeds covering Tenant's Improvements and Betterments, (ii) the amount of any deductible under the policy insuring Tenant's Improvements and Betterments and (iii) the amount, if any, by which the cost of repairing and restoring Tenant's Improvements and Betterments as estimated by a reputable contractor designated by Landlord and reasonably acceptable to Tenant exceeds clauses (i) and (ii) above and (B) in connection with a condemnation proceeding affecting the Premises or any part thereof, any condemnation proceeds it receives in connection with Improvements and Betterments in the Premises, then Tenant may surrender the Premises to Landlord subject to damage by casualty or condemnation). Subject to the preceding sentence and except to the extent of the release of liability and waiver of subrogation provided in Section 7.03 hereof, Tenant's obligation shall include, without limitation, the obligation to repair all damage caused by Tenant, its agents, employees, invitees and licensees to the equipment and other installations in the Premises or anywhere in the Building. Any maintenance, repair or replacement to the windows (including, without limitation, any solar film attached thereto), the Building systems, the Building's structural components or any areas outside the Premises and which is Tenant's obligation to

perform shall be performed by Landlord at Tenant's expense. Tenant shall be responsible to repair and replace as necessary any solar film attached to the exterior windows of the Premises, which repair shall be performed by Landlord at the expense of Tenant, to the extent such solar film was damaged after the applicable Commencement Date or Second Commencement Date with respect to the Blocks and with respect to any other space included in the Premises, on the date possession of such space is delivered to Tenant. Landlord and Tenant shall, on or promptly after each Commencement Date or Second Commencement Date or date possession is delivered to Tenant, as applicable, prepare a punchlist indicating which solar film in the applicable part of the Premises is damaged as of the date of the preparation of such punchlist and Landlord shall replace same as set forth in Exhibit G. Tenant shall not commit or allow to be committed any waste or damage to any portion of the Premises or the Building.

4.06 Compliance with Laws. (a) Tenant shall comply with all laws, ordinances, rules, orders and regulations (present, future, ordinary, extraordinary, foreseen or unforeseen) of any governmental, public or quasi-public authority and of the New York Board of Underwriters, the New York Fire Insurance Rating Organization and any other entity performing similar functions, at any time duly in force (including without limitation, all building and fire codes, zoning requirements, asbestos law, environmental laws and ADA (collectively "Laws"), attributable to any work, installation, occupancy, use or manner of use by Tenant of the Premises or any part thereof. Nothing contained in this Section 4.06 shall require Tenant to make any physical changes to the Premises (other than Tenant's initial Alterations which shall include all Alterations necessary to make the Premises comply with Law, except (x) to the extent that the failure of the Premises to comply with any Laws applicable to demolished space on the applicable Commencement Date (with respect to the applicable Blocks other than the Delivered Blocks) or Second Commencement Date (with respect to the applicable Delivered Blocks) prevents Tenant from obtaining any governmental permit required by Tenant to perform its initial Alterations or materially increases the costs thereof, in which case, Landlord shall make such physical changes at Landlord's cost and expense (subject to reimbursement as an Operating Expense to the extent provided for in Section 2.05)), (y) for the performance of Landlord's Work or (z) the removal of any hazardous material including, without limitation, asbestos containing material) unless the same are necessitated by reason of (i) Tenant's manner of use of the Premises (in contrast to customary office use), (ii) the use by Tenant of the Premises for purposes other than normal and customary ordinary office purposes, (iii) any Alteration performed by or for Tenant (other than Landlord's Work and the elevator reconfiguration set forth in Section 8.22) or (iv) the breach by Tenant of any of its obligations under this Lease. Tenant shall procure and maintain all licenses and permits required for its business at the Premises.

(b) Anything contained in this Lease to the contrary notwithstanding, as part of Tenant's initial Alterations, Tenant shall perform all work and make all installations necessary in order to fully sprinkler the Premises in compliance with the provisions of Local Law 5 of the New York City Administrative Code, as approved January 18, 1973, as amended from time to time (whether or not the Building is sprinklered or required to be sprinklered by such law); provided, that Landlord represents to Tenant that (i) each of the Blocks contain a standpipe tap for sprinkler installation (including gate valve, flow and tamper switches, and drain connections), (ii) there is currently a Class E System in the Building and on each applicable Commencement Date and Second Commencement Date there will be a class E connection on each floor of the applicable Blocks and (iii) each of the floors constituting the Blocks contain a valve tap connection to accommodate a horizontal sprinkler loop.

(c) Except if otherwise the obligation of Tenant pursuant to this Lease, Landlord shall, at Landlord's own cost and expense (subject to reimbursement as Operating Expenses to the extent provided for in Section 2.06), comply with all Laws affecting the Landlord Obligation Areas and all Laws that require physical changes in or to the Premises including without limitation all Laws in connection with Landlord's Work. Without limiting the generality of the foregoing: (i) Landlord shall maintain in effect a certificate of occupancy for the Building that shall allow the Premises to be used as general, administrative and executive offices (but Landlord shall have no obligation to modify such certificate of occupancy to permit any use other than general and executive offices uses (but Landlord will cooperate with Tenant pursuant to Section 4.02(a) to obtain changes to the certificate of occupancy for the Identified Ancillary Uses)); and (ii) Landlord shall comply with all laws imposed by the Occupational Safety and Health Administration or other governmental agency relating to indoor air quality with respect to (A) the public and service areas of the Building, and (B) the heating, ventilating and air-conditioning services and systems furnished by landlord to the Premises (but only up to the point of delivery of such services and systems to the supply duct at the core wall on each floor of the Premises).

(d) Tenant, at its expense, after notice to Landlord, may contest, by appropriate proceedings prosecuted diligently and in good faith, the validity, or applicability to the Premises, of any Law, provided, that (a) Landlord shall not be subject to criminal penalty or to prosecution for a crime, or be required to pay any other fine or charge (unless Tenant pays such fine or fee) nor shall the Premises or any part thereof or the Project, or any part thereof, be subject to being condemned or vacated, nor shall the Project, or any part thereof, be subject to any lien or encumbrance, by reason of non-compliance or otherwise by reason of such contest; (b) before the commencement of such contest, Tenant shall indemnify Landlord against the cost thereof and against all liability for damages, interest, penalties and expenses (including reasonable attorneys' fees and expenses), resulting from or incurred in connection

with such contest or non-compliance; (c) such non-compliance or contest shall not constitute or result in any violation of any Superior Lease or Superior Mortgage, or if any such Superior Lease and/or Superior Mortgage shall permit such non-compliance or contest on condition of the taking of action or furnishing of security by Landlord, such action shall be taken and such security shall be furnished at the expense of Tenant; (d) if Tenant is not a Qualified Tenant, then Tenant shall furnish to Landlord such security at the expense of Tenant as Landlord shall reasonably require; (e) such non-compliance or contest shall not prevent Landlord or any tenant in the Building from obtaining any and all permits and licenses in connection with the operation of the Building or the performance of any alteration or improvement by such Tenant; (f) neither Landlord nor any other tenant in the Building shall be materially adversely affected by such noncompliance; and (g) Tenant shall keep Landlord advised as to the status of such proceedings. Without limiting the application of the above, Landlord shall be deemed subject to prosecution for a crime if Landlord, or its managing agent, or any officer, director, partner, shareholder or employee of Landlord or its managing agent, as an individual, is charged with a crime of any kind or degree whatever, whether by service of a summons or otherwise.

(e) Landlord may defer compliance with any Law with which it is obligated to comply hereunder, so long as Landlord shall be contesting the validity or applicability thereof in good faith by appropriate proceedings, provided, that (i) Tenant shall not be subject to criminal penalty or to prosecution for a crime, or be required to pay any other fine or charge (unless Landlord pays such other fine or charge), (ii) neither the Premises (or any part thereof) nor any part of the Project which affects the Premises or Tenant's use and occupancy thereof, shall be subject to being condemned or vacated, by reason of non-compliance or otherwise by reason of such contest, (iii) such non-compliance or contest shall not prevent Tenant from occupying the Premises

or obtaining any permits and license required to enable Tenant to lawfully occupy the Premises or perform any Alterations (other than Decorations for which Landlord's consent is not required) approved by Landlord and (iv) Tenant shall not be materially adversely affected by such noncompliance.

4.07 Tenant Advertising. Tenant shall not use, and shall cause each of its Affiliates not to use, the name (other than the street address) or likeness of the Building or the Project in any advertising (by whatever medium) without Landlord's consent (not to be unreasonably withheld or delayed). Tenant shall not in any way represent, whether in advertising, correspondence or otherwise, that the Building or the Premises is part of Rockefeller Center or Rockefeller Plaza.

4.08 Right to Perform Tenant Covenants. If Tenant fails to perform any of its obligations under this Lease, Landlord, any Superior Lessor or any Superior Mortgagee (each, a "Curing Party") may perform the same at the expense of Tenant (a) after such notice,

if any, that the Curing Party determines is advisable under the circumstances in the case of emergency or in case such failure materially and adversely interferes with the use of space by any other tenant in the Building or with the efficient operation of the Building or may result in a violation of any Law, in a cancellation of any insurance policy maintained by Landlord, or a default under any Superior Mortgage and (b) in any other case if such failure continues beyond any applicable notice and grace period, and thereafter such failure is not remedied within three (3) Business Days after notice advising Tenant that the Curing Party will undertake such performance at Tenant's expense; provided, that the Curing Party shall have no obligation to undertake such performance even after such notice. If a Curing Party performs any of Tenant's obligations under this Lease as provided above, Tenant shall pay to the Curing Party (as Additional Charges) the costs thereof, together with interest at the Interest Rate from the date incurred by the Curing Party until paid by Tenant, within fifteen (15) days after receipt by Tenant of a statement as to the amounts of such costs. If the Curing Party effects such cure by bonding any lien which Tenant is required to bond or otherwise discharge, Tenant shall obtain and substitute a bond for the Curing Party's bond and shall reimburse the Curing Party for the cost of the Curing Party's bond. "Interest Rate" means the lesser of (i) the base rate from time to time announced by Citibank, N.A. (or, if Citibank, N.A. shall not exist or shall no longer announce its base rate, the prime rate of such other New York Clearing House Association member bank in New York, New York, as shall be designated by Landlord in a notice to Tenant) to be in effect at its principal office in New York, New York (the "Prime Rate") plus 2% or (ii) the maximum rate permitted by law. The performance by any Curing Party of Tenant's obligation pursuant to this Section shall not waive any default arising out of Tenant's failure to perform such obligation.

4.09 Noise and Vibration.

(a) No noise, including without limitation, music or the playing of musical instruments, recordings, radios or televisions, which disturbs other tenants or occupants in the building, shall be made or permitted within the Premises. If at any time, any noise or vibration generated within the Premises, shall be audible or detectable outside of the Premises, and such noise or vibrations shall annoy or disturb other tenants or occupants of the Building, then:

(i) Landlord may so notify Tenant (the "Noise Notification"), and

(ii) Upon receipt of a Noise Notification, Tenant shall immediately take all steps necessary to:

(y) discontinue or cause discontinuance of any and all activities or conduct giving rise to such noise or vibration; or

(z) reduce the noise or vibrations to such a level that shall not annoy or disturb other tenants or occupants of the Building.

(b) If Landlord shall give a Noise Notification regarding a noise or vibration which is similar in location and general character to a noise or vibration that was the subject of any prior Noise Notification, within sixty (60) days after the date such prior Noise Notification was sent (such second notice, the "Repeat Noise Notification"), then in addition to the obligation of Tenant described in Section 4.09(a)(ii) hereinabove, Tenant shall, within ten (10) business days of its receipt of the Repeat Noise Notification, if requested by Landlord in the Repeat Noise Notification, provide to Landlord a Noise Abatement Plan (the "Tenant's Abatement Plan") which shall include identification of the source and cause of the noise or vibrations and a timetable for implementation of such Tenant Abatement Plan, to eliminate the noise and vibration that was subject to the Repeat Noise Notification. After receipt of the Tenant's Abatement Plan, and upon request of the Landlord, Tenant shall immediately permit Landlord reasonable access to the Premises for the purpose of Landlord and Landlord's designated agents inspecting the cause, source and location of the noise and vibration that is the subject of the Repeat Noise Notification. Landlord shall, within ten (10) business days after receipt of the Tenant's Abatement Plan, either: (i) advise Tenant that the Tenant Abatement Plan is acceptable (which acceptance shall not be unreasonably withheld); or (ii) advise Tenant that the Tenant Abatement Plan is not acceptable and set forth such actions which Landlord believes, in good faith, are necessary to permanently eliminate the offending noise and vibration (the "Landlord's Abatement Plan").

(c) Provided that Landlord and its agents have been provided with access to the Premises as provided in the prior paragraph (if Landlord requested such access), Landlord's failure to respond to the Tenant's Abatement Plan within ten (10) business days after receipt thereof shall be deemed an acceptance of the Tenant's Abatement Plan. The Landlord's Abatement Plan may include, without limitation, installation of soundproofing materials; except as otherwise provided in this Lease, relocating activities which are likely to involve generating offending noise or vibrations to portions of the Premises that are not adjacent, either vertically or horizontally, to portions of the Building that are occupied by other tenants or that transfer noise; installing automatic noise limiting governors on sound systems located in the Premises; and such other actions as Landlord may, in good faith, deem necessary to abate the noise.

(d) Upon receipt by Tenant of the Landlord's Abatement Plan (if Landlord provides a Landlord's Abatement Plan), Tenant may:

(i) Proceed with Tenant's Abatement Plan; or

(ii) Implement Landlord's Abatement Plan.

If Landlord has presented to Tenant a Landlord's Abatement Plan, Tenant shall, within ten (10) days after receipt of Landlord's Abatement Plan, notify Landlord of its election with respect to implementing Tenant's Abatement Plan or Landlord's Abatement Plan. Tenant shall diligently pursue implementation of such Tenant's Abatement Plan (or Landlord's Abatement Plan, if so elected by Tenant) to its completion.

(e) If Tenant fails to provide to Landlord a Tenant's Abatement Plan as herein provided, Landlord may provide a Landlord's Abatement Plan at any time within thirty (30) days of sending the Repeat Noise Notification, and Tenant shall diligently pursue implementation of Landlord's Abatement Plan.

(f) If Tenant implements the Tenant's Abatement Plan and such Plan does not reduce or eliminate the noise or vibration and the noise or vibration continues to disturb other tenants or occupants of the Building, Landlord may send a Noise Notification with respect to such noise or vibration (the "Final Noise Notification") which shall be accompanied by Landlord's Abatement Plan (if not previously furnished). Provided that Landlord's Abatement Plan satisfies the criteria in Section 4.09(b)(ii) hereof, Tenant shall promptly implement the Landlord's Abatement Plan and diligently pursue implementation of such Plan to its completion. If Tenant chooses to and does implement the Landlord's Abatement Plan after the Repeat Noise Notification, and the noise or vibration that caused the sending of a Repeat Noise Notification has not been remedied, then Landlord may send a Final Noise Notification and the parties shall follow the steps and procedures set forth herein as if such Final Noise Notification was a Repeat Noise Notification.

(g) Any dispute with respect to the terms of this Section regarding the source of any noise or vibration, or the good faith aspects of the Landlord's Abatement Plan, shall be resolved by arbitration in accordance with Section 9.03 hereof. Notwithstanding the foregoing sentence, during such arbitration, Tenant shall be obligated to take such interim steps as are reasonable and necessary to abate the noise or vibration.

(h) If Tenant shall fail to comply with its obligations herein set forth, including, without limitation:

(i) Promptly, after receipt of a Noise Notification, discontinuing the activity or reducing the noise or vibration giving rise to such Noise Notification in accordance with the provisions of this Section 4.09; or

(ii) Failing to provide to Landlord the Tenant's Abatement Plan at such time as is required; or

(iii) Failing to implement the Tenant's Abatement Plan or the Landlord's Abatement Plan in accordance with the provisions of this Section 4.09 and to diligently pursue the implementation of such Plan, as applicable,

then and in such event, Landlord shall have all rights provided under this Lease or in law or equity, including without Limitation landlord shall have the right to seek injunctive relief baring Tenant from continuing any actions giving rise to such default; or Landlord shall have the right, but not the obligation, to cure such default by, among other things, taking any steps reasonably necessary to soundproof the Premises and eliminate such noise or vibration, all at Tenant's sole cost and expense, such sum to be treated as additional rent under the terms of this Lease. If Landlord should elect to take steps to cure such default as set forth in this prior sentence, Landlord shall, at all times, upon reasonable advance notice, (except that no notice shall be required in the event of any emergency such as where the noise or vibration would be reasonably likely to have a irreparable material effect on any other tenants or occupants of the Building), have access to the Premises to conduct any inspections or perform any work, and the same shall be without liability to Landlord.

(i) Notwithstanding any provision in Section 6.03 to the contrary:

(i) if Tenant fails in the keeping, observance or performance of any covenant or agreement of Tenant under Section 4.09(a)(ii) and if such default continues and is not cured within 3 Business Days after Landlord gives to Tenant a second notice specifying such failure;

(ii) if Tenant fails to provide to Landlord the Tenant's Abatement Plan at such time and as is required hereunder and if such default continues and is not cured within 7 Business Days after Landlord gives to Tenant a notice specifying such failure to provide the same; or

(iii) if Tenant fails to diligently implement the Tenant's Abatement Plan or the Landlord's Abatement Plan in accordance with the provisions of this Section 4.09 and to diligently pursue the implementation of such Plan as applicable and if such default continues and is not cured within 10 days after Landlord gives to Tenant a notice specifying such failure to diligently implement the same;

then, in any of such cases, in addition to any other remedies available to Landlord at law or in equity, Landlord shall be entitled to give to Tenant a notice of intention to end the Term at the expiration of 5 Business Days from the date of the giving of such notice, and, in the event such notice is given, this Lease and the term and estate hereby granted shall terminate upon the expiration of such 5 Business Days with the same effect as if the last of such 5 Business Days were the Expiration Date, but Tenant shall remain liable for damages as provided herein or pursuant to law. For all purposes of this Lease, including without limitation Sections 6.04 and 6.05, termination of this Lease pursuant to this Section 4.09(i), shall be treated as if this Lease were terminated pursuant to Section 6.03.

(j) The provisions of this Section 4.09 shall not, in any manner, limit the right or remedies afforded to Landlord in this Lease or otherwise at Law or in equity rising out of a default by Tenant, including, without limitation, any default arising out of the emanation of noise or vibration from the Premises.

(k) The provisions of this Section 4.09 shall not govern noise or vibrations generated from Alterations which are approved by Landlord and which are performed at times other than during Business Hours during Business Days, provided that such Alterations shall be performed in a commercially reasonable manner with respect to noise and vibrations.

ARTICLE 5

Assignment and Subletting

5.01 Assignment; Etc. (a) Subject to Section 5.02, neither this Lease nor the term and estate hereby granted, nor any part hereof or thereof, shall be assigned, mortgaged, pledged, encumbered or otherwise transferred voluntarily, involuntarily, by operation of law or otherwise, and neither the Premises, nor any part thereof, shall be subleased, be licensed, be used or occupied by any person or entity other than Tenant or be encumbered in any manner by reason of any act or omission on the part of Tenant, and no rents or other sums receivable by Tenant under any sublease of all or any part of the Premises shall be assigned or otherwise encumbered, without the prior consent of Landlord. The sale of all or any part of Tenant's assets other than in the ordinary course of business which results in a reduction of Tenant's

Tangible Net Worth below that of a Qualified Tenant shall, notwithstanding that the Tenant under this Lease after such sale is the same Tenant under this Lease as prior to such sale, be deemed an assignment of this Lease whether such sale is made by one or more transactions. The dissolution or direct or indirect transfer of control of Tenant (however accomplished including, by way of example, the admission of new partners or members or withdrawal of existing partners or members, or transfers of interests in distributions of profits or losses of Tenant, issuance of additional stock, redemption of stock, stock voting agreement, or change in classes of stock) shall be deemed an assignment of this Lease regardless of whether the transfer is made by one or more transactions, or whether one or more persons or entities hold the controlling interest prior to the transfer or afterwards; provided, that the transfer of any such stock, partnership or other ownership interests of Tenant (other than the transfer of control of Tenant by one entity which controls Tenant or by several entities which are Affiliates or are acting under an agreement and collectively control Tenant) shall not constitute an assignment of this Lease if such stock, partnership or other ownership interests are listed on a national securities exchange (as defined in the Securities Exchange Act of 1934, as amended) or is traded in the "over the counter" market with quotations reported by the National Association of Securities Dealers; and further provided, that any conversion of the form of entity of Tenant (however accomplished including, by way of example (i) the conversion of Tenant from a corporation to a limited liability company, partnership or trust or (ii) the change of jurisdiction of incorporation or registration) which does not directly or indirectly transfer control of Tenant, reduce the Tangible Net Worth of Tenant or reduce its liability for its obligations under this Lease shall not constitute an assignment of this Lease, provided, that the converted entity assumes by written instrument in the form of Exhibit Q attached to this Lease all of Tenant's obligations under this Lease and such conversion is for a valid business purpose and not to avoid any obligations under this Lease. No assignment or other transfer of this Lease and the term and estate hereby granted, and no subletting of all or any portion of the Premises (in each case whether or not Landlord's consent is required thereto) shall relieve Tenant of its liability under this Lease or of the obligation to obtain Landlord's prior consent to any further assignment, other transfer or subletting. Any attempt to assign this Lease or sublet all or any portion of the Premises in violation of this Article 5 shall be null and void.

(b) Notwithstanding Section 5.01(a), without the consent of Landlord, this Lease may be assigned (actually or deemed assigned) or the entire Premises may be sublet for substantially the balance of the Term to (i) an entity created by merger, reorganization (including by dissolution, stock transfer or change of classes of stock) or recapitalization of or with Tenant, either directly or indirectly, (ii) a purchaser of all or substantially all of Tenant's assets, or (iii) an entity which immediately prior to such assignment or subletting (which in the case of this clause (iii) such subletting may be for less than substantially the balance of the Term) was an Affiliate of Tenant and, as an Affiliate of Tenant, was immediately prior to the

assignment or sublease, in occupancy of all or substantially all of the Premises in the case of an assignment or of the space to be demised by its sublease in the case of a sublease and such entity will no longer be an Affiliate of Tenant immediately after entering into such sublease or such assignment, provided, that in the case of clauses (i), (ii) and (iii), that (A) Landlord shall have received a notice of such assignment or sublet from Tenant, (B) in the case of an assignment, the assignee assumes by written instrument in the form of Exhibit Q attached to this Lease all of Tenant's obligations under this Lease (but, in the case of clause (i) the same shall only be necessary if Tenant shall not be the surviving entity), (C) such assignment or sublease is for a valid business purpose and not to avoid any obligations under this Lease, and (D) the assignee's or subtenant's reputation and character is consistent with the other tenants in first class midtown Manhattan office buildings and such assignee or subtenant (except in the case of a sublease pursuant to clause (iii)) shall be, immediately after giving effect to such assignment or sublease, a Qualified Tenant. In the case of a sublease pursuant to clause (iii) the subtenant must have a Tangible Net Worth (whether directly or by a guarantee as provided in Section 5.04(d)(iv)) to qualify it as a Major Subtenant. A "Qualified Tenant" shall mean an entity with a Tangible Net Worth (or whose obligations under this Lease are guaranteed, pursuant to a guaranty in form and content reasonably acceptable to Landlord, by a guarantor with a Tangible Net Worth) at least equal to $250,000,000 or an entity (whether directly or by a guarantee as provided hereinabove) which shall have a Tangible Net Worth set forth in Article 11 and shall have delivered to Landlord the required Security pursuant to Article 11. If the Lease is assigned (actually or deemed assignment) pursuant to Sections 5.01(b) or (c), then if Warner Communications, Inc. (or any guarantor pursuant to Section 5.01(b)) shall (i) sell all or any part of its assets, other than in the ordinary course of business, or (ii) dissolve, merge, reorganize, or recapitalize, and as a result of the events in clause (i) or clause (ii) the Tangible Net Worth of Warner Communications Inc. (or such guarantor) shall be reduced below that of a Qualified Tenant, then, unless the Tenant is a Qualified Tenant, has provided a substitute guarantee in form and content reasonably acceptable to Landlord by a substitute guarantor with a Tangible Net Worth at least equal to $250,000,000 or has deposited with Landlord the Security required pursuant to Article 11, Warner Communications Inc. (or such guarantor) shall, or shall cause the Tenant to, deposit with Landlord the Security from time to time required pursuant to Article 11, as if Warner Communications Inc. (or such guarantor) were the Tenant hereunder.

(c) Notwithstanding Section 5.01(a), (but subject to compliance with Section 5.01(b)), without the consent of Landlord, Tenant may assign (by actual assignment and not by deemed assignment which deemed assignment may be governed by Section 5.01(b) hereof) this Lease or sublet all or any part of the Premises to an Affiliate of Tenant (with or without a written agreement in the case of a sublease); provided, that (i) Landlord shall have received a notice of such assignment or sublease from Tenant identifying the rentable square

feet intended to be occupied by such Affiliate, the configuration of such space, and the identity of the Affiliate; and (ii) in the case of any such assignment, (A) the assignment is for a valid business purpose and not to avoid any obligations under this Lease, and (B) in the case of an assignment, the assignee assumes by written instruments substantially in the form attached to this Lease as Exhibit Q all of Tenant's obligations under this Lease. "Affiliate" means, as to any designated person or entity, any other person or entity which controls, is controlled by, or is under common control with, such designated person or entity. "Control" (and with correlative meaning, "controlled by" and "under common control with") means actual control or ownership or voting control, directly or indirectly, of 50% or more of the voting stock, partnership interests or other beneficial ownership interests of the entity in question. This Section 5.01(c) shall govern assignments of this Lease and subletting of all or any part of the Premises to Affiliates of Tenant only to the extent such assignment or deemed assignment is not governed by Section 5.01(b) hereof.

(d) Notwithstanding Section 5.01(a), as long as Warner Communications Inc., Time Warner Inc. or any of their Affiliates whose primary business is the entertainment industry is the Tenant under this Lease, upon notice given to Landlord (which notice shall contain the rentable square feet intended to be occupied by the Related Service Providers, the configuration of such space and the identity of the Related Service Providers), such Tenant shall have the right, without being required to obtain the consent of Landlord, to permit portions of the Premises not exceeding 25,000 rentable square feet in the aggregate at any one time to be used for the uses permitted herein, by a Related Service Provider. The term "Related Service Providers" shall mean a person or entity which is not an Affiliate of Warner Communications Inc. or Time Warner, Inc. and (a) with whom Warner Communications Inc., Time Warner, Inc. or any of their Affiliates whose primary business is the entertainment industry has a significant ongoing relationship in connection with any of the permitted activities of Warner Communications Inc., Time Warner Inc., or any of such Affiliates then occupying all or a portion of the Premises, or (b) is a foundation or not for profit entity of which any director or executive officer of Warner Communications Inc., Time Warner Inc., or of any of their Affiliates whose primary business is the entertainment industry is a board member or holds a position as an executive officer. By way of illustration and without limiting the generality of the foregoing, a significant ongoing business relationship may include an artist's production company which may provide artistic services to Warner Communications Inc., Time Warner Inc., or any of their Affiliates whose primary business is the entertainment industry from time to time, an investment bank or advisory firm providing services to Warner Communications Inc., Time Warner Inc., any of their Affiliates whose primary business is the entertainment industry or officers or high level employees of Warner Communications Inc., Time Warner Inc., and their Affiliates whose primary business is the
entertainment industry, a law or accounting firm providing professional services to Warner

Communications Inc., Time Warner Inc., or any of their Affiliates whose primary business is the entertainment industry, a former employee or officer of Warner Communications Inc., Time Warner Inc., or any of their Affiliates whose primary business is the entertainment industry who is serving as a consultant or a company that operates the cafeteria, health club, travel agency or day care center permitted in Section 1.05.

5.02 Landlord's Right of First Offer. (a) If Tenant desires to assign this Lease or sublet all or part of the Premises (other than in accordance with Sections 5.01(b), (c) and (d), Tenant shall give to Landlord notice ("Tenant's Offer Notice") thereof, specifying (i) in the case of a proposed subletting, the location of the space to be sublet and the term of the subletting of such space, (ii) (A) in the case of a proposed assignment, Tenant's good faith offer of the consideration Tenant desires to receive or pay for such assignment or (B) in the case of a proposed subletting, Tenant's good faith offer of the annual rental (taking into account all relevant factors, including any free rent periods and construction allowances and unless otherwise indicated assuming that a subtenant will pay for Taxes, Operating Expenses and electricity in the same manner, and utilizing the same base year or base amount, as Tenant pays for such amounts under this Lease) which Tenant desires to receive for such proposed subletting (the "Sublet Rent") and (iii) the proposed assignment or sublease commencement date.

(b) Tenant's Offer Notice shall be deemed an offer from Tenant to Landlord whereby Landlord (or Landlord's designee) may, at Landlord's option, (i) sublease such space from Tenant (if the proposed transaction is a sublease of all or part of the Premises), or (ii) have this Lease assigned to it or terminate this Lease (if the proposed transaction is an assignment or a sublease of all or substantially all of the Premises). Said option may be exercised by Landlord by notice to Tenant within twenty (20) days after a Tenant's Offer Notice, together with all other information required pursuant to Section 5.02(a), has been given by Tenant to Landlord.

(c) If Landlord exercises its option under Section 5.02(b)(ii) to terminate this Lease, then this Lease shall terminate on the proposed assignment or sublease commencement date specified in the applicable Tenant's Offer Notice and all Rent shall be paid and apportioned to such date.

(d) If Landlord exercises its option under Section 5.02(b)(ii) to have this Lease assigned to it (or its designee), then Tenant shall assign this Lease to Landlord (or Landlord's designee) by an assignment in form and substance reasonably satisfactory to Landlord and Tenant, effective on the proposed assignment or sublease commencement date specified in the applicable Tenant's Offer Notice. On such effective date, the appropriate party

shall pay to the other 50% of the consideration, if any, specified in Tenant's Offer Notice (less, in the case of payment of such consideration from Tenant to Landlord, 50% of the costs referred to in Section 5.05(b)(i)-(iii)). If Tenant assigns this Lease to Landlord or Landlord's designee, then Tenant shall have no further liability under this Lease which arise from and after the effective date of such assignment.

(e) If Landlord exercises its option under Section 5.02(b)(i) to sublet the space Tenant desires to sublet, such sublease to Landlord or its designee (as subtenant) shall be in form and substance reasonably satisfactory to Landlord and Tenant at the rental set forth in the applicable Tenant's Offer Notice with respect to such sublet space, and shall be for the term set forth in the applicable Tenant's Offer Notice (provided, that if the Sublet Rent is greater than Tenant's Qualified Sublet Cost, then the rent which Landlord (or its designee) is required to pay to Tenant in respect of the sublet space shall be reduced by an amount equal to 50% of the amount by which the Sublet Rent exceeds Tenant's Qualified Sublet Cost. For purposes of this Section 5.02(e), "Tenant's Qualified Sublet Cost" for any sublet space subleased to Landlord (or its designee) in accordance with this Section 5.02 means the sum of (1) the portion of the annual Fixed Rent (and Tax Payments and Operating Payments, but only if the subtenant is not paying Taxes and Operating Expenses in the same manner and using the same base year and base amount as Tenant pays for such amounts under this Lease) which is attributable to such sublet space, plus (2) the costs referred to in Section 5.05(a)(iii) and (v) plus (3) the amount of any reasonable brokerage commissions and reasonable legal fees paid by

Tenant in connection with the sublease amortized on a straight-line basis over the term of the sublease, plus (4) the cost of electricity for such sublet space at the rate payable by the Tenant under this Lease if the subtenant is paying for electricity on a rent inclusion basis. Further, the sublease:

(A) shall be subject to all of the terms and conditions of this Lease except such as are irrelevant or inapplicable, and except as otherwise expressly set forth to the contrary in this Section 5.02(e);

(B) shall be upon the same terms and conditions as those contained in the applicable Tenant's Offer Notice and otherwise on the terms and conditions of this Lease, except such as are irrelevant or inapplicable and except as otherwise expressly set forth to the contrary in this Section 5.02(e);

(C) shall permit the sublessee, without Tenant's consent, freely to assign such sublease or any interest therein or to sublet all or any part of the sublet space provided, that each such sublease with respect to the Blocks (or the fourth floor which may be leased pursuant to this Lease in accordance with Section 1.06 hereof) will contain a covenant

enforceable by Tenant that (I) if (1) the sublet space includes a partial floor in the Blocks or the fourth floor and (2) on the commencement date of any such sublease and on the commencement date of any further sublease by such sublessee or the effective date of any assignment by such sublessee, Tenant and/or any Affiliate of Tenant or Related Service Provider occupies any part of such floor, then any such assignee or subtenant of such partial floor shall not be (i) an entertainment company whose primary business is the music industry (a "Competitor") or (ii) EMI Entertainment World, Inc. or an Affiliate of EMI Entertainment World, Inc. whose primary business is the music industry and (II) if (1) the sublet space includes a full floor in the Blocks or the fourth floor and (2) on the commencement date of any such sublease and on the commencement date of any further sublease by such sublessee or the effective date of any assignment by such sublessee, Tenant, any Affiliate of Tenant or any Related Service Provider occupies the entire floor above and below such full floor, then any such assignee or subtenant of such full floor shall not be a Competitor, EMI Entertainment World, Inc. or an Affiliate of EMI Entertainment World, Inc. whose primary business is the music industry. Landlord may, but shall not be obligated to, at any time that it is contemplating entering into negotiations with a subtenant for such sublease space, notify Tenant thereof and if within ten (10) days after receipt of such notice Landlord has not received a response from Tenant, Landlord may send to Tenant a second notice specifically referencing this clause (C) and if within three (3) days after receipt of such second notice, Tenant has not responded as to whether the proposed subtenant is a Competitor, Landlord shall, notwithstanding any provision herein to the contrary, be permitted to sublease such sublease space to the proposed subtenant. If Tenant shall have timely responded to such notice of Landlord, advising Landlord that such proposed subtenant is a Competitor, Tenant's characterization of such proposed subtenant as a Competitor shall not be conclusive on Landlord; provided, however, Landlord shall notify Tenant if Landlord disagrees with Tenant's characterization of such proposed subtenant as a Competitor. Any dispute as to whether a proposed subtenant is a Competitor may be submitted by either party to arbitration in accordance with Section 9.03.

(D) shall provide that any assignee or further subtenant of Landlord or its designee may, at the election of Landlord, make alterations, decorations and installations in such space or any part thereof, any or all of which may be removed, in whole or in part, by such assignee or subtenant, at its option, prior to or upon the expiration or other termination of such sublease, provided, that (1) such assignee or subtenant, at its expense, shall repair any damage caused by such removal and (2) if such sublease term expires earlier than one year prior to the Expiration Date then such assignee or subtenant, at its expense, shall remove such alterations, decorations and installations at the end of the sublease term and return the sublet space to substantially its condition before commencement of the sublet term, ordinary wear and tear excepted, unless within ten (10) days after request of Landlord, Tenant

advises Landlord that all or any part of such alteration, decoration or installation need not be removed or Tenant shall have failed to respond to such request of Landlord within such ten (10) days and Landlord shall have sent a second request specifically referencing this clause (D) and Tenant shall have failed to respond to such second request within five (5) days; and

(E) shall provide that (1) the parties to such sublease expressly negate any intention that any estate created under such sublease be merged with any other estate held by either of said parties, (2) any assignment or subletting by Landlord or its designee (as the subtenant) may be for any purpose or purposes that Landlord shall deem appropriate (subject to the proviso in clause (C) above and Section 1.05 of the Lease), and (3) Landlord, at Tenant's expense, may make such alterations as may be reasonably required by Landlord to demise separately the subleased space consistent with Tenant's Offer Notice and to comply with any Laws relating to such demise, which are not the obligation of Landlord under this Lease.

(F) (i) Tenant shall not be responsible for any of Tenant's obligations under this Lease which arise with respect to the sublet space to Landlord or its designee during the term of the sublease, and (ii) to the extent that there is a default in the payment of rent or other charges (including, without limitation, holdover charges) with respect to the sublet premises, then Tenant will be allowed a credit against the Rent in such amounts (without duplication of any benefits conferred under clause (i)) and (iii) unless Tenant has consented to such Alteration of the sublet premises or Tenant has failed to respond to Landlord's request that such Alterations not be removed as provided for in Section 5.02(e)(D), Tenant will not be required to restore any Alteration made by Landlord (or its designee), or by any subtenant or assignee of Landlord (or its designee) upon the Expiration Date or such earlier termination of this Lease.

(f) Tenant shall not sublet the applicable space to a third party (i) at a rental (taking into account all relevant factors such as free rent periods, construction allowances and the base year, base amount and other calculations in connection with Taxes, Operating Payments and electricity and other elements of the economic package) discounted to present value at the Interest Rate) which is less (on a per rentable square foot basis per annum) than 90% of the Sublet Rent set forth in Tenant's Offer Notice discounted to present value at the Interest Rate or (ii) for a term which is ten percent (10%), more or less, than the term specified in Tenant's Offer Notice or (iii) is for a rentable square footage which is ten percent (10%), more or less, than the square footage specified in Tenant's Offer Notice without in each case complying once again with all of the provisions of this Section 5.02 and re-offering such space to Landlord at such lower rental, other term or other square footage. If Tenant offered in Tenant's Offer Notice to assign this Lease to Landlord, Tenant shall not be

permitted to assign this Lease to a third party where Tenant pays (on a net present value basis computed at the Interest Rate, if such payments are to be made in installments) greater consideration or grants a greater concession to such third party for such assignment than 110% of the consideration offered to be paid or concession offered to be granted to Landlord in Tenant's Offer Notice without complying once again with all of the provisions of this Section 5.02 and re-offering to assign this Lease to Landlord and pay such consideration or grant such concession to Landlord.

5.03 Assignment and Subletting Procedures. (a) If Tenant delivers to Landlord a Tenant's Offer Notice with respect to any proposed assignment of this Lease or subletting of all or part of the Premises and Landlord does not timely exercise any of its options under Section 5.02, and Tenant thereafter desires to assign this Lease or sublet the space specified in Tenant's Offer Notice, Tenant shall notify Landlord (a "Transfer Notice") of such desire, which notice shall be accompanied by (i) a copy of the proposed assignment or sublease and all related agreements, the effective date of which shall be at least thirty (30) days after the giving of the Transfer Notice, (ii) a statement setting forth in reasonable detail the identity of the proposed assignee or subtenant, the nature of its business and its proposed use of the Premises, (iii) current financial information with respect to the proposed assignee or subtenant, including without limitation, its most recent financial statement, if available (provided, that, if unavailable, such unavailability shall be deemed a reasonable basis for Landlord's refusal to consent to an assignment or subletting), and (iv) such other information as landlord may reasonably request and Landlord's consent to the proposed assignment or sublease shall not be unreasonably withheld, provided, that:

(i) Such Transfer Notice shall be delivered to Landlord concurrently with or within one year after the delivery to Landlord of the applicable Tenant's Offer Notice;

(ii) In Landlord's reasonable judgment the proposed assignee or subtenant will use the Premises in a manner that (A) is in keeping with the then standards of the Building and (B) is limited to the use expressly permitted under this Lease;

(iii) The proposed assignee or subtenant is, in Landlord's reasonable judgment, of a reputation and character consistent with the other tenants in the Building, and (A) in the case of a proposed subtenant to whom Landlord shall have delivered a non-disturbance and attornment agreement pursuant to Section 5.04(d)(iv), such proposed subtenant is a Major Subtenant, and (B) in the case of a proposed assignee, such person or entity is of a Qualified Tenant;

(iv) In the case where Landlord has, or within the following six (6) months is scheduled to have comparable vacant space in the Building available for a comparable term, neither the proposed assignee or sublessee, nor any Affiliate of such assignee or sublessee, is then an occupant of any part of the Building;

(v) The proposed assignee or sublessee is not a person with whom Landlord is then actively negotiating or has within the prior three (3) months actively negotiated to lease space in the Building;

(vi) The form of the proposed sublease shall comply with the applicable provisions of this Article 5 and, if with a Major Subtenant, shall be otherwise reasonably satisfactory to Landlord;

(vii) There shall not be more than four (4) subtenants (other than Affiliates or Related Service Providers) in each floor of the Blocks and in any other floor in the Premises other than Blocks, there shall be not more than one (1) subtenant for every 10,000 square feet leased by Tenant on such floor;

(viii) Tenant shall not publicly advertise the rental rate or any description thereof to be paid by the proposed subtenant; and

(ix) Tenant shall reimburse Landlord on demand for any reasonable out of pocket costs actually incurred by Landlord in connection with said assignment or sublease, including, without limitation, the costs of making investigations as to the acceptability of the proposed assignee or subtenant, and legal costs incurred in connection with the granting of any requested consent;

(b) If Landlord consents to a proposed assignment or sublease and Tenant fails to execute and deliver the assignment or sublease to which Landlord consented within six (6) months after the giving of such consent, then Tenant shall again comply with this Article 5 before assigning this Lease or subletting all or part of the Premises.

(c) If Landlord fails to grant or deny consent to a proposed assignment or subletting within twenty (20) days after receipt of the relevant Transfer Notice (provided, that if the relevant Transfer Notice is not accompanied by the proposed assignment or sublease as provided in Section 5.03(i) but is accompanied by a detailed term sheet, Landlord's consent, if given, shall be deemed conditioned upon receipt of such proposed assignment or sublease which complies with the terms hereof within sixty (60) days after landlord's receipt of the Transfer Notice) Tenant shall have the right to give a reminder notice

to Landlord (which notice shall state that Landlord shall be deemed to have consented to the proposed assignment or subletting if Landlord fails to grant or deny consent thereto within five (5) Business Days) and if Landlord fails to grant or deny consent to such proposed assignment or subletting within five (5) Business Days after receipt of such reminder notice, Landlord shall be deemed to have consented to such assignment or subletting. Landlord shall nevertheless, promptly after the request of Tenant, confirm in writing that such consent has been given. Any denial of consent to a proposed assignment or subletting shall be effective only if accompanied by a statement that sets forth in detail Landlord's reason(s) for denying such consent; provided, that in the case of any denial of consent by reason of a failure of the condition specified in Section 5.03(a)(iii), Landlord shall only be required to cite such Section in order to comply with this sentence.

(d) Whenever solely under this Section 5.03, a provision shall expressly provide for or require that a consent or approval or the exercise of a judgment by Landlord or Tenant shall not be unreasonably withheld or delayed and a dispute or disagreement shall arise between Landlord

and Tenant as to whether or not the withholding of the consent or approval in question is unreasonable or as to whether or not the exercise of any such judgment is unreasonable, the sole remedy of either party hereto shall be to send a notice to the other ("Hearing Notice") specifying the consent or approval which it alleges has been unreasonably withheld or delayed or the judgement which it alleges has been unreasonably exercised (collectively, "Dispute") and electing to have the Dispute resolved by an informal hearing ("Hearing") upon and subject to the terms and conditions hereinafter set forth:

A. The Hearing shall be at the offices of the individual designated in such notice ("Hearing Officer") from among the following individuals:

(1) The then Chairman or President of Galbreath Company, L. P.

(2) The then Chairman or President of Julien J. Studley, Inc.

(3) The then Chairman or President of Lassalle Partners

B. The Hearing shall be held on the date specified in the Hearing Notice (which shall be no less than three (3) Business Days nor more than five (5) Business Days after the Hearing Notice is received) and pursuant to substantive and procedural rules to be established by the Hearing Officer;

C. The Hearing Notice shall be delivered in the manner set forth in Section 8.01 for notice, to party on whom it is being served;

D. The determination by the Hearing Officer shall be conclusive upon the parties and shall be made within two (2) Business Days after the Hearing is completed;

E. If the party upon whom the Hearing Notice is served fails or refuses to participate in the Hearing, the Dispute shall be deemed resolved against such party;

F. If the Hearing Officer fails or refuses to participate in the Hearing, or if the party upon whom the Hearing Notice is served responds at the Hearing that Hearing Officer is not independent of the party serving the Hearing Notice, the party serving the Hearing Notice shall have the right to select an alternative Hearing Officer from the remaining individuals set forth in Paragraph A. If all of the individuals set forth in said Paragraph A hereof shall (i) fail or refuse to participate in the Hearing or (ii) fail to be independent, the provisions of this Section 5.03 shall be void and of no effect and such determination will be made by an arbitration pursuant to Section 9.03 hereof;

G. The Hearing Officer shall have the right only to interpret and apply the terms of this Section 5.03, and may not change any such terms or deprive any party to this Lease of any right or remedy expressly or impliedly provided in this Lease.

(e) Tenant at its election may deliver the Transfer Notice concurrently with the delivery of Tenant's Offer Notice for the same space and the time period for Landlord's consent to the assignment or sublease will run from the date the Transfer Notice is delivered to Landlord.

5.04 General Provisions. (a) If this Lease is assigned, whether or not in violation of this Lease, Landlord may collect rent from the assignee. If the Premises or any part thereof are sublet or occupied by anybody other than Tenant, whether or not in violation of this Lease, Landlord may, after default by Tenant, and expiration of Tenant's time to cure such default, collect rent from the subtenant or occupant. In either event, Landlord may apply the net amount collected against Rent, but no such assignment, subletting, occupancy or collection shall be deemed a waiver of any of the provisions of Section 5.01(a), or the acceptance of the assignee, subtenant or occupant as tenant, or a release of Tenant from the performance of Tenant's obligations under this Lease.

(b) No assignment or transfer shall be effective until the assignee delivers to Landlord (i) evidence that the assignee, as Tenant hereunder, has complied with the requirements of Sections 7.02 and 7.03, and (ii) an agreement in the form attached hereto as Exhibit Q whereby the assignee assumes Tenant's obligations under this Lease which

agreement shall not be required in the case of a deemed assignment pursuant to Section 5.01(a) or, if Tenant shall be the surviving entity, in the case of the Section 5.01(b)(i).

(c) Notwithstanding any assignment or transfer, whether or not in violation of this Lease, and notwithstanding the acceptance of any Rent by Landlord from an assignee, transferee, or any other party, the original named Tenant and each successor Tenant shall remain fully liable for the payment of the Rent and the performance of all of Tenant's other obligations under this Lease. The joint and several liability of Tenant and any immediate or remote successors in interest of Tenant shall not be discharged, released or impaired in any respect by any agreement made by Landlord extending the time to perform, or otherwise modifying, any of the obligations of Tenant under this Lease, or by any waiver or failure of Landlord to enforce any of the obligations of Tenant under this Lease. Notwithstanding the foregoing, in no event shall Tenant's continued liability exceed what its continuing liability would have been had the Lease not been modified except for those modifications which were consented to by Tenant and nothing in this Section 5.04(c) shall create liability on the part of Tenant in contradiction to Sections 5.02(d) and 5.02(e)(F).

(d) Each subletting by Tenant shall be subject to the following:

(i) No subletting shall be for a term (including any renewal or extension options contained in the sublease) ending later than one day prior to the Expiration Date.

(ii) No sublease shall be valid, and no subtenant shall take possession of the Premises or any part thereof, until there has been delivered to Landlord, both (A) an executed counterpart of such sublease, and (B) a certificate of insurance evidencing that (x) Landlord is an

additional insured under the insurance policies required to be maintained by occupants of the Premises pursuant to Section 7.02, and (y) there is in full force and effect, the insurance otherwise required by Section 7.02.

(iii) Each sublease shall provide that it is subject and subordinate to this Lease, and that in the event of termination, reentry or dispossess by Landlord under this Lease Landlord may, at its option, take over all of the right, title and interest of Tenant, as sublessor, under such sublease, and such subtenant shall, at Landlord's option, attorn to Landlord pursuant to the then executory provisions of such sublease, except that Landlord shall not be liable for, subject to or bound by any item of the type that a Successor Landlord is not so liable for, subject to or bound by in the case of an attornment by Tenant to a Successor Landlord under Section 6.01(a), provided, that any subtenants which are Affiliates or Related Service Providers of Tenant and are subject to and subordinate to this

Lease shall not be required to attorn to Landlord, if such subtenant vacates and surrenders the portion of the Premises occupied by such subtenant to Landlord on.or prior to the termination of this Lease.

(iv) Notwithstanding clause (iii) above, Landlord shall, at Tenant's request execute and deliver to a Major Subtenant, a nondisturbance and attornment agreement substantially in the form attached to this Lease as Exhibit B, to Exhibit M attached hereto; provided, that (I) Tenant is not then in default under this Lease after notice and beyond applicable grace period, (II) the sublease with the Major Subtenant is a Qualifying Major Sublease, (III) Tenant has furnished evidence to Landlord's reasonable satisfaction that the subtenant is a Major Subtenant and will continue to be a Major Subtenant after execution and delivery of the sublease and (IV) such Major Subtenant executes and delivers to Landlord the subordination and nondisturbance agreement hereinafter referred to. A "Qualifying Major Sublease" shall mean a sublease from Tenant to a Major Subtenant to which Landlord shall have actually given its consent (not including where Landlord's consent is not required) pursuant to this Article 5, and which (A) consists of at least a full floor of the Blocks in the Building or at least 30,000 contiguous rentable square feet of space in the Premises which is on a floor which is not a Block (and in the case where a sublease includes a portion of a floor, the balance of the floor consists of a leasable configuration of at least 10,000 rentable square feet), (B) in the case of a Block, consists of contiguous space in the Blocks which includes the highest or lowest floor then comprising the Blocks or is in the Blocks and is contiguous to another floor which has been sublet by Tenant and with respect to which Landlord has executed and delivered one or more non-disturbance and attornment agreements hereunder, (C) provides that, at the time when the attornment provided for in the non-disturbance and attornment agreement hereinafter referred to becomes effective between Landlord and the Major Subtenant following the termination of the Lease, the rental payable thereunder, after taking into account any free rent periods, credits, offsets or deductions to which the subtenant may be entitled thereunder, will be equal to or in excess (on a per rentable square foot basis) of the greater of (ww) the Fixed Rent and the recurring Additional Charges payable by Tenant under the Lease with respect to such space and (xx) the then fair market fixed rent and the fair market additional rent that a willing lessee would pay and a willing lessor would accept in an arms-length transaction as reasonably determined by Landlord (subject to arbitration in accordance with Section 9.03 hereof) with respect to such space (D) consists of space that will be demised separately from the remainder of the Premises in accordance with all applicable Laws, (E) provides for other obligations of the Major Subtenant at least substantially identical to the obligations of Tenant under the Lease, (F) provides that if the Lease is terminated and Tenant has granted to any Major Subtenant any Major Tenant Right, then such Major Tenant Right shall be null and void with respect to such Major Subtenant after termination of this Lease in accordance with Section 8.28 hereof and (G) provides that if the Tangible Net Worth

of the Major Subtenant (or the guarantor pursuant to this Section 5.04(d)(iv)) shall be reduced below that required of a Major Subtenant as a result of (i) the sale of all or any part of its assets, other than in the ordinary course of business or (ii) a dissolution, merger, reorganization or recapitalization, then such Major Subtenant (or such guarantor) shall deposit with Landlord a Security reasonably acceptable to Landlord and consistent with the provisions of Article 11 hereof (taking into account that the Tangible Net Worth required of the Major Subtenant is less than a Qualified Tenant and that the "Remaining Fixed Rent" shall mean the aggregate of the fixed rent payable for the term of the sublease from and after the date in question, without giving effect to any abatement, recoupment, offsets or credits against rent. In no event shall a Qualifying Major Sublease include a sublease to an Affiliate of Tenant or to a Related Service Provider. A "Major Subtenant" shall mean a subtenant with an aggregate Tangible Net Worth (or whose obligations under the sublease are guaranteed, pursuant to a guaranty, in form and content reasonably acceptable to Landlord and such guarantor, by a guarantor with a Tangible Net Worth as hereinafter provided) as determined by Ernst and Young, Coopers & Lybrand, Price Waterhouse, Deloitte & Touche, KPMG Peat Marwick or Arthur Andersen & Co. or their respective successors (each a "Big Six Accounting Firm") or other certified public accounting firm reasonably acceptable to Landlord with at least 40 certified public accountants, equal to or in excess of the amount determined by multiplying $250,000,000 by a fraction the numerator of which is the number of rentable square feet being subleased pursuant to such Qualifying Major Sublease and the denominator of which is 157,387 (the "Major Subtenant Percentage"). Notwithstanding anything to the contrary set forth in this clause (iv), any non-disturbance and attornment agreement delivered by Landlord pursuant to this clause (iv) shall, pursuant to this Lease, be conditional and by its terms expressly contain the condition such that, in the event of any termination of this Lease (x) other than by reason of (1) Tenant's default, (2) a rejection in bankruptcy by Tenant or (3) a voluntary surrender of the Lease by Landlord and Tenant, but (y) including a termination of the Lease by reason of casualty, condemnation or pursuant to Section 8.26 hereof, then any non-disturbance and attornment agreement to a Major Subtenant shall, automatically and without further act of the parties, terminate and be of no further force or effect from and after the applicable termination date.

(e) Each sublease shall provide that the subtenant may not assign its rights thereunder or further sublet the space demised under the sublease, in whole or in part, without Landlord's consent in accordance with Section 5.03(a) and without complying with all of the terms and conditions of this Article 5, including, without limitation, Section 5.05, which for purposes of this Section 5.04(e) shall be deemed to be appropriately modified to take into account that the transaction in question is an assignment of the sublease or a further subletting of the space demised under the sublease, as the case may be.

(f) Tenant shall not publicly advertise the availability of the Premises or any portion thereof as sublet space or by way of an assignment of this Lease, without first obtaining Landlord's consent, which consent shall not be unreasonably withheld or delayed, provided, that Tenant shall in no event advertise the rental rate or any description thereof. Notwithstanding the foregoing, Landlord's consent shall not be required for Tenant to list the Premises or any portion thereof with brokers, subject to the proviso in the immediately preceding sentence.

5.05 Assignment and Sublease Profits. (a) If the aggregate of the amounts payable as fixed rent and as additional rent on account of Taxes, Operating Expenses and electricity by a subtenant under a sublease of any part of the Premises (other than a sublease pursuant to Sections 5.01(b) (c) or (d) or to Landlord (or its designee) pursuant to Section 5.02) and the amount of any Other Sublease Consideration payable to Tenant by such subtenant, whether received in a lump-sum payment or otherwise shall be in excess of Tenant's Basic Cost therefor at that time then, promptly after the collection thereof, Tenant shall pay to Landlord in monthly installments as and when collected, as Additional Charges, 50% of such excess. Tenant shall deliver to Landlord within sixty (60) days after the end of each calendar year and within sixty (60) days after the expiration or earlier termination of this Lease a statement specifying each sublease in effect during such calendar year or partial calendar year, the rentable area demised thereby, the term thereof and a computation in reasonable detail showing the calculation of the amounts paid and payable by the subtenant to Tenant, and by Tenant to Landlord, with respect to such sublease for the period covered by such statement. "Tenant's Basic Cost" for sublet space at any time means the sum of (i) the portion of the Fixed Rent, Tax Payments and Operating Payments which is attributable to the sublet space, plus (ii) the amount payable by Tenant on account of electricity in respect of the sublet space, plus (iii) the amount of any costs reasonably incurred by Tenant in making changes (or paying for the cost of any changes made by the subtenant) in the layout and finish of the sublet space for the ,subtenant amortized on a straight-line basis over the term of the sublease; provided, that if Tenant or such subtenant is not making any such changes or to the extent any such changes do not change any of the improvements previously installed or made by Tenant to the sublet space during the prior 12 months, then portion of the unamortized costs (amortized over the Term on a straight line basis) included within the sublease term incurred by Tenant for improvements made to the sublet space within 12 months prior to such subletting, (iv) the portion of the unamortized costs (amortized over the Term on a straight line basis) incurred by Tenant for equipment, furniture or other personal property sold to such subtenant, (v) the amount of any reasonable brokerage commissions and reasonable legal fees paid by Tenant in connection with the sublease amortized on a straight-line basis over the term of the sublease plus (vi) the amount payable by Tenant for New York State Real Property Transfer Gains Tax and Real Property Transfer Taxes and New York City Real Property Transfer Tax. For

purposes of this Section 5.05(a), the term "Other Sublease Consideration" shall mean all sums paid by (or for the benefit of) the subtenant for the furnishing of guaranteed services (in excess of Tenant's actual out of pocket cost to provide such services) by Tenant and the sale or rental of Tenant's fixtures, leasehold improvements, equipment, furniture or other personal property.

(b) Upon any assignment of this Lease other than an assignment or deemed assignment pursuant to Section 5.01(b) (c) (d) or to Landlord (or its designee) pursuant to Section 5.02, Tenant shall pay to Landlord 50% of the Assignment Consideration received by Tenant for such assignment, after deducting therefrom (i) customary and reasonable closing expenses including without limitation any New York State Transfer Gains or Transfer Tax and New York City Real Property Transfer Tax, (ii) reasonable brokerage commissions and legal fees, (iii) the portion of the unamortized costs (amortized over the Term on a straight line basis) of the excess of the costs of Tenant's Alterations over Tenant's Work Allowance and the Required Work Allowance and (iv) the unamortized costs (amortized over the Term on a straight line basis) incurred by Tenant for equipment, furniture or other personal property sold to such assignee. For purposes of this Section 5.05(b), the term "Assignment Consideration" shall mean an amount equal to all sums and other considerations paid to Tenant by the assignee for or by reason of such assignment (including, but not limited to, sums paid for the furnishing of guaranteed services by Tenant and the sale or rental of Tenant's fixtures, leasehold improvements, equipment, furniture, furnishings or other personal property).

5.06 Sublease of Space From Other Tenants. If Tenant desires to sublease space from a tenant in the Building or to obtain an assignment of such other tenant's lease with respect to space in the Building, and such other tenant is prohibited from subleasing its leased premises or assigning its lease to another tenant in the Building, then Tenant may, by notice to Landlord, request that Landlord waive such prohibition and provided no default has occurred under this Lease beyond any notice and grace period and Landlord does not have comparable space available to be leased within the following six (6) months for a comparable term, Landlord shall, within ten (10) days after such notice from Tenant, waive such prohibition in writing with respect to subletting or assignment, provided such subletting or assignment is otherwise consistent with the provisions of such other tenant's lease. If Landlord shall fail to respond within such ten (10) day period, Tenant may send a second notice (which second notice may not be delivered until at least ten (10) days has elapsed after the delivery of the first notice) specifically referencing this Section 5.06 to Landlord and if within three (3) Business Days after receipt of such second notice, landlord has not responded, then Landlord will be deemed to have waived such prohibition with respect to such subletting or assignment without further act.

ARTICLE 6

Subordination; Default; Indemnity

6.01 Subordination. (a) This Lease is subject and subordinate to each mortgage (a "Superior Mortgage") and each underlying lease (a "Superior Lease") which may now or hereafter affect all or any portion of the Project or any interest therein, provided, that (i) in the case of the Indenture, the Superior Mortgagee under the Indenture, concurrently with the execution and delivery of this Lease by Landlord and Tenant, shall have executed, acknowledged and delivered to Tenant the non-disturbance and attornment agreement attached to this Lease as Exhibit M-1, (ii) in the case of the Ground Lease (if the Superior Lessor thereunder shall no longer be Landlord or an Affiliate of Landlord or other entity which controls the management and operations of Landlord which is not an Affiliate of Landlord) or any other Superior Lease which may hereafter affect all or any portion of the Project or any interest therein, the Superior Lessor shall have executed, acknowledged and delivered a non-disturbance and attornment agreement containing the same substantive provisions as those set forth in the form attached to this Lease as Exhibit M-1 modified as necessary to reflect that the party granting the non-disturbance is a Superior Lessor rather than Superior Mortgagee and (iii) in the case of any Superior Mortgage which may hereafter affect all or any portion of the Project or any interest therein, the Superior Mortgagee thereunder shall have executed, acknowledged and delivered to Tenant a non-disturbance and attornment agreement containing substantially the same substantive provisions as those set forth in the form attached to this Lease as Exhibit M-2. Notwithstanding anything contained in this Section 6.01(a) to the contrary, if any such Superior Lessor or superior Mortgagee executes, acknowledges and delivers to Tenant a non-disturbance and attornment agreement in the form herein required, and Tenant either fails or refuses to execute and deliver such agreement within twenty (20) days after delivery of such agreement to Tenant, then this Lease shall automatically and without further act be deemed to be subject and subordinate to such Superior Lease or Superior Mortgage, as the case may be, and such non-disturbance and attornment agreement shall then be deemed to be in effect with respect to such Superior Lease or Superior Mortgage, as the case may be. If the foregoing conditions are satisfied, Tenant shall execute, acknowledge and deliver such instrument as may be reasonably requested by Landlord, a Superior Lessor or Superior Mortgagee to evidence the subordination described in this Section 6.01(a), but no such instrument shall be necessary to make such subordination effective. The lessor under a Superior Lease is called a "Superior

Lessor" and the mortgagee under a Superior Mortgage is called a "Superior Mortgagee." Tenant shall execute any amendment of this Lease reasonably requested by a Superior Mortgagee or a Superior Lessor (other than the Superior Lessor under the Ground Lease so long as such Superior Lessor is Landlord or an Affiliate of Landlord or other entity which controls the management and operations, of Landlord which is not an

Affiliate of Landlord), provided, that such amendment shall not reduce or extend the Term, increase the Rent, reduce the area of the Premises, result in an increase in Tenant's obligations under this Lease or a reduction in the benefits available to Tenant (other than to a de minimis extent). In the event of the enforcement by a Superior Mortgagee of the remedies provided for by law or by such Superior Mortgage, or in the event of the termination or expiration of a Superior Lease, Tenant, upon request of such Superior Mortgagee, Superior Lessor or any person succeeding to the interest of such mortgagee or lessor (each, a "Successor Landlord"), shall automatically become the tenant of such Successor Landlord without change in the terms or provisions of this Lease (it being understood that Tenant shall, if requested, enter into a new lease on terms identical to those in this Lease for the then remaining Lease Term); provided, that except as otherwise provided in the nondisturbance and attornment agreement between Tenant and such Superior Mortgagee or Superior Lessor any Successor Landlord shall not be (i) liable for any act, omission or default of any prior landlord (including, without limitation, Landlord); (ii) liable for the return of any monies paid to or on deposit with any prior landlord (including, without limitation, Landlord), except to the extent such monies or deposits are delivered to such Successor Landlord; (iii) subject to any offset, claims or defense that Tenant might have against any prior landlord (including, without limitation, Landlord); (iv) bound by any Rent which Tenant might have paid for more than the current month to any prior landlord (including, without limitation, Landlord) unless actually received by such Successor Landlord; (v) bound by any covenant to perform or complete any construction in connection with the Project or the Premises or to pay any sums to Tenant in connection therewith; or (vi) bound by any waiver or forbearance under, or any amendment, modification, abridgement, cancellation or surrender of, this Lease made without the consent of such Successor Landlord. Upon request by such Successor Landlord, Tenant shall execute and deliver an instrument or instruments, reasonably requested by such Successor landlord, confirming the attornments provided for herein, but no such instrument shall be necessary to make such attornment effective.

(b) Tenant shall give each Superior Mortgagee and each Superior Lessor (which is not an Affiliate of Landlord) a copy of any notice of default served upon Landlord, provided, that Tenant has been notified of the address of such mortgagee or lessor. If Landlord fails to cure any default as to which Tenant is obligated to give notice pursuant to the preceding sentence within the time provided for in this Lease, then each such mortgagee or lessor shall have an additional thirty (30) days after receipt of such notice within which to cure such default or if such default cannot be cured within that time, then such additional time as may be necessary if, within such thirty (30) days, any such mortgagee or lessor has commenced and is diligently pursuing the remedies necessary to cure such default (including, without limitation, commencement of foreclosure proceedings or eviction proceedings, if necessary to effect such cure), in which event this Lease shall not be terminated and Tenant

shall not exercise any other rights or remedies under this Lease or otherwise while such remedies are being so diligently pursued. Nothing herein shall be deemed to imply that Tenant has any right to terminate this Lease or any other right or remedy, except as may be otherwise expressly provided for in this Lease.

(c) Without limiting the generality of this Section 6.01, this Lease is subject and subordinate to (i) a certain Superior Lease, dated February 25, 1959, between Martha F. Keeping, as lessor, and 91078 Corporation, as lessee, a memorandum of which was recorded in the office of the Register of the City of New York, County of New York in Liber 5068 of Conveyances, Page 489, as assigned by a series of assignments (the "Ground Lease"), pursuant to which assignments Landlord holds the ground lessor and ground lessee interest in such Ground Lease as of the date hereof and (ii) a certain Mortgage Spreader and Consolidation Agreement and Trust Indenture dated as of March 20, 1984 (the "Indenture") made between O&Y Equity Corp., Olympia & York Holdings Corporation, FAME Associates, Olympia & York 2 Broadway Land Company and Olympia & York 2 Broadway Company (collectively "Companies"), as mortgagor, and Bank of New York (as successor to NationsBank of Tennessee, N.A., successor to Manufacturers Hanover Trust Company), as Trustee, as mortgagee. Section 6.6D(1) and Section 6.6D(3) of the Indenture provide as follows:

"D. The Companies will not:

"(1) receive or collect, or permit the receipt or collection of, any rental or other payments under any Lease more than one month in advance of the respective periods in respect of which they are to accrue, except that (i) in connection with the execution and delivery of any Lease or of any amendment to any Lease, rental payments hereunder may be collected and received in advance in an amount not in excess of three months' rent and/or a security deposit may be required thereunder in an amount up to any amount permitted by law (provided, that such deposits are maintained in accordance with applicable law) and (ii) the Companies may receive and collect escalation charges in accordance with the terms of each Lease;"

"(3) enter into any Lease that does not contain terms to the effect as follows:

(a) the Lease and the rights of the tenants thereunder shall be subject and subordinate to the rights of the Trustee under this Indenture;

(b) the Lease has been assigned as collateral security by the landlord thereunder to the Trustee under this Indenture but that the landlord thereunder is entitled to receive and collect all rental and other payments thereunder unless and until contrary notice is received from the Trustee;

(c) in the case of any foreclosure hereunder, the rights and remedies of the tenant in respect of any obligations of any successor landlord thereunder shall be nonrecourse as to any assets of such successor landlord other than its equity in the building in which the leased premises are located; and

(d) the tenant's obligation to pay rent and any additional rent shall not be subject to any abatement, deduction, counterclaim or setoff as against any mortgagee or purchaser upon the foreclosure of any of the Properties by reason of any landlord default occurring prior to such

foreclosure."

This Lease falls within the definition of "Lease" referred to in the above quoted language from the Indenture. Landlord acknowledges that if Tenant and the Superior Mortgagee under the Indenture or any Superior Mortgagees or Superior Lessors enter into a nondisturbance and attornment agreement to which Landlord is a party or to which Landlord has consented, any terms thereof which are inconsistent with this Section 6.01 shall be superseded by such nondisturbance and attornment agreement.

6.02 Estoppel Certificate. Each party shall, at any time and from time to time, within ten (10) days after request by the other party, execute and deliver to the requesting party (or to such person or entity as the requesting party may designate) a statement certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications), certifying the Commencement Date, the Second Commencement Date, the Expiration Date and the dates to which the Fixed Rent and Additional Charges have been paid and stating whether or not, to the best knowledge of such party, the other party is in default in performance of any of its obligations under this Lease, and, if so, specifying each such default of which such party has knowledge, it being intended that any such statement shall be deemed a representation and warranty to be relied upon by the party to whom such statement is addressed. Landlord and Tenant also shall include or confirm in any such statement such other information concerning this Lease as Landlord or Tenant may reasonably request.

6.03 Default. This Lease and the term and estate hereby granted are subject to the limitation that:

(a) if Tenant defaults in the payment of any Rent, and Tenant fails to cure such default by making such payment of Rent in immediately available federal funds within ten (10) calendar days after Landlord gives to Tenant a first notice specifying such default and two (2) Business Days after Landlord gives Tenant a second notice (which second notice shall be given no earlier than eight (8) calendar days after the date such ten (10) day first notice shall have been given) specifying such default; provided, that if Tenant, prior to the expiration of such two (2) Business Day second notice, notified Landlord that Tenant disputes all or any part of this Rent payment, specifying the basis for Tenant's dispute, Tenant shall nevertheless pay the full amount of the disputed charge but without prejudice to Tenant's dispute), or

(b) if Tenant defaults in the keeping, observance or performance of any covenant or agreement (other than a default of the character referred to in Sections 6.03(a) or (c)), and if such default continues and is not cured within thirty (30) calendar days after Landlord gives to Tenant a first notice specifying the same and ten (10) Business Days after Landlord gives Tenant a second notice (which second notice shall be given no earlier than twenty (20) days after the date such thirty (30) calendar day first notice shall have been given), or, in the case of a default which for causes beyond Tenant's reasonable control cannot with due diligence be cured prior to the expiration of such ten (10) Business Day second notice, if Tenant shall not prior to the expiration of such ten (10) Business Day second notice, (i) advise Landlord of Tenant's intention duly to institute all steps necessary to cure such default and (ii) institute and thereafter diligently prosecute to completion within one year (subject to delay due to Force Majeure not to exceed sixty (60) days) after receipt of the second notice all steps necessary to cure the same,

(c) if this Lease or the estate hereby granted would, by operation of law or otherwise, devolve upon or pass to any person or entity other than Tenant, except as expressly permitted by Article 5 and such default continues for thirty (30) calendar days after Landlord gives to Tenant a first notice specifying such default, and for ten (10) calendar days after Landlord gives Tenant a second notice (which second notice shall be given no earlier than twenty (20) calendar days after the date such thirty (30) calendar day first notice shall have been given),

then, in any of cases set forth in clause (a), (b) and (c) above, in addition to any other remedies available to Landlord at law or in equity, Landlord shall be entitled to give to Tenant a notice of intention to end the Term at the expiration of five (5) Business Days from the date of the giving of such notice, and, in the event such notice is given, this Lease and the term and estate hereby granted shall terminate upon the expiration of such five (5) Business Days with

the same effect as if the last of such five (5) Business Days were the Expiration Date, but Tenant shall remain liable for damages as provided herein or pursuant to law.

6.04 Re-entry by Landlord. If this Lease shall terminate as in Section 6.03 provided, Landlord or Landlord's agents and servants may immediately or at any time thereafter re-enter into or upon the Premises, or any part thereof, either by summary dispossess proceedings or by any suitable action or proceeding at law, without being liable to indictment, prosecution or damages therefor, and may repossess the same, and may remove any persons therefrom, to the end that Landlord may have, hold and enjoy the Premises. The words "re-enter" and "re-entering" as used in this Lease are not restricted to their technical legal meanings. Upon such termination or re-entry, Tenant shall pay to Landlord any Rent then due and owing (in addition to any damages payable under Section 6.05).

6.05 Damages. If this Lease is terminated under Section 6.03, or if Landlord re-enters the Premises under Section 6.04, Tenant shall pay to Landlord as damages, at the election of Landlord, either:

(a) a sum which, at the time of such termination, represents the then value of the excess, if any, of (1) the aggregate of the Rent which, had this Lease not terminated, would have been payable hereunder by Tenant for the period commencing on the day following the date of such termination or re-entry to and including the Expiration Date over (2) the aggregate fair rental value of the Premises for the same period (for the purposes of this clause (a) the amount of Additional Charges which would have been payable by Tenant under Sections 2.04 and 2.05 shall, for each calendar year ending after such termination or re-entry, be deemed to be an amount equal to the amount of such Additional Charges payable by Tenant for the calendar year immediately preceding the calendar year in which such termination or re-entry shall occur) each discounted to present value at the Interest Rate, or

(b) sums equal to the Rent that would have been payable by Tenant through and including the Expiration Date had this Lease not terminated or had Landlord not re-entered the Premises, payable upon the due dates therefor specified in this Lease; provided, that if Landlord shall relet all or any part of the Premises for all or any part of the period commencing on the day following the date of such termination or re-entry to and including the Expiration Date, Landlord shall credit Tenant with the net rents received by Landlord from such reletting, such net rents to be determined by first deducting from the gross rents as and when received by Landlord from such reletting the expenses incurred or paid by Landlord in terminating this Lease and of re-

entering the Premises and of securing possession thereof, as well as the expenses of reletting, including, without limitation, altering and preparing the Premises for new tenants, brokers' commissions, and all other expenses properly chargeable

against the Premises and the rental therefrom in connection with such reletting, it being understood that any such reletting may be for a period equal to or shorter or longer than said period; and further provided, that (i) in no event shall Tenant be entitled to receive any excess of such net rents over the sums payable by Tenant to Landlord under this Lease, (ii) in no event shall Tenant be entitled, in any suit for the collection of damages pursuant to this Section 6.05(b), to a credit in respect of any net rents from a reletting except to the extent that such net rents are actually received by Landlord prior to the commencement of such suit, (iii) if the Premises or any part thereof should be relet in combination with other space, then proper apportionment on a square foot rentable area basis shall be made of the rent received from such reletting and of the expenses of reletting, (iv) if the Premises or any part thereof shall be relet for a term greater than the unexpired term hereof, then the expenses of reletting, including the costs of altering the Premises for the new tenant, broker's commissions and all other expenses properly chargeable against the Premises, shall be equitably apportioned, based on the term of such reletting between the period prior to and after the Expiration Date and (v) Landlord shall have no obligation to so relet the Premises and Tenant hereby waives any right Tenant may have, at law or in equity, to require Landlord to so relet the Premises.

Suit or suits for the recovery of any damages payable hereunder by Tenant, or any installments thereof, may be brought by Landlord from time to time at its election, and nothing contained herein shall require Landlord to postpone suit until the date when the Term would have expired but for such termination or re-entry.

6.06 Other Remedies. Nothing contained in this Lease shall be construed as limiting or precluding the recovery by Landlord against Tenant of any sums or damages to which, in addition to the damages particularly provided above, Landlord may lawfully be entitled by reason of any default hereunder on the part of Tenant.

6.07 Right to Injunction. In the event of a breach or threatened breach by Tenant of any of its obligations under this Lease, Landlord shall also have the right of injunction. In the event of a breach or threatened breach by Landlord of any of its obligations under this Lease, Tenant shall also have the right of injunction. The specified remedies to which Landlord or Tenant may resort hereunder are cumulative and are not intended to be exclusive of any other remedies or means of redress to which Landlord or Tenant may lawfully be entitled, and Landlord or Tenant may invoke any remedy allowed at law or in equity as if specific remedies were not herein provided for, except that to the extent any rent offset, recoupment, abatement or credit is provided to Tenant for the failure of Landlord to perform its obligations under this Lease to deliver Tenant all or any part of the Premises, such rent offset, recoupment, abatement or credit shall be the maximum monetary remedy available to Tenant as a result of Landlord's failure to perform such obligation or deliver that portion of

the Premises for which Tenant is receiving a rent offset, recoupment, abatement or credit. In the event that the same act or omission by Landlord would entitle Tenant to more than one rent offset, recoupment, abatement or credit under different provisions of this Lease, it will be Tenant's option to elect which rent offset, recoupment, abatement or credit it will receive. Except as otherwise specifically provided herein (i) if Tenant is entitled to receive a rent offset, recoupment, abatement or credit, such rent offset, recoupment, abatement or credit shall be calculated as if the Fixed Rent payable per rentable square foot was reduced by 18 cents, (ii) if Tenant is entitled to a rent offset, recoupment, abatement or credit under different provisions of this Lease for the same harm suffered by Tenant, Tenant shall be entitled to a rent offset, recoupment, abatement or credit of only one applicable provision.

6.08 Certain Waivers. Tenant waives and surrenders all right and privilege that Tenant might have under or by reason of any present or future law to redeem the Premises or to have a continuance of this Lease after Tenant is dispossessed or ejected therefrom by process of law or under the terms of this Lease or after any termination of this Lease. Landlord and Tenant each waive trial by jury in any action in connection with this Lease other than in connection with an action based in tort.

6.09 No Waiver. Failure by either party to declare any default immediately upon its occurrence or delay in taking any action in connection with such default shall not waive such default but such party shall have the right to declare any such default at any time thereafter. Any amounts paid by a party hereto may be applied by the recipient, in the recipient's discretion, to any items then owing under this Lease. Receipt by a party hereto of a partial payment shall not be deemed to be an accord and satisfaction (notwithstanding any endorsement or statement on any check or any letter accompanying any check or payment) nor shall such receipt constitute a waiver of the obligation to make full payment. No act or thing done by Landlord or its agents shall be deemed an acceptance of a surrender of the Premises, and no agreement to accept such surrender shall be valid unless in writing and signed by Landlord and by each Superior Lessor and Superior Mortgagee whose lease or mortgage provides that any such surrender may not be accepted without its consent.

6.10 Holding Over. If Tenant holds over without the consent of Landlord after expiration or termination of this Lease (including by reason of Force Majeure which is unrelated to the Project), Tenant shall pay as holdover rental for each month of the holdover tenancy an amount equal to the Holdover Percentage multiplied by the greater of (i) the fair market rental value of the Premises for such month (as reasonably determined by Landlord) or (ii) the Rent which Tenant was obligated to pay for the month immediately preceding the end of the Term (giving no effect to any rent abatement, offset or other applicable reduction). No holding over by Tenant after the Term shall operate to extend the Term. "Holdover

Percentage" means, with respect to any holdover by Tenant after the expiration or termination of this Lease (I) for the first thirty (30) days of such holdover tenancy, 110%, (II) for the second thirty (30) days of such holdover tenancy, 120%, (III) for the third thirty (30) days of such holdover tenancy, 130%, (IV) for the fourth thirty (30) days of such holdover tenancy, 140%, (V) thereafter until the first anniversary of such holdover, 150% and (VI) thereafter, 200%; provided, however, if Tenant advises Landlord within six months prior to the Expiration Date that it intends to hold over, its reason for such holdover and its reasonable estimate of the expected holdover period then for the first ninety (90) days of such holdover tenancy the Holdover Percentage shall be 100% , and thereafter the Holdover Percentage will increase as hereinabove provided in clauses (I)-(VI) as if such 91st day was the first day of the holdover period to a maximum of 200% commencing four hundred fifty (450) days after expiration or termination of this Lease. Notwithstanding the foregoing, the acceptance of

any rent paid by Tenant pursuant to this Section 6.10 shall not preclude Landlord from commencing and prosecuting a holdover or summary eviction proceeding.

6.11 Attorneys' Fees. If either party places the enforcement of this Lease or any part thereof, or the collection of any Rent or other payment due or to become due hereunder, or recovery of the possession of the Premises, in the hands of an attorney, or files suit upon the same, the prevailing party shall, within thirty (30) days after demand, be reimbursed by the losing party for its reasonable attorneys' fees and disbursements and court costs.

6.12 Nonliability and Indemnification. (a) Neither Landlord, any Superior Lessor or any Superior Mortgagee, nor any partner, director, officer, shareholder, principal, agent, servant, employee or contractor of Landlord, any Superior Lessor or any Superior Mortgagee (whether disclosed or undisclosed), shall be liable to Tenant, any Affiliate of Tenant, any Related Service Provider or any partner, director, officer, shareholder, principal, agent, servant, employee or contractor of Tenant, its Affiliates or Related Service Providers (collectively the "Tenant Group") for (i) any loss, injury or damage to Tenant, the Tenant Group or to any other person, or to its or their property, irrespective of the cause of such injury, damage or loss, nor shall the aforesaid parties be liable for any loss of or damage to property of Tenant or the Tenant Group or of others entrusted to employees of Landlord; provided, that, except to the extent of the release of liability and waiver of subrogation provided in Section 7.03 hereof, the foregoing shall not be deemed to relieve Landlord or any partner, director, officer, shareholder, principal, agent, servant, employee or contractor of Landlord (collectively the "Landlord Group") or any Superior Lessor or any Superior Mortgagee, respectively, of any liability to the extent resulting from the negligence of such. party, its agents, servants or employees in the operation or maintenance of the Premises or the Building, (ii) any loss, injury or damage described in clause (i) above caused by other tenants

or persons in, upon or about the Building, or caused by operations in construction of any private (other than by or on behalf of Landlord), public or quasi-public work, or (iii) even if negligent, consequential damages arising out of any loss of use of the Premises or any equipment, facilities or other Tenant's Property therein.

(b) Tenant shall indemnify and hold harmless Landlord, all Superior Lessors and all Superior Mortgagees and each of their respective partners, directors, officers, shareholders, principals, agents and employees (each, an "Indemnified Party"), from and against any and all claims arising from or in connection with (i) the conduct or management of the Premises or of any business therein, or any work or thing done, or any condition created, in or about the Premises, (ii) any act, omission or negligence of Tenant, the Tenant Group or any person claiming through or under Tenant, the Tenant Group or any of their respective partners, directors, officers, agents, employees or contractors, (iii) any accident, injury or damage occurring in, at or upon the Premises after the Commencement Date or the Second Commencement Date, as applicable, (iv) any default by Tenant or the Tenant Group in the performance of Tenant's obligations under this Lease, (v) any brokerage commission or similar compensation claimed to be due by reason of any proposed subletting or assignment by Tenant or the Tenant Group (irrespective of the exercise by Landlord of any of the options in Section 5.02(a)), (vi) any exercise of its right of self help pursuant to Section 8.24 and (vii) any noise or vibration generated within the Premises (including, without limitation, any amounts paid or credited to other tenants, or occupants of the Building as a result thereof and any lost revenue of Landlord from other tenants or occupants of the Building (such as in connection with the termination of a then existing lease as a result of such noise or vibration) whether such amounts paid or credited or such lost revenue constitutes direct, consequential or other damages); together with all costs, expenses and liabilities incurred in connection with each such claim or action or proceeding brought thereon, including, without limitation, all attorneys' fees and disbursements; provided, that the foregoing indemnity shall not apply to the extent such claim results from the negligence or willful misconduct of the Indemnified Party or its contractor which is not covered by the waiver of subrogation set forth in Section 7.03 hereof. If any action or proceeding is brought against any Indemnified Party by reason of any such claim, Tenant, upon notice from such Indemnified Party shall resist and defend such action or proceeding (by counsel reasonably satisfactory to such Indemnified Party or designated by Tenant's insurance carrier). This clause (b) is expressly subject to Section 6.13.

(c) Neither any director, officer, shareholder, principal, agent, servant or employee of Tenant, its Affiliates or Related Service Providers (whether disclosed or undisclosed), shall be liable to Landlord or any Indemnified Party for any loss, injury or damage to Landlord, an Indemnified Party, or to any other person, or to its or their property

which is not caused by the negligence of such director, officer, shareholder, principal, agent, servant or employee.

(d) If either Landlord or Tenant, as the case may be (the "Indemnitee"), receives written notice of any third party claim or potential claim or the commencement of any action or proceeding that could give rise to any obligation on the part of Landlord or Tenant, as the case may be, to provide indemnification (the "Indemnitor") pursuant to this Section, the Indemnitee shall promptly give the Indemnitor notice thereof (the "Indemnification Notice"); provided, however, that the failure to give the Indemnification Notice promptly shall not impair the Indemnitee's right to indemnification in respect of such claim, action or proceeding unless, and only to the extent that, the lack of prompt notice adversely affects the ability of the Indemnitor to defend against or diminish the losses arising out of such claim, action or proceeding. Delivery of the Indemnification Notice shall be a condition precedent to any liability of the Indemnitor under the provisions for the indemnification contained in this Lease. The Indemnification Notice shall include copies of any notice or other document received from any third party in respect of any such asserted claim. The Indemnitor shall have the right to assume the defense of a third party claim or suit described in this Section 6.12 at its own cost and expense and with counsel of its own choosing; provided, however, such counsel is reasonably satisfactory to the Indemnitee (except if the counsel is provided by the Indemnitor's insurer, in which case the counsel designated by the insurer will be satisfactory); the Indemnitee is kept fully informed of all material developments and is furnished copies of all papers; the Indemnitee is given the opportunity, at its option, to participate at its own cost and expense and with counsel of its own choosing (which shall be reasonably satisfactory to the Indemnitor, except if the counsel is provided by the Indemnitee's insurer, in which case the counsel designated by the insurer will be satisfactory) in the defense of such claim or suit; and the Indemnitor diligently prosecutes the defense of such claim or suit. If all of the conditions of the foregoing provision are not satisfied the Indemnitee shall have the right, without impairing any of its rights to indemnification as provided herein, to assume and control the defense of such claim or suit and to settle such claim or suit. If the Indemnitor is defending any third party claim or suit pursuant to this Section, (i) the Indemnitee shall make available to the Indemnitor any books, records or other documents within its control that are necessary or appropriate for such defense and (ii) the Indemnitor shall not be liable for any settlement agreed to by the Indemnitee unless such settlement is approved in writing by the Indemnitor.

6.13 Consequential Damages. Notwithstanding any provision herein to the contrary, neither Landlord nor Tenant may collect from the other consequential damages for any claim arising out of this Lease, except as otherwise specifically provided in this Lease.

ARTICLE 7

Insurance: Casualty: Condemnation

7.01 Compliance with Insurance Standards. (a) Tenant shall not violate, or permit the violation of, any condition imposed by any insurance policy then issued in respect of the Project and shall not do, or permit anything to be done, or keep or permit anything to be kept in the Premises, which would subject Landlord, any Superior Lessor or any Superior Mortgagee to any liability or responsibility for personal injury or death or property damage, or which would increase any insurance rate in respect of the Project over the rate which would otherwise then be in effect or which would result in insurance companies of good standing refusing to insure the Project in amounts reasonably satisfactory to Landlord, or which would result in the cancellation of, or the assertion of any defense by the insurer in whole or in part to claims under, any policy of insurance in respect of the Project.

(b) If, by reason of any failure of Tenant to comply with this Lease, the premiums on Landlord's insurance on the Project shall be higher than they otherwise would be, Tenant shall reimburse Landlord, on demand, for that part of such premiums attributable to such failure on the part of Tenant. A schedule or "make up" of rates for the Project or the Premises, as the case may be, issued by the New York Fire Insurance Rating Organization or other similar body making rates for insurance for the Project or the Premises, as the case may be, shall be conclusive evidence of the facts therein stated and of the several items and charges in the insurance rate then applicable to the Project or the Premises, as the case may be.

7.02 Tenant's and Landlord's Insurance. (a) Tenant shall maintain at all times during the Term (a) "all risk" property insurance covering all present and future Tenant's Property and Tenant's Improvements and Betterments to a limit of not less than the full replacement cost thereof, and (b) commercial general liability insurance, including a contractual liability endorsement, and personal injury liability coverage, in respect of the Premises and the conduct or operation of business therein, with Landlord and its managing agent, if any, and each Superior Lessor and Superior Mortgagee whose name and address shall have been furnished to Tenant, as additional insureds, with limits of not less than $5,000,000 combined single limit for bodily injury and property damage liability in any one occurrence and (c) boiler, air conditioning and machinery insurance, if there is a boiler, supplementary air conditioning or pressure object or similar equipment in the Premises, with Landlord and its managing agent, if any, and each Superior Lessor and Superior Mortgagee whose name and address shall have been furnished to Tenant, as additional insureds, with limits of not less than the full replacement cost of Tenant's Property and Tenant's Improvements and Betterments if such insurance policy is part of the insurance policy required to be maintained pursuant to

Section 7.02(a) and otherwise with limits of not less than $5,000,000 and (d) when Alterations are in process, the insurance specified in Section 4.02(f) hereof and (e) if alcoholic beverages are being sold at the Premises, liability insurance for sellers of alcoholic beverages with limits of not less than $1,000,000. Such insurance may be carried under blanket or umbrella policies covering the Premises and other properties owned or leased by Tenant; provided, that each such policy shall comply in all respects with this Section 7.02, shall specify the portion of the total coverage of such policies that is allocated to the Premises in the amounts required in this Section 7.02 and shall provide that the amount of coverage afforded under such policies with respect to the Premises shall not be reduced by claims under such policies with respect to such other properties. The limits of such insurance shall not limit the liability of Tenant. Tenant shall deliver to Landlord and any additional insureds, on or prior to the Commencement Date, such fully paid-for policies or certificates of insurance, in form reasonably satisfactory to Landlord issued by the insurance company or its authorized agent. Tenant shall procure and pay for renewals of such insurance from time to time before the expiration thereof, and Tenant shall deliver to Landlord and any additional insureds such renewal policy or a certificate thereof at least fifteen (15) days before the expiration of any existing policy. All such policies shall be issued by companies licensed to do business in New York State and rated by Best's Insurance Reports or any successor publication of comparable standing as A-VIII or better or the then equivalent of such rating, and all such policies shall contain a provision whereby the same cannot be cancelled, allowed to lapse or modified unless Landlord and any additional insureds are given at least fifteen (15) days' prior written notice of such cancellation, lapse or modification. The proceeds of policies providing "all risk" property insurance of Tenant's Property and Improvements and Betterments shall be payable to Tenant, provided, that any insurance proceeds covering Improvements and Betterments shall be paid by Tenant to Landlord as and when required in this Lease. Tenant shall cooperate with Landlord in connection with the collection of any insurance monies that may be due in the event of loss and Tenant shall execute and deliver to Landlord such proofs of loss and other instruments which may be required to recover any such insurance monies. Landlord may from time to time require that the amount of the insurance to be maintained by Tenant under this Section 7.02 be increased, so that the amount thereof is equal to the amount of insurance generally required of tenants by prudent landlords of comparable first class buildings in midtown Manhattan.

(b) Landlord, at Landlord's expense (subject to inclusion in Operating Expense), shall at all times during the Term maintain with insurance companies licensed to do business in New York State and rated by Best's Insurance Reports or any successor publication of comparable standing as A-VIII or better or the then equivalent of such rating, all risk insurance to the extent of 100% of the replacement cost of the Building (but excluding Tenant's Property and Tenant's Improvements and Betterments).

7.03 Subrogation Waiver. Landlord and Tenant shall each include in each of its insurance policies (insuring the Building in case of Landlord, and insuring Tenant's Property and Improvements and Betterments in the case of Tenant, against loss, damage or destruction by fire or other casualty) a waiver of the insurer's right of subrogation against the other party (including such parties' employees and Affiliates within the Building and, to the extent a permitted subtenant waives its insurer's right of subrogation against Landlord in the applicable sublease, such subtenant) during the Term or, if such waiver should be unobtainable or unenforceable, (a) an express agreement that such policy shall not be invalidated if the insured waives the right of recovery against any party responsible for a casualty covered by the policy before the casualty or (b) any other form of permission for the release of the other party. Each party hereby releases the other party with respect to any claim (including a claim for negligence) which it might otherwise have against the other party for loss, damage or destruction with respect to its property occurring during the Term to the extent to which it is, or is required to be, insured under a policy or policies containing a waiver of subrogation or permission to release liability. Nothing contained in this Section 7.03 shall be deemed to relieve either party of any duty imposed elsewhere in this Lease to repair, restore or rebuild or to nullify any abatement of rents provided for elsewhere in this Lease.

7.04 Condemnation. (a) If there shall be a total taking of the Building in condemnation proceedings or by any right of eminent domain, this Lease and the term and estate hereby granted shall terminate as of the date of taking of possession by the condemning authority and all Rent shall be prorated and paid as of such termination date. If there shall be a taking of any material (in Landlord's reasonable judgment) portion of the Land or the Building (whether or not the Premises are affected by such taking), then Landlord may terminate this Lease and the term and estate granted hereby by giving notice to Tenant within sixty (60) days after the date of taking of possession by the condemning authority; provided, that if no part of the Premises is subject to such taking, Landlord shall be entitled to terminate this Lease only if Landlord then terminates substantially all other leases for office space in the Building. If there shall be a taking of the Premises of such scope (but in no event less than 20% thereof) that the untaken part of the Premises would in Tenant's reasonable judgment be uneconomic to operate, or a taking of the Building of such a scope that Tenant is deprived of reasonable access to the Premises or of Landlord services so that it would be in Tenant's reasonable judgment uneconomic to operate the Premises then Tenant may terminate this Lease and the term and estate granted hereby by giving notice to Landlord within sixty (60) days after the date of taking of possession by the condemning authority. If either Landlord or Tenant shall give a termination notice as aforesaid, then this Lease and the term and estate granted hereby shall terminate as of the date of such notice and all Rent shall be prorated and paid as of such termination date. In the event of a taking of the Premises which does not result in the termination of this Lease (i) the term and estate hereby granted with respect to the

taken part of the Premises shall terminate as of the date of taking of possession by the condemning authority and all Rent shall be appropriately abated for the period from such date to the Expiration Date and (ii) Landlord shall with reasonable diligence restore the remaining portion of the Premises (exclusive of Tenant's Property) as nearly as practicable to its condition prior to such taking.

(b) In the event of any taking of all or a part of the Building, Landlord shall be entitled to receive the entire award in the condemnation proceeding, including, without limitation, any award made for the value of the estate vested by this Lease in Tenant or any value attributable to the unexpired portion of the Term, and Tenant hereby assigns to Landlord any and all right, title and interest of Tenant now or hereafter arising in or to any such award or any part thereof, and Tenant shall be entitled to receive no part of such award; provided, that nothing shall preclude Tenant from intervening in any such condemnation proceeding to claim or receive from the condemning authority any compensation to which Tenant may otherwise lawfully be entitled in such case in respect of Tenant's Property, moving expenses or the unamortized cost (as shown on Tenant's financial statements) of all Alterations made by Tenant to the Premises (or if the Lease shall not be terminated, then to the portion of the Premises so taken by the condemning authority) at Tenant's expense (without the use of any work allowance provided by Landlord with respect to the Premises and less any Rent abatement provided to Tenant with respect to such Premises upon the commencement of occupancy by Tenant; provided, that if such taking shall include only a portion of the Premises and this Lease shall not be terminated by reason thereof, any work allowance or rent abatement provided by Landlord with respect to such Premises shall be appropriately prorated based on the rentable area of the taken portion of the Premises); provided, that the same do not include any value of the estate vested by this Lease in Tenant or of the unexpired portion of the Term and do not reduce the amount available to Landlord or materially delay the payment thereof.

(c) If all or any part of the Premises shall be taken for a limited period, Tenant shall be entitled, except as hereinafter set forth, to that portion of the award for such taking which represents compensation for the use and occupancy of the Premises, for the taking of Tenant's Property and for moving expenses, and Landlord shall be entitled to that portion which represents reimbursement for the cost of restoration of the Premises. This Lease shall remain unaffected by such taking and Tenant shall continue responsible for all of its obligations under this Lease to the extent such obligations are not affected by such taking and shall continue to pay in full all Rent when due. If the period of temporary use or occupancy shall extend beyond the Expiration Date, that part of the award which represents compensation for the use and occupancy of the Premises shall be apportioned between Landlord and Tenant as of the Expiration Date. Any award for temporary use and occupancy for a period beyond

the date to which the Rent has been paid shall be paid to, held (in an interest bearing account) and applied by Landlord as a trust fund for payment of the Rent thereafter becoming due.

(d) In the event of any taking which does not result in termination of this Lease, (i) Landlord, whether or not any award shall be sufficient therefor, shall proceed with reasonable diligence to repair the remaining parts of the Building and the Premises (other than those parts of the Premises which constitute Tenant's Property) to substantially their former condition to the extent that the same may be feasible (subject to reasonable changes which Landlord deems desirable) and so as to constitute a complete and rentable Building and Premises and (ii) Tenant, whether or not any award shall be sufficient therefor, shall proceed with reasonable diligence to repair the remaining parts of the Premises which constitute Tenant's Property, to substantially their former condition to the extent that the same may be feasible, subject to reasonable changes which shall be deemed Alterations.

7.05 Casualty. (a) If the Building or the Premises shall be partially or totally damaged or destroyed by fire or other casualty (each, a "Casualty") and if this Lease is not terminated as provided below, then (i) Landlord shall repair and restore the Building and the Premises (including Tenant's Improvements and Betterments but excluding Tenant's Property) with reasonable dispatch (but Landlord shall not be required to perform the same on an overtime or premium pay basis) after notice to Landlord of the Casualty and the collection of the insurance proceeds attributable to such Casualty and (ii) Tenant shall repair and restore in accordance with Section 4.02 all Tenant's Property with reasonable dispatch after Landlord's restoration provided in clause (i) above is substantially completed. Except as provided in Section 4.05, upon Tenant's receipt from Landlord of (x) a waiver of Landlord's right to cancel the Lease as provided in Section 7.05 as a result of such casualty, (y) confirmation that Landlord has collected the insurance proceeds attributable to such casualty as provided for in clause (i) above (or has received the first advance thereof, if such insurance proceeds are paid to Landlord in installments or has commenced restoration) and (z) a copy of the Estimate; then, the proceeds of insurance covering Tenant's Improvements and Betterments shall be paid to Landlord, and, concurrently with the collection of such insurance proceeds, Tenant shall pay to Landlord (A) the amount of any deductible under the policy insuring Tenant's Improvements and Betterments and (B) the amount, if any, by which the cost of repairing and restoring Tenant's Improvements and Betterments as estimated by the Contractor exceeds the available insurance proceeds therefor. All such sums will be held by Landlord (or by Tenant, in the case of insurance proceeds for Betterments and Improvements until Tenant is required to pay such proceeds to Landlord as provided herein) in an interest bearing account in a New York State bank in trust for the benefit of Tenant and Landlord, as applicable, and (except as otherwise provided herein) may only be utilized by Landlord for the restoration of Tenant's Improvements and Betterments. In the event this Lease is terminated then 50% of any

remaining portion of such amount, deposited with Landlord by Tenant plus accrued interest, will be refunded to Tenant by Landlord. In the event that the cost to restore Tenant's Improvements and Betterments is less than the amount deposited by Tenant with Landlord, then, in such event, 50% of the amount of such surplus plus any accrued interest thereon will be promptly refunded by Landlord to Tenant, and if landlord fails to do so, then upon ten (10) days' notice given by Tenant to Landlord, Tenant may recoup such amount plus interest at the Interest Rate against the Rents from the date of Tenant's notice.

(b) If all or part of the Premises shall be rendered untenantable by reason of a Casualty, the Fixed Rent and the Additional Charges under Sections 2.04 and 2.05 shall be abated in the proportion that the untenantable area of the Premises bears to the total area of the Premises, and the Additional Charges for electricity which are not billed on a metered basis shall be abated for the portion of the Premises that is untenantable for the period from the date of the Casualty to the earlier of (i) the date the Premises is made tenantable (provided, that if the Premises would have been tenantable at an earlier date but for Tenant having failed to cooperate with Landlord, as reasonably requested by Landlord, in effecting repairs or restoration or collecting insurance proceeds (including, without limitation, by reason of Tenant failing to pay to Landlord the amounts set forth in clauses (A) and (B) of Section 7.05(a)), then the Premises shall be deemed to have been made tenantable on such earlier date and the abatement shall cease) or (ii) the date Tenant or any subtenant reoccupies a portion of the Premises (in which case the Fixed Rent and the Additional Charges allocable to such reoccupied portion shall be payable by Tenant from the date of such occupancy), provided, that Tenant and its subtenants will not be deemed to be in occupancy during such periods of time solely by reason of Tenant restoring Tenant's Property. Landlord's determination of the date the Premises is tenantable shall be controlling unless Tenant disputes same by notice to Landlord within ten (10) days after Tenant receives notice of such determination by Landlord, and pending resolution of such dispute, Tenant shall pay Rent in accordance with Landlord's determination which dispute may be resolved by arbitration pursuant to Section 9.03 hereof. Notwithstanding the foregoing, if by reason of any act or omission by Tenant, the Tenant Group, any subtenant or any of their respective partners, directors, officers, servants, employees, agents or contractors, Landlord, any Superior Lessor or any Superior Mortgagee shall be unable to collect all of the insurance proceeds (including, without limitation, rent insurance proceeds) applicable to the Casualty, then, without prejudice to any other remedies which may be available against Tenant, Tenant shall pay to Landlord an amount equal to such uncollected insurance proceeds within twenty (20) days after demand. Nothing contained in this Section 7.05 shall relieve Tenant from any liability that may exist as a result of any Casualty.

(c) If by reason of a Casualty (i) the Building shall be totally damaged or destroyed, (ii) the Building shall be so damaged or destroyed (whether or not the Premises are damaged or destroyed) that repair or restoration shall require more than two hundred seventy (270) days or the expenditure of more than 33% of the full insurable value of the Building (which, for purposes of this Section 7.05(c), shall mean replacement cost less the cost of footings, foundations and other structures below the street and first floor of the Building) immediately prior to the Casualty, each as determined by the Contractor, then in any such case Landlord may terminate this Lease by notice given to Tenant within one hundred eighty (180) days after the Casualty; provided, that Landlord may only terminate this Lease if Landlord then also terminates the leases of all or substantially all of the other office tenants in the Building. In the event of any termination of this Lease under this Section 7.05(c), Tenant shall pay to Landlord the amount, if any, due in accordance with Section 7.06 below.

(d) (i) Within sixty (60) days after Landlord has actual knowledge of any Casualty, Landlord shall deliver to Tenant an estimate prepared by a reputable contractor selected by Landlord and reasonably acceptable to Tenant setting forth such contractor's estimate as to the time reasonably required to repair the damage in order to make the Premises tenantable and to substantially restore access to the Premises by use of the passenger elevators other than any Long Lead Work which the Contractor estimates will take more than three hundred fifteen (315) days from the date of such Casualty to repair (the "Required Restoration Work") (the contractor designated by Landlord pursuant to this sentence is called the "Contractor" and the estimate prepared by the Contractor is called the "Estimate").

(ii) If at least 25,000 rentable square feet of space in the Premises shall be rendered untenantable by reason of a Casualty and the period set forth in the applicable Estimate exceeds three hundred fifteen (315) days' from the date of such Casualty, Tenant may elect to terminate this Lease by notice (a "Termination Notice") to Landlord given not later than thirty (30) days following Tenant's receipt of such Estimate.

(iii) If Landlord shall not substantially complete the Required Restoration Work such that more than 25,000 rentable square feet of space in the Premises remains untenantable by reason of such Casualty on or before the date (the "Outside Date") which is four hundred ten (410) days after the date of such Casualty (provided, that the Outside Date shall be extended to the extent that Landlord is delayed in substantially completing the Required Restoration Work by reason of Tenant Delay and/or Force Majeure; and further provided, that any such extension of the Outside Date by reason of Force Majeure shall not exceed sixty (60) days), then Tenant shall have the right to terminate this Lease by giving a Termination Notice to Landlord on or before the earlier to occur of (x) the date that

Landlord substantially completes the Required Restoration Work or (y) the date that is thirty (30) days after the Outside Date.

(iv) If Tenant timely gives a Termination Notice pursuant to this Section 7.05(d), this Lease shall terminate on the 20th day after such notice is given by Tenant and Tenant shall vacate the Premises and surrender the same to Landlord in accordance with the terms of this Lease. Upon any such termination, Tenant's liability for Fixed Rent and Additional Charges hereunder with respect to the Premises shall cease as of the date of such termination, and any prepaid portion of Rent with respect to the Premises for any period after such date shall be refunded by Landlord to Tenant within thirty (30) days after such termination date. In the event of any termination of this Lease under this Section 7.05(d), whether as to all or a portion of the Premises, Tenant shall pay to Landlord the amount, if any, due in accordance with Section 7.06 below.

(v) Anything to the contrary contained in this Section 7.05(d) notwithstanding, if any Casualty occurs during the last three (3) years of the Term, all references in this Section 7.05(d) to "315 days" and "410 days" shall be deemed to be replaced with the following number of days (provided, that such number of days shall be extended if and to the extent Landlord is delayed in substantially completing the Required Restoration Work by reason of Tenant Delay):

(A) if such Casualty occurs during the 12-month period commencing on the date that is three (3) years prior to the last day of the Term, "240 days" and "365 days," respectively;

(B) if such Casualty occurs during the 12-month period commencing on the date that is two (2) years prior to the last day of the Term, "180 days" and "270 days," respectively; and

(C) if such Casualty occurs during the last 12 months of the Term, "120 days" and "180 days," respectively.

(e) "Long Lead Work" means any item of repair to Tenant's Improvements and Betterments which is not a stock item and must be specifically manufactured, fabricated or installed or is of such an unusual, delicate or fragile nature that there is a substantial risk that (i) there will be a delay in its manufacture, fabrication, delivery or installation, or (ii) after delivery, such item will need to be reshipped or redelivered, so that the item of work in question would delay the completion of the standard items of such work even though the items of Long Lead Work in question are (A) ordered together with the other

items required for such work and (B) then installed or performed (after the manufacture or fabrication thereof) in order and sequence that such Long Lead Work and other items of work are normally installed or performed in accordance with good construction practice.

(f) If in case of a Casualty, Landlord shall be delayed in completing the repair and restoration that Landlord is obligated to perform under this Section 7.05 by reason of Force Majeure, Landlord shall promptly notify Tenant of the occurrence of such Force Majeure and, to the extent possible, Landlord's good faith estimate of the duration of such Force Majeure delays and, if requested by Tenant from time to time, Landlord shall update Tenant as to the status of such Force Majeure delays.

(g) Landlord shall not carry any insurance on Tenant's Property or on Tenant's Improvements and Betterments and shall not be obligated to repair or replace Tenant's Property. Tenant shall look solely to its insurance (which may have been paid to Landlord pursuant to the terms of this Lease) for recovery of any damage to or loss of Tenant's Property or Tenant's Improvements and Betterments (but subject to Landlord's obligation to restore as provided herein). Tenant shall notify Landlord promptly of any Casualty in the Premises.

(h) This Section 7.05 shall be deemed an express agreement governing any damage or destruction of the Premises by fire or other casualty, and Section 227 of the New York Real Property Law providing for such a contingency in the absence of an express agreement, and any other law of like import now or hereafter in force, shall have no application.

7.06 Certain Termination Payments. In the event of any termination of this Lease as to all or any portion of the Premises pursuant to Sections 6.03, 7.04, 7.05, 8.26 or otherwise by Tenant exercising a right of termination, then Tenant shall pay to Landlord an amount equal to the excess of (i) Tenant's Work Allowance and Tenant Required Work Allowance theretofore paid by Landlord to Tenant over (ii) the costs and expense incurred by Tenant for construction of its Tenant's Allowance Work (excluding Tenant Property but including any cancellation fee incurred by Tenant as a result of the cancellation of its purchase order for Tenant Property due to the termination of this Lease) and Tenant's Required Work. In the event of a termination of this Lease for any reason, Tenant shall pay to Landlord a portion of the Fixed Rent equal to eighteen cents per annum per rentable square foot for the Blocks which would have been payable by Tenant from the time of such termination through and including the original Expiration Date set forth in Section 1.03 (without giving effect to any extension of the Term pursuant to Article 9 hereof) had this Lease not terminated discounted to present value at nine percent (9%) per annum. Any payment required to be

made under this Section 7.06 shall be paid by Tenant to Landlord on or before the date that such termination becomes effective; provided, that if Tenant claims that no payment is required to be paid by Tenant under this Section 7.06, Tenant shall so notify Landlord in Tenant's termination notice. Any such payment (or notice that no such payment is required to be paid) shall be accompanied by invoices or other evidence reasonably satisfactory to Landlord establishing the amount of such payment or that no payment is due. If Landlord disputes the amount of any payment by Tenant under this Section 7.06 and it is subsequently determined that the amount so paid by Tenant was less than the amount due to Landlord hereunder, then the termination of this Lease as to the applicable space shall nevertheless be effective and Tenant shall pay to Landlord the amount of such underpayment together with interest at the Interest Rate from the date such amount was first due from Tenant through and including the date paid.

ARTICLE 8

Miscellaneous Provisions

8.01 Notice. All notices, demands, consents, approvals, advises, waivers or other communications (each, a "Notice") which may or are required to be given by either party to the other under this Lease shall be in writing and shall be sent (a) by United States Mail, certified or registered, postage prepaid, return receipt requested, or (b) by a nationally recognized overnight carrier (which provides for receipted delivery in the ordinary course of its business), in each case addressed to the party to be notified at the address for such party specified in the first paragraph of this Lease, or to such other place as the party to be notified may from time to time designate by at least five (5) days' notice to the notifying party (with a copy, in the case of each Notice to Landlord, to Landlord's Managing Attorney, c/o Olympia & York Companies (U.S.A.), 237 Park Avenue, New York, New York 10017 and with a copy, in the case of each Notice to Tenant, to (i) Warner Music Group, Inc., 75 Rockefeller Plaza, New York, New York 10019, Attn: Senior Vice President Business and Legal Affairs, (ii) Time Warner Inc., 75 Rockefeller Plaza, New York, New York 10019, Attn: Director of Real Estate Service, and (iii) Paul, Weiss, Rifkind, Wharton & Garrison, 1285 Avenue of the Americas, New York, New York 10019, Attn: Joseph E. Browdy). Each notice shall be deemed to have been given on the second Business Day after such notice is deposited in the United States Mail or, in the case of delivery by a recognized overnight courier, on the Business Day after deposit (prior to its deadline for overnight delivery) with such overnight courier. Notices from Landlord or Tenant may be given by their respective attorneys and Notice by Landlord may be given by Landlord's managing agent, if any.

8.02 Building Rules. Tenant shall comply with, and Tenant shall cause the Tenant Group, including Tenant's licensees, employees, contractors, agents and invitees to comply with, the rules of the Building set forth in Exhibit C, as the same may be reasonably modified or supplemented by Landlord from time to time for the safety, care and cleanliness of the Premises and the Building and for preservation of good order therein. If Tenant disputes the reasonableness of any such modification or supplement, Tenant shall, unless compliance will materially and adversely affect Tenant; nevertheless comply until the dispute is finally resolved in Tenant's favor by arbitration in accordance with Section 9.03 or otherwise. Landlord shall not be obligated to enforce the rules of the Building against Tenant or any other tenant of the Building or any other party (unless Tenant is adversely affected with respect to Tenant's use or occupancy of the Premises in any material respect and Tenant notifies Landlord thereof, specifying in reasonable detail the manner in which Tenant's use or occupancy is being so adversely affected). Unless Landlord shall willfully fail to use reasonable efforts to so enforce said rules (and Tenant's use or occupancy of the Premises is adversely affected in any material respect by reason of such failure by Landlord, and Tenant notifies Landlord thereof, specifying in reasonable detail the manner in which Tenant's use or occupancy is being so adversely affected), Landlord shall have no liability to Tenant by reason of the violation by any tenant or other party of the rules of the Building; provided, that Landlord shall not enforce the rules of the Building in a manner which discriminates against Tenant. If any rule of the Building shall conflict with any provision of this Lease, such provision of this Lease shall govern.

8.03 Severability. If any term or provision of this Lease, or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected, and each provision of this Lease shall be valid and shall be enforceable to the extent permitted by law.

8.04 Certain Definitions. (a) "Landlord" means only the owner, at the time in question, of the Building or that portion of the Building of which the Premises are a part, or of a lease of the Building or that portion of the Building of which the Premises are a part, so that in the event of any transfer or transfers of title to the Building or of Landlord's interest in a lease of the Building or such portion of the Building, the transferor shall be and hereby is relieved and freed of all obligations of Landlord under this Lease accruing after such transfer, and it shall be deemed, without further agreement, that such transferee has assumed all obligations of Landlord during the period it is the holder of Landlord's interest under this Lease.

(b) "Landlord shall have no liability to Tenant" or words of similar import mean that Tenant is not entitled to terminate this Lease, or to claim actual or constructive eviction, partial, or total, or to receive any abatement or diminution of Rent, or to be relieved in any manner or any of its other obligations. under this Lease, or to be compensated for loss or injury suffered or to enforce any other right or kind of liability whatsoever against Landlord under or with respect to this Lease or with respect to Tenant's use or occupancy of the Premises unless otherwise specifically provided in this Lease to the contrary.

8.05 Quiet Enjoyment. Tenant shall and may peaceably and quietly have, hold and enjoy the Premises, subject to the other terms of this Lease and to Superior Leases and Superior Mortgages, provided, that Tenant pays the Fixed Rent and Additional Charges to be paid by Tenant within the time periods and grace periods provided for herein and performs all of Tenant's covenants and agreements contained in this Lease.

8.06 Limitation of Landlord's Personal Liability. Tenant shall look solely to Landlord's interest in the Project for the recovery of any judgment against Landlord, and no other property or assets of Landlord or Landlord's partners, officers, directors, shareholders or principals, direct or indirect, disclosed or undisclosed, shall be subject to levy, execution or other enforcement procedure for the satisfaction of Tenant's remedies under or with respect to this Lease. For purposes of the preceding sentence, "Landlord's interest in the Project" shall be deemed to include proceeds of a sale (net of transaction costs), financing or refmancing (but only to the extent the proceeds of a sale, financing or refmancing exceed (i) the amount of any indebtedness that was paid with the proceeds of such sale, financing or refmancing plus (ii) all transaction costs associated with such sale or refmancing) of the Building or the Project (or any portion thereof), or of Landlord's estate or interest therein, provided, that Tenant (A) shall have delivered a notice to Landlord asserting a claim for a breach of Landlord's obligations under this Lease prior to the receipt by Landlord of such proceeds, (B) shall have commenced an appropriate proceeding against Landlord asserting such breach within six (6) months after the date such notice was delivered to Landlord and (C) shall be diligently prosecuting such claim to completion, and Tenant shall have the right to look to such proceeds only as to the subject matter of such action.

8.07 Counterclaims. If Landlord commences any summary proceeding or action for nonpayment of Rent or to recover possession of the Premises, Tenant shall not interpose any counterclaim of any nature or description in any such proceeding or action, unless Tenant's failure to interpose such counterclaim in such proceeding or action would result in the waiver of Tenant's right to bring such claim in a separate proceeding under applicable law.

8.08 Survival. Except as otherwise specifically provided in this Lease, all obligations and liabilities of Landlord or Tenant to the other which accrued before the expiration or other termination of this Lease and all such obligations and liabilities which by their nature or under the circumstances can only be, or by the provisions of this Lease may be, performed after such expiration or other termination, shall survive the expiration or other termination of this Lease. Without limiting the generality of the foregoing, the rights and obligations of the parties with respect to any indemnity under this Lease, and with respect to Tax Payments, Operating Payments and any other amounts payable under this Lease', shall survive the expiration or other termination of this Lease except as otherwise specifically provided in this Lease.

8.09 Certain Remedies. If Tenant requests Landlord's consent and Landlord fails or refuses to give such consent, Tenant shall not be entitled to any damages for any withholding by Landlord of its consent, it being intended that Tenant's sole remedy shall be an action for specific performance or injunction, and that such remedy shall be available only in those cases where this Lease provides that Landlord shall not unreasonably withhold its consent. Tenant may submit any dispute as to the reasonableness of Landlord's failure or refusal to give consent to be resolved by arbitration in accordance with Section 9.03 hereof. No dispute relating to this Lease or the relationship of Landlord and Tenant under this Lease shall be resolved by arbitration unless this Lease expressly provides for such dispute to be resolved by arbitration.

8.10 No Offer. The submission by Landlord of this lease in draft form shall be solely for Tenant's consideration and not for acceptance and execution. Such submission shall have no binding force or effect and shall confer no rights nor impose any obligations, including brokerage obligations, on either party unless and until both Landlord and Tenant shall have executed a lease and duplicate originals thereof shall have been delivered to the respective parties.

8.11 Captions; Construction. The table of contents, captions, headings and titles in this Lease are solely for convenience of reference and shall not affect its interpretation. This Lease shall be construed without regard to any presumption or other rule requiring construction against the party causing this Lease to be drafted. Each covenant, agreement, obligation or other provision of this Lease on Tenant's part to be performed, shall be deemed and construed as a separate and independent covenant of Tenant, not dependent on any other provision of this Lease.

8.12 Amendments. This Lease may not be altered, changed or amended, except by an instrument in writing signed by the party to be charged.

8.13 Broker. Each party represents to the other that such party has dealt with no broker other than Jones Lang Wootton USA ("Broker") in connection with this Lease or the Building, and each party shall indemnify and hold the other harmless from and against all loss, cost, liability and expense (including, without limitation, reasonable attorneys' fees and disbursements) arising out of any claim for a commission or other compensation by any broker other than Broker who alleges that it has dealt with the indemnifying party in connection with this Lease or the Building. Landlord shall enter into a separate agreement with Broker which provides that, if this Lease is executed and delivered by both Landlord and Tenant, Landlord shall pay to Broker a commission to be agreed upon between Landlord and Broker, subject to, and in accordance with, the terms and conditions of such agreement.

8.14 Merger. Tenant acknowledges that Landlord has not made and is not making, and Tenant, in executing and delivering this Lease, is not relying upon, any warranties, representations, promises or statements, except to the extent that the same are expressly set forth in this Lease. This Lease embodies the entire understanding between the parties with respect to the subject matter hereof, and all prior agreements, understanding and statements, oral or written, with respect thereto are merged in this Lease.

8.15 Successors. This Lease shall be binding upon and inure to the benefit of Landlord, its successors and assigns, and shall be binding upon and inure to the benefit of Tenant, its successors, and permitted assigns.

8.16 Applicable Law. This Lease shall be governed by, and construed in accordance with, the laws of the State of New York, without giving effect to any principles of conflicts of laws.

8.17 No Development Rights. Tenant acknowledges that it has no rights to any development rights, air rights or comparable rights appurtenant to the Project, and consents, without further consideration, to any utilization of such rights by Landlord. Tenant shall promptly execute and deliver any instruments which may be requested by Landlord, including instruments merging zoning lots, evidencing such acknowledgment and consent. The provisions of this Section 8.17 shall be construed as an express waiver by Tenant of any interest Tenant may have as a "party in interest" (as such term is defined in Section 12-10. Zoning Lot of the Zoning Resolution of the City of New York) in the Project.

8.18 Parking. Landlord shall make available to Tenant, and Tenant shall hire . from Landlord (or any person or entity designated by Landlord to operate the indoor parking spaces in the Building), on a reserved basis, Tenant's Share of the indoor parking space in the Building ("Tenant's Parking Spaces"), provided, that any fractional parking spaces shall not be

made available to Tenant. Landlord represents that there are currently 25 indoor parking spaces in the Building. Tenant shall pay to Landlord (or Landlord's designated operator) monthly, as an Additional Charge, on the first day of each month, the Building's established charges for Tenant's Parking Spaces (which charges are subject to change from time to time and shall be comparable to those charged by neighboring garages which arc comparable to the Building's garage). Landlord may require Tenant to use reasonably visible identification (i.e., bumper decal, window sticker, or passes) to evidence authorized use of Tenant's Parking Spaces. Tenant shall from time to time furnish Landlord (or Landlord's designated operator). with a list of the persons that Tenant has permitted to use Tenant's Parking Spaces, together with such other corresponding identification (i.e., license plates, car models or addresses) as Landlord (or landlord's designated operator) may require. Tenant's use of Tenant's Parking Spaces shall be subject to such reasonable rules and regulations as may from time to time be promulgated by Landlord (or Landlord's designated operator) in accordance with the provisions of this Lease (which may include the obligation to leave the car keys as designated by Landlord (or Landlord's designated operator)). Landlord shall not be obligated to police the use of any elevators or any other points of access which may connect Tenant's Parking Spaces with any other areas of the Building. Landlord shall have no responsibility for loss, theft or damage, howsoever caused, to person or property arising out of or attributable to Tenant's Parking Spaces, except to the extent the same arise out of the gross negligence or willful misconduct of Landlord or Landlord's employees.

8.19 Emergency Generator. (a) To the extent permitted by Law, Tenant may, at Tenant's sole cost and expense, install, in order to service (i) the Premises, (ii) any full floor in the Building leased by Tenant or Affiliates of Tenant, and (iii) any partial floors in the Building leased by Tenant or Affiliates of Tenant (provided, that with respect to such partial floors the electricity closet and distribution equipment shall be located in the space leased by Tenant or such Affiliate of Tenant), an emergency generator, UPS and similar back-up systems to service the Premises in the Premises or in the Building mechanical areas on. the 25th floor or the 8th floor in the location shown at Exhibit R, together with all required controls, wiring, distribution and other ancillary equipment normally associated therewith (collectively, the "Emergency Generator"); provided, however, if such Emergency Generator is not installed prior to August 1, 1997, then Tenant may thereafter install the Emergency Generator only in the Premises and, at the request of Tenant, Landlord agrees to use reasonable efforts to make available space in the mechanical areas on either the 25th floor or 8th floor for placement of Tenant's Emergency Generator. Notwithstanding the above, any fuel tank shall be located on the sub-cellar level of the Building adjacent to Landlord's fuel tanks.

(b) In any case where, pursuant to the provisions of this Lease, Tenant is permitted to install the Emergency Generator or support equipment in connection with the Emergency Generator outside the Premises, Tenant's installation of same shall be done as an Alteration, and shall constitute a Material Alteration (except that Landlord shall not unreasonably withhold its consent thereto). Any installation, maintenance, repair and replacement of such equipment shall be done at Tenant's expense, and Landlord shall have no liability in respect thereof except for Landlord's negligence or intentionally wrongful acts. Any installation shall be done in a manner to provide that such equipment shall not cause noise, vibration or other interference

with any other occupants of the Building or the operation of the Building. Any reasonable requirements of Landlord's structural engineer required as a result of Tenant's installation shall be performed by Landlord at Tenant's reasonable expense. Landlord may at all times use the subcellar and mechanical areas of the Building in connection with any cleaning, maintenance, repair or operation of the Building, and Landlord shall have no liability to Tenant by reason thereof, provided, that Tenant is not materially adversely affected. Tenant shall be responsible for all damage to persons or property which results from Tenant's use of the subcellar and mechanical areas of the Building except to the extent caused by the negligence or willful misconduct of any Landlord Indemnified Party (but subject to Section 7.03). Landlord makes no warranty to Tenant as to the permissibility under, Laws of using the subcellar and mechanical areas of the Building for such purpose or as to the suitability of the subcellar and mechanical areas of the Building for such purpose. Tenant shall comply with all Laws applicable to the equipment so installed and to Tenant's use of the subcellar and mechanical areas of the Building. Tenant shall secure and keep in full force and effect, from and after the time Tenant begins installation of such equipment, such supplementary insurance with respect to such equipment as Landlord may reasonably require, provided, that the same shall not be in excess of that which would customarily be required from time to time by landlords of buildings of similar class and character in New York city with respect to similar installations.

(c) If Tenant is permitted pursuant to this Section to install the Emergency Generator in the Building mechanical area on either the 8th floor or the 25th floor, Landlord shall give Tenant reasonable access thereto (and to the sub-cellar level of the Building if any fuel tank is installed therein), so as to permit Tenant to install, operate and repair its Emergency Generator and related fuel tank and to connect the same to the Premises, provided, that, in each case, Tenant shall be accompanied by a representative of Landlord who shall be made available to Tenant at reasonable times upon reasonable advance notice from Tenant and, except when such representative is made available during Business Hours on Business Days (during which period the representative shall be made available without charge) the actual cost incurred by Landlord for such representative shall be paid by Tenant to Landlord within twenty (20) days after demand by Landlord. If Tenant installs the Emergency Generator in the Building mechanical areas on the 25th or 8th floor of the Building, Landlord may at any time and from time to time during the Term, at Landlord's expense, temporarily disconnect and remove Tenant's generator in order to access the Building or other emergency generators at such location, in which event, upon completion of Landlord's work, Landlord shall, at Landlord's expense, re-install the same in its original location.

8.20 Signage/Building Directory. (a) Subject to the provisions of Section 8.20(b), Tenant shall have the right to place signs containing Tenant's name, Atlantic Records or, subject to the reasonable consent of Landlord, any other Affiliate of Tenant which is in occupancy of a material portion of the Premises, (i) on the exterior of the Building in the immediate area of the 51st Street entrance to the building; (ii) on the Building wall adjacent to the access to the underground passage connecting the building to 75 Rockefeller Plaza and on the partition wall installed by Landlord in the Building lobby in accordance with Section 3.04 hereof; and (iii) if any elevator serving the Premises is extended down to the concourse level in the Building pursuant to this Lease, then in such elevator bank on the concourse level; provided, that all such signage shall be installed only in the locations shown on the plans attached hereto and shall meet the design criteria set forth on Exhibits S and T attached hereto. All such signage shall be installed, maintained and repaired by Landlord at Tenant's reasonable expense.

(b) The provisions of Section 8.20(a)(i) shall be null and void and of no further force or effect, and Landlord shall have the right to remove any signage theretofore installed pursuant to Section 8.20(a), at the cost of Tenant, (i) during any period that Tenant together with its Affiliates and any Related Service Providers occupying part of the Premises shall be occupying less than 350,000 rentable square feet in the Building (which right to install such sign as provided in Section 8.20(a) shall be reinstated when and if such occupancy requirement is satisfied) or (ii) if the Term shall expire or terminate.

(c) Upon the expiration or earlier termination of the Term (or earlier, if required by Landlord under Section 8.20(b)), any signage of Tenant shall be removed by Landlord and Tenant shall reimburse Landlord for any reasonable costs incurred by Landlord to remove such signage and to repair or restore the areas from which such signage was removed.

(d) Landlord shall make available to Tenant, approximately Tenant's Share of the listings in the directory in the lobby of the Building consistent with the Landlord's existing or then current standards. The initial listings will be made at Landlord's expense and any subsequent changes by Tenant shall be made at Tenant's expense. The listing of any name other than Tenant on the doors of the Premises, or the Building directory or otherwise shall not operate to vest any right or interest in this Lease or in the Premises in any other person or entity, nor shall such listing be deemed to be the consent of Landlord to any assignment or transfer of the Lease or to any sublease of the Premises or any portion thereof by others.

(e) If Landlord shall erect a free standing monument adjacent to the Building (as opposed to a sign on the exterior of the Building or a sign naming the Building after a tenant in the Building) identifying any tenant in the Building, Tenant shall be entitled to a similar identification on such monument taking into account the proportionate share of space in the Building occupied by such tenant or tenants and Tenant. The provisions of this Section 8.20(e) shall be null and void and of no further force and effect and Landlord shall have the right to remove any identification of Tenant on such monument theretofore installed pursuant

to this Section 8.20(a), at the cost of Tenant (i) during any period that Warner Communications Inc. together with its Affiliates and any Related Service Providers occupying part of the Premises, shall be occupying less than 350,000 rentable square feet in the Building (which right to similar identification on such monument shall be reinstated when such occupancy requirement is satisfied) or (ii) if the Term shall expire or terminate.

8.21 Capital Program. (a) For purposes of this Lease, the following terms have the following meanings:

"Capital Program Work" means, collectively, the Phase I Capital Program Work and the Phase II Capital Program Work.

"Phase I Capital Program Work" means the work, substantially similar in scope and kind to the work described in Exhibit U annexed hereto, it being acknowledged by Tenant that various elements of such work may change.

"Phase II Capital Program Work" means the work substantially similar in scope and kind to the work described in Exhibit V annexed hereto, it being acknowledged by Tenant that various elements of such work may change.

"Phase I Target Date" means September 1, 1996, provided, that the Phase I Target Date shall be postponed by one day for each day Landlord is delayed in substantially completing the Phase I Capital Program by reason of either Force Majeure or Tenant Delay.

"Phase II Target Date" means December 31, 1997, provided, that the Phase II Target Date shall be postponed by one day for each day Landlord is delayed in substantially completing the Phase II Capital Program by reason of either Force Majeure or Tenant Delay.

(b) Landlord, at Landlord's expense, shall perform the Capital Program Work. Landlord shall use reasonable good faith efforts to substantially complete the Phase I Capital Program Work on or prior to the Phase I Target Date and the Phase II Target Date.

(c) If Landlord shall fail to substantially complete the Phase I Capital Program Work on or before the Phase I Target Date, as such date may be extended by one or more events of Force Majeure and Tenant Delay (the "Phase I Delay"), then as Tenant's sole remedy for such failure Tenant shall be entitled to a credit against the Rent equal to the product of (x) the appropriate Rent Factor in effect from time to time during the period of the Phase I Delay, (y) the rentable square footage of the Blocks that comprise the Premises, from time to time, during the occurrence of the Phase I Delay and (z) 20%. As used herein the term "Rent Factor" shall mean $37.00 through and including July 31, 2001; $40.00 from August 1, 2001 through and including December 31, 2006; and $44.00 from January 1, 2007 through and including the Expiration Date.

(d) If Landlord shall fail to substantially complete the Phase II Capital Program Work on or before the Phase II Target Date as such date may be extended by one or more events of Force Majeure or Tenant Delay (the "Phase II Delay") then as Tenant's sole remedy for such failure, Tenant shall be entitled to a credit against Rent equal to the product of (x) the appropriate Rent Factor in effect from time to time during the period of the Phase II Delay, (y) the rentable square footage of the Blocks that comprise the Premises from time to time during the occurrence of the Phase II Delay and (z) 20%. Notwithstanding any provision herein to the contrary, if Tenant is entitled to a credit against Rent as a result of a Phase I Delay and a Phase II Delay during the same period of time, Tenant shall only be entitled to a Rent Credit for the Phase I Delay and no Rent Credit for the Phase II Delay.

(e) In the event of any dispute between Landlord and Tenant with respect to the appropriateness of any credit due under this Section 8.21, such dispute may be submitted by either Landlord or Tenant to arbitration pursuant to Section 9.03 hereof.

8.22 Elevator Reconfiguration. (a) Promptly after the request of Tenant, Landlord shall, at the cost and expense of Tenant, perform or caused to be performed the work ("Elevator Reconfiguration") in order to extend down to the concourse level of the Building the elevators which service the Blocks, including, without limitation, any appropriate reconfiguration of the areas in the concourse level of the Building. Landlord shall request bids for the Elevator Reconfiguration Work from at least three (3) contractors approved by Tenant. Landlord will review with Tenant all responses to the bid packages and will cooperate with Tenant in the negotiating and modifying the bids. Acceptance by Landlord of the contract for the Elevator Reconfiguration Work will be subject to Tenant's reasonable approval. Without first obtaining Tenant's consent, Landlord may not modify, or consent to any material change to the contract for the Elevator Reconfiguration Work nor may Landlord dismiss the contractor except for commercially reasonable cause. Landlord will cooperate with Tenant and provide status reports as to the Elevator Reconfiguration Work and will allow Tenant's consultants to inspect such work from time to time. At the request of Tenant, the Elevator Reconfiguration may be performed for one or more elevators which service the Block at one or more times during the Term.

(b) Bills shall be rendered monthly covering work performed by the Landlord during the preceding month. In addition to being reimbursed for its. actual out of pocket cost, in connection with the Elevator Reconfiguration, Tenant shall pay to Landlord a construction supervision fee of 2% of the amount payable pursuant to the Elevator Reconfiguration Contract to reimburse Landlord for its internal supervisory costs in connection with such work. All amounts payable by Tenant for Elevator Reconfiguration to be done by Landlord pursuant to this Section 8.22 shall be paid by Tenant as required by the contract for the Elevator Reconfiguration (the "Elevator Reconfiguration Contract") and otherwise within fifteen (15) days after the submission to Tenant of statements, bills or invoices therefore and accompanied by a certificate from Landlord and Landlord's Registered Architect or Landlord's project manager stating that such portion of the Elevator Reconfiguration Work has been substantially completed or substantially installed in accordance with Tenant's approved design

drawings and specifications. Prior to the final payment by Tenant, in addition to the requirements set forth in this Section 8.22(b) above, Landlord shall furnish to Tenant to the extent not previously furnished to Tenant a certificate from an executive officer of Landlord and Landlord's Registered Architect stating that the Elevator Reconfiguration Work has been substantially completed in substantial conformity with Tenant's approved design drawings and specifications. Such statements, bills or invoices shall be conclusive and binding on Tenant unless Tenant shall notify Landlord within thirty (30) days after its receipt of such statement, bill or invoice that it disputes the correctness thereof, specifying the particular respects in which the statement, bill or invoice is claimed to be incorrect. Pending the resolution of such dispute by agreement between the parties or otherwise, Tenant shall pay all amounts due in accordance with the statement, bill or invoice, but such payment shall be without prejudice to Tenant's right to dispute same. If the dispute shall be resolved in Tenant's favor, Landlord shall, within five (5) days after Tenant's demand pay Tenant the amount of the overpayment, if any, resulting from Tenant's compliance with such statement, bill or invoice. In the event of any dispute between Landlord and Tenant with respect to any payment due under this Section 8.22, such dispute' may be submitted by either Landlord or Tenant to arbitration pursuant to Section 9.03 hereof.

(c) Landlord shall not require Tenant to restore the elevators and the concourse level of the Building to the condition which existed immediately prior to the reconfiguration thereof.

(d) Notwithstanding any provision herein to the contrary (i) Tenant will not be required to indemnify landlord or any other Indemnified Party as a result of any injury or damage incurred as a result of the performance of the Elevator Reconfiguration Work unless caused by the negligence of Tenant, its Affiliates, Related Service Providers or the Tenant Group and (ii) provided, that Tenant pays all sums that are due for the performance of the Elevator Reconfiguration Work in accordance with the provisions of Section 8.22, Tenant shall not be required to remove any mechanics liens that arise out of Landlord's performance of the Elevator Reconfiguration Work. Any review or approval by Tenant of plans and specifications with respect to the Elevator Reconfiguration Work is solely for Tenant's benefit, and without any representation or warranty to Landlord with respect to the adequacy, correctness or efficiency thereof, its compliance with Laws or otherwise.

8.23 Force Majeure. If, by reason of strike, lockouts or other labor or industrial troubles, governmental pre-emption in connection with a national emergency, any rule, order or regulation of any governmental agency applicable to the Building or to the party obligated to perform, conditions of supply or demand that are affected by war or other national, state or municipal emergency, fire or other casualty, acts of God such as (by way of example only) tornado, earthquake, hurricane, washout or storm, civil disturbance, act of the public enemy, riot, sabotage, blockade, embargo, explosion or any other cause beyond Landlord's reasonable control, whether or not similar to any of the causes hereinabove stated (collectively, "Force Majeure"), such party shall be unable to perform any obligation that such party is obligated to perform, then such party's obligation to perform shall be excused for the

duration of such Force Majeure, and, except as otherwise set forth in this Lease, this Lease and the other party's rights and obligations hereunder shall not be affected, impaired or excused. Notwithstanding anything to the contrary contained in this Section 8.23, any party's failure timely to fulfill an obligation required to be fulfilled by such party under this Lease shall not be excused or deemed to be an event of Force Majeure if (a) said obligation is an obligation to pay money, (b) said failure shall be attributable to such party's lack of funds and (c) the provisions of this Lease expressly limit the extent to which such obligations shall be limited by Force Majeure.

8.24 Tenant's Right To Perform Landlord's Obligations. (a) If (i) for any reason, (other than (a) a Casualty (except for any Casualty for which Tenant does not have or has waived the right to cancel this Lease and Landlord has not restored the Premises or that portion of the Building which affects the Premises prior to the Outside Date (as such may be extended by Force Majeure as provided in Section 7.05 hereof or Tenant Delay), or (b) Tenant Delay) there is a failure to furnish any service or install any improvement, (other than any service or improvement in connection with the elevators in the Building) which in each case is exclusively for the benefit of Tenant and services the Premises exclusively ("Exclusive Services") and as a result thereof the conduct of Tenant's normal business operations in a material portion of the Premises shall be materially impaired (any or all of the foregoing hereinafter sometimes referred to as an "Interruption"), (ii) the curing of such Interruption would require payments to be made in connection with or work to be performed, or otherwise affect any space, outside the Premises but would not require access to another tenant's premises (unless such other tenant shall consent to such access by Tenant or its agents) and would not adversely affect any other tenant and Tenant obtains the decision of an arbitrator in accordance with Section 9.03 that an Interruption has occurred and Landlord does not immediately (as practicable under the circumstances) after such arbitration decision commence and diligently prosecute action to remedy such Interruption then, in any such event, and upon the giving of five (5) days' notice to Landlord (which notice shall expressly state that Tenant intends to exercise its self-help remedy in accordance with this Section 8.24), Tenant shall have the right (but not the obligation) to furnish any Exclusive Services which Landlord shall have failed to furnish. Tenant's cure of any Interruption which will require work to be performed or otherwise affect any Landlord Obligation Area or elsewhere outside the Premises shall be effected by Landlord's staff, its employees or its independent contractors, unless such staff, its employees or its independent contractors fail to respond to Tenant's direction in which event Tenant may secure other competent independent contractors. Without limiting the generality of any other provision of this Lease, Tenant shall have no right to perform any obligation or furnish any service that Landlord has failed to perform or furnish unless (x) the cure by Tenant of such Interruption will not require Tenant to access another tenant's premises (unless such other tenant shall consent to such access by Tenant or its agents), (y) such failure of Landlord results in an Interruption and (z) the cure by Tenant of such Interruption would not adversely affect another tenant. Nothing contained in this Article 8 shall be construed to permit Tenant to cause Landlord's managing agent for the Building to be removed or replaced.

(b) If (i) for any reason (other than Tenant Delay) there is a failure to furnish any of the services which Landlord is required to furnish pursuant to this Lease, (ii) the curing of such failure would not require work to be performed, or otherwise adversely affect any space, in the Landlord Obligation Areas (other than corridors entirely within the Premises and windows abutting the exterior of the Premises) or elsewhere outside of the Premises, (iii) such failure continues for thirty (30) days after notice by Tenant to Landlord; provided, that if the cure of such failure cannot with due diligence be performed within such 30-day period, such 30-day period shall be extended for so long as Landlord shall be diligently prosecuting the performance of such cure and (iv) such failure continues for ten (10) days after a second notice by Tenant to Landlord (which notice shall expressly state that Landlord has not performed within the time period set forth in clause (iii) above and that Tenant intends to exercise its self-help remedy in accordance with this Section 8.24(b)), then Tenant shall have the right to furnish any such Landlord's services as Landlord shall have failed to perform.

(c) If Tenant exercises its self-help remedy in accordance with clauses (a) and (b) of this Section 8.24, Landlord shall pay to Tenant the reasonable costs incurred by Tenant in furnishing such Landlord's services which Landlord failed to furnish within thirty (30) days after receipt by Landlord of a detailed statement as to the amount of such costs. If Landlord fails to pay such amounts within thirty (30) days after receipt of Tenant's statement, then such amounts will accrue interest at the Interest Rate from the date such costs were incurred by Tenant, until such amount is either paid by Landlord or recouped by Tenant against the Rent. If Landlord fails to pay any such amounts when due, Tenant may recoup such amounts due against the Rents payable hereunder. The rights granted Tenant under this Section 8.24 shall be in addition to any other remedies Tenant may have under this Lease and by Law except as provided in Section 6.07 hereof. Tenant will not be deemed to have taken occupancy of the portion of the Premises solely by reason of Tenant exercising its self help rights under this Section 8.24 with respect to an Interruption caused by Landlord's failure to cure an Interruption resulting from a Casualty for which Tenant does not have or has waived the right to cancel this Lease pursuant to Section 7.05 of this Lease and Landlord has not restored the Premises or the Building prior to the Outside Date (as extended by Force Majeure as provided in Section 7.05 hereof or Tenant Delay.)

(d) For all purposes of Section 8.24 and Section 8.25, a material portion of the Premises shall mean at least 5,000 contiguous rentable square feet of the Premises or at least 10,000 rentable square feet of the Premises (regardless of contiguity).

8.25 Tenant Abatement Rights. If, for any reason other than a Casualty or Tenant Delay, there is a failure to furnish any of the services which Landlord is required to furnish pursuant to this Lease, or to make any repairs or replacements which Landlord is required to make pursuant to this Lease, or to perform any other obligation of Landlord under this Lease or if Landlord performs any repair, replacement, alteration, addition, improvement or installation in or about the Premises which, if any, Landlord is required to make under this Lease (other than in connection with the exercise by Landlord of its self-help remedy set forth in Section 4.08) and as a result of any of the foregoing a material portion of the Premises shall

be untenantable (an "Eviction") for five (5) Business Days or ten (10) Business Days in the case of Force Majeure after notice from Tenant, then Fixed Rent and the Additional Charges payable under Sections 2.04 and 2.05 and the Additional Charges for electricity which are not billed on a submetered basis shall abate solely with respect to the portion or portions of the Premises that are untenantable from the day after such five (5) Business Day or ten (10) Business Days in the case of Force Majeure until such space is no longer untenantable. The rights granted Tenant under this Section 8.25, shall be in addition to any other remedies Tenant may have under this Lease and by Law except as provided in Section 6.07 hereof. Notwithstanding the foregoing, if Landlord fails to perform the Elevator Reconfiguration Work, Antenna installation or Emergency Generator work which Landlord is required to perform pursuant to this Lease, if any, promptly as determined by an arbitrator pursuant to Section 9.03, hereof (but subject to extension due to Casualty, Force Majeure or Tenant Delay), then there will be deemed to be an Eviction for purposes of this Section 8.25 only with respect to 1% of the Premises).

8.26 Tenant Termination Rights. If, by reason of an Eviction, 50,000 or more rentable square feet of the Premises are untenantable (A) for reasons other than Force Majeure for sixty (60) or more consecutive days after notice from Tenant to Landlord, (B) for reasons other than Force Majeure for ninety (90) or more days in any consecutive 12-month period (such reference to ninety (90) days being deemed to refer to the number of days that the applicable space is so untenantable after Tenant has given Landlord notice of each occurrence of such untenantability), or (C) as a result of Force Majeure for three hundred sixty five (365) or more consecutive days after notice from Tenant to Landlord (such sixty (60), ninety (90) and three hundred sixty five (365) day periods to be extended for up to an additional ninety (90) days during which time Landlord is diligently prosecuting to cure the cause of such untenantability), then in each such case Tenant may, by notice given to Landlord on or before the earlier to occur of (x) the date that the applicable portion of the Premises is rendered tenantable and (y) the date that is thirty (30) days after the end of such sixty (60), ninety (90) or three hundred sixty five (365) day period (as so extended), as applicable, terminate this Lease. If Tenant timely gives a termination notice in accordance with this Section 8.26, (time being of the essence in connection with such termination notice) this Lease shall terminate on the 20th day after such notice is given by Tenant and Tenant shall vacate the Premises and surrender the same to Landlord in the same manner required for surrender of the Premises on the Expiration Date in accordance with the terms of this Lease. Upon any such termination, Tenant's liability for Fixed Rent and Additional Charges hereunder with respect to the Premises shall cease as of the date of such termination, and any prepaid portion of Rent with respect to the Premises for any period after such date shall be refunded by Landlord to Tenant within thirty (30) days after Landlord receives Tenant's termination notice. In the event of any termination of this Lease under. this Section 8.26, Tenant shall pay to Landlord the amount, if any, due in accordance with Section 7.06 above. Any notice given by Tenant pursuant to this Section 8.26 as to the occurrence of an Eviction which renders all or a portion of the Premises untenantable shall not be effective unless such notice expressly states that such notice is being given pursuant to this Section 8.26 and that Tenant may have the right to terminate this Lease in accordance with the provisions of this Section 8.26. The rights granted Tenant under this

Section 8.26 shall be in addition to any other remedies Tenant may have under this Lease and by Law except as provided in Section 6.07 hereof.

8.27 Effect of Rejection by Landlord. Landlord and Tenant acknowledge that this Lease is being executed and exchanged by the parties in contemplation of a bankruptcy case involving Landlord and Landlord agrees that, in connection with any bankruptcy case involving Landlord, Landlord shall not reject this Lease. If, notwithstanding the agreement by Landlord in the preceding sentence, in connection with any bankruptcy case involving Landlord, this Lease shall be rejected by Landlord or any legal representative of Landlord, and if Tenant shall elect to retain its rights under this Lease under Section 365(h)(1)(A)(ii) or other then applicable provision of the Federal Bankruptcy Code, then Tenant's occupancy of the Premises for the remainder of the Term shall be on all of the same terms and conditions set forth in this Lease as though such rejection had not occurred.

8.28 Major Rights. (a) "Major Rights" means:

(i) the rights granted under Section 1.06;

(ii) the right to use the Premises for the Identified Ancillary Uses (except to the extent used for such Identified Ancillary Uses by the applicable subtenant prior to the termination of this Lease);

(iii) the right to permit any part of the Premises to be used by a Related Service Provider;

(iv) the rights granted under Section 3.01(a)(vi) allowing Tenant to contract for Extra Cleaning in the Premises, with a cleaning contractor other than Landlord's Cleaning Contractor;

(v) the rights granted under Section 3.01(iii) with respect to the use of passenger cabs for other than passenger service and to maintain a dedicated security desk in the lobby of the Building;

(vi) the right to require Landlord to execute and deliver a non-disturbance and attornment agreement to a Major Subtenant;

(vii) the right to maintain a partitioning of the elevator banks servicing the Block pursuant to Section 3.04;

(viii) the right to maintain interior signage pursuant to Section 8.20;

(ix) the right to maintain an Emergency Generator pursuant to Section 8.14 (except to the extent such emergency generator was

used by the applicable subtenant prior to the termination of this Lease);

(x) the rights granted under Section 8.21 with respect to the Capital Program Work;

(xi) the rights granted under Section 8.24;

(xii) the rights granted under Section 8.25;

(xiii) the rights granted under Section 8.26; and

(xiv) the rights granted under Section 8.22 (except to the extent such Elevator Reconfiguration was completed prior to the termination of the Lease).

(b) If this Lease terminates and Tenant has granted any Major Right to any subtenant subleasing less than all or substantially all of the Premises, even if such subtenant has received a non-disturbance and attornment agreement from Landlord (or is a subtenant who Landlord elects to have attorn to Landlord in accordance with Section 5.04(d)(iii) above), then such Major Rights shall be null and void with respect to such subtenant after the termination of this Lease.

8.29 Memorandum of Lease. Landlord and Tenant shall immediately after the execution of this Lease, execute, acknowledge and deliver to the other a memorandum of lease in recordable form and otherwise in a form reasonably acceptable to Landlord and Tenant. Upon the request of either party, a memorandum of any amendment to this Lease shall likewise be executed, acknowledged and delivered to the other party. Recording, filing and like charges imposed by any governmental agency to effect the recording of any such memorandum shall be paid by Tenant. Upon termination of this Lease, Tenant shall execute, acknowledge and deliver to Landlord on request of Landlord an instrument in recordable form evidencing termination of this Lease and sufficient to discharge any memorandum thereof recorded and Tenant shall pay all recording, filing and like charges imposed by any governmental agency to effect such recording.

ARTICLE 9

Renewal Right

9.01 Renewal Right. (a) Provided that on the date Tenant exercises the Renewal Option (i) this Lease shall not have been terminated, (ii) Tenant shall not be in default under this Lease beyond all applicable notice and grace periods, and (iii) Tenant, together with any Affiliate of Tenant (and any Related Service Provider of Tenant occupying space leased by

Tenant or an Affiliate of Tenant), shall be in actual occupancy of not less than 70% of the rentable square feet of the Blocks, Tenant shall have the option (the "Renewal Option") to extend the term of this Lease for one additional five (5) year period (the "Renewal Term"), to commence at the expiration of the initial Term.

(b) The Renewal Option shall be exercised with respect to all space then included in the Premises and shall be exercisable by Tenant giving notice to Landlord (the "Renewal Notice") at least 18 months before the last day of the initial Term. If Tenant shall not give Landlord the Renewal Notice at the time and in the manner set forth above, the Renewal Option shall terminate and be deemed waived by Tenant. Time is of the essence with respect to the giving of the Renewal Notice.

9.02 Renewal Rent and Other Terms. (a) The Renewal Term shall be upon all of the terms and conditions set forth in this Lease, except that (i) Fixed Rent and Additional Charges for Tax Payments and Operating Payments, shall be as determined pursuant to the further provisions of this Section 9.02; (ii) Tenant shall accept the Renewal Premises in its "as is" condition at the commencement of the Renewal Term, and any provisions of this Lease with respect to initial work to be performed by Landlord, payment of a work allowance and any free rent period for Fixed Rent and Additional Charges shall not be applicable during the Renewal Term, provided, that Tenant's acceptance of the Renewal Premises in its "as is" condition at the commencement of the Renewal Term, shall not relieve Landlord of its obligations under this Lease except with respect to Landlord's Work; and (iii) Tenant shall have no option to renew this Lease beyond the expiration of the Renewal Term.

(b) The per annum Fixed Rent and Additional Charges for Tax Payments and Operating Payments for the Premises for the Renewal Term shall be the greater of (i) the annual Discounted Fair Market Rent and (ii) the annual Fixed Rent (less, with respect to the Blocks, eighteen cents per rentable square foot per annum) and annual Additional Charges for Tax Payments and Operating Payments payable immediately prior to the Expiration Date. "Fair Market Fixed Rent" means the fixed annual rent that, as of the commencement of the Renewal Term, a willing lessee would pay and a willing lessor would accept for the Premises during the Renewal term in an arms-length transaction, taking into account all relevant factors at the time in question including the Fair Market Additional Rent. "Fair Market Additional Rent" means (x) the annual Tax Payments which would be payable with a Base Tax Amount equal to the sum of one-half of the Taxes for the Tax Year commencing on July 1, 2011 and one half of the Taxes for the Tax Year commencing on July 1, 2012, and (y) the annual Operating Payments which would be payable if the Base Operating Year were the calendar year 2012. "Discounted Fair Market Rent" means (i) the Fair Market Fixed Rent multiplied by the Renewal Percentage plus (ii) the Fair Market Additional Rent. "Renewal Percentage" means 95%.

(c) If Tenant timely exercises the Renewal Option, Landlord shall notify Tenant (the "Rent Notice") within thirty (30) days after Landlord's receipt of the Renewal Notice of Landlord's determination of the Discounted Fair Market Rent ("Landlord's

Determination"). If the annual Discounted Fair Market Rent in Landlord's Determination is less than the annual Fixed Rent (less, with respect to the Blocks, eighteen cents per rentable square foot per annum) and Additional Charges payable immediately prior to the Expiration Date, then Tenant shall pay annual Fixed Rent and Additional Charges for Tax Payments and Operating Payments for the Renewal Term in an amount equal to the annual Fixed Rent (less, with respect to the Blocks, eighteen cents per rentable square foot per annum) payable immediately prior to the Expiration Date and Additional Charges for Tax Payments and Operating Payments, using the Same Base Tax Amount and Base Operating Year as prior to the Expiration Date. If the annual Discounted Fair Market Rent in Landlord's Rent Notice is greater than the annual Fixed Rent and Additional Charges for Tax Payments and Operating Payments payable immediately prior to the Expiration Date, Tenant shall notify Landlord ("Tenant's Notice"), within thirty (30) days after Tenant's receipt of the Rent Notice, whether Tenant accepts or disputes Landlord's Determination, and if Tenant disputes Landlord's Determination, Tenant's Notice shall set forth Tenant's determination of the Discounted Fair Market Rent ("Tenant's Determination"). If Tenant fails to give Tenant's Notice within such thirty (30) day period, Tenant shall be deemed to have accepted Landlord's Determination.

(d) If Tenant timely disputes Landlord's Determination and Landlord and Tenant fail to agree as to the Discounted Fair Market Rent within twenty (20) days after Landlord's receipt of Tenant's Determination, then the Discounted Fair Market Rent shall be determined as follows: Such dispute shall be resolved by arbitration conducted in accordance with the Real Estate Arbitration Rules (Expedited Procedures) of the AAA, except that the provisions of Section 9.03 shall supersede any conflicting or inconsistent provisions of said rules.

(e) If Tenant disputes Landlord's Determination and if the final determination of Discounted Fair Market Rent shall not be made on or before the first day of the Renewal Term, then pending such final determination, Tenant shall pay, as Fixed Rent and Additional Charges for Tax Payments and Operating Payments for the Renewal Term, an amount equal to the greater of the annual Fixed Rent (less, with respect to the Blocks, eighteen cents per rentable square foot per annum) and Additional Charges for Tax Payments and Operating Payments then payable by Tenant under the Lease and Tenant's Determination. If, based upon the final determination of the Discounted Fair Market Rent, the Fixed Rent and Additional Charges for Tax Payments and Operating Payments made by Tenant for such portion of the Renewal Term were less than the Discounted Fair Market Rent therefor, Tenant shall pay to Landlord the amount of such deficiency within thirty (30) days after demand therefor together with interest payable from the date such deficiency was due until the date paid.

(f) Notwithstanding the foregoing provisions of this Article 9, if, at any time after Tenant's delivery of the Renewal Notice and before the commencement of the Renewal Term, this Lease shall be terminated, then such Renewal Notice shall be null and void and of no further force and effect and Tenant shall have no further right or option to extend the Term.

9.03 Arbitration. (a) If this Lease shall require any dispute (other than as provided in Section 2.05(j)(ii)) between Landlord and Tenant to be settled by arbitration, then each party shall have the right to submit such dispute to arbitration; which shall be conducted in Manhattan in accordance with the Commercial Arbitration Rules (Expedited Procedures) of the AAA, except that the provisions of this Section 9.03 shall supersede any conflicting or inconsistent provisions of said rules. The party requesting arbitration shall do so by giving notice to that effect to the other party, specifying in said notice the nature of the dispute,and that said dispute shall be determined in the City of New York, by a panel of three (3) arbitrators in accordance with this Section 9.03. Landlord and Tenant shall each appoint their arbitrator within five (5) days after the giving of notice by either party. If either Landlord or Tenant shall fail timely to appoint an arbitrator, the appointed arbitrator shall select the second arbitrator, who shall be impartial, within five (5) days after such party's failure to appoint. The arbitrators so appointed shall meet and shall, if possible, determine such matter within ten (10) days after the second arbitrator is appointed and their determination shall be binding on the parties. If for any reason such two arbitrators fail to agree on such matter within such period of ten (10) days, then either Landlord or Tenant may request ENDISPUTE/JAMS (or any organization which is the successor thereto or any other arbitration or mediation organization, including, without limitation, the AAA, which will provide an impartial arbitrator that is an active or retired state or federal judge) to appoint an arbitrator who shall be impartial within seven (7) days of such request and both parties shall be bound by any appointments so made within such 7-day period. The third arbitrator (and the second arbitrator if selected by the other arbitrator as provided above) only shall subscribe and swear or affirm to an oath fairly and impartially to determine such dispute. Within seven (7) days after the third arbitrator has been appointed, each of the first two arbitrators shall submit their respective determinations to the third arbitrator who must select one or the other of such determinations (whichever the third arbitrator believes to be correct or closest to a correct determination) within seven (7) days after the first two arbitrators shall have submitted their respective determinations to the third arbitrator, and the selection so made shall in all cases be binding upon the parties, and judgment upon such decision may be entered into any court having jurisdiction. In the event of the failure, refusal or inability of an arbitrator to act, a successor shall be appointed within ten (10) days as hereinbefore provided. In the case of all disputes to be determined by arbitration in accordance with this Section 9.03, the arbitrator shall be experienced in the issue with which the arbitration is concerned and shall have been actively engaged in such field for a period of at least ten (10) years before the date of his appointment. The third arbitrator shall be an active or retired New York State or federal judge experienced with the subject matter with which the arbitration is concerned and shall schedule a hearing where the parties and their advocates shall have the right to present evidence, call witnesses and experts and cross-examine the other party's witnesses and experts. Either party shall have the right, at any time, to make a motion to the third arbitrator to grant summary judgment as to any question of law.

(b) Landlord and Tenant agree to sign all documents and to do all other things necessary to submit any such matter to arbitration and further agree to, and hereby do, waive any and all rights they or either of them may at any time have to revoke their

agreement hereunder to submit to arbitration and to abide by the decision rendered thereunder. For such period, if any, as this agreement US-arbitrate is not legally binding or the arbitrator's award is not legally enforceable, the provisions requiring arbitration shall be deemed deleted and matters to be determined by arbitration shall be subject to litigation.

(c) Except as otherwise specifically provided herein, the losing party shall pay the fees and expenses for all arbitrators.

ARTICLE 10

Tenant Antenna

10.01 Tenant Antenna. (a) Tenant shall furnish to Landlord a completed Rooftop Installation Questionnaire substantially in the form of Exhibit X to this Lease with respect to the Antenna (or any modification thereof). Tenant may, subject to and in accordance with the provisions of this Section 10.01, (i) use those portions of the roof of the Building designated on Exhibit Y attached hereto to install, maintain and operate one satellite dish antenna and related equipment, mountings and support structures (collectively, with all wiring and cabling the "Antenna") in accordance with Exhibit Y and to run lines therefrom through the Building's shafts, conduits and plenums into the Premises in accordance with Exhibit Y as shall be reasonably required in connection with the operation of the Antenna subject to Landlord's prior reasonable approval in all respects and (ii) to run lines through the Building's shafts, conduits and plenums (not to exceed two inch conduit) to its antenna located at 75 Rockefeller Plaza, New York, New York ("75 Rock Conduit"). Tenant's use of the roof of the Building is a non exclusive use and Landlord may permit the use of any other portion of the roof by any other person for any use including installation of other antennas and related equipment and support structures. Tenant shall use all reasonable efforts to ensure that its use of the roof does not impair such other person's data transmission and reception via its respective antennas and support equipment including, without limitation, as a precondition to installation of the Antenna, Tenant shall cause an intermodulation test to be performed to insure that the Antenna does not interfere with any other antenna.

If Tenant's construction, installation, maintenance, repair, operation, or use of the Antenna shall interfere with the rights of landlord (including, without limitation, Landlord's right reasonably to use the remainder of the roof) or other tenants in the Building or if after the date of this Lease other tenants' construction, installation, maintenance, repair, operation or use of their antenna shall interfere with Tenant's Antenna; Tenant shall cooperate with Landlord or such other tenants in eliminating such interference, provided, that the cost of remedying such interference shall be borne by the party which is causing such interference, unless such party was using the roof in the manner causing such interference prior in time to the use of the Antenna causing such interference by Tenant, in which case the cost of remedying such interference shall be borne by Tenant. Except if Landlord reasonably determines that another tenant in the Building was using the roof in a manner causing such interference prior in time to the use of the Antenna by Tenant, Landlord shall at the request and cost of Tenant use commercially reasonable efforts

(which may include commencement and prosecution with reasonable diligence appropriate legal proceeding) to prevent other tenants in the Building from interfering with or impairing Tenant's data reception via Tenant's Antenna. Tenant shall secure and keep in full force and effect, form and after the time Tenant begins construction and installation of the Antenna and the 75 Rock Conduit, such supplementary insurance with respect to the Antenna and the 75 Rock Conduit as Landlord may reasonably require, provided, that the same shall not be in excess of that which would customarily be required from time to time by landlords of first class midtown Manhattan office buildings, with respect to similar installations.

(b) Tenant shall comply with all Laws applicable to the Antenna and the 75 Rock Conduit. Landlord makes no. warranties as to the permissibility of an Antenna and the 75 Rock Conduit under applicable Laws, the suitability of the roof of the Building for the installation thereof or the need for consent from the owner of 75 Rockefeller Plaza, New York, New York or otherwise for the installation thereof. If Landlord's structural engineer deems it reasonably necessary that there be structural reinforcement of the roof or other structural requirements in connection with the installation of the Antenna, Landlord shall perform same at Tenant's reasonable cost within a commercially reasonable period of time taking into account the nature of the work after Tenant delivers to Landlord final plans and specifications with respect to the installation of the Antenna and Tenant shall not perform any such installation prior to the completion of any such structural reinforcement or other structural requirements; provided, that, if in connection with such installation any asbestos must be removed from the shafts and conduits in the Building, landlord shall remove same, at Landlord's expense (subject to reimbursement as part of Operating Expenses). The installation of the Antenna and the 75 Rock Conduit shall be a Material Alteration subject to Article 4 (except that Landlord shall not unreasonably withhold its consent thereto). For the purpose of installing, servicing or repairing the Antenna, Tenant shall have access to the roof of the Building at reasonable times upon reasonable notice to Landlord and Landlord shall have the right to require, as a condition to such access, that Tenant (or its employee, contractor or other representative) at all times be accompanied by a representative of Landlord whom Landlord shall make available upon reasonable notice (except that such accompaniment shall be required in the case of an emergency only if practicable). All work required to be performed to the roof and other parts of the Building outside of the Premises in connection with the installation of the Antenna and the 75 Rock Conduit (including, without limitation, any roof penetrations, structural modifications and reroofing) shall be performed by Landlord at Tenant's expense.

(c) Tenant's consumption (KW and KWHR) of electricity for use of the Antenna shall be reasonably estimated by Landlord, and Tenant shall pay the Actual Charge for such consumption. The Actual Charge for Tenant's consumption of electricity for use of the Antenna shall be adjusted by Landlord from time to time as provided in Section 2.07(d) and any good faith disagreement by Tenant with Landlord's determinations of the Actual Charge shall be determined in accordance with Section 2.07(e).

(d) Tenant shall be responsible for all costs and expenses for repairs and maintenance of the roof or any other part of the Project which directly result from

Tenant's use of the roof for the construction, installation, maintenance, repair, operation, and use or removal of the Antenna and the 75 Rock Conduit.

(e) Notwithstanding anything to the contrary contained in this Section 10.01, Landlord may, at Tenant's expense (or at Landlord's expense if Landlord is accommodating another tenant or benefitting Landlord), on not less than thirty (30) days' prior notice, relocate the Antenna to another location on the roof of the Building, provided, that Landlord does not, except during such relocation, either materially interfere with or adversely affect the receipt of and/or transmission of microwaves or other similar signals, and Tenant shall cooperate in all reasonable respects with Landlord in any such relocations. Tenant shall reimburse Landlord for the reasonable actual out of pocket cost thereof within thirty (30) days after receipt of statements therefor.

(f) The rights granted in this Section 10.01 are given in connection with, and as part of the rights created under, this Lease and are not separately transferable or assignable. Tenant shall use the Antenna and the 75 Rock Conduit solely in connection with activities permitted under Section 1.05. Tenant shall not sell any services arising out of the use of the Antenna and the 75 Rock Conduit (i) to any other tenant other than Affiliates of Tenant or (ii) to the general public.

(g) If the installation of the Antenna or any act or omission relating thereto should revoke, negate or in any manner impair or limit any roof warranty, or guaranty obtained by Landlord, then Tenant shall reimburse Landlord for any loss or damage sustained or costs or expenses incurred by Landlord as a result of such revocation, negation, impairment or limitation with thirty (30) days after receipt of statements therefor.

(h) In no event shall Tenant run any lines from Tenant's Antenna to any location other than space leased by Tenant in the Building.

ARTICLE 11

Security Deposit

11.01 The terms defined below shall, for the purposes of this Article 11, have the meanings herein specified:

(i) "Remaining Additional Charge" shall mean an amount equal to the aggregate of the Additional Charges pursuant to Sections 2.04, 2.05 and 2.07 payable for the remainder of the term of this Lease commencing on the date in question,

without giving effect to any abatements of, recoupments of or offsets against Rent that Tenant may be entitled to pursuant to the terms of this Lease other than those theretofore determined to be due to Tenant in

accordance with the provisions of this Lease including, without limitation, the rent credit provided in Section 2.02(a) hereof (for purposes of computing the Additional Charges pursuant to Section 2.04, 2.05 and 2.07 payable for the remainder of the term of this Lease for purposes of this Subsection 11.01(i), the monthly amount of Additional Charges pursuant to Section 2.04, 2.05 and 2.07 payable by Tenant shall be deemed to be the amount of Additional Charges pursuant to Section 2.04, 2.05 and 2.07 payable by Tenant and applicable to the month in which the date in question occurs, without giving effect to any abatement or right of setoff; provided, however, that if such date occurs during the Base Operating Year or the Tax Year in which the Base Tax Amount applies, such deemed monthly amount with respect to Sections 2.04 and 2.05 shall be the amount reasonably estimated by Landlord (subject to arbitration, at Tenant's election, pending the result of which Landlord's estimate shall govern) to be payable by Tenant for the month immediately following the end of the Base Operating Year and the Tax Year in which the Base Tax Amount applies, without giving effect to any abatement or right of setoff).

(ii) "Remaining Fixed Rent" shall mean an amount equal to the aggregate of the Fixed Rent payable for the remainder of the term of this Lease from and after the date in question, without giving effect to any abatements of, recoupments of or offsets against Rent that Tenant may be entitled to pursuant to the terms of this Lease (other than those theretofore determined to be due to Tenant in accordance with the provisions of this Lease including, without limitation, the rent credit provided in Section 2.02(a) hereof).

(iii) "Security" shall mean the full amount of the Security Deposit or the Security Letter, as the case may be.

(iv) "Security Deposit" shall mean a cash deposit made by Tenant pursuant to the terms hereof, together with any interest earned thereon.

(v) "Security Letter" shall mean a letter of credit that meets the requirements set forth in Section 11.03(b) hereof.

(vi) "Tangible Net Worth" shall mean the owner's equity of the entity in question, computed in accordance with generally accepted

accounting principles, specifically excluding goodwill from the calculation thereof.

11.02 Tenant shall be required to provide Landlord with, at Tenant's option exercised from time to time, a Security Deposit or, at Tenant's election, a Security Letter as a condition to the assignment of this Lease or sublease pursuant to Section 5.01(b) without the consent of Landlord (a "Section 5.01(b) Assignment") if:

(i) the then Tenant under this Lease (whether directly or by a guarantee as provided in Section 5.01(b)) after giving effect to such Section 5.01(b) Assignment has a Tangible Net Worth of less than One Hundred Fifty Million ($150,000,000.00) Dollars as of the date of such Section 5.01(b) Assignment, then, such Tenant shall provide Landlord with a Security Deposit or a Security Letter in an amount equal to the Remaining Fixed Rent, measured as of the date of such 5.01(b) Assignment or such later date on which neither Tenant's Tangible Net Worth, nor that of any guarantor of Tenant's obligations under this Lease as provided in Section 5.01(b), shall be at least **One Hundred Fifty Million ($150,000,000.00)** Dollars, for the period commencing on (x) the date of such 5.01(b) Assignment or such later date on which neither Tenant's Tangible Net Worth nor that of any guarantor (nor substitute guarantor) of Tenant's obligation under this Lease as provided in Section 5.01(b) shall be less than One Hundred Fifty Million ($150,000,000.00) Dollars and ending on (y) the date on which Tenant or any guarantor (or substitute guarantor) of Tenant's obligations under this Lease as provided in Section 5.01(b) establishes that it has achieved a Tangible Net Worth of **One Fifty Hundred Million ($150,000,000.00)** Dollars or more; provided, however, that Tenant shall again be required to provide the appropriate Security Deposit or Security Letter, required pursuant to this Section 11.02 if neither Tenant nor any guarantor (or substitute guarantor) of Tenant's obligations under this Lease as provided in Section 5.01(b) shall have a Tangible Net Worth equal to or in excess of **One Hundred Fifty Million ($150,000,000.00)** Dollars at any time; or

(ii) the then Tenant under this Lease (whether directly or by a guarantee as provided in Section 5.01(b)) has a Tangible Net Worth of **One Hundred Fifty Million ($150,000,000.00)** Dollars or more, but less than **Two Hundred Fifty Million ($250,000,000.00)** Dollars as of the date of such Section 5.01(b) Assignment, then Tenant shall provide Landlord with a Security Deposit or a Security Letter in an amount equal to the 60% of the Remaining Fixed Rent, measured as of the date of such 5.01(b) Assignment or such later date on which neither Tenant's Tangible Net Worth nor that of any guarantor of Tenant's obligations

under this Lease as provided in Section 5.01(b) shall be at least **Two Hundred Fifty Million ($250,000,000.00) Dollars**, for the period commencing on (x) the date of such 5.01(b) Assignment or such later date on which neither Tenant's Tangible Net Worth nor that of any guarantor of Tenant's obligations under this Lease as provided in Section 5.01(b) shall be at least **Two Hundred Fifty Million ($250,000,000.00)** Dollars and ending on (y) the date on which Tenant or any guarantor (or substitute guarantor) of Tenant's obligations under this Lease as provided in Section 5.01(b) establishes that it has achieved a Tangible Net Worth of **Two Hundred Fifty Million ($250,000,000.00)** Dollars or more; provided, however, that Tenant shall again be required to provide the

appropriate Security Deposit or Security Letter required pursuant to Section 11.02 if neither Tenant nor any guarantor (nor substitute guarantor) of Tenant's obligations under this Lease as provided in Section 5.01(b) shall have a Tangible Net Worth equal to or in excess of **Two Hundred Fifty Million ($250,000,000.00)** Dollars.

At all times that Security is required to be provided by Tenant to Landlord, the Security may be (xx) reduced at the end of each calendar year upon written request of Tenant, provided, that Tenant is not then in default under this Lease beyond applicable notice and cure period, or (yy) increased by Landlord upon any Offer Space being added to the Premises upon written notice from Landlord to Tenant, in each case by recalculating the Security required to be provided by Tenant in accordance with the formula provided in the applicable clause (i) and (ii) of this Section 11.02; whereupon, (aa) if Tenant has provided Landlord with a Security Deposit, Landlord shall return to Tenant the required reduction in the Security (provided Tenant is not then in monetary or material nonmonetary default of this Lease, in which case, such Security reduction shall be returned to Tenant if and when such default is cured) or Tenant shall pay to Landlord the required increase in the Security, as applicable and (bb) if Tenant shall have provided Landlord with a Security Letter, such Security Letter shall be replaced by a new Security Letter in the amount of the required Security (provided, in the case where the Security Letter is decreased, Tenant is not then in monetary or material nonmonetary default of this Lease, in which case, such Security Letter shall be replaced with such new Security Letter if and when such default is cured). Tenant at any time may substitute a Security Letter for the Security Deposit or a Security Deposit for a Security Letter. At any one time, Tenant will only be required to maintain the security provided under clause (i) or (ii) of this Section 11.02.

11.03 (a) If Tenant defaults beyond any applicable notice and grace period in the full and prompt payment and performance of any Tenant's covenants and obligations under

this Lease, including, but not limited to, the payment of Fixed Rent and Additional Charges, Landlord may, but shall not be required to, use, apply or retain the whole or any part of the Security for the payment of any Fixed Rent and Additional Charges or any other sums as to which Tenant is in default beyond any applicable notice and grace period or for any sum which Landlord may expend or may be required to expend by reason of Tenant's default, beyond any applicable notice or cure period in respect of any of the terms, covenants and conditions of this Lease, including, but not limited to, any damages or deficiency in the reletting of the Premises, whether such damages or deficiency accrue before or after summary proceedings or other re-entry by Landlord. If Landlord shall so use, apply or retain the whole or any part of the Security, Tenant shall within three Business Days after demand deposit with Landlord a sum equal to the amount so used, applied or retained, as Security as aforesaid, failing which Landlord shall have the same rights and remedies as for the non-payment of Fixed Rent beyond the applicable grace period. The Security, or any balance or portion thereof to which Tenant is entitled, shall be returned or paid over to Tenant within thirty (30) days following the occurrence of the applicable event described in Section 11.02 hereof for the return of such Security, the Expiration Date or the early termination of this Lease, as applicable. In the event of any sale, transfer or leasing of Landlord's interest in the Building, whether or not in connection with a sale, transfer or leasing of the Land to a vendee, transferee or lessee, Landlord shall have the right to transfer the unapplied part of the Security to which Tenant is entitled to the vendee, transferee or lessee and, provide that such transferee shall assume the obligations of Landlord under this Article 11, Landlord shall be released by Tenant from all liability for the return or payment thereof, and Tenant shall look solely to the new Landlord for the return or payment of the same. The provisions of the preceding sentence shall apply to every subsequent sale, transfer, leasing or other cessation of the interest of such successors in the Building, whether in whole or in part, provided such successor pays over any unapplied part of said Security to any vendee, transferee or lessee of the Building, and that such transferee shall assume the obligations of Landlord under this Article 11, whereupon such successor shall be relieved of all liability with respect thereto. Landlord shall not transfer the unapplied portion of the Security except as provided in this Section 11.03(a) nor shall Landlord pledge, hypothecate or otherwise collaterally assign such Security other than a Superior Mortgagee in which case the rights of such Superior Mortgagee shall be no greater than the rights of Landlord with respect to such Security. Except in connection with a permitted assignment of this Lease, Tenant shall not assign or encumber or attempt to assign or encumber the monies deposited herein as Security or any interest thereon to which Tenant is entitled, and neither Landlord not its successors or assigns shall be bound by any such assignment, encumbrance, attempted assignment or attempted encumbrance. In any event, in the absence of evidence reasonably satisfactory to Landlord of an assignment of the right to receive the Security, or the remaining balance thereof, Landlord may return the Security to the original Tenant regardless of one or more assignments of this Lease. Any Security Deposit made by Tenant hereunder shall be deposited by Landlord in a separate interest bearing account at a banking institution located in New York State insured by a federal agency and otherwise reasonably acceptable to Landlord and Tenant or which is required by the Superior Mortgagee which is not an Affiliate of Landlord, and at the request of Tenant, shall be invested in securities issued or guaranteed by the United States of America, with a term not to

exceed three months. Landlord shall pay to Tenant annually all interest earned and payments on a Security Deposit held by Landlord.

(b) (i) In lieu of the cash Security Deposit provided for in this Article 11, Tenant may be at any time during the term hereof deliver to Landlord and, shall, except as otherwise provided herein, maintain in effect at all times when required hereunder, an unconditional irrevocable letter of credit, in form and substance reasonably satisfactory to Landlord in the amount of the Security required pursuant to this Lease, issued by a banking corporation reasonably satisfactory to Landlord and having its principal place of business or its duly licensed branch or agency in the State of New York. Such letter of credit shall have an expiration date no earlier than the first anniversary of the date of issuance thereof and shall be automatically renewed from year to year unless terminated by the issuer thereof by notice to Landlord given not less than thirty (30) days prior to the expiration thereof and shall be transferable by Landlord without the consent of Tenant, subject to the limits contained in Section 11.03 hereof, or the issuer of the Security Letter at the cost of the Tenant. Except as otherwise provided herein, Tenant shall, throughout the term of this Lease deliver to, in the event of the termination of any such letter of credit, replacement letters of credit in lieu thereof (each such letter of credit and such extensions or replacements thereof, as the case may be, is herein referred to as a "Security Letter") no later than thirty (30) days prior to the expiration date of the preceding Security Letter. The term of such Security Letter shall be not less than one year and shall be automatically renewable from year to year as aforesaid. If Tenant shall fail to obtain any replacement of a Security Letter within the time limits set forth in this Subsection (b)(i), Landlord may draw down the full amount of the existing Security Letter and retain the same as security hereunder in which case the proceeds thereof shall be held and applied as a Security Deposit pursuant to this Article 11. Each Security Letter shall provide that such letter of credit may be drawn down by Landlord upon presentation to the issuing bank of Landlord's sight draft drawn on the issuing bank without accompanying memoranda or

statement of beneficiary except a statement that Landlord is entitled to draw upon such Security Letter pursuant to the provisions of this Lease.

(ii) In the event that Tenant defaults beyond any applicable notice and grace period in respect of any of the terms, provisions, covenants and conditions of this Lease and Landlord utilizes all or any part of the Security represented by the Security Letter, Landlord may, in addition to exercising all other of its rights provided in this Section 11.03, retain the unapplied and unused balance of the principal amount of the Security Letter as Security for the faithful performance and observance by Tenant

thereafter of the terms, provisions and conditions of this Lease, and may use, apply, or retain the whole or any part of said balance on all of the same terms and conditions hereinabove set forth in this Section 11.03. In the event of a sale of the Building, Landlord shall have the right to require Tenant to deliver a replacement Security Letter naming the new Landlord as beneficiary, provided, that such new Landlord has assumed the obligations of Landlord arising after the date of such sale and, if Tenant shall fail to deliver the same within ten (10) Business Days after written demand therefor, to draw down the existing Security Letter and transfer the proceeds as security hereunder to the new Landlord.

(iii) If Landlord shall present the Security Letter for payment and be entitled to retain or apply only a portion of the proceeds as provided herein and this Lease shall have not theretofore been terminated, then Landlord shall refund to Tenant the balance of such proceeds, provided, that Tenant shall deposit with Landlord a new Security Letter in the amount of the Security required pursuant to this Lease.

11.04 Wherever in this Article 11 reference is made to Tenant establishing that it has achieved a Tangible Net Worth of a specified amount, Tenant shall do so by providing Landlord with an audited consolidated balance sheet and Statement of Changes in Capital of Tenant prepared by a Big Six Accounting Firm, in reasonable detail, together with a report by such Big Six Accounting Firm, setting forth that they have made an examination of Tenant's consolidated financial statements and Statement of Changes in Capital in accordance with generally accepted auditing standards and that, in their opinion, said consolidated financial statements and Statement of Changes in Capital present fairly the consolidated financial position, results of operations and changes in financial position of Tenant in accordance with generally accepted accounting principles, consistently applied.

11.05 The provisions and conditions of this Article 11, shall apply to and continue to be binding upon the Tenant herein named and any entity that succeeds to Tenant's interest in this Lease pursuant to Article 5 hereof, notwithstanding any assignment of this Lease by the Tenant herein named or any further assignment(s) of this Lease, whether made with or without the consent of Landlord.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the day and year first written above.

Landlord: 1290 ASSOCIATES, L.L.C.
By: O&Y Management Corp., As Agent

By: /s/ Tom Falus
Name: Tom Falus
Title: Executive Vice President

Tenant: WARNER COMMUNICATIONS INC.

By: /s/ John A. Labarca
Name: John A. Labarca
Title: Vice President and Controller

Tenant's Federal Tax I.D. No.: 13-2696809

1290 Associates, in its capacity as the lessor ("Lessor") under the Ground Lease (as defined in Section 6.01(c)(i) of the within Lease) hereby consents to the within Lease and agrees, for itself and each of its successors and assigns which is an Affiliate of the then Landlord, that in the event of the termination of the Ground Lease, the Lease shall continue in full force and effect as a direct lease between Lessor and Tenant, and Lessor and Tenant shall be bound to each other under all of the terms, covenants and conditions of the Lease for the balance of the term thereof remaining, with the same force and effect as if Lessor were the Landlord, and Tenant does hereby (i) agree to attorn to Lessor, as its Landlord, (ii) affirm its obligations under the Lease, and (iii) agree to make payment to Lessor of all sums required to be paid by Tenant to Landlord under the Lease, and Lessor does hereby (a) agree to recognize Tenant, as its Tenant, (b) affirm all of its obligations as Landlord under the Lease, and (c) agree to make payment to Tenant of all sums required to be paid by Landlord to Tenant under the Lease whether accruing prior to or subsequent to the termination of the Ground Lease and shall include all of Tenant's rights to offset and recoup rents, said attornment (recognition), affirmation and agreement by Tenant and Lessor to be effective and self-operative without the execution of any further instruments, upon Lessor succeeding to the interest of Landlord under

the Lease; provided, that if Lessor or Tenant requests, without implying any obligation to do so on either party's part, Lessor and Tenant shall confirm the attornment and recognition described herein in writing. Tenant waives the provisions of any statute or rule of law now or hereafter in effect that may give or purport to give it any right or election to terminate or otherwise adversely affect the Lease or the obligations of Tenant thereunder by reason of any termination of the Ground Lease.

1290 ASSOCIATES, L.L.C.
By: O&Y Management Corp., as Agent

By: /s/ Tom Falus
Name: Tom Falus
Title: Executive Vice President

EXHIBIT A

DESCRIPTION OF LAND

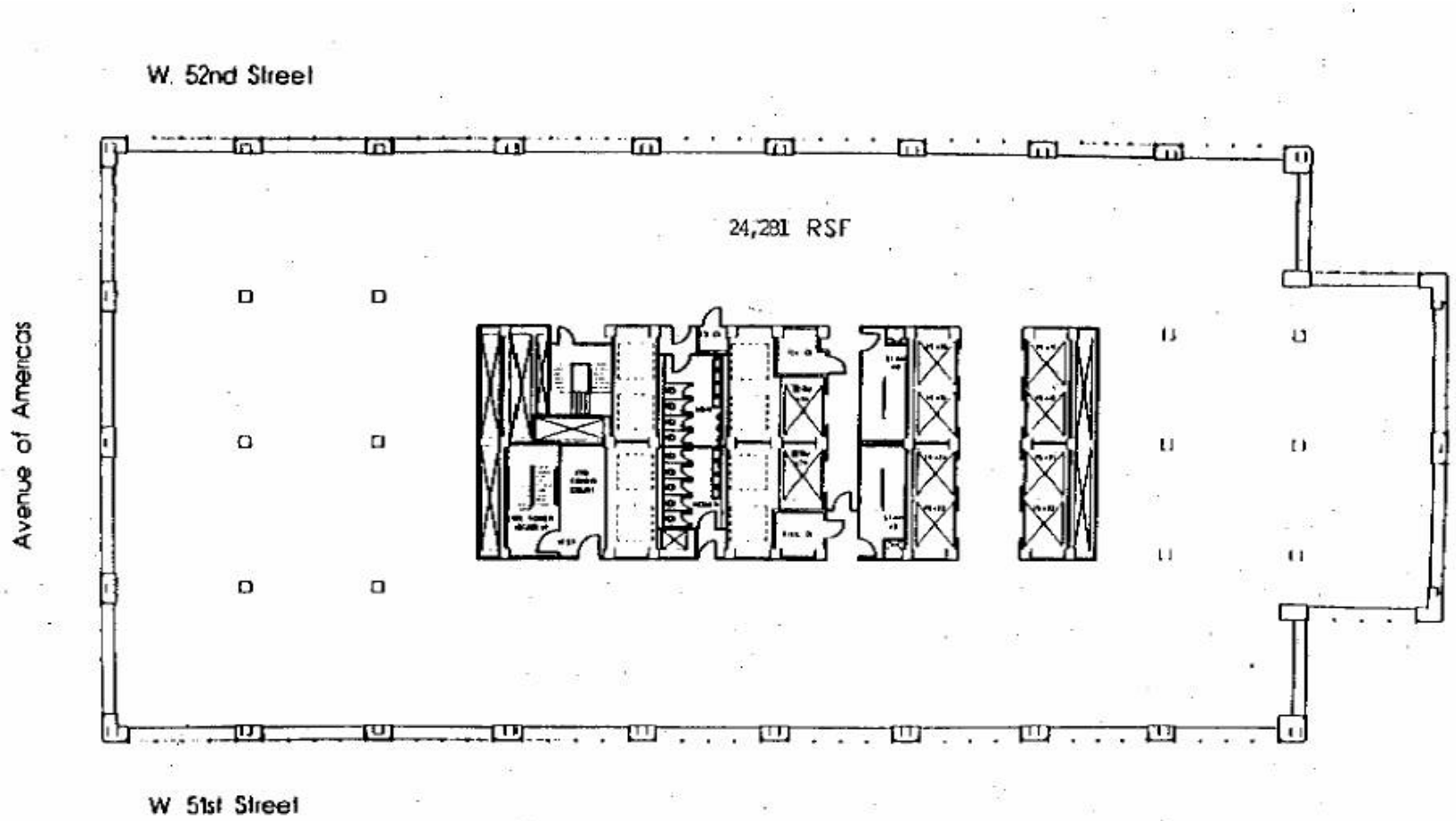
All that certain plot, piece or parcel of land, situate, lying and being in the Borough of Manhattan, City, County and State of New York, bounded and described as follows:

BEGINNING at the corner formed by the intersection of the northerly side of West 51st Street with the easterly side of Avenue of the Americas (formerly Sixth Avenue); running thence Easterly along the northerly side of West 51st Street 448 feet to a point distant 472 feet Westerly from the corner formed by the intersection of the northerly side of West 51st Street with the westerly side of Fifth Avenue, thence Northerly parallel with Fifth Avenue and part of the distance through a party wall 100 feet 5 inches to the center line of the block between West 51st Street and West 52nd Street, thence Westerly along said center line of the block 2 feet, thence Northerly parallel with Fifth Avenue and part of the distance through a party wall 100 feet 5 inches to the southerly side of West 52nd Street, at a point therein distant 474 feet Westerly from the southwest corner of West 52nd Street and Fifth Avenue; running thence Westerly along the southerly side of West 52nd Street 446 feet to the easterly side of Avenue of the Americas, thence Southerly along the easterly side of Avenue of the Americas 200 feet 10 inches to the northerly side of West 51st Street at the point or place of BEGINNING.

EXHIBIT B

FLOOR PLAN

EXHIBIT B-1



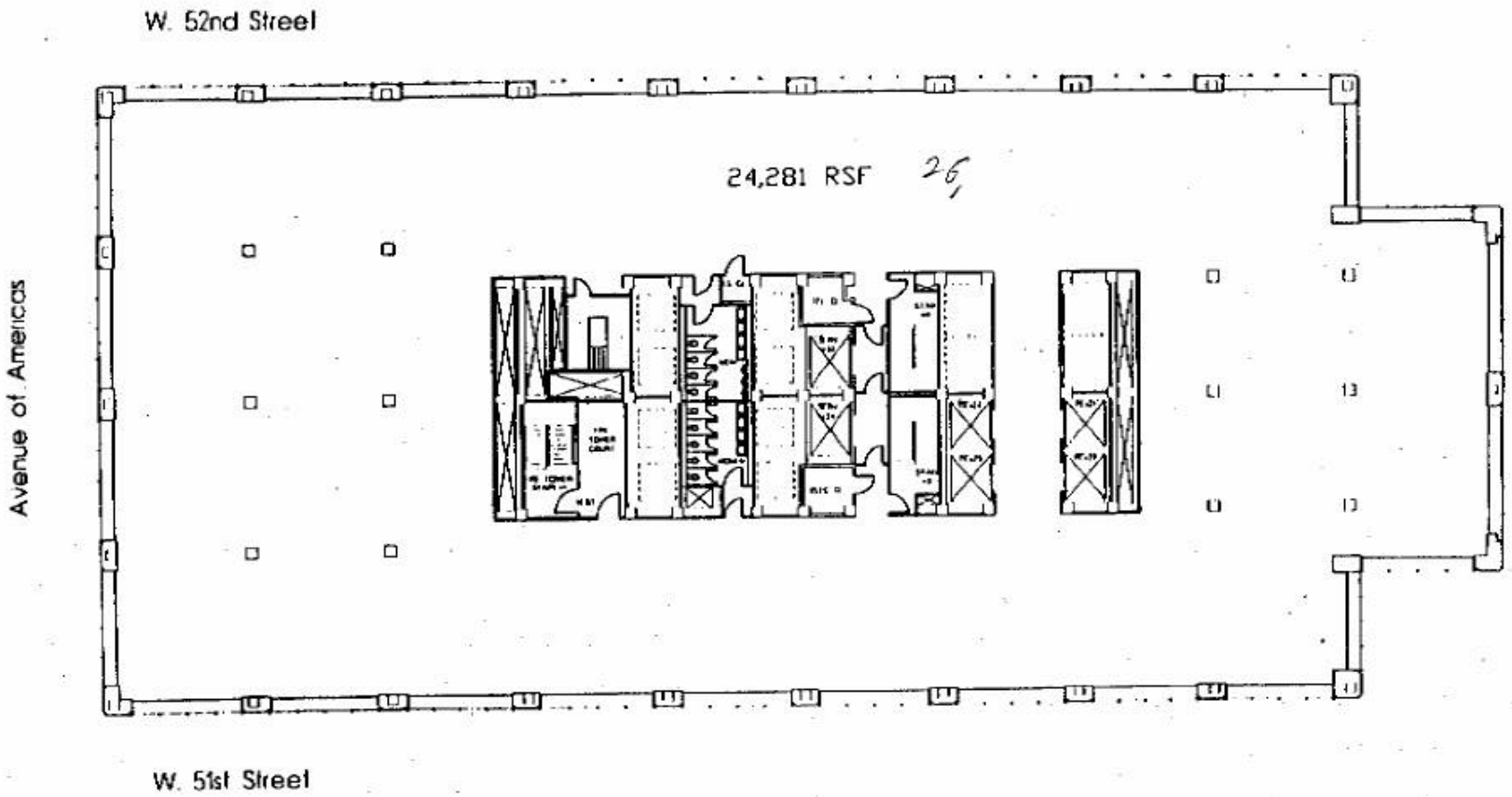
1290 Avenue of Americas
New York, NY

Floor 23

OLYMPIA & YORK

Date 10/20/95

EXHIBIT B-2



1290 Avenue of Americas
New York, NY

Floor 24

OLYMPIA & YORK

Date: 10/26/95

EXHIBIT B-3

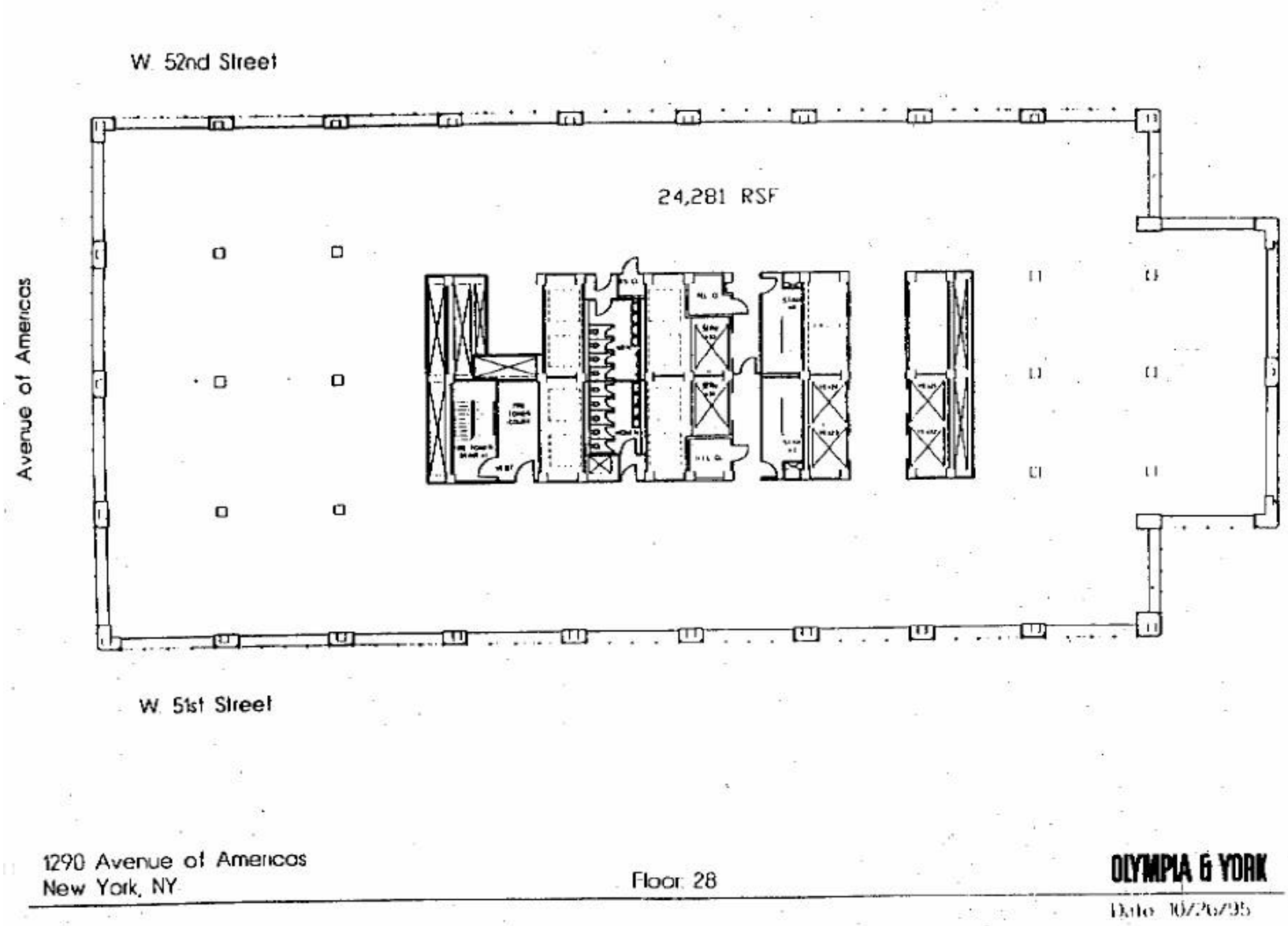
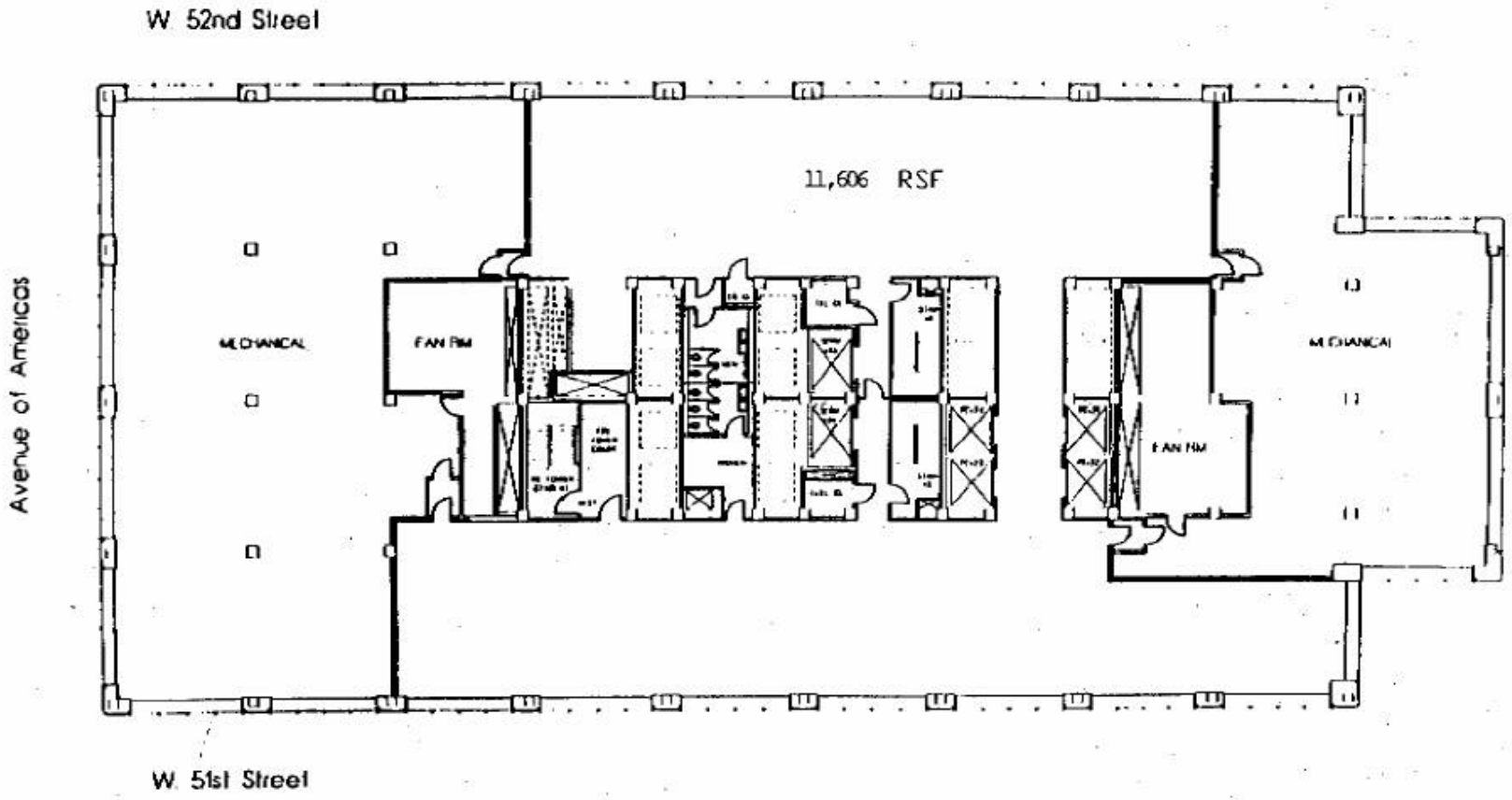

W. 52nd Street
24,281 RSF
Avenue of Americas
W. 51st Street
1290 Avenue of Americas
New York, NY
Floor 28
OLYMPIA & YORK
Date 10/26/95

EXHIBIT B-4



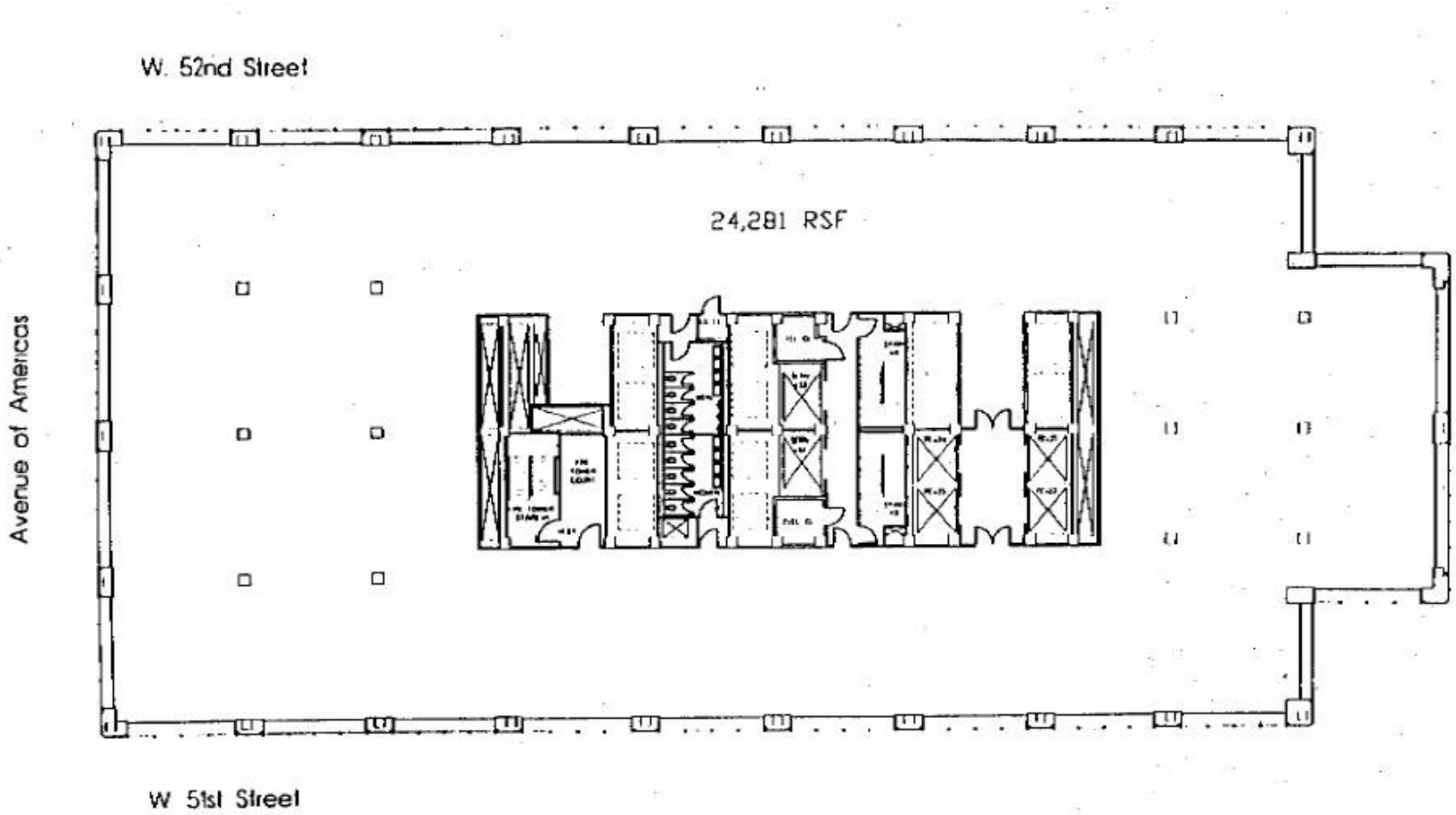
1290 Avenue of Americas
New York, NY

Floor 25

OLYMPIA & YORK

Date: 10/31/95

EXHIBIT B-5



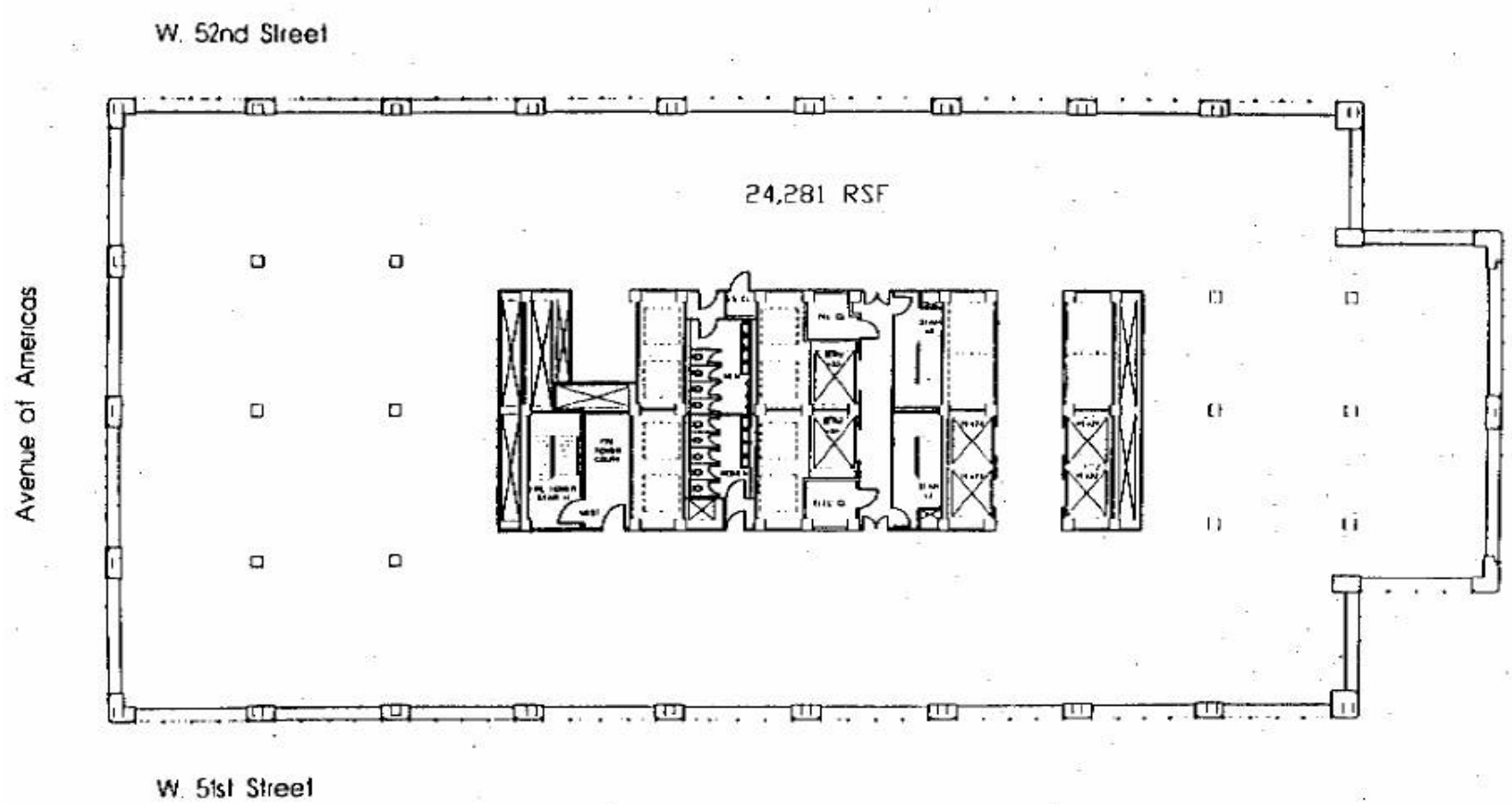
1290 Avenue of Americas
New York, NY

Floor: 26

OLYMPIA & YORK

Date 10/26/95

EXHIBIT B-6



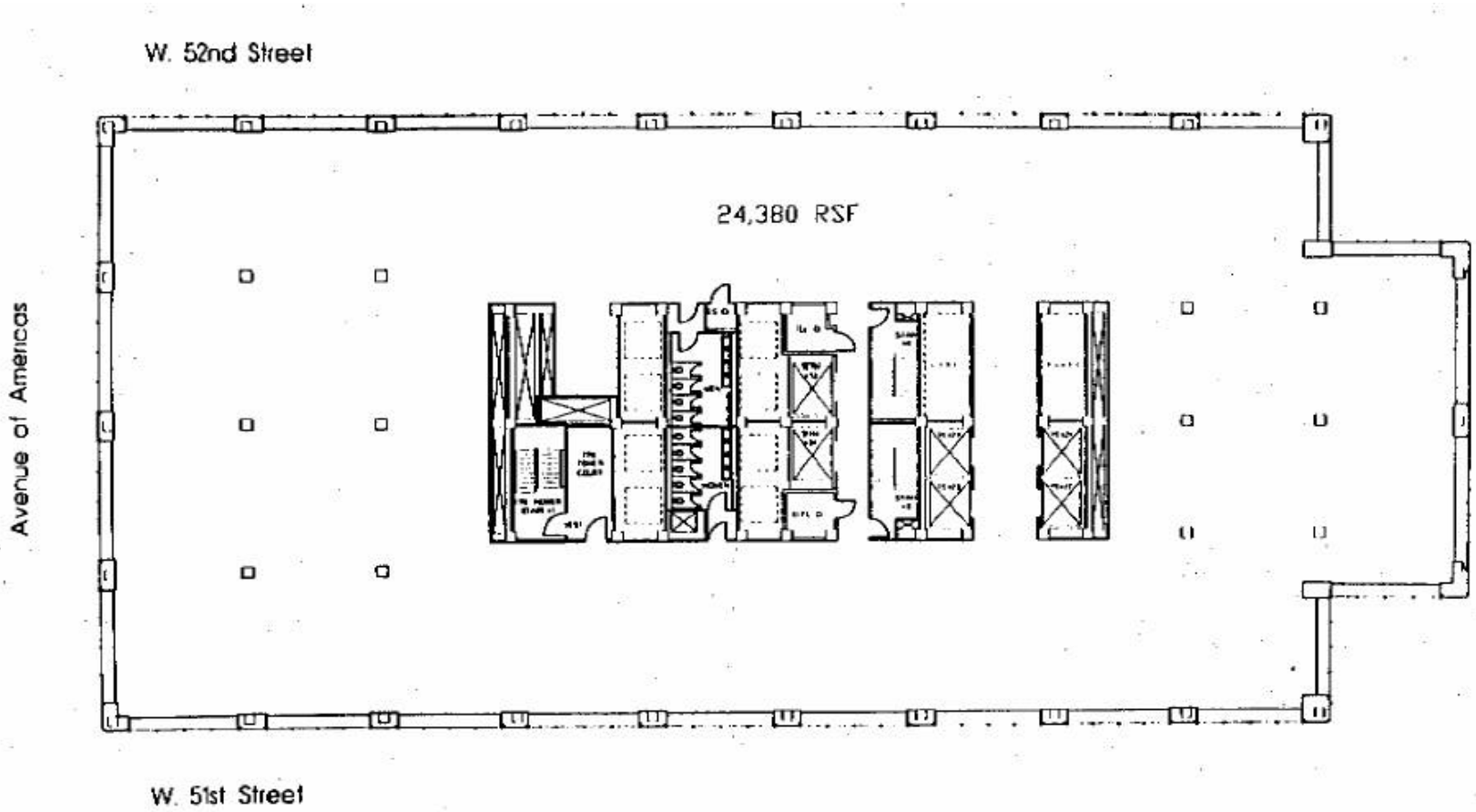
1290 Avenue of Americas
New York, NY

Floor 27

OLYMPIA & YORK

Date 10/26/95

EXHIBIT B-7



1290 Avenue of Americas
New York, NY

Floor 29

OLYMPIA & YORK

Date 10/26/95

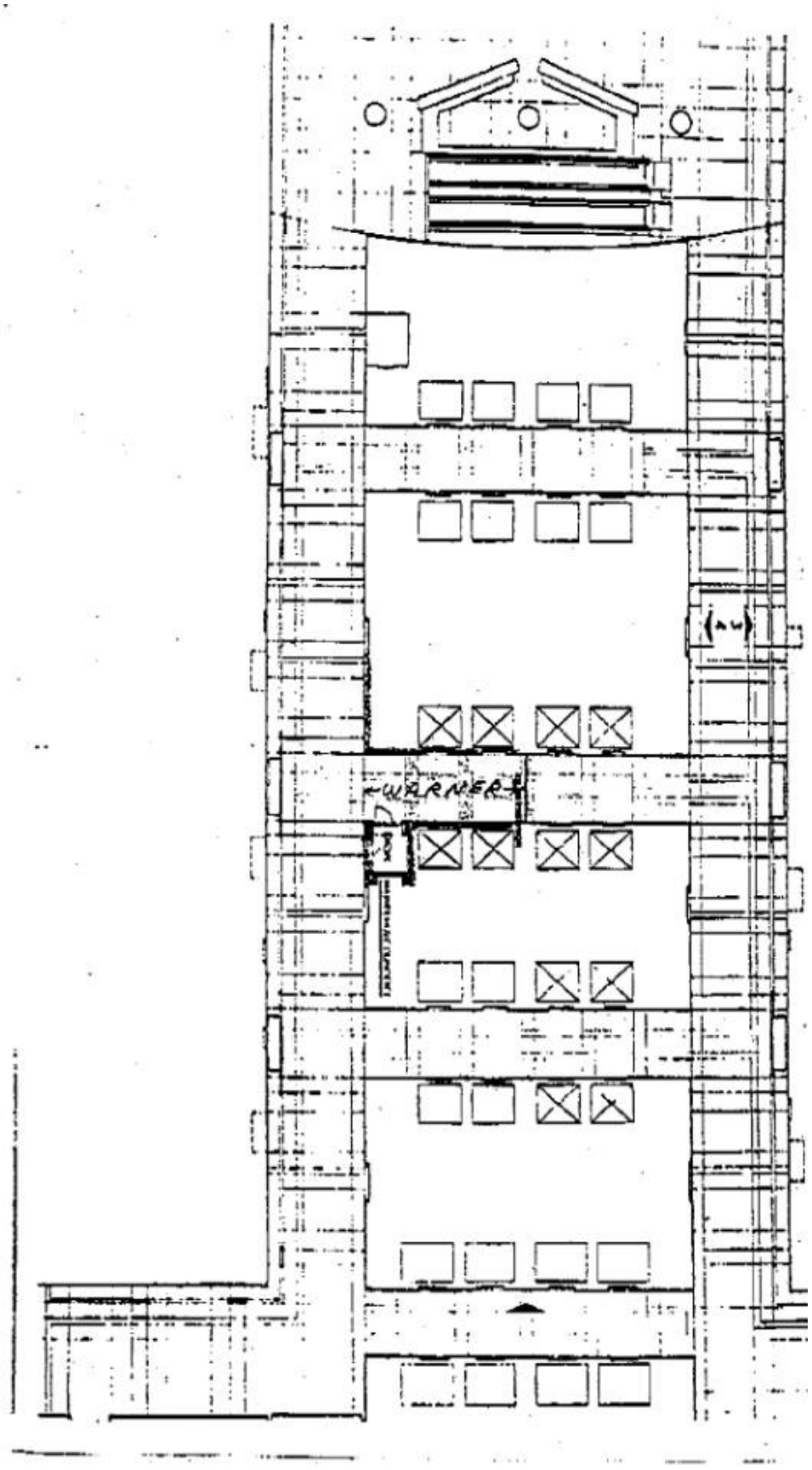


EXHIBIT C

RULES AND REGULATIONS

1. The rights of each tenant in the entrances, corridors, elevators and escalators servicing the Building are limited to ingress and egress from such tenant's premises for the tenant and its employees, licensees and invitees, and no tenant shall use, or permit the use of, the entrances, corridors, escalators or elevators for any other purpose (except for internal corridors where Tenant leases the entire floor, in which case such corridors may be used for other purposes provided such use does not violate Law or any insurance requirements). No tenant shall invite to the tenant's premises, or permit the visit of, persons in such numbers or under such conditions as to interfere with the use and enjoyment of any of the plazas, entrances, corridors, escalators, elevators and other facilities of the Building by any other tenants. Fire exits and fire stairways are for emergency use only, and they shall not be used for any other purpose by the tenants, their employees, licensees or invitees. No tenant shall encumber or obstruct, or permit the encumbrance or obstruction of, any of the sidewalks, plazas, entrances, corridors, escalators, elevators, fire exits or stairways of the Building. Landlord reserves the right to control and operate the public portions

of the Building and the public facilities, as well as facilities furnished for the common use of the tenants, in such manner as it in its reasonable judgment deems best for the benefit of the tenants generally.

2. Landlord may refuse admission to the Building outside of Business Hours on Business Days to any person not known to the watchman in charge or not having a pass issued by Landlord or the tenant whose premises are to be entered or not otherwise properly identified, and Landlord may require all persons admitted to or leaving the Building outside of Business Hours on Business Days to provide appropriate identification. Tenant shall be responsible for all persons for whom it issues any such pass and shall be liable to Landlord for all acts or omissions of such persons. Any person whose presence in the Building at any time shall, in the judgment of Landlord, be prejudicial to the safety, character or reputation of the Building or of its tenants may be ejected therefrom. During any invasion, riot, public excitement or other commotion, Landlord may prevent all access to the Building by closing the doors or otherwise for the safety of the tenants and protection of property in the Building.

3. Only Landlord or persons approved by Landlord (which approval will not be unreasonably withheld), shall be permitted to furnish to the Premises ice, drinking water, food, beverage, linen, towel, barbering, bootblacking, floor polishing, cleaning or other similar services.

4. No awnings or other projections shall be attached to the outside walls of the Building. No curtains, blinds, shades or screens which are different from the standards adopted by Landlord for the Building shall be attached to or hung in, or used in connection with, any exterior window or door of the premises of any tenant, without the prior written consent of Landlord. Such curtains, blinds, shades or screens must be of a quality, type, design and color, and attached in the manner approved by Landlord, which approval shall not be unreasonably withheld.

5. No lettering, sign, advertisement, notice or object shall be displayed in or on the exterior windows or doors, or on the outside of any tenant's premises, or at any point inside any tenant's premises where the same might be visible outside of such premises, without the prior written consent of Landlord. In the event of the violation of the foregoing by any tenant, Landlord may remove the same without any liability, and may charge the expense incurred in such removal to the tenant violating this rule. Interior signs, elevator cab designations and lettering on doors and the Building directory shall, if and when approved by Landlord (which approval shall not be unreasonably withheld or delayed (i) for interior signs and lettering in the area, within any Block which is occupied only by Tenant, its Affiliates and Related Service Providers, which is visible from the passenger elevator serving such Block, and (ii) the elevator cab designation in such passenger elevator for Tenant, its Affiliates or Related Service Providers occupying such Block), be inscribed, painted or affixed for each tenant by Landlord at the expense of such tenant, and shall be of a size, color and style reasonably acceptable to Landlord.

6. The sashes, sash doors, skylights, windows and doors that reflect or admit light and air into the halls, passageways or other public places in the Building shall not be covered or obstructed by any tenant, nor shall any bottles, parcels or other articles be placed on the window sills or on the peripheral air conditioning enclosures, if any.

7. No showcases or other articles shall be put in front of or affixed to any part of the exterior of the Building, nor, except as provided in clause 5, placed in the halls, corridors or vestibules.

8. No bicycles, vehicles, animals, fish or birds of any kind shall be brought into or kept in or about the premises of any tenant or the Building.

9. Nothing shall be done or permitted in the premises of any tenant which would impair or interfere with the use or enjoyment by any other tenant of any space in the Building.

10. No tenant, nor any tenant's contractors, employees, agents, visitors or licensees, shall at any time bring into or keep upon the premises or the Building any inflammable, combustible, explosive, or otherwise hazardous or dangerous fluid, chemical, substance or material (except in such amounts and types as generally used in cleaning first class office buildings in midtown Manhattan, provided such materials are not stored in the Premises).

11. Additional locks or bolts of any kind which shall not be operable by the Grand Master Key for the Building shall not be placed upon any of the doors or windows by any tenant, nor shall any changes be made in locks or the mechanism thereof which shall make such locks inoperable by said Grand Master Key. Additional keys for a tenant's premises and toilet rooms shall be procured only from Landlord who may make a reasonable charge therefor. Each tenant shall, upon the termination of its tenancy, turn over to Landlord all keys of stores, offices and toilet rooms, either furnished to, or otherwise procured by, such tenant, and in the event of the loss of any keys furnished by Landlord, such tenant shall pay to Landlord the cost thereof. During the Term, Tenant shall not be required to furnish to Landlord keys for the Tenant security areas set forth in Section 4.04(d).

12. All removals, or the carrying in or out of any safes, freight, furniture, large packages, large boxes, crates or any other large object or matter of any description must take place during such hours and in such elevators, and in such manner as Landlord or its agent may reasonably determine from time to time. The persons employed to move safes and other heavy objects shall be reasonably acceptable to Landlord and, if so required by law, shall hold a Master Rigger's license. Arrangements will be made by Landlord with any tenant for moving large quantities of furniture and equipment into or out of the Building. Except as otherwise specified provided in the Lease, all labor and engineering costs incurred by Landlord in connection with any moving specified in this rule, including, except as otherwise provided in the Lease, a reasonable charge for overhead shall be paid by tenant to Landlord, on demand.

13. Landlord reserves the right to inspect all objects and matter to be brought into the Building and to exclude from the Building all objects and matter which violate any of these Rules and Regulations or the lease of which this Exhibit is a part. Landlord may require any person leaving the Building with any package or other object or matter to submit a pass, listing such package or object or matter, from the tenant from whose premises the package or object or matter is being removed, but the establishment and enlargement of such requirement shall not impose any responsibility on Landlord for the protection of any tenant against the removal of property from the premises of such tenant. Landlord shall in no way be liable to

any tenant for damages or loss arising from the admission, exclusion or ejection of any person to or from the premises or the Building under the provisions of this Rule or of Rule 2 hereof.

14. No tenant shall occupy or permit any portion of its premises to be occupied as an office for a public stenographer or public typist, or for the possession, storage, manufacture, or sale of narcotics, dope, in any form, or as a barber, beauty or manicure shop, or as a school. No tenant shall use, or permit its premises or any part thereof to be used, for manufacturing, or the sale at retail or auction of merchandise, goods or property of any kind.

15. Landlord shall have the right to prohibit any advertising or identifying sign by any tenant which makes mention of the Building or is visible from outside the Premises which, in Landlord's reasonable judgment, tends to impair the reputation of the Building or its desirability as a building for others, and upon written notice from Landlord, such tenant shall refrain from and discontinue such advertising or identifying sign.

16. Landlord shall have the right to reasonably prescribe the weight and position of safes and other objects of excessive weight, and no safe or other object whose weight exceeds the lawful load for the area upon which it would stand shall be brought into or kept upon any tenant's premises. If, in the reasonable judgment of Landlord, it is necessary to distribute the concentrated weight of any heavy object, the work involved in such distribution shall be done at the expense of the tenant and in such manner as Landlord shall reasonably determine.

17. No machinery or mechanical equipment other than ordinary portable business machines may be installed or operated in any tenant's premises without Landlord's prior written consent which consent shall not be unreasonably withheld or delayed, and in no case (even where the same are of a type so excepted or as so consented to by Landlord) shall any machines or mechanical equipment be so placed or operated as to disturb other tenants; but machines and mechanical equipment which may be permitted to be installed and used in a tenant's premises shall be so equipped, installed and maintained by such tenant as to prevent any disturbing noise, vibration or electrical or other interference from being transmitted from such premises to any other area of the Building.

18. Landlord, its contractors, and their respective employees shall have the right to use, without charge therefor, all light, power and water in the premises of any tenant while cleaning or making repairs or alterations in the premises of such tenant.

19. No premises of any tenant shall be used for lodging of sleeping or for any immoral or illegal purpose.

20. The requirements of tenants will be attended to only upon application at the office of the Building. Employees of Landlord shall not perform any work or do anything outside of their regular duties, unless under special instructions from Landlord.

21. Canvassing, soliciting and peddling in the Building are prohibited and each tenant shall cooperate to prevent the same.

22. Tenant shall not cause or permit any unusual or objectionable fumes, vapors or odors to emanate from the Premises which would annoy other tenants or create a public or private nuisance. No cooking shall be done in the Premises except as is expressly permitted in the Lease.

23. Nothing shall be done or permitted in any tenant's premises, and nothing shall be brought into or kept in any tenant's premises, which would impair or interfere with any of the Building's services or the proper and economic heating, ventilating, air conditioning, cleaning or other servicing of the Building or the premises, or the use or enjoyment by any other tenant of any other premises, nor shall there be installed by any tenant any ventilating, air conditioning, electrical or other equipment of any kind which, in the reasonable judgment of Landlord, might cause any such impairment or interference.

24. No acids, vapors or other materials shall be discharged or permitted to be discharged into the waste lines, vents or flues of the Building which may damage them. The water and wash closets and other plumbing fixtures in or serving any tenant's premises shall not be used for any purpose other than the purposes of which they were designed or constructed, and no sweepings, rubbish, rags, acids or other foreign substances shall be deposited therein. All damages resulting from any misuse of the fixtures shall be borne by the tenant who, or whose servants, employees, agents, visitors or licensees shall have, caused the same. Any cuspidors or containers or receptacles used as such in the premises of any tenant, or for garbage or similar refuse, shall be emptied (except for garbage recepticals which are required to be emptied by Landlord in accordance with the Lease), cared for and cleaned by and at the expense of such tenant.

25. All entrance doors in each tenant's premises shall be left locked and all windows shall be left closed by the tenant when the tenant's premises are not in use. Entrance doors to the premises shall not be left open at any time.

26. Hand trucks not equipped with rubber tires and side guards shall not be used within the Building.

27. All windows in each tenant's premises shall be kept closed, and all blinds therein above the ground floor shall be lowered as reasonably required because of the position of the sun, during the operation of the Building air-conditioning system to cool or ventilate the tenant's premises. If Landlord shall elect to install any energy saving film on the windows of the Premises or to install energy saving windows in place of the present windows, tenant shall cooperate with the reasonable requirements of Landlord in connection with such installation and thereafter the maintenance and replacement of the film and/or windows and permit Landlord to have access to the tenant's premises at reasonable times during Business Hours to perform such work.

28. If the Premises be or become infested with vermin as a result of the use or any misuse or neglect of the Premises by Tenant, its agents, employees, visitors or licensees, Tenant shall at Tenant's expense cause the same to be exterminated from time to time to the reasonable satisfaction of Landlord and shall employ such exterminators and such exterminating company or companies as shall be designated by Landlord, or if none is so designated as reasonably approved by Landlord.

29. To the extent there is a conflict between the provisions contained in the Lease or this Exhibit C annexed thereto, the provisions of the Lease shall govern and control.

EXHIBIT D

ALTERATIONS RULES AND REGULATIONS

A. General

1) Tenant will make no Alterations as defined in the Lease (except for Decorating), in, to or about the Premises except in compliance with Sections 4.01 and 4.02 of the Lease.

2) Prior to the commencement of any Alterations (other than Decorating), Tenant is responsible for obtaining, from the Building Manager, a base Building pre-demolition/pre-construction status report noting condition of Premises.

3) Prior to the commencement of any Alterations (other than Decorating), Tenant shall submit for Landlord's written approval all required items described in Paragraphs 1, 2 and 3 of Section B hereof which approval or disapproval must be given within the time period specified in the Lease.

4) Tenant shall insure that the proposed Alterations comply with The Administrative Code of The City of New York and all other laws, ordinances, rules and regulations promulgated by all governmental agencies and bodies having jurisdiction over such Alterations, including, without limitation, the Americans With Disabilities Act.

5) Tenant shall insure that all proposed Alterations comply with Building standards listed in Section C hereof, and are adequately designed to serve Tenant's needs while remaining in full conformity with, and not adversely affecting, any Building systems.

6) All (i) demolition or removal of construction materials, or (ii) moving of construction materials to or from the Building, or (iii) other categories of work which may disturb or interfere with other tenants of the Building or disturb or interfere with Building operations, must be scheduled and performed before or after Business. Hours. Tenant shall provide the Building Manager with written notice at least 24 hours prior to scheduling any Alteration, and shall (except as otherwise provided in the Lease) pay Landlord's standard charges for overtime

porters, security, engineers and other costs incurred by Landlord in connection with such after hours scheduling.

7) Pursuant to Section 4.02(c) of the Lease, Landlord reserves the right, in addition to being reimbursed for the cost of outside consultants referred to in Paragraph C(1) below, to (i) impose a construction supervision fee of 2% of Tenant's construction costs in connection with Material Alterations set forth in Section 4.02(a) other than in connection with Tenant's Initial Alterations, the Emergency Generator, the Elevator Reconfiguration, the Antenna and the louvers in connection with a supplemental air conditioning system in accordance with Section 4.01(b) to the Blocks or (ii) demand payment for its reasonable out of pocket costs and expenses, in each case to reimburse Landlord for its internal costs in providing assistance in design coordination, drawing review, Building Department document processing and tracking, field inspection, and assistance in interfacing construction with Tenant's Material Alterations.

8) All inquiries, Tenant plans, requests for approvals, and all other matters shall be processed through the Building Manager.

B. Tenant Submittals

1) Tenant to submit, to Landlord, the following information for Landlord's review and approval prior to commencement of any Alterations other than Decorating. Landlord's review and approval period will not commence until the Building Manager is in receipt of the following items, as one complete package:

a) Letter of Intent to perform construction. Letter to include a brief description of the proposed Alterations, Tenant contact, complete list of proposed contractors and work schedule.

b) 2 sets of design drawings and specifications noting full scope of work involved in performing such Alterations. All drawings must be signed and sealed by Tenant's Registered Architect or Professional Engineer licensed to conduct business in the State of New York and approved by Landlord, which approval shall not be unreasonably withheld or delayed. Part plan drawings will not be acceptable.

(i) If full height partition walls are being installed in an area that is sprinklered, the existing sprinkler head locations must be included

to show that new partitions are not in conflict with sprinkler coverage.

(ii) If the area being altered includes existing compartmentation walls, those compartmentation walls must be indicated on Tenant's layout.

c) A letter from Tenant's Registered Architect or Professional Engineer stating that their design and scope of work complies with all applicable codes, and local laws, especially noting Local Laws 16/84, 58/87, and 5/73. This letter must be signed and include their

professional seal.

d) Proper New York City Building Department filing applications, as required, for all Alterations indicated on drawings.

e) Valid Certificates of Insurance and a Contractors Agreement signed by Tenant's general contractor (see Insurance Requirements in Section D hereof).

2) Upon completion of Landlord's review, the following will be returned to Tenant:

a) A letter (i) granting approval to file drawings; or (ii) granting conditional approval, subject to Tenant incorporating Landlord's comments and suggested revisions into a revised set of design drawings (no Alterations will commence or applications filed until Landlord is in receipt of such revised set of drawings); or (iii) disapproving such Alterations; and

b) If approved, or conditionally approved, Building Department applications signed by Landlord.

Landlord's review is for conformance with Building standards only and is not a review for compliance with law or a review of the adequacy of Tenant's design. No such approval, or comments shall constitute a waiver of the obligation that Tenant's Alterations comply with all laws and receive Buildings Department or other governmental approvals.

3) Prior to commencement of Alterations other than Decorating:

Tenant to submit to Landlord the following:

a) A letter or revised drawings addressing Landlord's comments, if any.

b) Approved New York City Building Department filing applications, drawings, and all work permits.

c) A final list of all contractors and subcontractors who will perform the Alterations.

d) A work schedule noting duration of work.

4) Upon completion of Alterations other than Decorating:

Tenant to submit to Landlord, in a timely manner, the following:

a) All sign-off documents which pertain to work filed from all agencies having jurisdiction.

b) As-built drawings.

c) A properly executed Air Balancing Report, signed by a Professional Engineer.

C. Building Standard Requirements

1) All structural or floor loading requirements, mechanical (HVAC), plumbing, sprinkler, electrical, fire alarm, elevator, of any proposed Tenant installation shall be subject to the prior approval of Landlord's consultants. All reasonable expenses incurred by Landlord for outside consultants review and approval of Tenant's design shall be at Tenant's expense.

2) All demolition shall be supervised by Landlord's representative at Tenant's expense.

3) Elevator service for construction work shall be charged to Tenant at standard Building rates. Prior arrangements for elevator use shall be made with Building Manager by Tenant. No material or equipment shall be carried under or on top of elevators. If workmen (including, without limitation, Operating Engineers and Personnel Carriers), are required by any union regulations for material or personnel hoisting, such workmen shall be paid for by Tenant.

4) If shutdown of any mechanical or electrical risers are required, such shutdown shall be performed by Landlord's contractors at Tenant's expense or, at Landlord's option, supervised by Landlord's representative at Tenant's expense.

5) Tenant's contractor shall:

a) have a Superintendent or Foreman on the Premises at all times;

b) police the job at all times, continually keeping the Premises orderly; protection and maintenance will be Tenant's responsibility;

c) maintain cleanliness and protection of all areas, including elevators and lobbies;

d) protect the front and top of all peripheral HVAC units and thoroughly clean them at the completion of work;

e) block off supply and return grills, diffusers and ducts to keep dust from entering into the Building air conditioning system;

f) protect all Class “E” fire alarm devices and wiring; and

g) avoid the disturbance of other Tenants.

6) Subject to the notice and grace periods provided in the Lease, if any part of Tenant’s Alteration is improperly performed, Tenant shall be charged for corrective work done by Landlord’s personnel or contractors engaged for such purpose by Landlord.

7) All equipment and installations must be equal to or better than the standards of the Building. Any deviation from Building standards will be permitted only if approved by Landlord in writing.

8) Tenant shall pay Landlord for any amounts billed in connection with any Alteration within thirty (30) days after billing therefor.

9) Landlord’s contract fire alarm service personnel shall be the only personnel permitted to adjust, test, alter, relocate, add to, or remove equipment connected to the Class “E” System.

10) During such times that Tenant’s alterations or demolition of the Premises require that fire protection afforded by the Class “E” System or sprinkler system be disabled, Tenant, at Tenant’s expense, shall maintain fire watch service deemed reasonably suitable to Landlord, and any governmental authority having jurisdiction.

11) Landlord, at Tenant’s expense, (unless performed by Landlord or by its contractors) shall repair or cause to have repaired, any and all defects, deficiencies or malfunctions of the Class “E” System caused by Tenant’s Alterations or related demolition. Such expense may include expenses of engineering, supervision and standby fire watch personnel that Landlord deems necessary to protect the Building during the time such defects, deficiencies and malfunctions are being corrected.

12) Should Tenant desire to install its own internal fire alarm system, Tenant shall request Landlord to connect such system to the Class “E” System at Tenant’s expense in such reasonable manner as prescribed by Landlord. Tenant shall, at Tenant’s expense, have such internal fire alarm system approved by governmental agencies having jurisdiction, and shall submit to Landlord an approved copy of plans of such system before initiating any installation of such system. Tenant must demonstrate that system is in working order prior to requesting tie-in.

13) Landlord, at Tenant’s reasonable expense, will be responsible for the maintenance and proper operation of any Tenant Class “E” Fire Alarm sub-system.

14) When Tenant’s use of any space requires a change in the Certificate of Occupancy, whether a building has a Final Certificate of Occupancy or Temporary Certificate of Occupancy, or (as in the case of a new Building with a Temporary Certificate of Occupancy) involves the initial inclusion of the Premises on the Certificate of Occupancy, the Tenant shall be responsible for coordination with the Landlord’s consultant, and for all reasonable costs in connection with such consultant’s services.

15) The Tenant will be responsible for keeping a copy of all required Building Department approved applications, drawings, permits, and sign-offs during and after completion of construction and shall deliver same to Landlord prior to or at the expiration of the term of the Lease.

16) The following penalties will be assessed to all tenants that do not comply with submission of Building Department documents and sign-off procedures as outlined in Section B hereof:

a) Future Building Department documents that require Landlord’s signature with respect to any floor will not be signed nor will work be allowed to commence until complete submission of all required past Building Department documents in connection with such floor have been received.

b) Leasehold improvement allowance (except as otherwise provided in the Lease with respect to Tenant’s Required Work Allowance and the Work Allowance) will not be released to Tenant until all Building Department documents and sign-offs have been received.

17) The attachment of any work to Building window mullions, HVAC enclosures, window soffets, will not be permitted.

18) Drywall partitions or installations abutting window mullions must allow for the operation of pivoting windows where applicable.

19) Electrical wire mold will not be permitted without written approval from Landlord.

20) Chasing of structural slab or Building masonry walls will not be permitted unless special consent is given by Landlord.

21) The attachment of drywall metal studs or track to mechanical, electrical, plumbing, sprinkler, or any Building systems will not be permitted.

22) All valves or equipment controlling Building systems or Tenant systems must be tagged and identified.

23) Access doors must be provided to all Building equipment and Tenant equipment.

24) Tenant’s design consultant is responsible to insure that base Building systems are adequately sized to meet Tenant’s requirements, but the foregoing will not relieve Landlord of any responsibility of Landlord set forth in the Lease to meet the specifications provided for in the

Lease. Tenant shall be responsible for alterations to any existing HVAC ductwork or system in the Premises and shall

ensure that such work is integrated so as not to adversely affect the Building system.

25) All locking devices (other than in security areas) must be keyed and mastered to Building keying system. Two individual keys must be supplied to the Building Manager.

26) All hardware is to match or exceed Building standards.

27) Tenant shall not install any outside louvers without Landlord's prior written approval. Detailed sketches of all proposed louvers shall be submitted for Landlord's approval which approval may be granted or withheld in Landlord's sole discretion (except as provided in the Lease).

28) In connection with an Alteration, all unused wiring, conduit, equipment, materials, or previously installed work, no longer needed, must be removed.

29) Any connections to Building systems must be of the same materials or exceed existing Building standards.

30) No exposed piping of any kind will be permitted in the Premises.

31) Any signage, window dressing, or Tenant decor visible from outside the Tenant's Premises must receive written approval from Landlord prior to installation.

32) The modification of any elevator equipment must receive prior written approval from Landlord. All elevator devices must remain accessible for maintenance and must conform to or exceed Building standards.

33) Tenant is not to mount any equipment in Building Electrical Closets, Telephone Closets, or Mechanical Equipment Rooms without prior written approval from Landlord.

34) Tenant is responsible to insure that all work is performed in a normal, acceptable, and safe manner.

D. **Contractors Agreement; Insurance Requirements**

[To be retyped on Letterhead of Tenant's General Contractor, addressed to Landlord]

Tenant:

Premises:

The undersigned contractor or subcontractor (hereinafter called "Contractor") has been hired by the Tenant or occupant (hereinafter called "Tenant") of the Building named above or by Tenant's contractor to perform certain work (hereinafter called "Work") for Tenant in the Tenant's Premises in the Building. Contractor and Tenant have requested the undersigned Landlord (hereinafter called "Landlord") to grant Contractor access to the Building and its facilities in connection with the performance of the Work and Landlord agrees to grant such access to Contractor upon and subject to the following terms and conditions:

1) Contractor agrees to indemnify and save harmless the Landlord, any Superior Lessor and any Superior Mortgagee and their respective officers, employees, agents, affiliates, subsidiaries, and partners, and each of them, from and with respect to any claims, demands, suits, liabilities, losses and expenses, including reasonable attorneys' fees, arising out of or in connection with the Work (and/or imposed by law upon any or all of them) because of personal injuries, including death at any time resulting therefrom, and loss of or damage to property, whether such injuries to persons or property are claimed to be due to negligence of the Contractor, Tenant, Landlord or any other party entitled to be indemnified as aforesaid except to the extent specifically prohibited by law (and any such prohibition shall not void this Agreement but shall be applied only to the minimum extent required by law).

2) Contractor shall provide and maintain at its own expense, until completion of Work, the following insurance:

a) Workers' Compensation and Employers' Liability Insurance covering each and every workman employed in, about or upon the Work, as provided for in each and every statute applicable to Workers' Compensation and Employers' Liability Insurance.

b) Commercial General Liability Insurance Including Coverage for Completed Operations, Broad Form Property Damage "XCU" exclusion if any deleted, and Contractual Liability (to specifically include coverage for the indemnification clause of this Agreement) for not less than the following limits:

Combined Single
Limit

Bodily Injury and Property Damage Liability:	$5,000,000 (written on a per occurrence basis)

c) Comprehensive Automobile Liability Insurance (covering all owned, non-owned and/or hired motor vehicles to be used in connection with the Work) for not less than the following limits:

Bodily Injury:	$5,000,000 per person $5,000,000 per occurrence
Property Damage:	$5,000,000 per occurrence

Contractor shall furnish a certificate from its insurance carrier or carriers to the Building office before commencing the Work, showing that it has complied with the above requirements regarding insurance and providing that the insurer will give Landlord ten (10) days prior written notice of the cancellation of any of the foregoing policies.

3) Contractor shall require all of its subcontractors engaged in the Work to provide the following insurance:

a) Comprehensive General Liability Insurance Including Protective and Contractual Liability Coverage with limits of liability at least equal to the above stated limits.

b) Comprehensive Automobile Liability Insurance (covering all owners, non-owned and/or hired motor vehicles to be used in connection with the Work) for not less than the following limits:

Bodily Injury:	$5,000,000 per person $5,000,000 per occurrence
Property Damage:	$5,000,000 per occurrence

Upon the request of Landlord, Contractor shall require all of its subcontractors engaged in the Work to execute an Insurance Requirements agreement in the same form as this Agreement.

Agreed to and executed this day of , 19 .

Landlord: Contractor:

EXHIBIT E

STANDARD CLEANING SPECIFICATIONS

All cleaning services provided below will be performed nightly 5 nights per week. No Saturday, Sunday or Holiday services. (Holidays are those days stated in the applicable Building Service Union agreements other than employee birthdays.)

SUPERVISION

A competent supervisor will be assigned to the Building both day and night. The nighttime supervisor is required to verify that the work has been completed in all tenant areas, that all venetian blinds have been lowered and set in a uniform appearance, that all lights have been turned off, windows closed, doors locked and offices left in a neat and orderly appearance for the next day's business.

CLEANING CREW

The cleaning contractor's employees have been instructed to work behind locked doors, and will only open a door for members of their cleaning crew who have been assigned to remove rubbish or other like material from tenant's premises during the nighttime cleaning operation.

PORTER & MATRON SERVICES

A daytime porter and matron will be assigned to the Building to replenish toilet tissue, sanitary napkins, and to maintain the lavatories in an orderly condition throughout the day.

FLOORING

All stone, ceramic tile, marble terrazzo, wood and other untreated flooring to be swept nightly; washing or waxing of such flooring shall be done at tenant's expense.

All linoleum, rubber, asphalt tile and other similar type of flooring that may be waxed or treated to be swept nightly; waxing or washing of such flooring other than public corridor belonging to the Building will be done at tenant's expense.

All carpeting and rugs will be carpet swept or vacuum cleaned nightly.

Shampooing or spot cleaning of carpets or rugs will be done at tenant's expense.

OFFICE CLEANING

Dust and wipe clean all furniture, files, fixtures, window sills and convector enclosure tops nightly; wash said sills and tops when necessary. Horizontal surfaces of window frames to be dusted nightly.

Empty and clean all normal waste receptacles nightly and deliver the wastepaper material to locations designated by Landlord.

Removal of cafeteria or kitchen type rubbish or refuse shall be done at tenant's expense.

Empty and clean all ashtrays and screen clean all cigarette urns nightly.

Dust all waste receptacles as necessary, washing of waste receptacles and the providing of plastic liners shall be done at tenant's expense.

Wash clean all water fountains and coolers nightly, remove all fingerprints and smudges nightly.

Dust all chair rails, trims and baseboards within reach as necessary.

Dust all doors and ventilating louvers within reach nightly.

Dust and wipe clean all telephones nightly.

Clean all unpainted metal and remove finger marks nightly, treat as necessary.

Check all private stairwells throughout the premises and keep in clean condition.

Vertical surfaces, such as walls, partitions, doors and bucks of all public corridors and lobbies to be dusted, spot cleaned, treated and polished as often as necessary, but, in the case of public and service elevator corridors on floors above the ground floor not more than once a month.

Washing or polishing of vertical surfaces, such as walls, partitions, elevator hatch doors, entrance doors and bucks including service elevator lobbies; and

Clean all vertical surfaces and wash the floors of all elevators cabs weekly.

LAVATORIES (Public Core Toilets)

Sweep and wash lavatory floors nightly, using proper approved disinfectants. Machine scrub lavatory floors with proper disinfectants once every two weeks or more frequently when directed by Landlord.

Wash and polish all mirrors, powder shelves, bright work fixtures and enameled surfaces in lavatories, including flushometer piping and toilet seat hinges nightly.

Scour, wash and disinfect all basins, bowls and urinals throughout lavatory nightly using an odorless disinfectant. Wash both sides of all toilet seats nightly.

Dust and clean, washing where necessary, all partitions, tile walls, dispensers and receptacles in lavatories nightly.

Wash waste cans and receptacles in lavatories when necessary but at least once a week.

Empty paper towel receptacles and sanitary disposal receptacles nightly and remove waste and other material to locations designated by Landlord.

Fill all toilet tissue holders nightly (tissue to be furnished by Landlord).

Wash and polish all wall tiles and stall surfaces of lavatories once every two weeks or more frequently when directed by Landlord.

Soap and paper towel products for tenant's use will be furnished and installed by the tenant at his expense using Landlord's contractor as required.

The cleaning, maintaining and furnishing of lavatory supplies for private toilets other than public core units will be done at tenant's expense.

HIGH DUSTING

Do all high dusting quarterly, which includes the following:

Dust all pictures, frames, charts, graphs and similar wall hangings not reached in nightly cleaning.

Dust all vertical surfaces, such as walls, partitions, doors and bucks and other surfaces not reached in nightly cleaning except as otherwise herein provided.

Dust all pipes, ventilating and air conditioning louvers, ducts, high moldings and other high areas not reached in nightly cleaning.

Dust all exterior surfaces of lighting fixtures including glass and plastic enclosures.

Washing and relamping of all fixtures will be done by Landlord's contractor at tenant's expense.

Dust and inspect all venetian blinds. Washing, restringing, retaping and minor repair or replacement will be done at tenant's expense. If tenant fails to maintain blinds, Landlord may, at its sole option, repair blinds at tenant's expense.

GLASS CLEANING

All interior glass (other than windows), partition glass and glass doors will be cleaned at tenant's expense.

Mail chute glass and floor directory glass will be cleaned once every five weeks.

All exterior windows on office floors will be cleaned, as necessary, approximately once every five weeks, weather permitting.

All interior glass windows on office floors will be cleaned, as necessary, approximately once every five weeks.

EXTERMINATING SERVICE

Exterminating service shall be rendered once a month throughout the public areas, equipment areas and vacant tenant areas in the Building.

Exterminating service required within an occupied tenant's premises shall be done at tenant's expense by Landlord's contractor who will provide a licensed operator.

EXTERIOR OF THE BUILDING

Landlord will remove all ice, snow and rubbish from the sidewalks adjacent to the Building.

EXHIBIT F

TENANT'S REQUIRED WORK

1) Installation of one (1) new unisex bathroom per floor in compliance with ADA or renovate existing core toilets in accordance with ADA.

2) Flash patching of floor slab.

3) Refinish all perimeter convectors.

4) Install fail-safe locks on stairway doors tied to fire safety systems.

EXHIBIT G

LANDLORD'S WORK

I. WORK AS A CONDITION TO DELIVERY

1. Demolition of existing leasehold improvements on each floor.

2 Removal of all asbestos containing material in the Premises on floors 22-29 and deliver an ACP-5 evidencing such removal.

3. Firestop all penetrations.

II. WORK AS NOT A CONDITION TO DELIVERY

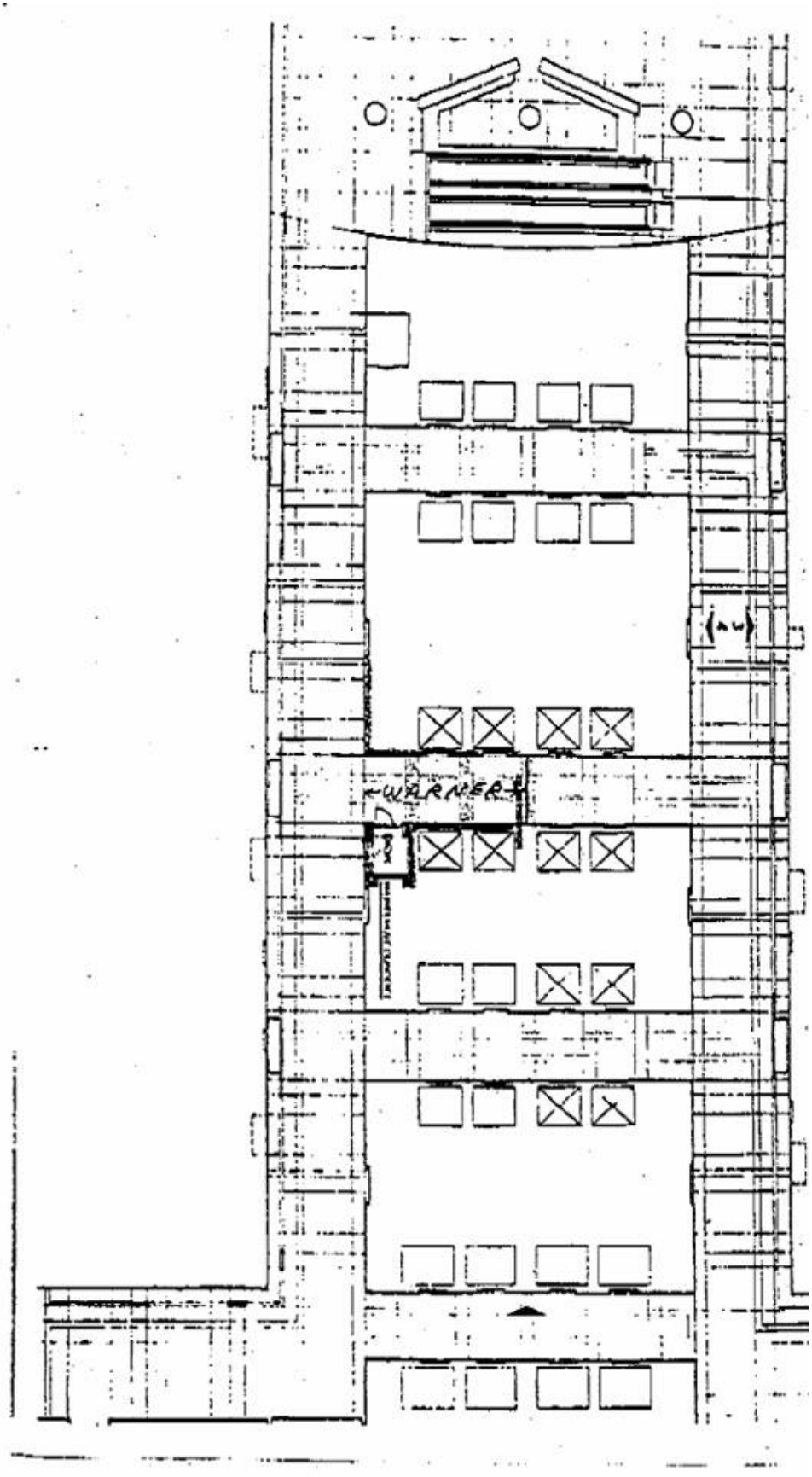
1. Installation of submeters in accordance with provisions of Lease.

2. a) Replacement of missing or damaged mullion caps.
   b) Installation of new window film to replace any damaged window film.
   c) Replace existing or missing window blinds.
   d) Repair and/or replace any missing or damaged controls and perimeter convector covers.

3. Fire pull stations, warden stations, and hall lanterns in the core areas shall comply with ADA (to be substantially completed by April 1, 1996 except with respect to Block F which shall be substantially completed within thirty days after the applicable Commencement Date.)

4. Elevator car buttons, shall comply with ADA and shall be substantially completed by December 31, 1997.

EXHIBIT H



WARNER LEASE
EXHIBIT " I "

HVAC SPECIFICATION

THE BUILDING HEATING, VENTILATION AND AIR CONDITIONING SYSTEM SHALL BE CAPABLE OF MAINTAINING (A) 74 +/– 2 DEGREES FAHRENHEIT DRY BULB & 50% RELATIVE HUMIDITY WHEN OUTDOOR CONDITIONS ARE 95 DEGREES FAHRENHEIT DRY BULB AND 76 DEGREES FAHRENHEIT WET BULB AND (B) 70 DEGREES FAHRENHEIT DRY BULB WHEN OUTDOOR CONDITIONS ARE 0 DEGREES FAHRENHEIT DRY BULB, AND SHALL MAINTAIN VENTILATION FOR MINIMUM OUTSIDE FRESH AIR MAKE UP RATES OF .25 CFM PER USABLE SQUARE FOOT. TOTAL AIR DISTRIBUTION SHALL NOT BE LESS THAN 1 CFM PER USABLE SQUARE FOOT. THE ABOVE DESIGN CRITERIA IS BASED UPON (1) AN ELECTRICAL HEAT LOAD OF 4.5 WATTS PER USABLE (2) OCCUPANCY RATE OF 1 PERSON PER 100 USABLE SQUARE FOOT, AND VENETIAN BLINDS DRAWN TO A 45 DEGREE ANGLE IN THE EXPOSURE SUBJECT TO DIRECT SOLAR

RADIATION. INTERIOR CONDITIONS INCLUDE BOTH PERIMETER AND INTERIOR SPACES AND ANTICIPATE A CEILING HEIGHT OF 8 ft - 0”ABOVE FINISHED FLOOR. THE BASE BUILDING INTERIOR AIR HANDLING SYSTEM SHALL DELIVER THE SUPPLY AIR AT A TEMPERATURE NOT TO EXCEED 55 DEGREES FAHRENHEIT AT THE SUPPLY AIR SHAFT. THE SUPPLY AIR SHAFT SHALL BE MAINTAINED AT A MINIMUM STATIC PRESSURE OF 1.25” w.g.

EXHIBIT J

1290 Avenue of the Americas

ELEVATOR SPECIFICATIONS

Cars # 1 to 8	Lobby - 6th floor 4000# @ 500 F.P.M.
Cars # 9 to 16	Lobby, 7th - 15th floor 3500# @ 500 F.P.M.
Cars # 17 to 20 .	Lobby, 15th - 22nd floor 3500# @ 800 F.P.M
Cars # 21 to 24	Lobby, 22nd - 29th floor 3500# @ 800 F.P.M.
Cars # 25 to 32	Lobby, 30th - 43rd floor 3500# @ 1000 F.P.M.
Freight Cars Cars # 33 & 34	Sub-cellar to 43rd floor 4000# @ 800 F.P.M.
Hydraulic Lifts #35 #36	 30,000# 10,000#

Passenger car operating specifications

- Rated speed indicated +/– 6%
- Floor to floor time 9.0 sec +/– 5%
  (From full door closure, next floor 3/4 open)
- Door operating time 2.0 seconds
- Door closure time 3.0 seconds
- Car call & hall call dwell time in accordance with ADA requirements

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WARNER LEASE
EXHIBITS “K” & “L”

ELECTRIC ENERGY SPECIFICATION
CAPACITY OF EXISTING ELECTRIC FEEDERS

FLOORS 23 to 29

FL	RENTABLE AREA	USABLE AREA	ELEC CLOSET	BASE BLDG AMPERES	SUPPL AMPERES	“USF” WATTS/SQ FT
28	**24,278**	**19,422**	**1**	**160**	**0**	**5.82**
27	**24,278**	**19,422**	**1**	**160**	**0**	**5.82**
26	**24,277**	**19,422**	**1**	**160**	**160**	**11.64**
25	**11,598**	**9,278**	**1**	**160**	**0**	**12.19**
24	**24,277**	**19,422**	**1**	**160**	**0**	**5.82**
23	**24,278**	**19,422**	**1**	**160**	**0**	**5.82**
TOTAL	**132,986**	**106,388**		**960**	**160**	**7.85**

EXHIBIT M-1

SUBORDINATION NON-DISTURBANCE
AND ATTORNMENT AGREEMENT

THIS AGREEMENT, made as of the day of 1996 by and between NATIONSBANK OF TENNESSEE, N.A., a national banking corporation, having an address c/o The Bank of New York, 101 Barclay Street, 12-E, New York, New York 10286 (Attention: John W. Stevenson and Thomas A. Burrell (hereinafter called "Mortgagee"), WARNER COMMUNICATIONS INC., a Delaware corporation, having an office at 75 Rockefeller Plaza, New York, NY 10012 (hereinafter called "Tenant") and 1290 ASSOCIATES, LLC, a New York limited liability company, having an office c/o Olympia and York Companies (U.S.A.), 237 Park Avenue, New York, New York 10019.

W I T N E S S E T H:

WHEREAS, Mortgagee is the successor trustee under that certain Mortgage Spreader and Consolidation Agreement and Trust Indenture dated March 20, 1984 (said Mortgage Spreader and Consolidation Agreement and Trust Indenture, as amended and supplemented by Supplemental Indenture No. 1 dated as of March 20, 1984, Supplemental Indenture No. 2 dated as of December 30, 1986, Supplemental Indenture No. 3 dated as of March 30, 1988, Supplemental Indenture No. 4 dated as of August 17, 1995 and Supplemental Indenture No. 5 dated as of September 18, 1995 and as it may be amended, increased, renewed, modified, consolidated, replaced, combined, substituted, severed, split, spread or extended, being hereinafter referred to as the "Mortgage") between Manufacturers Hanover Trust Company, predecessor-in-interest to Mortgagee, as trustee, and certain mortgagors described therein which was recorded on March 20, 1984 in the Office of the City Register, New York County in Reel 775, Page 1097, and which encumbers, among other properties, the land and the building located at 1290 Avenue of the Americas, New York, New York and the ground leasehold interest encumbering such property (collectively, the "Property") and more particularly described on Exhibit A annexed hereto,

WHEREAS, Tenant and 1290 Associates, LLC (together with any successor holder of the Landlord's interest under the Lease, being hereinafter called "Landlord") have entered into a certain agreement of lease dated as of January , 1996 (the "Lease") initially covering the 23rd through 29th floors (said premises, together with any other space which may hereafter be leased to Tenant pursuant to and in accordance with the express provisions of Section 1.06 of the Lease being hereafter referred to as the ("Demised Premises") in the building forming a part of the Property,

NOW, THEREFORE, in consideration of the mutual agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. (a) Mortgagee hereby consents to the execution and delivery of the Lease by Landlord. Mortgagee acknowledges that it has received a copy of the Lease and has no objections to the terms and conditions thereof.

(b) Tenant covenants and agrees that the Lease now is and shall at all times continue to be subordinate to the Mortgage. Tenant, upon request, shall execute and deliver any certificate or other instrument which the Mortgagee may reasonably request to confirm said subordination by Tenant.

2. Tenant certifies that (i) Tenant is the owner and holder of the'tenant's interest under the Lease, (ii) the Lease is presently in full force and effect and unmodified, (iii) no rent or additional rent payable under the Lease has been paid more than one (1) month in advance of its due date (it being expressly agreed that any rent abatements, set-offs, recoupment rights, or deductions expressly provided for in the Lease shall not be deemed an advance payment of rent or additional rent under this Agreement), (iv) no default exists under the Lease, and (v) there are no offsets or defenses as of the date hereof to the payment of the rents, additional rents or other sums payable under the Lease.

3. As long as no default exists under the Lease which has continued after notice and beyond the expiration of any applicable grace period as and to the extent provided in the Lease (and provided that nothing shall imply any right of Tenant to further notice if Landlord has previously provided such notice), Mortgagee shall not name Tenant as a party defendant to any action for foreclosure or other enforcement of the Mortgage (unless required by law), nor shall the Lease be terminated by Mortgagee in connection with, or by reason of, foreclosure or other proceedings for the enforcement of the Mortgage, or by reason of a transfer of the Landlord's interest under the Lease pursuant to the taking of a deed in lieu of foreclosure (or similar device) whether in connection with a bankruptcy proceeding or otherwise, nor shall Tenant's use or possession of the Demised Premises be interfered with by Mortgagee (except to the extent permitted under the Lease), except that the person acquiring, or succeeding to, the interests of the Landlord in the Property as a result of any such action or proceeding or taking of a deed in lieu of foreclosure (or similar device) (including, without limitation, Mortgagee), and such person's successors and assigns (any of the foregoing being hereinafter referred to as the "Successor"), shall not be:

(a) subject to any credits, offsets, recoupment rights, defenses or claims which Tenant might have against any prior Landlord, except that, subject to the terms hereof, a Successor shall be subject to any credits, offsets, recoupment rights, and defenses to which Tenant may be entitled pursuant to the express provisions of the Lease; nor

(b) bound by any rent or additional rent which Tenant might have paid for more than one (1) month in advance to any prior Landlord other than in accordance with the express provisions of the Lease (i.e. periodic Operating Payments or escrow payments on account of Tax Payments), unless such prepayment shall have been made with Mortgagee's prior written consent; nor

(c) liable for any act or omission of any prior Landlord except as expressly provided in this Agreement, it being understood that the foregoing is not intended to (i) relieve a Successor of any liability arising by reason of its acts or omissions from and after the date the Successor succeeds to the rights of the prior Landlord, including a continuation of the failure of the prior Landlord to perform its obligations under the Lease, in which case the

Successor upon receipt of notice of such continuation from Tenant shall have a reasonable period of time to remedy same (it being agreed that to the extent a time period is granted to Landlord in the Lease for such remedy, such time period shall be deemed a reasonable period of time for purposes of this clause (i) and if no time period is specified and the Successor is Mortgagee, in determining a reasonable period of time, the parties shall take into account that Mortgagee acts as a trustee), or (ii) deny Tenant the benefit of any rent offset right, recoupment rights, abatement or credit to which Tenant is entitled under the express provisions of the Lease, subject to the express terms hereof. Notwithstanding the foregoing, the Successor shall not be liable to Tenant for any claim Tenant may have against a prior Landlord under the provisions of Section 6.12 of the Lease (by way of example, the Successor shall not be liable for any loss or damage to Tenant caused by the negligence of a prior Landlord or its agents, servants, employees or contractors); nor

(d) bound by any covenant to undertake or complete any Landlord's Work with respect to any Block of space or any Offer Space or the Capital Program Work (as such terms are defined in the Lease); provided, however, that if the Successor shall fail to complete any such work, then Tenant shall have the following rights (which shall be the sole and exclusive remedies available to Tenant as against the Successor for such failure): (i) in the case of the Successor's failure to complete the Landlord's Work with respect to any Block of space Tenant shall, subject to the terms hereof, have the rights described in Section 1.03, 4.01 and 8.24 (with respect to Punch List Work (as defined in the Lease)

only) of the Lease, and (ii) in the case of Successor's failure to complete the Offer Space or Capital Program Work Tenant shall, subject to the terms hereof, have the rights described in Section 8.21 of the Lease. The Successor's failure to complete any such. work shall not constitute a default by the Successor under the Lease giving rise to any remedies other than as expressly set forth in this paragraph (d); nor

(e) be required to account for any security deposit other than any security deposit actually delivered to the Successor; nor

(f) liable for any payment to Tenant of any sums or the granting to Tenant of any credit in the nature of a contribution towards the cost of preparing, furnishing or moving into the Demised Premises or any portion thereof, or otherwise (except to the extent provided in paragraphs (a) and (d)(i) above), provided, however, that subject to the provisions of Section 18 hereof the Successor shall be responsible to pay to Tenant any unpaid portion of the Tenant Work Allowance and the Tenant Required Work Allowance (as such terms are defined in the Lease and collectively referred to herein as "Landlord's Contributions") as and when the same are due and payable under the Lease; provided, further, however, that the sole and exclusive remedy available to Tenant as against the Successor in the event the Successor shall fail to pay any or all of the Landlord's Contributions shall be to exercise the set-off and/or recoupment rights described in Section 4.01(e) of the Lease and the Successor's failure to make any such payment shall not constitute a default by the Successor under the Lease giving rise to any remedies other than the set-off and/or recoupment rights expressly set forth in such Section 4.01(e). Notwithstanding the foregoing, Mortgagee shall have the right (but not the obligation) if Landlord shall default in funding all or any portion of the Landlord's Contributions to pay such amounts to Tenant; nor

(g) bound by any modification of the Lease made without the written consent of Mortgagee, including without limitation any agreement by Tenant to surrender the Lease. Mortgagee agrees not to unreasonably withhold, delay or condition its consent to a modification of the Lease.

4. (a) If the interest of the Landlord under the Lease shall be transferred by reason of foreclosure or other proceedings for enforcement of the Mortgage in which Tenant has not been named as party defendant or pursuant to a taking of a deed in lieu of foreclosure (or similar device) whether in connection with a bankruptcy proceeding or otherwise, the Lease shall not be terminated or affected thereby but shall continue in full force and effect as a direct lease between the Successor and Tenant and Tenant shall be bound to the Successor, and, except as

expressly provided in this Agreement, the Successor shall be bound to Tenant, under all of the terms, covenants and conditions of the Lease for the balance of the term thereof remaining, with the same force and effect as if the Successor were the Landlord, and Tenant does hereby (i) agree to attorn to the Successor, including Mortgagee if it be the Successor, as its landlord, (ii) affirm its obligations under the Lease, and (iii) agree to make payments of all sums due under the Lease to the Successor, said attornment, affirmation and agreement to be effective and self-operative without the execution of any further instruments, upon the Successor succeeding to the interest of the Landlord under the Lease, provided that if the Successor requests, without implying any obligation to do so on the Successor's part, Tenant will confirm the attornment described herein to the Successor in writing. Tenant waives the provisions of any statute or rule of law now or hereafter in effect that may give or purport to give it any right or election to terminate or otherwise adversely affect the Lease or the obligations of Tenant thereunder by reason of any foreclosure or similar proceeding.

(b) Provided the Lease has not been previously cancelled or terminated, if (i) Mortgagee or any other Successor shall acquire title to the Property or Landlord's interest therein upon foreclosure in an action in which Mortgagee shall have been required to name Tenant as a party defendant, and (ii) Tenant is not in default under the Lease after notice and beyond the expiration of all applicable cure periods as and to the extent provided in the Lease (and provided that nothing shall imply any right of Tenant to further notice if Landlord has previously provided such notice), then, in such event, Mortgagee or any other Successor (as the case may be) shall enter into a new lease with Tenant upon the same terms and conditions as were contained in the Lease, except that (x) the obligations and liabilities of Mortgagee or other Successor (as the case may be) under any such new lease shall be subject to the terms and conditions of this Agreement, and (y) the expiration date of such new lease shall coincide with the Expiration Date provided for in Section 1.02 of the Lease (as the same may have been extended in accordance with the terms of Article 9 of the Lease or otherwise consented to in writing by Mortgagee). Tenant shall execute any such new lease and shall attorn to Mortgagee or the other Successor (as the case may be) so as to establish direct privity between Mortgagee or such other Successor (as the case may be) and Tenant.

(c) If (i) Landlord, as debtor-in-possession, or any trustee appointed in a bankruptcy case of Landlord, obtains an order of the Bankruptcy Court authorizing the rejection of the Lease in accordance with §365 of the Bankruptcy Code (as hereinafter defined), and Tenant elects to retain its rights under the Lease in accordance with §365(h) of the Bankruptcy Code, (ii) Mortgagee or any other Successor shall acquire title

to the Property upon foreclosure or by the acceptance of a deed in lieu thereof or by any other means, and (iii) Tenant is not in default under the Lease after notice and beyond the expiration of all applicable cure periods as and to the extent provided in the Lease (and provided that nothing shall imply any right of Tenant to further notice if Landlord has previously provided such notice) then, in such event, Mortgagee or any other Successor (as the case may be) shall enter into a new lease with Tenant upon the same terms and conditions as were contained in the Lease, except that (x) the obligations and liabilities of Mortgagee or other Successor (as the case may be) under any such new lease shall be subject to the terms and conditions of this Agreement, and (y) the expiration date of such new lease shall coincide with the Expiration Date provided for in Section 1.02 of the Lease (as the same may have been extended in accordance with the terms of Article 9 of the Lease or otherwise consented to in writing by Mortgagee) of the Lease. Tenant shall execute any such new lease and shall attorn to Mortgagee or the other Successor (as the case may be) so as to establish direct privity between Mortgagee or such other Successor (as the case may be) and Tenant.

5. (a) Tenant shall notify Mortgagee of any default, breach or other failure (a "Default") by Landlord under the Lease which would entitle Tenant to cancel or terminate the Lease or abate the rents, additional rents or other sums payable thereunder or to exercise any self-help or set-off rights thereunder. If Landlord fails to cure any Default which would entitle Tenant to cancel or terminate the Lease within the time period, if any, provided for in the Lease and such Default is of a nature (i) which can be cured by the payment of money, then Mortgagee shall have an additional 10 days within which to cure such Default after receipt of Tenant's notice that Landlord has failed to cure same and the Lease shall not be cancelled or terminated unless Mortgagee shall have failed to cure such Default (without implying any obligation to do so) prior to the expiration of such 10 days, or (ii) which cannot be cured by the payment of money, then Tenant shall notify (the "Second Notice") Mortgagee that Landlord has failed to cure such Default within such time period as is provided for such cure under the Lease (or if no such period is provided, within a reasonable period of time) and Mortgagee shall have an additional 30 days after receipt of such Second Notice within which to cure such Default or if such Default cannot be cured within that time with the exercise of reasonable diligence, then such additional time as may be necessary to cure the same with the exercise of reasonable diligence; and if, within such 30 days, Mortgagee has either cured such Default or has commenced or given Tenant notice of its intention to commence and thereafter diligently commences and diligently pursues the remedies necessary to cure such Default (including, without limitation, commencement of foreclosure proceedings or eviction proceedings, if necessary to effect such cure), then and in such event the Lease shall not be terminated

and Tenant shall not exercise any other rights or remedies under the Lease or otherwise while such remedies are being so diligently pursued, other than Tenant's right to (a) any abatement, deduction, counterclaim, recoupment right or set-off of any rent or additional rent expressly set forth in the Lease, or (b) self-help in accordance with Section 8.24 of the Lease. Notwithstanding the foregoing, Mortgagee's additional cure period under clause (ii) above shall not exceed 90 days in the case of Tenant's termination rights under clauses (A) and (B) of Section 8.26 of the Lease or 180 days in the case of Tenant's termination right under clause (C) of Section 8.26 of the Lease. Nothing herein shall be deemed to imply that Tenant has any right to terminate the Lease or any other right or remedy, except as may be otherwise expressly provided for in the Lease.

(b) Tenant's rights under this paragraph 5 and under paragraph 3(a) hereof are expressly conditioned upon (i) Tenant delivering to Mortgagee copies of all notices delivered by Tenant relating to a Default which is the subject of Tenant's claim concurrent with their delivery to Landlord (provided that if Tenant fails to deliver a copy of the notice of a Default to Mortgagee as required hereby, Tenant's right to cancel or terminate the Lease shall not be waived, but Mortgagee's additional cure period will be extended for a period equal to-the period of time Landlord had to cure such Default, such additional cure period shall not be deemed to have commenced until Tenant shall have delivered the requisite notice to Mortgagee and Tenant shall not cancel or terminate the Lease prior to the expiration of such additional cure period without such Default having been cured), and (ii) Mortgagee being provided the opportunity by Tenant to monitor and participate in any arbitration or other proceeding related to a Default. Tenant shall deliver to Mortgagee concurrent with delivery to or receipt from Landlord or the arbitrators determining any dispute, a copy of any submission, claim, demand, order or pleading served by or upon Tenant or delivered to or received from the arbitrators. Mortgagee shall have the right to appear before and make presentations to the arbitrators determining any dispute.

(c) Any termination of the Lease by Tenant as the result of any claimed Default by Landlord thereunder without compliance with the applicable provisions of this paragraph 5 shall be without force or effect and shall be void ab initio.

6. Notwithstanding anything to the contrary contained in this Agreement:

(a) In the event that a receiver, trustee or any other similar person or entity acting in like capacity is appointed for the Property or Landlord's interest therein, in any action or proceeding, then provided the Lease has not been cancelled or terminated and for so long as Tenant is not in default under the

Lease after notice and beyond the expiration of all applicable cure periods as and to the extent provided in the Lease (and provided that nothing shall imply any right of Tenant to further notice if Landlord has previously provided such notice), Mortgagee will neither consent to nor cause or instruct such receiver, trustee or other similar person or entity to (i) disturb Tenant in its possession of the Demised Premises (except to the extent permitted under the Lease), (ii) diminish Tenant's rights under the Lease, or (iii) terminate the Lease (except to the extent permitted under the Lease). Without limiting the generality of the foregoing, Mortgagee will file an objection to such receiver, trustee or other similar person or entity taking any of the actions described in clauses (i) through (iii) above provided Tenant shall deliver Mortgagee notice of same and will cooperate with Tenant in its efforts to oppose and defeat such receiver, trustee or similar person with respect to such actions;

(b) In the event that (i) Landlord becomes the subject of a bankruptcy case under the provisions of the Bankruptcy Code, (ii) Landlord, as debtor-in-possession, or any trustee approved in the bankruptcy case of Landlord, seeks an order of the bankruptcy court or other court of competent jurisdiction (the "Bankruptcy Court"), authorizing the rejection of the Lease, then for so long as Tenant is not in default under the Lease after notice and beyond the expiration of all applicable cure periods as and to the extent provided in the Lease, Mortgagee will file an objection to such party's motion seeking to reject the Lease;

(c) In the event that (i) Landlord, or a trustee in bankruptcy of the Landlord, obtains an order of the Bankruptcy Court authorizing the rejection of the Lease in accordance with §365 of the Bankruptcy Code and Tenant elects to retain its rights under the Lease in accordance with §365(h) of the Bankruptcy Code, (ii) Mortgagee or any other Successor shall acquire possession and control of the Property, and (iii) Tenant is not in default under the Lease

after notice and beyond the expiration of all applicable cure periods as and to the extent provided in the Lease (and provided that nothing shall imply any right of Tenant to further notice if Landlord has previously provided such notice) then, in such event, Mortgagee or such other Successor (as the case may be) shall enter into a new lease with the Tenant on the then executory terms of the original Lease, as provided in this Agreement, if and to the extent that Mortgagee or such other Successor has the legal right and power to do so; and

(d) Mortgagee acknowledges and agrees that (i) if Landlord, as debtor-in-possession, or any trustee appointed in the bankruptcy case of the Landlord, obtains an order of the Bankruptcy Court authorizing the rejection of the Lease in accordance with §365 of the Bankruptcy Code, and (ii) Tenant

elects to retain its rights under the Lease in accordance with §365(h) of the Bankruptcy Code, (x) the provisions of this Agreement shall continue to remain in full force and effect, and (y) Tenant shall have all of Tenant's rights and remedies provided under the Lease, including, without limitation, such right as may be provided in the Lease to offset or recoup against any and all rents due and payable by Tenant under the Lease, or under any new lease entered into pursuant to this Agreement, any damages occurring after the date of rejection caused by the non-performance of any obligation of Landlord under the Lease or any new lease entered into pursuant to this Agreement. Tenant's right of offset or recoupment provided for in this paragraph (d) shall survive any transfer of the Property in foreclosure or by deed in lieu of foreclosure or otherwise and shall be binding upon Landlord, Mortgagee or any other Successor.

7. Provided Tenant is not in default under the Lease after notice and beyond the expiration of applicable cure periods as and to the extent provided in the Lease (and provided that nothing shall imply any right of Tenant to further notice if Landlord has previously provided such notice) and the Lease has not been cancelled or terminated, Mortgagee agrees that in the event Landlord shall become the subject of a case under the Bankruptcy Code, (a) Mortgagee shall consent to the use of cash collateral (as such term is defined in Section 363(a) of the Bankruptcy Code) for the performance of the obligations of the Landlord under the Lease, (b) Mortgagee shall consent to the inclusion in any cash collateral order or stipulation of an assumption by Landlord of the Lease under §365 of the Bankruptcy Code (without waiving the right of Mortgagee to object to any other provision of any cash collateral order or committing Mortgagee to agree to any other provision of a cash collateral stipulation), (c) Mortgagee will file and pursue an objection to any rejection by Landlord of the Lease, and (d) Mortgagee will file and pursue an objection to the confirmation of any plan of reorganization of Landlord that provides for the rejection of the Lease. The provisions of paragraph 6 above and of this paragraph 7 shall be of no further force or effect from and after the date that the principal amount-secured by the Mortgage has been reduced to an amount not to exceed $500,000,000, provided that the Mortgage continues to encumber both the Property and the fee interest in the property known as 237 Park Avenue, New York, New York at that time.

8. Mortgagee agrees that, provided Tenant is not then in default under this Agreement or the Lease after notice and beyond the expiration of applicable grace periods as and to the extent provided under the Lease or otherwise (and provided that nothing shall imply any right of Tenant to further notice if Landlord has previously provided such notice), with respect to any sublease (other than a sublease to an Affiliate of Tenant or Related Service Provider whether pursuant to Sections 5.01(b),

(c) and (d) of the Lease or otherwise) which (a) consists of at least one full floor of the Blocks (as defined in the Lease) or at least 30,000 contiguous rentable square feet of space in the Demised Premises which is on a floor which is not a Block (and in the case where a sublease includes a portion of a floor, the balance of the floor consists of a leaseable configuration of at least 10,000 rentable square feet), (b) in the case of a Block, consists of contiguous space in the Blocks which includes the highest or lowest floor then comprising the Blocks or is in the Blocks and is contiguous to another floor all of which has been sublet by Tenant and with respect to which Mortgagee has executed and delivered one or more non-disturbance and attornment agreements hereunder with respect to all of such floor, (c) provides for a rental which, after taking into account any free rent periods, credits, offsets or deductions to which the subtenant may be entitled thereunder, is equal to or in excess (on a per rentable square foot basis) of the greater of (i) annual Fixed Rent and the annualized recurring Additional Charges (as such terms are defined in the Lease) payable by Tenant under the Lease with respect to such space from time to time throughout the term, and (ii) the fair market fixed rent and the fair market additional rent, each of (i) and (ii) above to be valued at the time when the attornment provided for in the non-disturbance and attornment agreement hereinafter referred to becomes effective between Mortgagee and the subtenant following the termination of the Lease (or if the rental to be paid by the subtenant shall be less (on a per rentable square foot basis) than the greater of (i) and (ii) above, if such subtenant agrees, in the non-disturbance and attornment agreement hereinafter referred to, that such rental will automatically and without condition become so equal to the greater of (i) and (ii) above (subject to arbitration in the manner provided in Section 9.03 of the Lease if the parties do not agree on the fair market rent or fair market additional rent within ten days after such attornment if Landlord claims that clause (ii) is the operative measure of rent to be paid by the subtenant), if, as and when the attornment provided for in such non-disturbance and attornment agreement becomes effective between Mortgagee and the subtenant following the termination of the Lease), (d) consists of space that will be demised separately from the remainder of the Demised Premises in accordance with all applicable laws, (e) provides for other obligations of the subtenant not materially less favorable to Landlord under such sublease than the obligations of Tenant under the Lease (and shall require compliance, to the extent applicable, with Sections 5.04(d)(iv)(F) and (G) and 8.28 of the Lease), and (f) Landlord has executed and delivered to such subtenant a non-disturbance agreement in accordance with the provisions of Section 5.04(d)(iv) of the Lease, then Mortgagee shall, at Tenant's request, execute and deliver to such subtenant a non-disturbance and attornment agreement substantially in the form attached to this Agreement as Exhibit B provided and upon condition that (i) Tenant has furnished to Mortgagee reasonably

satisfactory evidence that the subtenant has a financial worth sufficient to timely fulfill its obligations under such sublease as a primary tenant (and not as a subtenant), including any increase in such financial obligations which may become effective as provided above but in no event shall such subtenant's financial worth be less than a Major Subtenant (as defined in the Lease), (ii) the sublease is in a form consistent with the requirements of Article 5 of the Lease and otherwise reasonably satisfactory to Mortgagee, and (iii) the subtenant executes and delivers to Landlord such non-disturbance and attornment agreement. Any dispute as to the creditworthiness of a prospective subtenant may be submitted to determination by arbitration in the manner provided in Section 9.03 of the Lease as if such provisions were set forth herein and "Mortgagee" were substituted for "Landlord" therein, and any such determination shall be binding upon Mortgagee and Tenant. Notwithstanding anything to the contrary set forth in this paragraph 8, any non disturbance and attornment agreement delivered by Mortgagee pursuant to this paragraph 8 shall be conditional and by its terms expressly contain the condition such that, in the event of any termination of the Lease (x) other than by reason of (1) Tenant's default, (2) a rejection of the Lease in bankruptcy by Tenant, or (3) subject to the terms hereof, a voluntary surrender of the Lease by agreement between Landlord and Tenant, but (y) including a termination of the Lease by reason of a casualty,

condemnation or pursuant to Section 8.26 of the Lease, then any non-disturbance and attornment agreement to a subtenant shall, automatically and without further act of the parties, terminate and be of no further force or effect from and after the applicable termination date, provided, that if the Lease is terminated with respect to less than all of the Demised Premises, only such non-disturbance and attornment agreements to subtenants who sublease any of such space with respect to which the Lease is terminated shall automatically and without further act of the parties terminate and be of no further force or effect from and after the applicable termination date. In addition, to the extent any such non-disturbance and attornment agreement relates to a subtenant which is a partnership of professionals (including, without limitation, attorneys, accountants and investment bankers), such agreement shall provide that no provision of such sublease providing in substance for the exculpation from personal liability of the partners of such partnership shall be binding on Mortgagee or any other Successor unless such subtenant shall, on the date the attornment provided in such non-disturbance and attornment agreement becomes effective between Mortgagee and such subtenant, post with Mortgagee or such other Successor as security for such subtenant's obligations under its sublease, cash or a clean, unconditional and irrevocable letter of credit (in form and from a bank reasonably satisfactory to Mortgagee) in either case in an amount equal to the greater of (i) the annual fixed rent and annualized recurring charges (without regard to any abatement,

credits or offsets) payable at such time (such security to be increased from time to time to reflect increases in such fixed rent and recurring charges) by such subtenant to Mortgagee, and (ii) the security required to be provided by the subtenant under the terms of the Lease, unless such cash or letter of credit was previously delivered to Landlord in accordance with the provisions of the Lease.

9. Tenant shall deliver to Mortgagee copies of all notices under the Lease concurrent with delivery to or receipt from Landlord (including, without limitation, default notices, notices establishing delivery and commencement dates and notices commencing arbitration proceedings but excluding routine operational notices such as requests for overtime services). No notice shall be effective as to Mortgagee unless properly served upon Mortgagee in the manner provided herein.

10. This Agreement may not be modified except by an agreement in writing signed by Tenant and Mortgagee or their respective successors-in-interest. In addition, any modification of this Agreement which would adversely affect Landlord shall require the consent of Landlord provided that Landlord is not in default under the terms of the Lease or the Mortgage beyond any notice and cure period. This Agreement shall inure to the benefit of and be binding upon the parties hereto, their respective heirs, representatives, successors and assigns including, without limitation, with respect to Mortgagee, the grantee under a deed in lieu of foreclosure and/or the purchaser of the Demised Premises at a foreclosure sale or at any sale of the Demised Premises following the granting of a deed in lieu of foreclosure or following foreclosure.

11. Nothing contained in this Agreement shall in any way impair or affect the lien created by the Mortgage except as specifically set forth herein.

12. Landlord, Tenant and Mortgagee agree that this Agreement satisfies any condition or requirement in the Lease relating to the granting of a non-disturbance agreement by Mortgagee. Mortgagee and Tenant further agree that in the event there is any inconsistency between the terms and provisions hereof and the terms and provisions of the Lease dealing with non-disturbance by Mortgagee or the provisions of the Mortgage referred to in Section 6.01(c) of the Lease (as they relate to Tenant's rights and obligations), the terms and provisions hereof shall be controlling.

13. All notices, demands, consents, approvals, advices, waivers or other communications (each, a "Notice") which may or are required to be given by either party to the other under this Agreement shall be in writing and shall be sent (a) by hand, (b) by United States Mail, certified or registered, postage

prepaid, return receipt requested or (c) by a nationally recognized overnight carrier (which provides for receipted delivery in the ordinary course of its business), in each case addressed to the party to be notified at the address for such party specified in the first paragraph of this Agreement, or to such other place in the continental United States as the party to be notified may from time to time designate by at least 15 days' notice to the notifying party (with copy in the case of Mortgagee to Kelley Drye & Warren, 101 Park Avenue, 30th floor, New York, New York, Attention: David Retter, Esq.). Each Notice shall be deemed to have been given on the date such Notice is actually received as evidenced by a written receipt therefor, and in the event of failure to deliver by reason of changed address of which no Notice was given or refused to accept deliver, as of the date of such failure. Tenant shall also deliver a copy of any Notice provided to Mortgagee under paragraph 5 hereof to Landlord at the address and in the manner provided in the Lease, excluding Notices which Tenant shall previously or concurrently have delivered to or received from Landlord.

14. Notwithstanding anything to the contrary contained herein, Tenant acknowledges and agrees that the provisions of paragraph (3)(c) set forth in Section 6.01(c) of the Lease shall be effective and run to the benefit of any Successor, including Mortgagee. Notwithstanding anything to the contrary contained herein, Mortgagee acknowledges and agrees that the provisions of paragraph (3)(d) set forth in Section 6.01(c) of the Lease shall be deemed null and void and of no effect as against Tenant to the extent inconsistent with the express terms of the Lease and this Agreement.

15. This Agreement shall be governed by the laws of the State of New York. If any term of this Agreement or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this Agreement or the application of such term to any person or circumstances other than those as to which it is invalid or unenforceable shall not be affected thereby, and each term of this Agreement shall be valid and enforceable to the fullest extent permitted by law. This Agreement may be executed in any number of counterparts, each of which when executed and delivered will be deemed to be an original and all of which taken together will be deemed to be one and the same instrument.

16. If at any time this Agreement is rejected by Mortgagee in any case under the Bankruptcy Code involving Mortgagee as debtor, then Mortgagee agrees that the Lease shall be deemed to be superior to the Mortgage and not subordinate thereto.

17. Each party warrants and represents to the other parties that the execution and delivery of this Agreement has

been duly authorized by all necessary actions on the part of the representing party; and that the person who signs this Agreement on behalf of such party is duly authorized to do so.

18. Anything herein or in the Lease to the contrary notwithstanding, if Mortgagee shall acquire title to the Property, or shall otherwise become liable for any obligations of Landlord under the Lease or hereunder, Mortgagee shall have no obligation, nor incur any liability, beyond Mortgagee's then interest, if any, in the Property (as such interest is defined in Section 8.06 of the Lease) and Tenant shall look solely and exclusively to such interest of Mortgagee, if any, in the Property for the payment and discharge of any obligations, imposed upon Mortgagee hereunder or under the Lease. Tenant agrees that with respect to any money judgment that may be obtained or secured by Tenant against Mortgagee, Tenant shall look solely to the estate or interest owned by Mortgagee and the Property (as such interest is defined in Section 8.06 of the Lease) and Tenant shall not collect or attempt to collect any such judgment out of any other assets of Mortgagee. Nothing contained in this Section 18 shall be construed to diminish or impair Tenant's abatement, offset, credit or self-help rights under the express provisions of the Lease.

19. This Agreement may be executed in one or more counterparts, each of which, when so executed and delivered, shall be an original and all of which together shall constitute the same instrument.

IN WITNESS WHEREOF, the parties hereto have hereunto caused this Agreement to be duly executed as of the day and year first above written.

Mortgagee

NATIONSBANK OF TENNESSEE, N.A.
By: The Bank of New York, as Agent

By: _____
Name:
Title:

Tenant

WARNER COMMUNICATIONS INC.

By: _____
Name:
Title:

Landlord

1290 ASSOCIATES, L.L.C.
By: O&Y Management Corp., as Agent

By: _____
Name:
Title:

STATE OF)
) ss.:
COUNTY OF)

On this day of , 1995, before me personally came to me known, who being by me duly sworn, did say that he resides at , that he is of The Bank of New York, the corporation described in and which executed the foregoing instrument as Agent for NationsBank of Tennessee, N.A. as Mortgagee by order of the board of directors of said corporation; and that he signed his name thereto be like order.

_____
Notary Public

STATE OF)
) ss.:
COUNTY OF)

On this day of , 1995, before me personally came to me known, who being by me duly sworn, did say that he resides at , that (s)he is of Warner Communications Inc., the corporation described in and which executed the foregoing instrument as Tenant by order of the board of directors of said corporation; and that (s)he signed his name thereto be like order.

_____
Notary Public

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

On the day of , 1996, before me personally came , to me known, who, being by me duly sworn, did depose and say that he resides at ; that he is the Executive Vice President of O & Y Management Corp., a corporation duly organized under the laws of the State of New York, that said corporation is the agent of 1290 ASSOCIATES, L.L.C., a New York limited liability company, the limited liability company described in and which executed the foregoing instrument; and that he signed his name thereto by authority of the board of directors of said corporation; and that he acknowledged to me that said instrument was executed by said corporation as agent of said limited liability company.

Notary Public

EXHIBIT A

DESCRIPTION OF LAND

All that certain plot, piece or parcel of land, situate, lying and being in the Borough of Manhattan, City, County and State of New York, bounded and described as follows:

BEGINNING at the corner formed by the intersection of the northerly side of West 51st Street with the easterly side of Avenue of the Americas (formerly Sixth Avenue); running thence Easterly along the northerly side of West 51st Street 448 feet to a point distant 472 feet Westerly from the corner formed by the intersection of the northerly side of West 51st Street with the westerly side of Fifth Avenue, thence Northerly parallel with Fifth Avenue and part of the distance through a party wall 100 feet 5 inches to the center line of the block between West 51st Street and West 52nd Street; thence Westerly along said center line of the block 2 feet, thence Northerly parallel with Fifth Avenue and part of the distance through a party wall 100 feet 5 inches to the southerly side of West 52nd Street, at a point therein distant 474 feet Westerly from the southwest corner of West 52nd Street and Fifth Avenue; running thence Westerly along the southerly side of West 52nd Street 446 feet to the easterly side of Avenue of the Americas, thence Southerly along the easterly side of Avenue of the Americas 200 feet 10 inches to the northerly side of West 51st Street at the point or place of BEGINNING.

DESCRIPTION OF LEASE

Lease, dated February 25, 1959, between Martha F. Keeping, as lessor, and 91078 Corporation, as lessee, a memorandum of which was recorded in the office of the Register of the City of New York, County of New York in Liber 5068 of Conveyances, Page 489, as assigned by a series of assignments (the "Ground Lease"), pursuant to which assignments Landlord holds the ground lessor and ground lessee interest in such Ground Lease as of the date hereof.

EXHIBIT B

FORM OF SUBTENANT
NON-DISTURBANCE
AND ATTORNMENT AGREEMENT

THIS AGREEMENT, made as of the day of , by and between NATIONSBANK OF TENNESSEE, N.A., a national banking corporation, having an address c/o The Bank of New York, 101 Barclay Street, 12-E, New York, New York 10286 (Attention: John W. Stevenson and Thomas A. Burrell)(1) (hereinafter called "Mortgagee"), , a , having an office at (hereinafter called "Subtenant"), and WARNER COMMUNICATIONS INC., a Delaware corporation, having an office at 75 Rockefeller Plaza, New York, New York 10012 (hereinafter called "Tenant").

W I T N E S S E T H:

WHEREAS, Mortgagee is the successor trustee under that certain Mortgage Spreader and Consolidation Agreement and Trust Indenture dated March 20, 1984 (said Mortgage Spreader and Consolidation Agreement and Trust Indenture, as amended and supplemented by Supplemental Indenture No. 1 dated as of March 20, 1984, Supplemental Indenture No. 2 dated as of December 30, 1986 and Supplemental Indenture No. 3 dated as of March 30, 1988, Supplemental Indenture No. 4 dated as of August 17, 1995 and Supplemental Indenture No. 5 dated as of September 18, 1995 and as it may be amended, increased, renewed, modified, consolidated, replaced, combined, substituted, severed, split, spread or extended, being hereinafter referred to as the "Mortgage") between Manufacturers Hanover Trust Company, predecessor-in-interest to Mortgagee, as trustee, and certain mortgagors described therein which was recorded on March 20, 1984 in the Office of the City-Register, New York County in Reel 775, Page 1097, and which encumbers, among other properties, the land and the building located at 1290 Avenue of the Americas, New York, New York [and the ground leasehold interest encumbering such property](2) (collectively, the "Property"),

WHEREAS, Tenant has entered into a certain agreement of lease dated as of January , 1996 (the "Overlease") covering,

(1) If the identity of the Trustee changes, this form must be appropriate modified.
(2) Delete if no longer applicable.

inter alia, (the "Sublet Premises") in the building forming a part of the Property,

WHEREAS, Subtenant has entered into a certain agreement of sublease dated as of , with Tenant (the "Sublease") covering the Sublet Premises,

NOW, THEREFORE, in consideration of the mutual agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Subtenant covenants and agrees that the Sublease now is and shall at all times continue to be subject and subordinate in each and every respect to the Mortgage. Subtenant, upon request, shall execute and deliver any certificate or other instrument which the Mortgagee may reasonably request to confirm said subordination by Subtenant.

2. Subtenant certifies that (i) Subtenant is the owner and holder of the subtenant's interest under the Sublease, (ii) the Sublease is presently in full force and effect and unmodified, (iii) no rent or additional rent payable under the Sublease has been paid more than one (1) month in advance of its due date, (iv) no default exists under the Sublease, and (v) there are no offsets or defenses as of the date hereof to the payment of the rents, additional rents or other sums payable under the Sublease.

3. As long as no default exists under the Sublease which has continued after notice and beyond the expiration of any applicable grace period as and to the extent provided in the Sublease (and provided that nothing shall imply any right of Subtenant to further notice if Tenant or the Landlord (as defined below) has previously provided such notice) and, subject to the provisions of paragraph 5 below, Mortgagee shall not name Subtenant as a party defendant to any action for foreclosure or other enforcement of the Mortgage (unless required by law), nor shall the Sublease be terminated by Mortgagee in connection with, or by reason of, foreclosure or other proceedings for the enforcement of the Mortgage, or by reason of a transfer of the landlord's interest under the Overlease pursuant to the taking of a deed in lieu of foreclosure (or similar device), nor shall Subtenant's use or possession of the Sublet Premises be interfered with by Mortgagee, unless the Tenant or 1290 Associates, LLC or any successor owner of the Property (the "Landlord") would have had such right if the Mortgage had not been granted, except that the person acquiring or succeeding by or through Mortgagee to the interests of the Landlord under the Overlease as a result of any such action or proceeding (including Mortgagee should it acquire or succeed to such interests), and

such person's successors and assigns (any of the foregoing being hereinafter referred to as the "Successor"), shall not be:

(a) subject to any credits, offsets, defenses or claims which Subtenant might have against any prior sublessor or landlord; nor

(b) bound by any rent or additional rent which Subtenant might have paid for more than one month in advance to any prior sublessor or landlord, unless such prepayment shall have been made with Mortgagee's prior written consent; nor

(c) liable for any act or omission of any prior: sublessor or landlord; nor

(d) bound by any covenant to undertake or complete any improvement to the Sublet Premises or the building forming a part of the Property; nor

(e) required to account for any security deposit other than any security deposit actually delivered to the Successor; nor

(f) liable for any payment to Subtenant of any sums, or the granting to Subtenant of any credit, in the nature of a contribution towards the cost of preparing, furnishing or moving into the Sublet Premises or any portion thereof; nor

(g) bound by any modification of the Sublease which results in the Sublease no longer conforming to the parameters set forth in the Overlease for the granting by Landlord of a non-disturbance agreement to a subtenant made without the written consent of Mortgagee.

4. If the interest of the Landlord in the Property shall be transferred by reason of foreclosure or other proceedings for enforcement of the Mortgage or pursuant to a taking of a deed in lieu of foreclosure (or similar device) and the Overlease shall have previously terminated (and the Sublease shall have become a direct lease between Subtenant and Landlord pursuant to a non-disturbance and attornment agreement between such parties) or shall be terminated concurrent with or subsequent to such foreclosure, other enforcement proceeding or taking, then subject to the provisions of paragraph 5 below, Subtenant shall be bound to the Successor, and, except as provided in this Agreement, the Successor shall be bound to

Subtenant, under all of the terms, covenants and conditions of the Sublease for the balance of the term thereof remaining, with the same force and effect as if the Successor were the Tenant under the Sublease, and Subtenant does hereby (i) agree to attorn to the Successor, including Mortgagee if it be the Successor, as its landlord, (ii) affirm its obligations under the Sublease (subject to the provisions of paragraph 5 below), and (iii) agree to make payments of all sums due under the Sublease (as same may be adjusted pursuant to the terms of paragraph 5 below) to the Successor, said attornment, affirmation and agreement to be effective and self-operative without the execution of any further instruments, upon the Successor succeeding to the interest of the Tenant under the Sublease, provided that if the Successor requests, without implying any obligation to do so on the Successor's part, Subtenant will confirm the attornment described herein to the Successor in writing. Subtenant waives the provisions of any statute or rule of law now or hereafter in effect that may give or purport to give it any right or election to terminate or otherwise adversely affect the Sublease or the obligations of Subtenant thereunder by reason of any foreclosure of similar proceeding.

5. (a) Subtenant agrees that to the extent the Sublease provides for a rental which, after taking into account any free rent periods, credits, offsets or deductions to which the Subtenant may be entitled thereunder, is less than the greater of (on a per rentable square foot basis) (i) the annual Fixed Rent and annualized recurring Additional Charges (as such terms are defined in the Overlease) payable by Tenant under the Overlease with respect to the Sublet Premises (the "Overlease Rent") and (ii) the fair market fixed rent and the fair market additional rent (collectively referred to as the "Fair Market Rent") as reasonably determined by the Successor with respect to the Sublet Premises, Subtenant agrees that the rental payable under the Sublease will automatically and without condition become equal to the greater of the Overlease Rent and the Fair Market Rent, if, as and when the attornment provided for herein becomes effective between Mortgagee or any other Successor and the Subtenant. If Subtenant disagrees with the Successor's determination of the Fair Market Rent, then the amount of the Fair Market Rent will be determined by arbitration pursuant to Section 9.03 of the Overlease, provided that pending resolution of the dispute, Subtenant shall pay rent based on the Successor's determination with appropriate adjustment being made after final resolution of the dispute. Subtenant further agrees that the Sublease shall at all times be subject to and comply with the provisions of Sections 5.04(d)(iv)(F) and (G) and 8.28 of the Overlease.

[(b) In addition, Subtenant agrees that no provision of the Sublease providing in substance for the exculpation from personal liability of the partners of Subtenant shall be binding

on Mortgagee or any other Successor unless Subtenant shall, on the date the attornment provided herein becomes effective between Mortgagee or any other Successor and Subtenant, post with Mortgagee or such Successor as security for Subtenant's obligations under the Sublease, cash or a clean, unconditional and irrevocable letter of credit (in form and from a bank reasonably satisfactory to Mortgagee or such Successor) in either case in an amount equal to the greater of (i) the annual fixed rent and recurring charges (without regard to any abatements, credits or offsets) payable at such time (such security to be increased from time to time to reflect increases in such fixed rent and recurring charges) by Subtenant to Mortgagee or such other Successor as same may be modified in accordance with the terms of paragraph (a) above, and (ii) the security required to be provided by Subtenant under the terms of the Overlease, unless such cash or letter of credit was previously delivered to Landlord in accordance with the provisions of the Overlease.](3)

(c) Notwithstanding anything to the contrary set forth in this Agreement, the agreements of the Mortgagee hereunder (on behalf of itself and any other Successor) shall be effective only in the event the cause of termination of the Overlease is (x) the default of Tenant thereunder, (y) a rejection of the Overlease in bankruptcy by Tenant or (z) a voluntary surrender of the Overlease by agreement between Landlord and Tenant and consented to by Mortgagee (to the extent required under the Agreement referred to in paragraph 13 below) and if the Overlease is cancelled, terminated or expires (in whole or in part but including the Sublet Premises) for any other reason (including, without limitation, by reason of a casualty or condemnation or the exercise by Tenant of any termination or cancellation right or remedy provided in the Overlease, at law or in equity or by reason of Tenant's failure to exercise the Renewal Option (as defined in the Overlease)), then this Agreement shall, automatically and without further act of the parties, terminate and be of no further force or effect from and after the applicable termination date of the Overlease (or portion thereof) or the day preceding the commencement of the Renewal Term (as defined in the Overlease), as the case may be.

6. In the event the Overlease is terminated and Subtenant becomes a direct tenant of Landlord pursuant to the terms of a non-disturbance and attornment agreement between such parties, Subtenant shall notify Mortgagee of any default by Landlord under the Sublease which would entitle Subtenant to cancel the Sublease or abate the rents, additional rents or other sums payable thereunder or to exercise any self-help or set-off

(3) To be deleted if Subtenant is not a partnership of professionals (including without limitation, attorneys, accountants and investment bankers).

rights thereunder. If Landlord fails to cure any default as to which Subtenant is obligated to give notice pursuant to the preceding sentence within the time provided for in the Sublease, Subtenant shall provide Mortgagee notice of such occurrence and Mortgagee shall then have an additional 30 days after receipt of such notice within which to cure such default or if such default cannot be cured within that time, then such additional time as may be necessary if, within such 30 days, Mortgagee shall give Subtenant notice of its intention to diligently pursue the remedies necessary to cure such default (including, without limitation, commencement of foreclosure proceedings or eviction proceedings if necessary to effect such cure) and thereafter does diligently pursue such remedies and cure, in which event the Sublease shall not be terminated and Subtenant shall not exercise any other rights or remedies under the Sublease or otherwise while such remedies are being so diligently pursued by Mortgagee, other than Subtenant's right, subject to Section 8.28 of the Overlease, to (a) any abatement, deduction, counterclaim or set-off of any rent or additional rent expressly set forth in the Sublease, or (b) self-help in accordance with the express provisions of the Sublease, or (c) terminate the Sublease in accordance with the provisions thereof in connection with a casualty or condemnation affecting the Sublet Premises or the Property. For purposes hereof, the term Sublease shall include any successor direct lease between Subtenant and Landlord.

7. This Agreement may not be modified except by an agreement in writing signed by the parties or their respective successors-in-interest. This Agreement shall inure to the benefit of and be binding upon the parties hereto, their respective heirs, representatives, successors and assigns.

8. Nothing contained in this Agreement shall in any way impair or affect the lien created by the Mortgage except as specifically set forth herein.

9. Subtenant agrees that in the event there is any inconsistency between the terms and provisions hereof and the terms and provisions of the Sublease dealing with non-disturbance by Mortgagee or the provisions of the Mortgage referred to in Section 6.01(c) of the Overlease (as they relate to Tenant's rights and obligations), the terms and provisions hereof shall be controlling.

10. All notices, demands or requests made pursuant to, under, or by virtue of the Sublease or this Agreement must be in writing and mailed to the party whom the notice, demand or request is being made by certified or registered mail, postage prepaid, return receipt requested, at its address set forth above. Any party may change the place that notices and demands are to be sent by written notice delivered in accordance with this Agreement.

11. Notwithstanding anything to the contrary contained herein, Subtenant acknowledges and agrees that the provisions of paragraph (3)(c) set forth in Section 6.01(c) of the Overlease shall be effective and run to the benefit of Mortgagee or any other Successor.

12. This Agreement shall be governed by the laws of the State of New York. If any term of this Agreement or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this Agreement or the application of such term to any person or circumstances other than those as to which it is invalid or unenforceable shall not be affected thereby, and each term of this Agreement shall be valid and enforceable to the fullest extent permitted by law. This Agreement may be executed in any number of counterparts, each of which when executed and delivered will be deemed to be an original and all of which taken together will be deemed to be one and the same instrument.

13. Tenant is executing this Agreement for the purpose of confirming that this Agreement satisfies any condition or requirement in the Overlease or the Subordination, Non-Disturbance and Attornment Agreement dated January , 1996 between Tenant, Landlord and Mortgagee relating to the granting of a non-disturbance agreement by Mortgagee to a subtenant of Tenant.

14. Anything herein or in the Lease to the contrary notwithstanding, if Mortgagee shall acquire title to the Property, or shall otherwise become liable for any obligations of Landlord under the Lease or hereunder, Mortgagee shall have no obligation, nor incur any liability, beyond Mortgagee's then interest, if any, in the Property and Subtenant shall look solely and exclusively to such interest of Mortgagee, if any, in the Property for the payment and discharge of any obligations imposed upon Mortgagee hereunder or under the Lease. Subtenant agrees that with respect to any money judgment that may be obtained or secured by Subtenant against Mortgagee, Subtenant shall look solely to the estate or interest owned by Mortgagee in the Property and Subtenant shall not collect or attempt to collect any such judgment out of any other assets of Mortgagee.

IN WITNESS WHEREOF, the parties hereto have hereunto caused this Agreement to be duly executed as of the day and year first above written.

Mortgagee

.

NATIONSBANK OF TENNESSEE, N.A

By: The Bank of New York,
as Agent

By: _____
Name:
Title:

Subtenant

[_____]

By: _____
Name:
Title:

Tenant

WARNER COMMUNICATIONS INC.

By: _____
Name:
Title:

STATE OF)
) ss.:
COUNTY OF)

On this day of , , before me personally came to me known, who being by me duly sworn, did say that he resides at that he is of The Bank of

New York, the corporation described in and which executed the foregoing instrument as agent for NationsBank of Tennessee, N.A., Mortgagee by order of the board of directors of said corporation; and that he signed his name thereto be like order.

Notary Public

STATE OF)
) ss.:
COUNTY OF)

On this day of , , before me personally came to me known, who being by me duly sworn, did say that he resides at , that (s)he is of , the corporation described in and which executed the foregoing instrument as Subtenant by order of the board of directors of said corporation; and that (s)he signed his name thereto be like order.

Notary Public

STATE OF)
) ss.:
COUNTY OF)

On this day of , , before me personally came to me known, who being by me duly sworn, did say that he resides at , that (s)he is of Warner Communications, Inc., the corporation described in and which executed the foregoing instrument as Tenant by order of the board of directors of said corporation; and that (s)he signed his name thereto be like order.

Notary Public

EXHIBIT M-2

FORM OF SUBORDINATION NON-DISTURBANCE
AND ATTORNMENT AGREEMENT FOR
SUPERIOR MORTGAGES(1)

THIS AGREEMENT, made as of the day of , 1996 by and between , having an office at (hereinafter called "Mortgagee"), WARNER COMMUNICATIONS INC., a Delaware corporation, having an office at 75 Rockefeller Plaza, New York, NY 10012 (hereinafter called "Tenant") and 1290 ASSOCIATES, LLC, a New York limited liability company, having an office c/o Olympia and York Companies (U.S.A.), 237 Park Avenue, New York, New York 10019.

W I T N E S S E T H:

WHEREAS, Mortgagee is the under that certain (the "Mortgage") between as lender, and , as borrower, which was recorded on in the Office of the City Register, New York County in Reel , Page , and which encumbers, among other properties, the land and the building located at 1290 Avenue of the Americas, New York, New York and the ground leasehold interest encumbering such property (collectively, the "Property") and more particularly described on Exhibit A annexed hereto,

WHEREAS, Tenant and 1290 Associates, LLC (together with any successor holder of the Landlord's interest under the Lease, being hereinafter called "Landlord") have entered into a certain agreement of lease dated as of January , 1996 (the "Lease") initially covering the 23rd through 29th floors (said premises, together with any other space which may hereafter be leased to Tenant pursuant to and in accordance with the express provisions of Section 1.06 of the Lease being hereafter referred to as the ("Demised Premises") in the building forming a part of the Property,

NOW, THEREFORE, in consideration of the mutual agreements herein contained and other good and valuable

(1) For use at or following confirmation of a bankruptcy plan for 1290 Associates, LLC or its successor.

consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Tenant covenants and agrees that the Lease now is and shall at all times continue to be subordinate to the Mortgage. Tenant, upon request, shall execute and deliver any certificate or other instrument which the Mortgagee may reasonably request to confirm said subordination by Tenant.

2. Tenant certifies that (i) Tenant is the owner and holder of the tenant's interest under the Lease, (ii) the Lease is presently in full force and effect and unmodified, (iii) no rent or additional rent payable under the Lease has been paid more than one (1) month in advance of its due date (it being expressly agreed that any rent abatements, set-offs, recoupment rights or deductions expressly provided for in Lease shall not be deemed an advance payment of rent or additional rent under this Agreement), (iv) no default exists under the Lease, and (v) there are no offsets or defenses as of the date hereof to the payment of the rents, additional rents or other sums payable under the Lease except as disclosed in writing by Tenant in the estoppel certificate being delivered by Tenant to Mortgagee contemporaneously herewith.

3. As long as no default exists under the Lease which has continued after notice and beyond the expiration of any applicable grace period as and to the extent provided in the Lease (and provided that nothing shall imply any right of Tenant to further notice if Landlord has previously provided such notice), Mortgagee shall not name Tenant as a party defendant to any action for foreclosure or other enforcement of the Mortgage (unless required by law), nor shall the Lease be terminated by Mortgagee in connection with, or by reason of, foreclosure or other proceedings for the enforcement of the Mortgage, or by reason of a transfer of the Landlord's interest under the Lease pursuant to the taking of a deed in lieu of foreclosure (or similar device) whether in connection with a bankruptcy proceeding or otherwise, nor shall Tenant's use or possession of the Demised Premises be interfered with by Mortgagee (except to the extent permitted under the Lease), except that the person acquiring, or succeeding to, the interests of the Landlord in the Property as a result of any such action or proceeding or taking of a deed in lieu of foreclosure (or similar device) (including, without limitation, Mortgagee), and such person's successors and assigns (any of the foregoing being hereinafter referred to as the "Successor"), shall not be:

(a) subject to any credits, offsets, recoupment rights, defenses or claims which Tenant might have against any prior Landlord, except that, subject to the terms hereof, a Successor shall be subject to any credits, offsets, recoupment

rights, and defenses to which Tenant may be entitled pursuant to the express provisions of the Lease; nor

(b) bound by any rent or additional rent which Tenant might have paid for more than one (1) month in advance to any prior Landlord other than in accordance with the express provisions of the Lease (i.e. periodic Operating Payments or escrow payments on account of Tax Payments), unless such prepayment shall have been made with Mortgagee's prior written consent; nor

(c) liable for any act or omission of any prior Landlord except as expressly provided in this Agreement, it being understood that the foregoing is not intended to (i) relieve a Successor of any liability arising by reason of its acts or omissions from and after the date the Successor succeeds to the rights of the prior Landlord, including a continuation of the failure of the prior Landlord to perform its obligations under the Lease, in which case the Successor upon receipt of notice of such continuation from Tenant shall have a reasonable period of time to remedy same (it being agreed that to the extent a time period is granted to Landlord in the Lease for such remedy, such time period shall be deemed a reasonable period of time for purposes of this clause (i) [and if no time period is specified and the Successor is Mortgagee, in determining a reasonable period of time, the parties shall take into account that Mortgagee acts as a trustee](2), or (ii) deny Tenant the benefit of any rent offset right, recoupment rights, abatement or credit to which Tenant is entitled under the express provisions of the Lease, subject to the express terms hereof. Notwithstanding the foregoing, the Successor shall not be liable to Tenant for any claim Tenant may have against a prior Landlord under the provisions of Section 6.12 of the Lease (by way of example, the Successor shall not be liable for any loss or damage to Tenant caused by the negligence of a prior Landlord or its agents, servants, employees or contractors); nor

(d) bound by any covenant to undertake or complete any Landlord's Work with respect to any Block of space or any Offer Space or the Capital Program Work (as such terms are defined in the Lease); provided, however, that. if the Successor shall fail to complete any such work, then Tenant shall have the following rights (which shall be the sole and exclusive remedies available to Tenant as against the Successor for such failure): (i) [OMIT IF NO LONGER APPLICABLE: in the case of the Successor's failure to complete the Landlord's Work with respect to any Block of space Tenant shall, subject to the terms hereof, have the rights described in Section 1.03, 4.01 and 8.24 (with respect to Punch List Work (as defined in the Lease) only) of the Lease], [OMIT IF

(2) Delete if inapplicable.

NO LONGER APPLICABLE: and (ii) in the case of Successor's failure to complete the Offer Space or Capital Program Work Tenant shall, subject to the terms hereof, have the rights described in Section 8.21 of the Lease.] The Successor's failure to complete any such work shall not constitute a default by the Successor under the Lease giving rise to any remedies other than as expressly set forth in this paragraph (d); nor

(e) be required to account for any security deposit other than any security deposit actually delivered to the Successor; nor

(f) liable for any payment to Tenant of any sums or the granting to Tenant of any credit in the nature of a contribution towards the cost of preparing, furnishing or moving into the Demised Premises or any portion thereof, or otherwise (except to the extent provided in paragraphs (a) [and (d) (i)] above), provided, however, that subject to the provisions of Section 15 hereof the Successor shall be responsible to pay to Tenant any unpaid portion of the [OMIT ANY THAT ARE NO LONGER APPLICABLE: Tenant Work Allowance and the Tenant Required Work Allowance (as such terms are defined in the Lease and collectively referred to-herein as "Landlord's Contributions")] as and when the same are due and payable under the Lease; provided, further, however, that the sole and exclusive remedy available to Tenant as against the Successor in the event the Successor shall fail to pay any or all of the Landlord's Contributions shall be to exercise the set-off and/or recoupment rights described in Section 4.01(e) of the Lease and the Successor's failure to make any such payment shall not constitute a default by the Successor under the Lease giving rise to any remedies other than the set-off and/or recoupment rights expressly set forth in such Section 4.01(e). Notwithstanding the foregoing, Mortgagee shall have the right (but not the obligation) if Landlord shall default in funding all or any portion of the Landlord's Contributions to pay such amounts to Tenant; nor

(g) bound by any modification of the Lease made without the written consent of Mortgagee, including without limitation any agreement by Tenant to surrender the Lease. Mortgagee agrees not to unreasonably withhold, delay or condition its consent to a modification of the Lease.

4. (a) If the interest of the Landlord under the Lease shall be transferred by reason of foreclosure or other proceedings for enforcement of the Mortgage in which Tenant has not been named as party defendant or pursuant to a taking of a deed in lieu of foreclosure (or similar device) whether in connection with a bankruptcy proceeding or otherwise, the Lease shall not be terminated or affected thereby but shall continue in full force and effect as a direct lease between the Successor and

Tenant and Tenant shall be bound to the Successor, and, except as expressly provided in this Agreement, the Successor shall be bound to Tenant, under all of the terms, covenants and conditions of the Lease for the balance. of the term thereof remaining, with the same force and effect as if the Successor were the Landlord, and Tenant does hereby (i) agree to attorn to the Successor, including Mortgagee if it be the Successor, as its landlord, (ii) affirm its obligations under the Lease, and (iii) agree to make payments of all sums due under the Lease to the Successor, said attornment, affirmation and agreement to be effective and self-operative without the execution of any further instruments, upon the Successor succeeding to the interest of the Landlord under the Lease, provided that if the Successor requests, without implying any obligation to do so on the Successor's part, Tenant will confirm the attornment described herein to the Successor in writing. Tenant waives the provisions of any statute or rule of law now or hereafter in effect that may give or purport to give it any right or election to terminate or otherwise adversely affect the Lease or the obligations of Tenant thereunder by reason of any foreclosure or similar proceeding.

(b) Provided the Lease has not been previously cancelled or terminated, if (i) Mortgagee or any other Successor shall acquire title to the Property or Landlord's interest therein upon foreclosure in an action in which Mortgagee shall have been required to name Tenant as a party defendant, and (ii) Tenant is not in default under the Lease after notice and beyond the expiration of all applicable cure periods as and to the extent provided in the Lease (and provided that nothing shall. imply any right of Tenant to further notice if Landlord has previously provided such notice), then, in such event, Mortgagee or any other Successor (as the case may be) shall enter into a new lease with Tenant upon the same terms and conditions as were contained in the Lease, except that (x) the obligations and liabilities of Mortgagee or other Successor (as the case may be) under any such new lease shall be subject to the terms and conditions of this Agreement, and (y) the expiration date of such new lease shall coincide with the Expiration Date provided for in Section 1.02 of the Lease (as the same may have been extended in accordance with the terms of Article 9 of the Lease or otherwise consented to in writing by Mortgagee). Tenant shall execute any such new lease and shall attorn to Mortgagee or the other Successor (as the case may be) so as to establish direct privity between Mortgagee or such other Successor (as the case may be) and Tenant.

(c) If (i) Landlord, as debtor-in-possession, or any trustee appointed in a bankruptcy case of Landlord, obtains an order of the Bankruptcy Court authorizing the rejection of thee Lease in accordance with §365 of the Bankruptcy Code (as hereinafter defined), and Tenant elects to retain its rights under the Lease in accordance with §365(h) of the Bankruptcy

Code, (ii) Mortgagee or any other Successor shall acquire title to the Property upon foreclosure or by the acceptance of a deed in lieu thereof or by any other means, and (iii) Tenant is not in default under the Lease after notice and beyond the expiration of all applicable cure periods as and to the extent provided in the Lease (and provided that nothing shall imply any right of Tenant to further notice if Landlord has previously provided such notice) then, in such event, Mortgagee or any other Successor (as the case may be) shall enter into a new lease with Tenant upon the same terms and conditions as were contained in the Lease, except that (x) the obligations and liabilities of Mortgagee or other Successor (as the case may be) under any such new lease shall be subject to the terms and conditions of this Agreement, and (y) the expiration date of such new lease shall coincide with the Expiration Date provided for in Section 1.02 of the Lease (as the same may have been extended in accordance with the terms of Article 9 of the Lease or otherwise consented to in writing by Mortgagee) of the Lease. Tenant shall execute any such new lease and shall attorn to Mortgagee or the other Successor (as the case may be). so as to establish direct privity between Mortgagee or such other Successor (as the case may be) and Tenant.

5. (a) Tenant shall notify Mortgagee of any default, breach or other failure (a "Default") by Landlord under the Lease which would entitle Tenant to cancel or terminate the Lease or abate the rents, additional rents or other sums payable thereunder or to exercise any self-help or set-off rights thereunder. If Landlord fails to cure any Default which would entitle Tenant to cancel or terminate the Lease within the time period, if any, provided for in the Lease and such Default is of a nature (i) which can be cured by the payment of money, then Mortgagee shall have an additional 10 days within which to cure such Default after receipt of Tenant's notice that Landlord has failed to cure same and the Lease shall not be cancelled or terminated unless Mortgagee shall have failed to cure such Default (without implying any obligation to do so) prior to the expiration of such 10 days, or (ii) which cannot be cured by the payment of money, then Tenant shall notify (the "Second Notice") Mortgagee that Landlord has failed to cure such Default within such time period as is provided for such cure under the Lease (or if no such period is provided, within a reasonable period of time) and Mortgagee shall have an additional 30 days after receipt of such Second Notice within which to cure such Default or if such Default cannot be cured within that time with the exercise of reasonable diligence, then such additional time as may be necessary to cure the same with the exercise of reasonable diligence; and if, within such 30 days, Mortgagee has either cured such Default or has commenced or given Tenant notice of its intention to commence and thereafter diligently commences and diligently pursues the remedies necessary to cure such Default (including, without limitation, commencement of foreclosure proceedings or eviction proceedings, if necessary to effect such

cure), then and in such event the Lease shall not be terminated and Tenant shall not exercise any other rights or remedies under the Lease or otherwise while such remedies are being so diligently pursued, other than Tenant's right to (a) any abatement, deduction, counterclaim, recoupment right or set-off of any rent or additional rent expressly set forth in the tease, or (b) self-help in accordance with Section 8.24 of the Lease. Notwithstanding the foregoing, Mortgagee's additional cure period under clause (ii) above shall not exceed 90 days in the case of Tenant's termination rights under clauses (A) and (B) of Section 8.26 of the Lease or 180 days in the case of Tenant's termination right under clause (C) of Section 8.26 of the Lease. Nothing herein shall be deemed to imply that Tenant has any right to terminate the Lease or any other right or remedy, except as may be otherwise expressly provided for in the Lease.

(b) Tenant's rights under this paragraph 5 and under paragraph 3(a) hereof are expressly conditioned upon (i) Tenant delivering to Mortgagee copies of all notices delivered by Tenant relating to a Default which is the subject of Tenant's claim concurrent with their delivery to Landlord (provided that if Tenant fails to deliver a copy of the notice of a Default to Mortgagee as required hereby, Tenant's right to cancel or terminate the Lease shall not be waived, but Mortgagee's additional cure period will be extended for a period equal to the period of time Landlord had to cure such Default, such

additional cure period shall not be deemed to have commenced until Tenant shall have delivered the requisite notice to Mortgagee and Tenant shall not cancel or terminate the Lease prior to the expiration of such additional cure period without such Default having been cured), and (ii) Mortgagee being provided the opportunity by Tenant to monitor and participate in any arbitration or other proceeding related to a Default. Tenant shall deliver to Mortgagee concurrent with delivery to or receipt from Landlord or the arbitrators determining any dispute, a copy of any submission, claim, demand, order or pleading served by or upon Tenant or delivered to or received from the arbitrators. Mortgagee shall have the right to appear before and make presentations to the arbitrators determining any dispute.

(c) Any termination of the Lease by Tenant as the result of any claimed Default by Landlord thereunder without compliance with the applicable provisions of this paragraph 5 shall be without force or effect and shall be void ab initio.

6.(3) Mortgagee agrees that, provided Tenant is not then in default under this Agreement or the Lease after notice and beyond the expiration of applicable grace periods as and to the

(3) Terms of this paragraph may be put in separate, unrecorded agreement.

extent provided under the Lease or otherwise (and provided that nothing shall imply any right of Tenant to further notice if Landlord has previously provided such notice), with respect to any sublease (other than a sublease to an Affiliate of Tenant or Related Service Provider whether pursuant to Sections 5.01(b), (c) and (d) of the Lease or otherwise) which (a) consists of at least one full floor of the Blocks (as defined in the Lease) or at least 30,000 contiguous rentable square feet of space in the Demised Premises which is on a floor which is not a Block (and in the case where a sublease includes a portion of a floor, the balance of the floor consists of a leaseable configuration of at least 10,000 rentable square feet), (b) in the case of a Block, consists of contiguous space in the Blocks which includes the highest or lowest floor then comprising the Blocks or is in the Blocks and is contiguous to another floor all of which has been sublet by Tenant and with respect to which Mortgagee has executed and delivered one or more non-disturbance and attornment agreements hereunder with respect to all of such floor, (c) provides, for a rental which, after taking into account any free rent periods, credits, offsets or deductions to which the subtenant may be entitled thereunder, is equal to or in excess (on a per rentable square foot basis) of the greater of (i) annual Fixed Rent and the annualized recurring Additional Charges (as such terms are defined in the Lease) payable by Tenant under the Lease with respect to such space from time to time throughout the term, and (ii) the fair market fixed rent and the fair market additional rent, each of (i) and (ii) above to be valued at the time when the attornment provided for in the non-disturbance and attornment agreement hereinafter referred to becomes effective between Mortgagee and the subtenant following the termination of the Lease (or if the rental to be paid by the subtenant shall be less (on a per rentable square foot basis) than the greater of (i) and (ii) above, if such subtenant agrees, in the non disturbance and attornment agreement hereinafter referred to, that such rental will automatically and without condition become so equal to the greater of (i) and (ii) above (subject to arbitration in the manner provided in Section 9.03 of the Lease if the parties do not agree on the fair market rent or fair market additional rent within ten days after such attornment if Landlord claims that clause (ii) is the operative measure of rent to be paid by the subtenant), if, as and when the attornment provided for in such non-disturbance and attornment agreement becomes effective between Mortgagee and the subtenant following the termination of the Lease), (d) consists of space that will be demised separately from the remainder of the Demised Premises in accordance with all applicable laws, (e) provides for other obligations of the subtenant not materially less favorable to Landlord under such sublease than the obligations of Tenant under the Lease (and shall require compliance, to the extent applicable, with Sections 5.04(d)(iv)(F) and (G) and 8.28 of the Lease), and (f) Landlord has executed and delivered to such subtenant a non-disturbance agreement in accordance with the

provisions of Section 5.04(d)(iv) of the Lease, then Mortgagee shall, at Tenant's request, execute and deliver to such subtenant a non-disturbance and attornment agreement substantially in the form attached to this Agreement as Exhibit B. provided and upon condition that (i) Tenant has furnished to Mortgagee reasonably satisfactory evidence that the subtenant has a financial worth sufficient to timely fulfill its obligations under such sublease as a primary tenant (and not as a subtenant), including any increase in such financial obligations which may become effective as provided above but in no event shall such subtenant's financial worth be less than a Major Subtenant (as defined in the Lease), (ii) the sublease is in a form consistent with the requirements of Article 5 of the Lease and otherwise reasonably satisfactory to Mortgagee, and (iii) the subtenant executes and delivers to Landlord such non-disturbance and attornment agreement. Any dispute as to the creditworthiness of a prospective subtenant may be submitted to determination by arbitration in the manner provided in Section 9.03 of the Lease as if such provisions were set forth herein and "Mortgagee" were substituted for "Landlord" therein, and any such determination shall be binding upon Mortgagee and Tenant. Notwithstanding anything to the contrary set forth in this paragraph 6, any non-disturbance and attornment agreement delivered by Mortgagee pursuant to this paragraph 6 shall be conditional and by its terms expressly contain the condition such that, in the event of any termination of the Lease (x) other than by reason of (1) Tenant's default, (2) a rejection of the Lease in bankruptcy by Tenant, or (3) subject to the terms hereof, a voluntary surrender of the Lease by agreement between Landlord and Tenant, but (y) including a termination of the Lease by reason of a casualty, condemnation or pursuant to Section 8.26 of the Lease, then any non-disturbance and attornment agreement to a subtenant shall, automatically and without further act of the parties, terminate and be of no further force or effect from and after the applicable termination date, provided, that if the Lease is terminated with respect to less than all of the Demised Premises, only such non-disturbance and attornment agreements to subtenants who sublease any of such space with respect to which the Lease is terminated shall automatically and without further act of the parties terminate and be of no further force or effect from and after the applicable termination date. In addition, to the extent any such non-disturbance and attornment agreement relates to a subtenant which is a partnership of professionals (including, without limitation, attorneys, accountants and investment bankers), such agreement shall provide that no provision of such sublease providing in substance for the exculpation from personal liability of the partners of such partnership shall be binding on Mortgagee or any other Successor unless such subtenant shall, on the date the attornment provided in such non-disturbance and attornment agreement becomes effective between Mortgagee and such subtenant, post with Mortgagee or such other Successor as security for such

subtenant's obligations under its sublease, cash or a clean, unconditional and irrevocable letter of credit (in form and from a bank reasonably satisfactory to Mortgagee) in either case in an amount equal to the greater of (i) the annual fixed rent and annualized recurring charges (without regard to any abatement, credits or offsets) payable at such time (such security to be increased from time to time to reflect increases in such fixed rent and recurring charges) by such

subtenant to Mortgagee, and (ii) the security required to be provided by the Subtenant under the terms of the Lease, unless such cash or letter of credit was previously delivered to Landlord in accordance with the provisions of the Lease.

7. Tenant shall deliver to Mortgagee copies of all notices under the Lease concurrent with delivery to or receipt from Landlord (including, without limitation, default notices, notices establishing delivery and commencement dates and notices commencing arbitration proceedings but excluding routine operational notices such as requests for overtime services). No notice shall be effective as to Mortgagee unless properly served upon Mortgagee in the manner provided herein.

8. This Agreement may not be modified except by an agreement in writing signed by Tenant and Mortgagee or their respective successors-in-interest. In addition, any modification of this Agreement which would adversely affect Landlord shall require the consent of Landlord provided that Landlord is not in default under the terms of the Lease or the Mortgage beyond any notice and cure period. This Agreement shall inure to the benefit of and be binding upon the parties hereto, their respective heirs, representatives, successors and assigns including, without limitation, with respect to Mortgagee, the grantee under a deed in lieu of foreclosure and/or the purchaser of the Demised Premises at a foreclosure sale or at any sale of the Demised Premises following the granting of a deed in lieu of foreclosure or following foreclosure.

9. Nothing contained in this Agreement shall in any way impair or affect the lien created by the Mortgage except as specifically set forth herein.

10. Landlord, Tenant and Mortgagee agree that this Agreement satisfies any condition or requirement in the Lease relating to the granting of a non-disturbance agreement by Mortgagee. Mortgagee and Tenant further agree that in the event there is any inconsistency between the terms and provisions hereof and the terms and provisions of the Lease dealing with non-disturbance by Mortgagee, the terms and provisions hereof shall be controlling.

11. All notices, demands, consents, approvals, advices, waivers or other communications (each, a "Notice") which

may or are required to be given by either party to the other under this Agreement shall be in writing and shall be sent (a) by hand, (b) by United States Mail, certified or registered, postage prepaid, return receipt requested or (c) by a nationally recognized overnight carrier (which provides for receipted delivery in the ordinary course of its business), in each case addressed to the party to be notified at the address for such party specified in the first paragraph of this Agreement, or to such other place in the continental United States as the party to be notified may from time to time designate by at least 15 days' notice to the notifying party (with copy in the case of Mortgagee
to & nbsp;).
Each Notice shall be deemed to have been given on the date such Notice is actually received as evidenced by a written receipt therefor, and in the event of failure to deliver by reason of changed address of which no Notice was given or refused to accept deliver, as of the date of such failure. Tenant shall also deliver a copy of any Notice provided to Mortgagee under paragraph 5 hereof to Landlord at the address and in the manner provided in the Lease, excluding Notices which Tenant shall previously or concurrently have delivered to or received from Landlord.

12. This Agreement shall be governed by the laws of the State of New York. If any term of this Agreement or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this Agreement or the application of such term to any person or circumstances other than those as to which it is invalid or unenforceable shall not be affected thereby, and each term of this Agreement shall be valid and enforceable to the fullest extent permitted by law. This Agreement may be executed in any number of counterparts, each of which when executed and delivered will be deemed to be an original and all of which taken together will be deemed to be one and the same instrument.

13. If at any time this Agreement is rejected by Mortgagee in any case under the Bankruptcy Code involving Mortgagee as debtor, then Mortgagee agrees that the Lease shall be deemed to be superior to the Mortgage and not subordinate thereto.

14. Each party warrants and represents to the other parties that the execution and delivery of this Agreement has been duly authorized by all necessary actions on the part of the representing party; and that the person who signs this Agreement on behalf of such party is duly authorized to do so.

15. Anything herein or in the Lease to the contrary notwithstanding, if Mortgagee shall acquire title to the Property, or shall otherwise become liable for any obligations of Landlord under the Lease or hereunder, Mortgagee shall have no

obligation, nor incur any liability, beyond Mortgagee's then interest, if any, in the Property (as such interest is defined in Section 8.06 of the Lease) and Tenant shall look solely and exclusively to such interest of Mortgagee, if any, in the Property for the payment and discharge of any obligations imposed upon Mortgagee hereunder or under the Lease. Tenant agrees that with respect to any money judgment that may be obtained or secured by Tenant against Mortgagee, Tenant shall look solely to the estate or interest owned by Mortgagee and the Property (as such interest is defined in Section 8.06 of the Lease) and Tenant shall not collect or attempt to collect any such judgment out of any other assets of Mortgagee. Nothing contained in this Section 15 shall be construed to diminish or impair Tenant's abatement, offset, credit or self-help rights under the express provisions of the Lease.

16. This Agreement may be executed in one or more counterparts, each of which, when so executed and delivered, shall be an original and all of which together shall constitute the same instrument.

IN WITNESS WHEREOF, the parties hereto have hereunto caused this Agreement to be duly executed as of the day and year first above written.

Mortgagee

By: _____
Name:
Title:

Tenant

WARNER COMMUNICATIONS INC.

By: _____
Name:
Title:

Landlord

1290 ASSOCIATES, LLC
By: O&Y Management Corp., as Agent

By: _____
Name:
Title:

(ACKNOWLEDGEMENTS TO BE ADDED]

EXHIBIT B

FORM OF SUBTENANT
NON-DISTURBANCE
AND ATTORNMENT AGREEMENT'

THIS AGREEMENT, made as of the day of , by and between , having an office at (hereinafter called "Mortgagee"), , a , having an office at (hereinafter called "Subtenant"), and WARNER COMMUNICATIONS INC., a Delaware corporation, having an office at 75 Rockefeller Plaza, New York, New York 10012 (hereinafter called "Tenant").

W I T N E S S E T H:

WHEREAS, Mortgagee is the under that certain (the "Mortgage") between , as lender, and , as borrower, which was recorded on , in the Office of the City Register, New York County in Reel , Page , and which encumbers the land and the building located at 1290 Avenue of the Americas, New York, New York [and the ground leasehold interest encumbering such property](1) (collectively, the "Property"),

WHEREAS, Tenant has entered into a certain agreement of lease dated as of January , 1996 (the "Overlease") covering, inter alia, (the "Sublet Premises") in the building forming a part of the Property,

WHEREAS, Subtenant has entered into a certain agreement of sublease dated as of , with Tenant (the "Sublease") covering the Sublet Premises,

NOW, THEREFORE, in consideration of the mutual agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Subtenant covenants and agrees that the Sublease now is and shall at all times continue to be subject and subordinate in each and every respect to the Mortgage. Subtenant, upon request, shall execute and deliver any

(1) Delete if no longer applicable.

certificate or other instrument which the Mortgagee may reasonably request to confirm said subordination by Subtenant.

2. Subtenant certifies that (i) Subtenant is the owner and holder of the subtenant's interest under the Sublease, (ii) the Sublease is presently in full force and effect and unmodified, (iii) no rent or additional rent payable under the Sublease has been paid more than one (1) month in advance of its due date, (iv) no default exists under the Sublease, and (v) there are no offsets or defenses as of the date hereof to the payment of the rents, additional rents or other sums payable under the Sublease.

3. As long as no default exists under the Sublease which has continued after notice and beyond the expiration of any applicable grace period as and to the extent provided in the Sublease (and provided that nothing shall imply any right of Subtenant to further notice if Tenant or the Landlord (as defined below) has previously provided such notice) and, subject to the provisions of paragraph 5 below, Mortgagee shall not name Subtenant as a party defendant to any action for foreclosure or other enforcement of the Mortgage (unless required by law), nor shall the Sublease be terminated by Mortgagee in connection with, or by reason of, foreclosure or other proceedings for the enforcement of the Mortgage, or by reason of a transfer of the landlord's interest under the Overlease pursuant to the taking of a deed in lieu of foreclosure (or similar device), nor shall Subtenant's use or possession of the Sublet Premises be interfered with by Mortgagee, unless the Tenant or 1290 Associates, LLC or any successor owner of the Property (the "Landlord") would have had such right if the Mortgage had not been granted, except that the person acquiring or succeeding by or through Mortgagee to the interests of the Landlord under the Overlease as a result of any such action or proceeding (including Mortgagee should it acquire or succeed to such interests), and such person's successors and assigns (any of the foregoing being hereinafter referred to as the "Successor"), shall not be:

(a) subject to any credits, offsets, defenses or claims which Subtenant might have against any prior sublessor or landlord; nor

(b) bound by any rent or additional rent which Subtenant might have paid for more than one month in advance to any prior sublessor or landlord, unless such prepayment shall have been made with Mortgagee's prior written consent; nor

(c) liable for any act or omission of any prior sublessor or landlord; nor

(d) bound by any covenant to undertake or complete any improvement to the Sublet Premises or the building forming a part of the Property; nor

(e) required to account for any security deposit other than any security deposit actually delivered to the Successor; nor

(f) liable for any payment to Subtenant of any sums, or the granting to Subtenant of any credit, in the nature of a contribution towards the cost of preparing, furnishing or moving into the Sublet Premises or any portion thereof; nor

(g) bound by any modification of the Sublease which results in the Sublease no longer conforming to the parameters set forth in the Overlease for the granting by Landlord of a non-disturbance agreement to a subtenant made without the written consent of Mortgagee.

4. If the interest of the Landlord in the Property shall be transferred by reason of foreclosure or other proceedings for enforcement of the Mortgage or pursuant to a taking of a deed in lieu of foreclosure (or similar device) and the Overlease shall have previously terminated (and the Sublease shall have become a direct lease between Subtenant and Landlord pursuant to a non-disturbance and attornment agreement between such parties) or shall be terminated concurrent with or subsequent to such foreclosure, other enforcement proceeding or taking, then subject to the provisions of paragraph 5 below, Subtenant shall be bound to the Successor, and, except as provided in this Agreement, the Successor shall be bound to Subtenant, under all of the terms, covenants and conditions of the Sublease for the balance of the term thereof remaining, with the same force and effect as if the Successor were the Tenant under the Sublease, and Subtenant does hereby (i) agree to attorn to the Successor, including Mortgagee if it be the Successor, as its landlord, (ii) affirm its obligations under the Sublease (subject to the provisions of paragraph 5 below), and (iii) agree to make payments of all sums due under the Sublease (as same may be adjusted pursuant to the terms of paragraph 5 below) to the Successor, said attornment, affirmation and agreement to be effective and self-operative without the execution of any further instruments, upon the Successor succeeding to the interest of the Tenant under the Sublease, provided that if the Successor requests, without implying any obligation to do so on the Successor's part, Subtenant will confirm the attornment described herein to the Successor in writing. Subtenant waives the provisions of any statute or rule of law now or hereafter in

effect that may give or purport to give it any right or election to terminate or otherwise adversely affect the Sublease or the obligations of Subtenant thereunder by reason of any foreclosure of similar proceeding.

5. (a) Subtenant agrees that to the extent the Sublease provides for a rental which, after taking into account any free rent periods, credits, offsets or deductions to which the Subtenant may be entitled thereunder, is less than the greater of (on a per rentable square foot basis) (i) the annual Fixed Rent and annualized recurring Additional Charges (as such terms are defined in the Overlease) payable by Tenant under the Overlease with respect to the Sublet Premises (the "Overlease Rent") and (ii) the fair market fixed rent and the fair market additional rent (collectively referred to as the "Fair Market Rent") as reasonably determined by the Successor with respect to the Sublet Premises, Subtenant agrees that the rental payable under the Sublease will automatically and without condition become equal to the greater of the Overlease Rent and the Fair Market Rent, if, as and when the attornment provided for herein becomes effective between Mortgagee or any other Successor and the Subtenant. If Subtenant disagrees with the Successor's determination of the Fair Market Rent, then the amount of the Fair Market Rent will be determined by arbitration pursuant to Section 9.03 of the Overlease, provided that pending resolution of the dispute, Subtenant shall pay rent based on the Successor's determination with appropriate adjustment being made after final resolution of the dispute. Subtenant further agrees that the Sublease shall at all times be subject to and comply with the provisions of Sections 5.04(d) (iv) (F) and (G) and 8.28 of the Overlease.

[(b) In addition, Subtenant agrees that no provision of the Sublease providing in substance for the exculpation from personal liability of the partners of Subtenant shall be binding on Mortgagee or any other Successor unless Subtenant shall, on the date the attornment provided herein becomes effective between Mortgagee or any other Successor and Subtenant, post with Mortgagee or such Successor as security for Subtenant's obligations under the Sublease, cash or a clean, unconditional and irrevocable letter of credit (in form and from a bank reasonably satisfactory to Mortgagee or such Successor) in either case in an amount equal to the greater of (i) the annual fixed rent and recurring charges (without regard to any abatements, credits or offsets) payable at such time (such security to be increased from time to time to reflect increases in such fixed rent and recurring charges) by Subtenant to Mortgagee or such other Successor as same may be modified in accordance with the terms of paragraph (a) above, and (ii) the security required to be provided by Subtenant under the terms of the Overlease, unless

such cash or letter of credit was previously delivered to Landlord in accordance with the provisions of the Overlease.](2)

(c) Notwithstanding anything to the contrary set forth in this Agreement, the agreements of the Mortgagee hereunder (on behalf of itself and any other Successor) shall be effective only in the event the cause of termination of the Overlease is (x) the default of Tenant thereunder (y) a rejection of the Overlease in bankruptcy by Tenant, or (z) a voluntary surrender of the Overlease by agreement between Landlord and Tenant and consented to by Mortgagee (to the extent required under the Agreement referred to in paragraph 12 below) and if the Overlease is cancelled, terminated or expires (in whole or in part but including the Sublet Premises) for any other reason (including, without limitation, by reason of a casualty or condemnation or the exercise by Tenant of any termination or cancellation right or remedy provided in the Overlease, at law or in equity or by reason of Tenant's failure to exercise the Renewal Option (as defined in the Overlease)), then this Agreement shall, automatically and without further act of the parties, terminate and be of no further force or effect from and after the applicable termination date of the Overlease (or portion thereof) or the day preceding the commencement of the Renewal Term (as defined in the Overlease), as the case may be.

6. In the event the Overlease is terminated and Subtenant becomes a direct tenant of Landlord pursuant to the terms of a non-disturbance and attornment agreement between such parties, Subtenant shall notify Mortgagee of any default by Landlord under the Sublease which would entitle Subtenant to cancel the Sublease or abate the rents, additional rents or other sums payable thereunder or to exercise any self-help or set-off rights thereunder. If Landlord fails to cure any default as to which Subtenant is obligated to give notice pursuant to the preceding sentence within the time provided for in the Sublease, Subtenant shall provide Mortgagee notice of such occurrence and Mortgagee shall then have an additional 30 days after receipt of such notice within which to cure such default or if such default cannot be cured within that time, then such additional time as may be necessary if, within such 30 days, Mortgagee shall give Subtenant notice of its intention to diligently pursue the remedies necessary to cure such default (including, without limitation, commencement of foreclosure proceedings or eviction proceedings if necessary to effect such cure) and thereafter does diligently pursue such remedies and cure, in which event the Sublease shall not be terminated and Subtenant shall not exercise any other rights or remedies under the Sublease or otherwise

(2) To be deleted if Subtenant is not a partnership of professionals (including without limitation, attorneys, accountants and investment bankers).

while such remedies are being so diligently pursued by Mortgagee, other than Subtenant's right, subject to Section 8.28 of the Overlease, to (a) any abatement, deduction, counterclaim or set-off of any rent or additional rent expressly set forth in the Sublease, or (b) self-help in accordance with the express provisions of the Sublease, or (c) terminate the Sublease in accordance with the provisions thereof in connection with a casualty or condemnation affecting the Sublet Premises or the Property. For purposes hereof, the term Sublease shall include any successor direct lease between Subtenant and Landlord.

7. This Agreement may not be modified except by an agreement in writing signed by the parties or their respective successors-in-interest. This Agreement shall inure to the benefit of and be binding upon the parties hereto, their respective heirs, representatives, successors and assigns.

8. Nothing contained in this Agreement shall in any way impair or affect the lien created by the Mortgage except as specifically set forth herein.

9. Subtenant agrees that in the event there is any inconsistency between the terms and provisions hereof and the terms and provisions of the Sublease dealing with non-disturbance by Mortgagee, the terms and provisions hereof shall be controlling.

10. All notices, demands or requests made pursuant to, under, or by virtue of the Sublease or this Agreement must be in writing and mailed to the party whom the notice, demand or request is being made by certified or registered mail, postage prepaid, return receipt requested, at its address set forth above. Any party may change the place that notices and demands are to be sent by written notice delivered in accordance with this Agreement.

11. This Agreement shall be governed by the laws of the State of New York. If any term of this Agreement or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this Agreement or the application of such term to any person or circumstances other than those as to which it is invalid or unenforceable shall not be affected thereby, and each term of this Agreement shall be valid and enforceable to the fullest extent permitted by law. This Agreement may be executed in any number of counterparts, each of which when executed and delivered will be deemed to be an original and all of which taken together will be deemed to be one and the same instrument.

12. Tenant is executing this Agreement for the purpose of confirming that this Agreement satisfies any condition or requirement in the Overlease or the Subordination,

Non-Disturbance and Attornment Agreement dated , between Tenant, Landlord and Mortgagee relating to the granting of a non-disturbance agreement by Mortgagee to a subtenant of Tenant.

13. Anything herein or in the Lease to the contrary notwithstanding, if Mortgagee shall acquire title to the Property, or shall otherwise become liable for any obligations of Landlord under the Lease or hereunder, Mortgagee shall have no obligation, nor incur any liability, beyond Mortgagee's then interest, if any, in the Property and Subtenant shall look solely and exclusively to such interest of Mortgagee, if any, in the Property for the payment and discharge of any obligations imposed upon Mortgagee hereunder or under the Lease. Subtenant agrees that with respect to any money judgment that may be obtained or secured by Subtenant against Mortgagee, Subtenant shall look solely to the estate or interest owned by Mortgagee in the Property and Subtenant shall not collect or attempt to collect any such judgment out of any other assets of Mortgagee.

IN WITNESS WHEREOF, the parties hereto have hereunto caused this Agreement to be duly executed as of the day and year first above written.

Mortgagee

[_____]

By: _____
Name:
Title:

Subtenant

[_____]

By: _____
Name:
Title:

Tenant

WARNER COMMUNICATIONS INC.

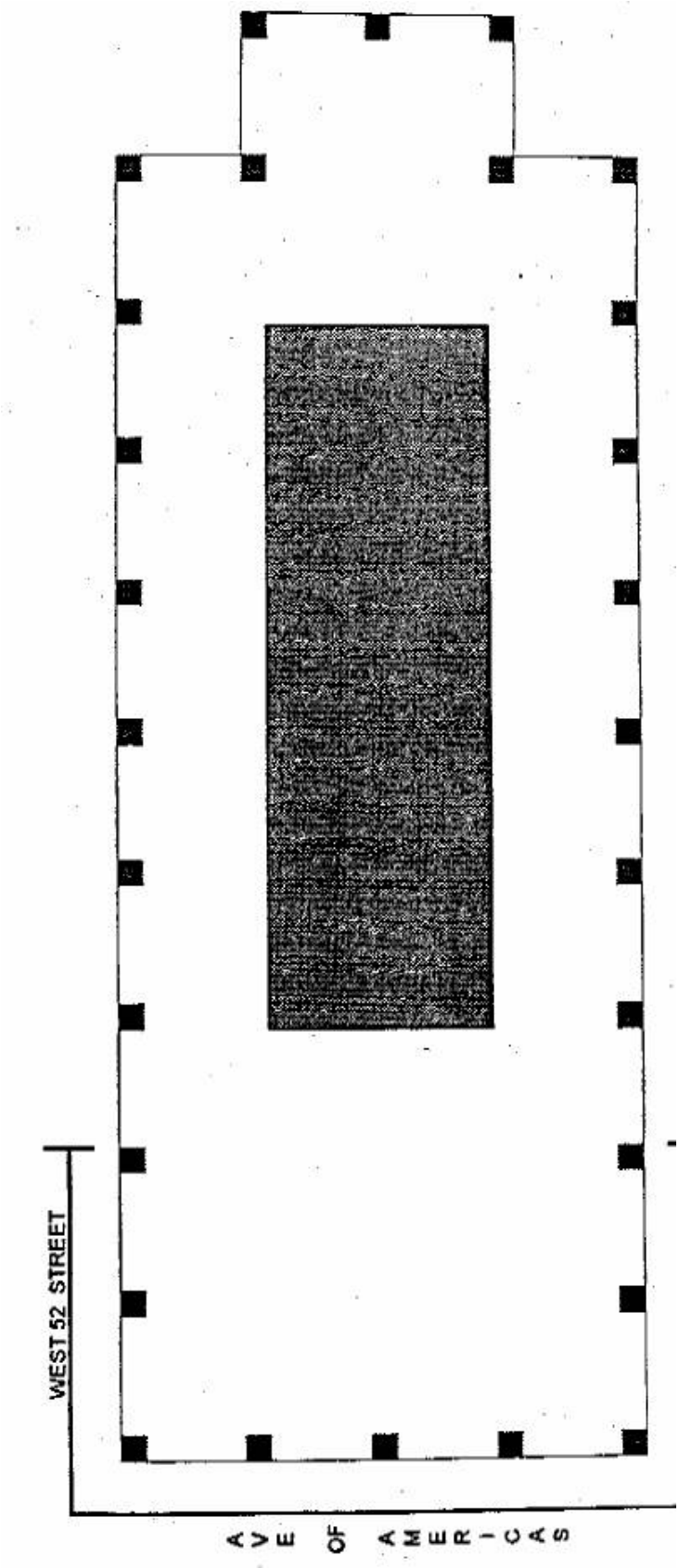
By: _____
Name:
Title:

[ACKNOWLEDGMENTS TO BE ADDED]

CONFIDENTIAL INFORMATION

WARNER LEASE
EXHIBIT " O "

RESTRICTED OUTSIDE LOUVER LOCATIONS



[GRAPHIC]

23RD THRU 28TH FLOOR

CONFIDENTIAL INFORMATION

WARNER LEASE
EXHIBIT "P"

APPROVED CONSULTANT/ CONTRACTORS LIST

STRUCTURAL CONSULTANTS

OFFICE OF JAMES RUDERMAN
RAPHAEL BASSAN CONSULTING ENGINEERS

MECHANICAL/ELECTRICAL/PLUMBING

JAROS BAUM & BOLLES
FLACK AND KURTZ
EDWARDS & ZUCK INC

CONSTRUCTION MANAGERS/GENERAL CONTRACTORS

LEHRER MCGOVERN BOVIS
STRUCTURE TONE
TISHMAN INTERIORS
AJ CONTRACTING
LEHR

DEMOLITION

LIBERTY CONTRACTING CORP
FORTUNE DEMOLITION CORP
BIG APPLE WRECKING CORP
TIFFANY CARTING CO

STEEL/MISC IRON

NORTHEASTERN STEEL FABRICATORS
KRAMAN IRON WORKS
BURGESS STEEL PRODUCTS

ELEVATORS

FLYNN-HILL ELEVATOR CORP
OTIS ELEVATOR CORP
MAINCO CORP
REPUBLIC ELEVATOR
MILLAR ELEVATOR CORP

ELECTRICAL/DATA COMMUNICATIONS

ARC ELECTRIC
JWP FOREST CORP
PETROCELLI ELECTRIC
KLEINKHECHT ELECTRIC
L.K.COMSTOCK & COMPANY
NEAD ELECTRIC
ADCO ELECTRICAL CORP

HVAC

BP AIR CONDITIONING
PENGUIN AIR CONDITIONING
PJ MECHANICAL
HENICK LANE CORP

PLUMBING

LAB PLUMBING
ASHLAND PLUMBING
GREEN MECHANICAL CORP
PAR PLUMBING
KAPLAN BRESLAW INC

FIRE PROTECTION

ABCO PEERLESS
LAB PLUMBING
TRIANGLE FIRE PROTECTION
ACTIVE FIRE PROTECTION
RAEL AUTOMATIC SPRINKLERS

FIRE ALARM

MULIPLEX FIRE ALARM SYSTEMS INC

PAINTING

HUDSON SHATZ
COSMOPOLITAN PAINTING
BAXTER PAINTING

WARNER LEASE

Exhibit “P”

GENERAL CONTRACTORS

HRH Interiors
McCann, Inc.
James E. Fitzgerald
Corbin Construction Corp.
John Gallin & Son, Inc.
Henegan Construction Co. Inc.
Farrell Construction Services, Inc.

FLOORING

Soundtone Floors Inc.
Contract Distributors Corp.
Lane's Floor Coverings & Interiors
Saxony Carpet Company Inc.

CERAMIC TILE

Port Morris Tile & Marble Corp.
Wm. Erath & Son, Inc.

HVAC

P.J. Mechanical Corp.

DEMOLITION/LABORER

Advanced Contracting Co., Inc.

DRYWALL

Partition Servicing Company
Skyline Partition Systems Inc.

CEILING

Wetzel Contracting Corp.
National Acoustics

PAINTING/WALL-COVERING

T.F. Nugent Inc.
Newport Painting & Decorating Co., Inc.
Forest Electric Corp.
E-J Electric Installation Co.

FINISH CARPENTRY

Bauerschmidt & Sons
Superior Woodcraft, Inc.
Midhattan Woodworking Corp.
Gale Woodworking, Inc.

HARDWARE

Alliance Architectural Hardware

WOOD FLOORING

Architectural Wood Flooring Inc.
Mathusek

CONFIDENTIAL INFORMATION

EXHIBIT Q

FORM OF ASSUMPTION AGREEMENT

Assignment and Assumption of Lease, dated as of the of , between WARNER COMMUNICATIONS INC. ("Assignor"), and ("Assignee").

W I T N E S S E T H :

WHEREAS, Assignor is the tenant under that certain lease dated , between 1290 Associates, L.L.C. as landlord and Assignor, as tenant (the "Lease"), covering [Insert reference to Premises] the entire 23rd through 29th floors of a building known as 1290 Avenue of the Americas located in New York, New York;

WHEREAS, Assignor desires to assign all of its interest in the Lease to Assignee and Assignee desires to assume all Assignor's obligations under the Lease, on the terms and conditions hereinafter set forth.

NOW, THEREFORE, Assignor and Assignee hereby agree as follows:

c) Assignor hereby assigns to Assignee all of Assignor's right, title and interest in, to and under the Lease, effective as of (the "Effective Date").

d) Assignee, for the benefit of Assignor and the landlord, hereby assumes, and agrees to be bound by and to perform, all of the covenants, agreements, terms, provisions and conditions on the part of the tenant under the Lease to be kept, performed and observed from and after the Effective Date.

e) This Assignment and Assumption of Lease shall be binding upon and inure to the benefit of the parties' respective successors and assigns.

IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment and Assumption of Lease of the day and year first above written.

ASSIGNOR
WARNER COMMUNICATIONS, INC.

By: _____
Name:
Title:

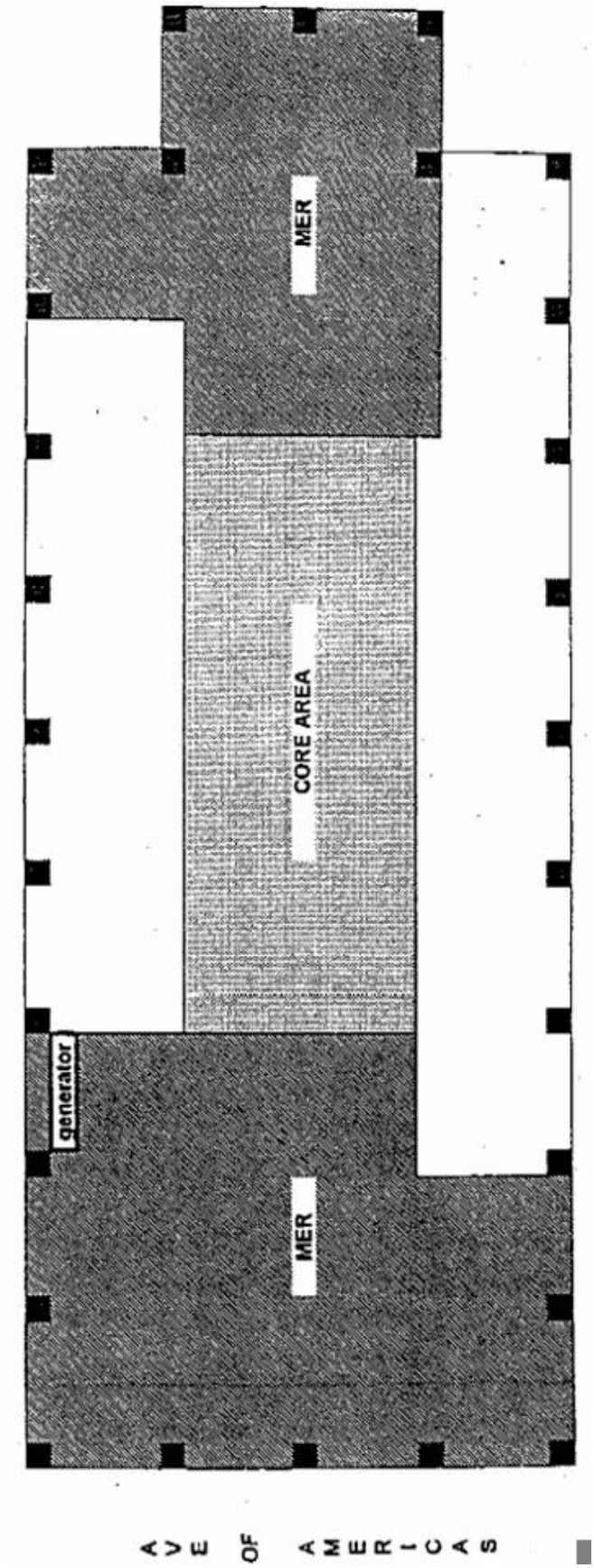
ASSIGNEE

By: _____
Name:
Title:

CONFIDENTIAL INFORMATION

WARNER LEASE
EXHIBIT " R "

EMERGENCY GENERATOR LOCATION

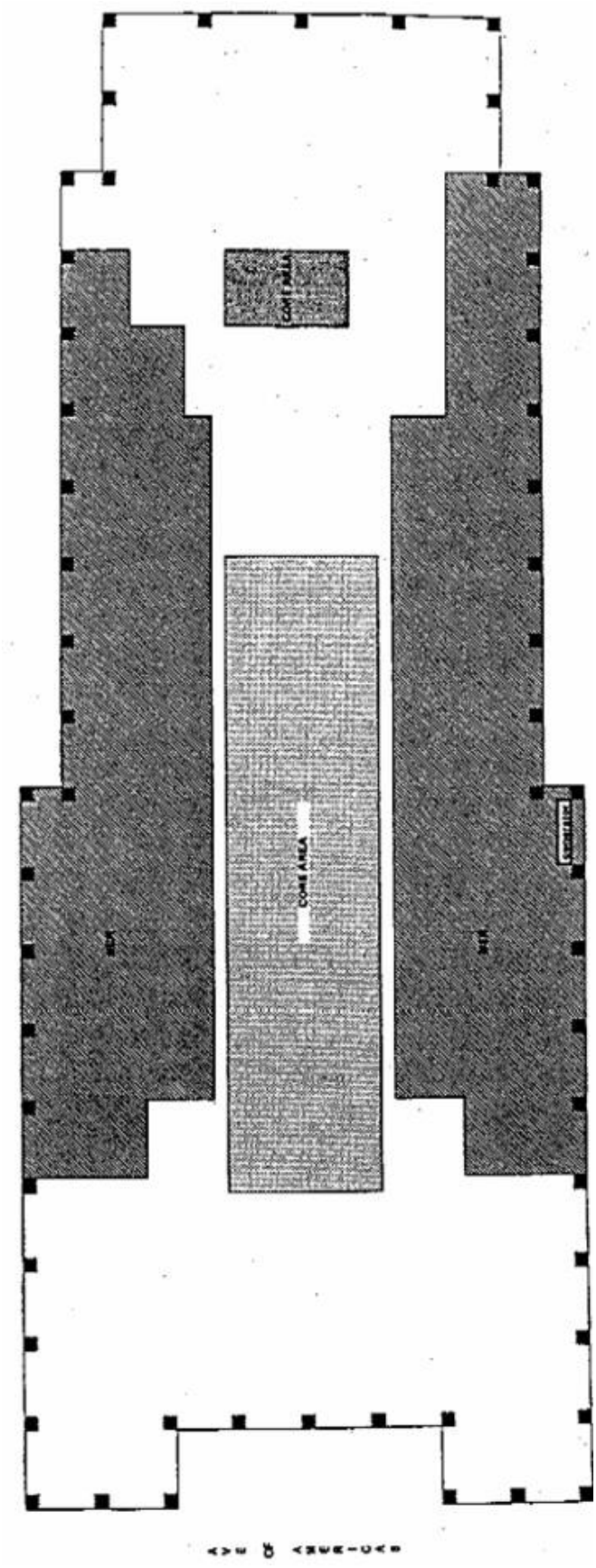


[GRAPHIC]

WEST 51 STREET
not to scale
25TH FLOOR

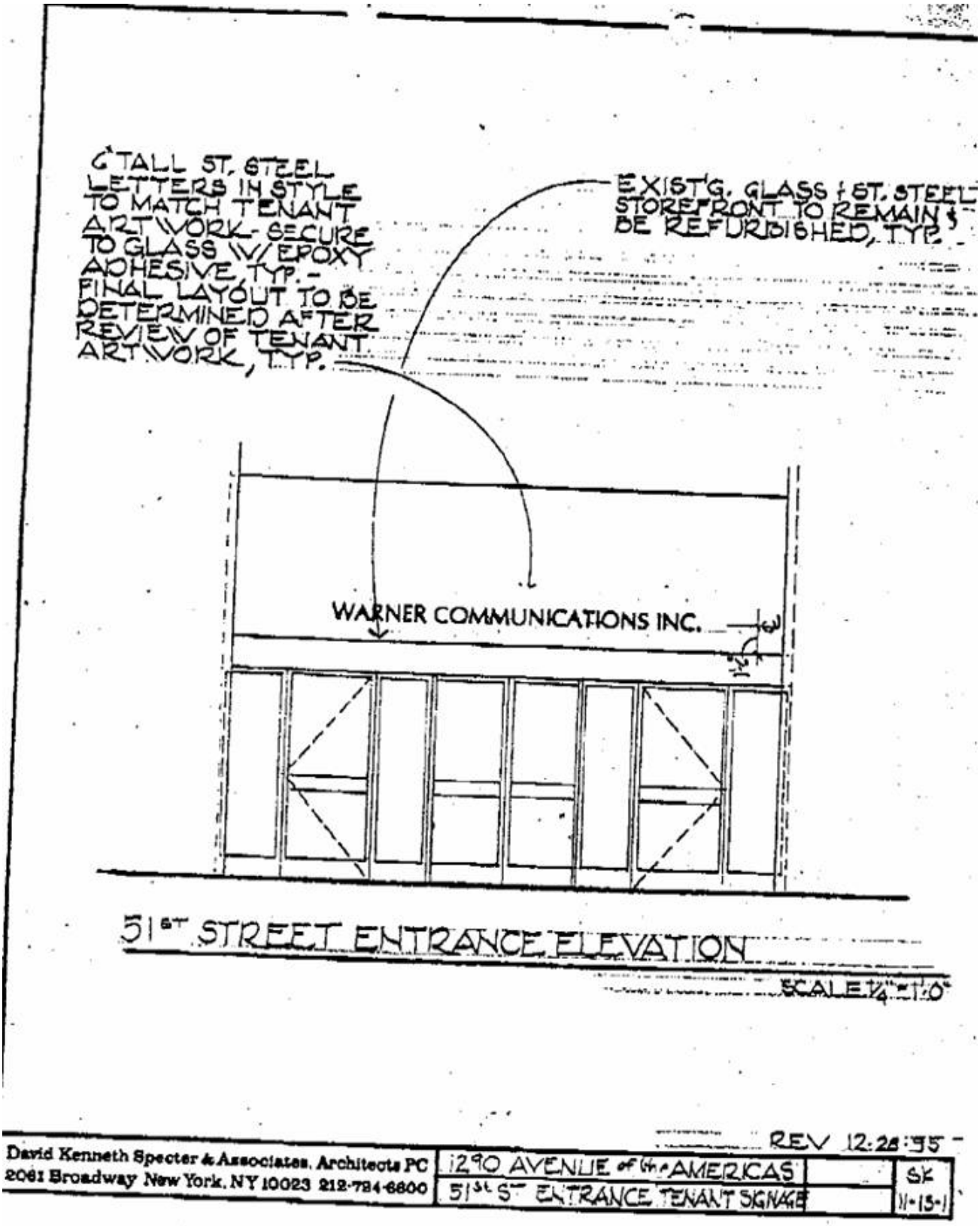
WARNER LEASE
EXHIBIT "R"

EMERGENCY GENERATOR LOCATION



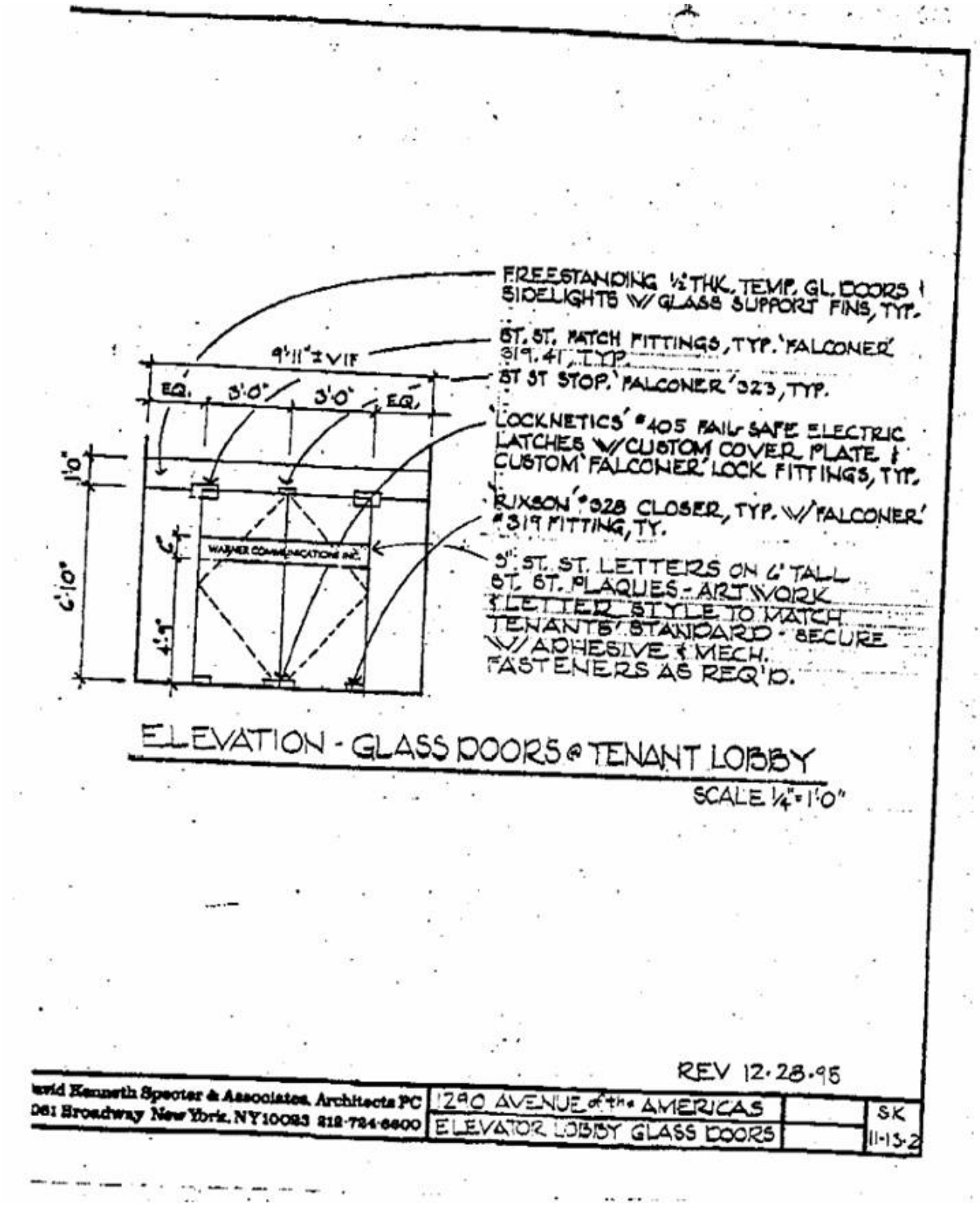
[GRAPHIC]

WEST 51 STREET
not to scale
8TH FLOOR



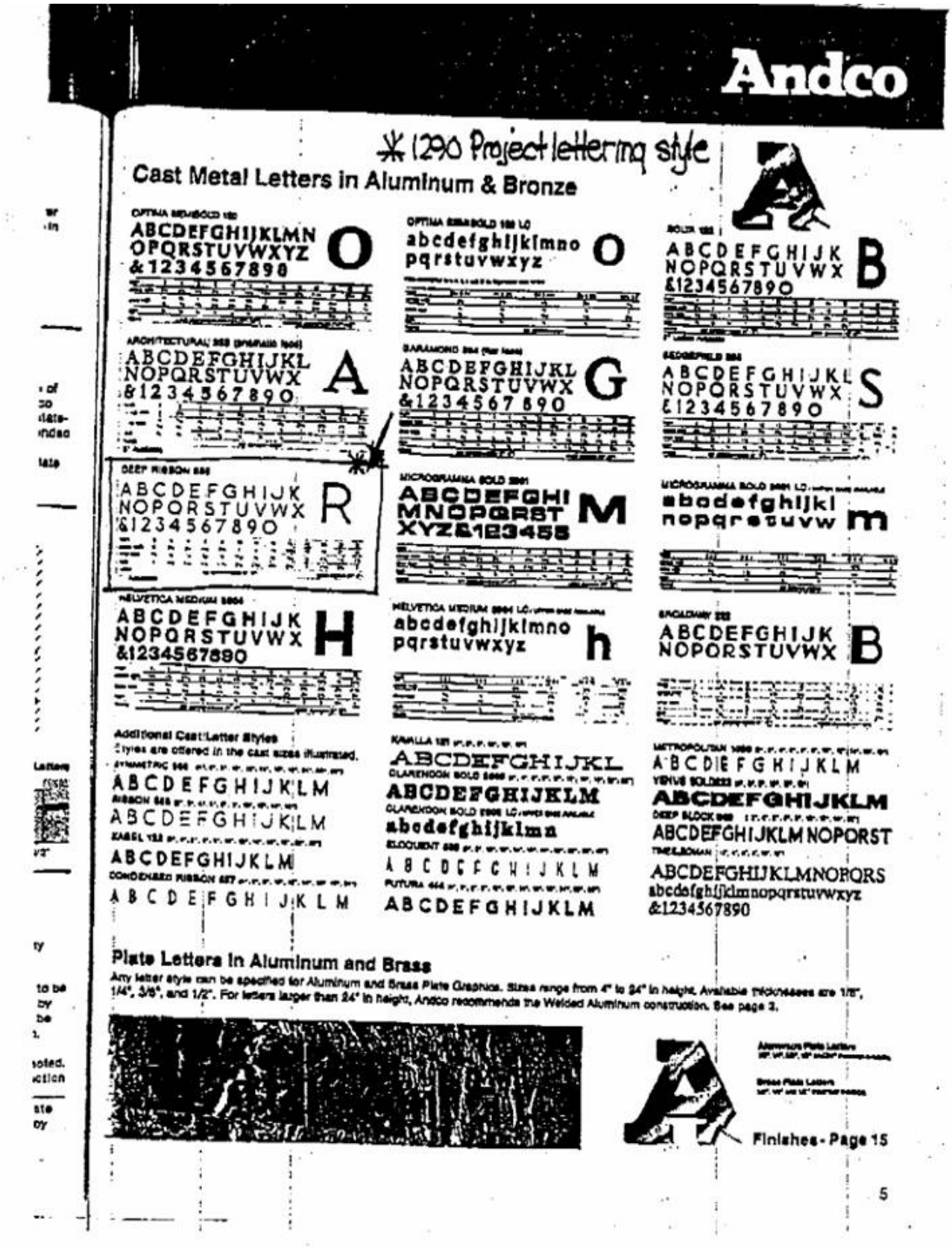
[GRAPHIC]

Exhibits S and T (2 of 4)



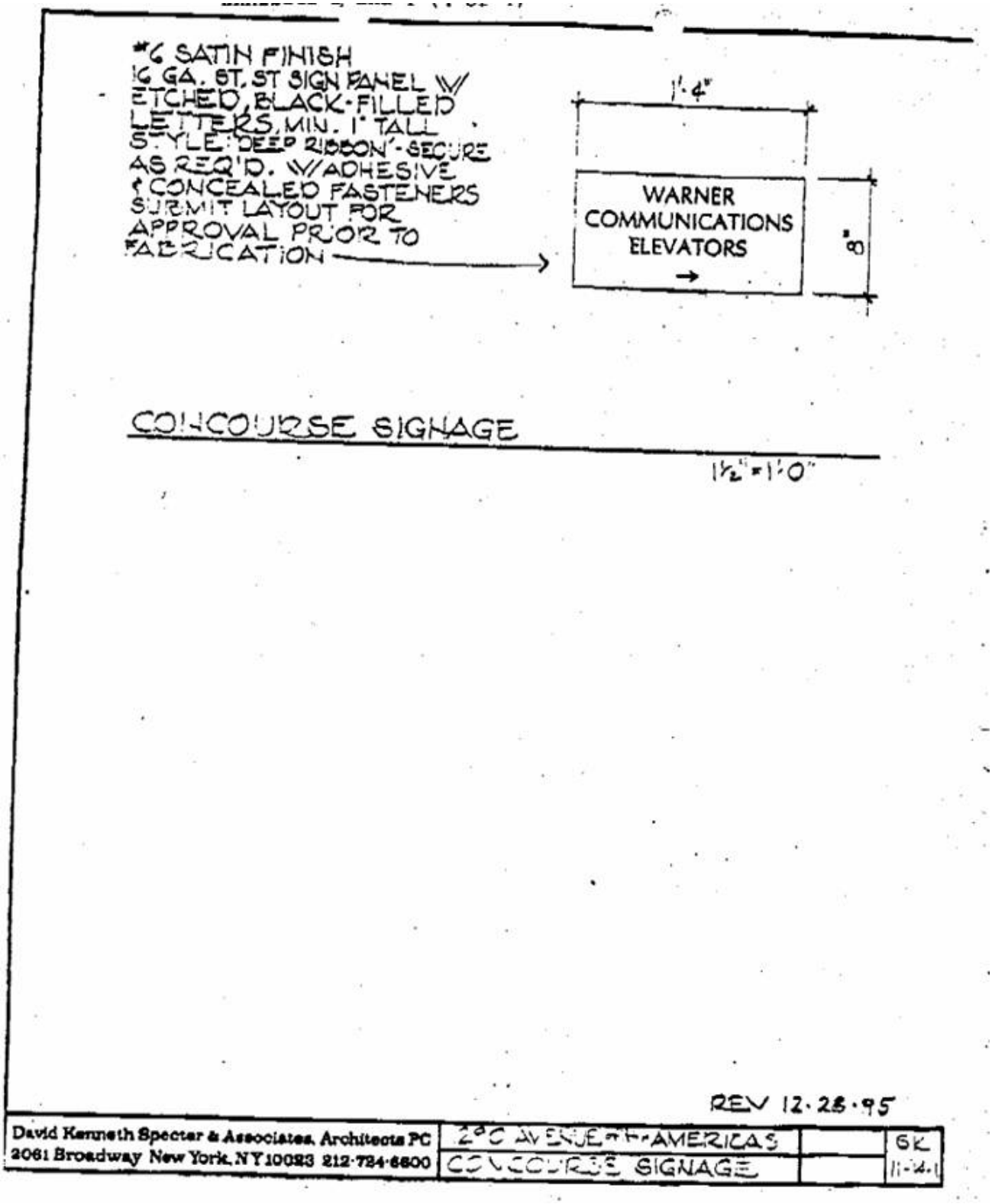
[GRAPHIC]

Exhibits S and T (3 of 4)



[GRAPHIC]

Exhibits S and T (4 of 4)



[GRAPHIC]

CONFIDENTIAL INFORMATION

WARNER LEASE

EXHIBIT U AND V

PHASE I CAPITAL PROGRAM WORK

HVAC

Landlord shall convert the existing constant volume air distribution system to variable air volume. The conversion shall include new variable frequency drive units for each supply and return fan servicing floors 2 to 43.

Each interior supply duct shall be provided with an isolation damper to enable overtime HVAC delivery to those floors requesting overtime and reduce overtime cost.

ELECTRICAL

Landlord shall energize the (2) future Con Edison service take off located in basement level. Each service take off shall be provided with a 5000 ampere switch, fused at 5000 amperes. Tenant sub-distribution panel and risers shall be made available to all tenants on a first come first serve basis, based on a demonstrated need, all switch and riser work shall be at tenant's cost.

PHASE II CAPITAL PROGRAM WORK

Elevators servicing the Blocks will be refurbished to be consistent with Cab No. 15 as per plans for Cab No. 15 as described on Elevator Car Details dated 4/17/95 by David Kenneth Specter & Associates, Architects, P.C., most recently amended on 6/29/95 sheet #8211.

EXHIBIT X

OLYMPIA & YORK
ROOFTOP INSTALLATION QUESTIONNAIRE

CONFIDENTIAL
INFORMATION

1.0 Applicant:

Name of Organization _____ Date _____

Street _____

City _____ State/Prov. _____ Code _____ Telephone _____

Contact _____ Title _____ Installation Address _____

Legal Status _____ City _____ State/Prov. _____ Code _____

2.0 Proposed System

2.1 Type of operation: IntraCompany or 3rd Party:

a. Describe intened use of rooftop device with specificity, including business purpose of transmission/reception. (Attach on separate page if Necessary):

b. Describe the nature and source of the transmission which will be received by the rooftop device:

c. Describe the nature and destination of the transmission which will be transmitted by the rooftop device (if applicable):

2.2 Nature of transmission/reception:

a.	Voice?	Yes	No
b.	Data?	Yes	No
c.	Facsimile?	Yes	No
d.	Video?	Yes	No
e.	Audio?	Yes	No
f.	Other?		

2.3 Revenue Generation

a. Will service produce revenue directly? Yes No

If Yes, Yearly Revenues:

b. If indirectly, explain:

c. If service is resold, what is basis of the rate structure?

2.4 License

a. Class of license (if any)

b. Has license been issued: Yes No

2.5 Hours of Operation:

3.0 Antenna and Support Structure

3.1 Antenna Information

a. type of antenna: Microwave Satellite
Two-way Radio Other

b. Manufacturer:

c. Type Model No.

d. Dimensions:

e. Weight:

f. Vertically polarized or horizontally

g. Feed cable type:

h. type of other circuits to antenna:
AC Power Constrol Wiring
Intercom De-icing Circuits

i. For microwave antenna, azimuth of beam:

j. For directional two-way antenna, azimuth of main

k. For satellite antenna: azimuth • Elevation •

---

l. If steerable, elevation range: • to •

m. Articulation means:

n. Noise and Vibration:

3.2 Description of Antenna Support Structure

a. Support required? Yes No

b. Tower required? Yes No

c. If tower, how supported?

d. Height of tower/support structure:

e. Weight of tower/support structure:

f. Roof area occupied:

g. Structure certified Yes No N/A

h. Does structure require lighting: Yes No

i. If required, what type of lights?

3.3 Structural Adequacy

a. Stiffness of support structure adequate? Yes No

b. Reaction of structure on building within Yes No

c. With 125 mph (200km/h Wind:
axial Force side force Moment

d. Building stiffness adequate? Yes No

e. Has any study been undertaken in the regard? Yes No

f. Will Olympia & York be named in the insurance policy regarding the structure? YesNo

---

3.4 Radiation Information

a. Receive only antenna? Yes No If yes, answer c,f,g, and 1 only

b. Proposed Effective Radiated Power (ERP): W DBW

c. Frequency band of operation:

d. Type of radiation: Continuous Pulse

e. Transmitter Power: W DBW

f. Feed Line Loss: DB/ft. DB Total

g. Antenna Gain: DB

h. Maximum power density near radiator: mw/cm2

i. At what distance does it present hazard, in accordance with OSHA specifications? (10mw/cm2)

j. Predicted coverage contours available? Yes No
k. List of transmit frequencies: MHz
l. List of receive frequencies: MHz
sandwidth and type of emission:

4.0 Technical Plant

4.1 Technical Plant Equipment

Full description of all equipment to be installed:

Manufacturer	Type	Model No.

Attach manufacturers' data sheets.

4.2 Technical Plant Requirements

a. Floor area for technical plant: ft^2

b. Maximum floor loading: lb

c. Average floor loading: lb

d. Loads on ceiling or walls: lb

e. Proximity to roof structure: ft

f. Access required: Yes No

If Yes, frequency:

g. Primary AC requirements: Voltage VAC

Peak Power W

Average Power W

h. Standby power required? Yes No
If yes, from landlord? Yes No

Or, provided by tenant? Yes No
What type?

i. Water or any fluids used or stored: Yes No

j. Hazardous chemicals used or stored: Yes No

k. Fire detection system:

Manufacturer

Type Model No.

l. Fire extinction system:

Manufacturer

Type Model No.

m. HVAC required? Yes No

n. Heat loads from equipment:

o. Bow vented or exhaused?

5.0 System Interconnection

a. Means of interconnecting to other facilities:

b. If radio link (UHF, VHF, Microwave), give details:

c. If wireline, present cable/trunking requirements:

d. Future cable/trunking requirements:

f. Sensitive to interference?: Yes No

g. Generatee Interference?: Yes No

6.0 Undertakings

Applicant is prepared to undertake whatever action is necessary to protect existing tenants from any interference from the proposed operation to the extent of absorbing all costs of such protection or ceasing operation and removing offending apparatus from the premisses.

7.0 Specifications

All manufacturer's data available on proposed installation(s) and roof drawing showing desired location of installation are attached

8.0 Application Fee

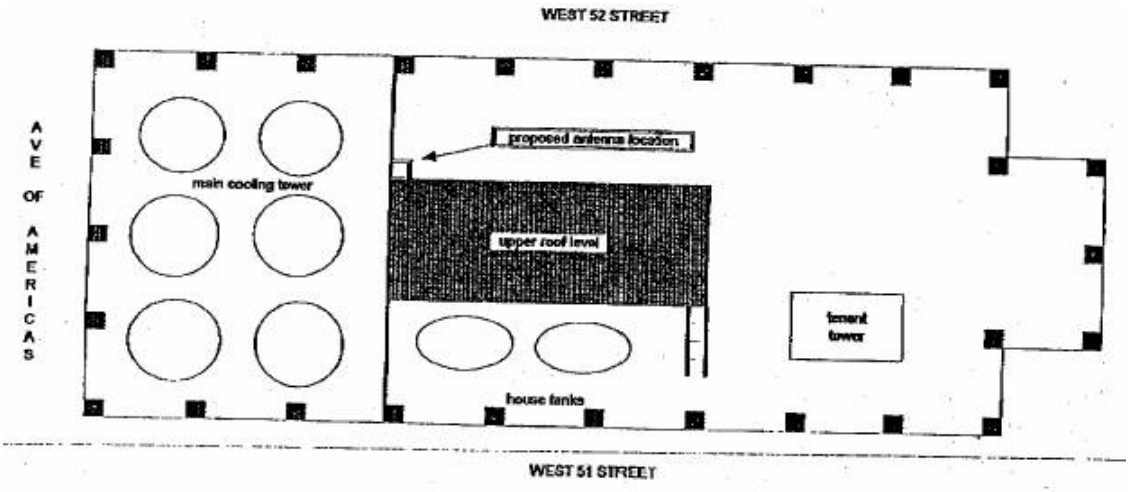
A $500.00 non-refundable application fee payable to "Olympia & York is enclosed. The decision to accept or reject the within request remains entirely within the sole and exclusive discretion of Olympia & York, notwithstanding the receipt of this questionaire and the $500.00 application fee.

Date Signature of Applicant

CONFIDENTIAL INFORMATION

WARNER LEASE
EXHIBIT "Y"

ANTENNA ROOF LOCATION



[GRAPHIC]

EXECUTION COPY

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY ASTERISKS, HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO RULE 406 UNDER THE SECURITIES ACT OF 1933, AS AMENDED.

US PICK, PACK AND SHIPPING SERVICES AGREEMENT

between

WARNER-ELEKTRA-ATLANTIC CORPORATION ("WEA")
and

CINRAM DISTRIBUTION LLC ("Company")

Dated as of October 24, 2003

Capitalized terms not defined where they appear in the text are defined in Paragraph 13.

1. Appointment. (a)

(i) WEA hereby appoints Company to render, and Company shall render, PP&S Services for one hundred percent (100%) of Products in accordance with the terms hereof.

(ii) Notwithstanding anything to the contrary contained in Paragraph 1(a)(i), from and after the effective date of a Recorded Music Major Transaction (the "RMMT Effective Date"), the appointment of Company hereunder shall instead be to render, and Company shall render, PP&S Services for at least the Specified Percentage (and, at WEA's election, more than the Specified Percentage) of Products in accordance with the terms hereof. WEA shall use commercially reasonable efforts to provide that the Combined Entity's use of PP&S Services hereunder (i.e., mix of New Releases and Catalog Titles) following the RMMT Effective Date remains generally consistent with WEA's use of PP&S Services hereunder prior to the RMMT Effective Date. The "Specified Percentage" equals the fraction, expressed as a percentage: (A) the numerator of which shall be one hundred percent (100%) of the number of units of Products picked, packed and shipped in the Territory by Company for WEA under this Agreement (and/or by WEA on its own behalf, if applicable) during the twelve (12) complete calendar months immediately preceding the RMMT Effective Date (the "WEA Output"); and (B) the denominator of which shall be the WEA Output plus one hundred percent (100%) of the number of units of Records in physical formats picked, packed and shipped for sale in the Territory by or for the recorded music business of the applicable Major during the same twelve (12)-month period. For the avoidance of doubt, in calculating the WEA Output no units of products picked, packed and shipped by Company (and/or WEA, if applicable) for WHV or its affiliates shall be included.

(iii) WEA shall be solely responsible for: (A) all sales solicitation of Products; (B) processing of all orders of units of Products by customers; (C) invoicing and collection of customer accounts; and (D) the processing and issuance of credits to customers.

(b) Reservation of Rights. WEA hereby reserves all rights in and to Products not otherwise expressly granted to Company herein.

(c) Reports. Company shall prepare for WEA all of the same shipments, returns and inventory reports in the same format and detail that WEA's systems provided as of the date of this Agreement (it being understood that Company shall not be required to prepare for WEA any reports that would require Company to incur additional out-of-pocket expenses in order to provide them, unless WEA agrees to pay any such actual out-of-pocket expenses) and shall supply WEA with such reports on at least a monthly basis during the Term. If Company provides more detailed reports to any other party during the Term, Company shall, at WEA's request, provide such more detailed reports to WEA hereunder as of the date that Company commences providing such more detailed reports to such other party, but subject to the same terms and conditions under which such reports are provided to such other party (e.g., any additional fees or amounts charged to such party for such more detailed reports). Monthly and quarterly shipments and return reports shall include at least the following information: selection number, artist name, selection title, product configuration, gross units shipped, units actually returned, net units and Fees. Nothing in such reports shall impart any competitively-sensitive information about Company, Company's affiliates or any third parties for which Company renders any services or any personal data possessed by Company.

(d) Facilities. Company shall utilize "first-class" facilities either directly or, subject to WEA's prior approval, by subcontract, for the prompt, timely, and satisfactory performance of the PP&S Services committed hereunder. All distribution center locations used by Company in connection with Products shall be subject to WEA's prior approval (which approval shall not be unreasonably withheld). WEA hereby acknowledges that those distribution facilities owned and/or leased by WEA in the Territory immediately prior to the commencement of the Term and which are being acquired by Company pursuant to the Stock Purchase Agreement (the "Acquired Facilities") currently constitute "first-class" facilities and shall be deemed. approved by WEA for Company's use hereunder in connection with Products. For the avoidance of doubt, WEA shall have no right to require Company to provide Services hereunder at any Facility other than the Acquired Facilities and Company shall have the right to close or relocate any of the Acquired Facilities so long as Company ensures no degradation to Service Level Requirements, shipping time, turnaround times or increased costs to WEA as a result of such closure or change in location. Company acknowledges that warehouses included in the Acquired Facilities permit [*] of all units of

Products Ordered to be delivered as required pursuant to such Order in the Territory within [*] using standard shipping methods.

(e) Company's Undertakings.

(i) Company shall render Services for WEA to all locations throughout the Territory for all orders for Products as designated by WEA. The Services: (A) shall be rendered on a so-called "label blind" basis; (B) shall be rendered in at least the same general manner, subject to at least the same general standards and in at least the same general quality as provided by Company to all other parties whose products are distributed by Company in the Territory, but if any such services are not part of the standard Services otherwise provided to WEA hereunder and the provision of such services is at a higher cost to Company, then if WEA requests such services, such services shall be provided to WEA hereunder, but subject to the same terms and conditions provided to such other party. [*] provided, however, that nothing contained in this clause (B) shall limit Company's obligations set forth in Paragraph 7 hereof; (C) shall be rendered in at least the same manner, subject to at least the same standards and in at least the same quality as was provided to WEA's affiliates for the products of WEA's affiliates immediately prior to the commencement of the Term; (D) shall be rendered in accordance with "first-class" standards that meet the highest quality available in the industry; and (E) shall be rendered in accordance with, or exceed, each of the service level requirements set forth on Schedule A hereto (the requirements set forth on Schedule A hereto being the "Service Level Requirements"); provided, however, that to the extent that the standards set forth in clauses (B) and (D) of this Paragraph are not being met as of the commencement of the Term, Company shall have a period of [*] from the commencement of the Term in which to meet such standards.

(ii) Company shall ship each Product without alteration in the same configuration and format designated by WEA.

(iii) Company shall accept the return of all units of Products previously distributed by or on behalf of WEA in the Territory prior to the commencement of the Term.

(f) Compliance with Law; Code of Conduct. Company shall comply (i) with all laws and regulations in connection with Company's undertakings under this Agreement, except where the failure to do so individually or in the aggregate is

immaterial; and (ii) subject to relevant local laws including privacy laws, with the code of conduct attached as Schedule B hereto.

(g) Quarterly Meetings. At least once every calendar quarter, WEA may meet with Company's Chief Executive Officer (or equivalent) and Chief Financial Officer (or equivalent) to assess Company's performance under this Agreement and its ongoing ability to perform its obligations under this Agreement.

(h) Shipping. If WEA is responsible for shipping expenses, should WEA so elect, WEA shall have the right to: (i) select the shipping agent(s) utilized by Company for shipping of units of Products and/or other materials hereunder (and, in doing so, assume the risk of loss for such units of Products in transit); or (ii) in lieu of selecting such shipping agent(s), require that Company submit to WEA any proposed shipping agent(s) which Company wishes to utilize hereunder for WEA's prior written approval. If, in a particular instance, WEA is not responsible for shipping expenses or WEA does not exercise its rights pursuant to the preceding sentence, Company shall utilize the same shipping agent(s) utilized by Company for the shipping of a majority of the other products shipped by or on behalf of Company.

(i) Additional Services. At WEA's reasonable request, Company shall provide WEA with assembly, packing and shipping services for "point of sale," promotional and merchandising materials to be utilized in connection with Products. Such services shall be provided by Company to WEA on a non-exclusive basis only (and only to the extent that WEA so requests any such services) and, to the extent so requested, shall be provided to WEA [*]. Notwithstanding this Paragraph 1(i), Company shall only be required to provide such services if either WEA (either itself or through any of its affiliates) provided such services on its own behalf prior to the commencement of the Term or if Company then-currently provides such services to any party (in which case, if WEA requests such services and Company is not contractually prohibited from providing such services to WEA, they shall be provided to WEA on the same terms and conditions as are provided to such other party).

2. Title. Title to units of Products hereunder (including all copyrights and trademarks contained therein) shall remain in WEA or WEA's affiliates. Company acknowledges that Products (including all intellectual property contained therein and relating thereto) are protected under copyright laws and that WEA is the rightful owner or license holder of such copyrights. Company acknowledges that any removal of any such materials from Company's approved facilities without WEA's written approval, and any distribution of any such materials in the Territory without WEA's written approval, is an infringement of WEA's copyright. Company shall bear the risk of loss for units of Products in Company's possession, under Company's control or in transit during any shipping of Products between Facilities (to the extent that Company is responsible for paying such shipping expenses).

3. Ordering Products. WEA shall cause the manufacture of and delivery to Company of such stocks of Products as shall be determined by WEA in WEA's sole discretion.

4. Company's Financial Obligations. WEA shall not be responsible for payment of any of Company's (or Company's affiliates') indirect or general overhead charges or the salaries of Company's (or Company's affiliates') employees or agents. All costs associated with the rendering of Services shall be borne by Company. All charges for all packaging materials (including boxes and filler materials) are at the cost of Company. All actual, out-of-pocket, non-overhead freight charges incurred by or on behalf of Company for shipping of units of Products from Company's distribution warehouse facilities to WEA's customers or otherwise at WEA's request shall be borne by WEA. To the extent that any shipping costs hereunder are to be borne by WEA, WEA shall only be required to pay Company's actual, documented, out-of-pocket costs charged by such shipping company for the shipment of units of Products and/or other materials hereunder, and such costs shall be reimbursed to Company by WEA within [*] following Company's rendition of such invoice to WEA [*]. Company shall be solely responsible for all costs or expenses related to the shipping of units of Products from WEA's manufacturer to

the extent that Company or Company's affiliate is then-currently WEA's manufacturer to Company's distribution Facilities and for the cost of any shipping between any Facilities (except if such shipping was requested by WEA).

5. Terms of Sale of Products. WEA shall determine all terms of sale for Products.

6. Other Obligations. (a) Storage. Company shall accept and store all units of Products delivered to or otherwise held by Company hereunder at no charge; provided, however, that with respect to any particular Product, Company shall not be required to store more units of such Product than is necessary to satisfy the next [*] demand (such determination as to what constitutes [*] demand shall be made jointly by WEA and Company based, where possible, upon actual, gross units of Products ordered during the prior [*] and shall be made for all Products no more frequently than semi-annually during the Term commencing no sooner than [*] after the commencement of the Term). With respect to units of Products so determined to be in excess of a [*] demand therefor, Company shall notify WEA of the specific units of Products constituting such excess and within [*] following WEA's receipt of such notice, WEA shall (in WEA's sole discretion) either: (i) remove such excess units of Products (at WEA's expense); (ii) direct Company to destroy such excess units of Products (at WEA's expense); or (iii) direct Company to store such excess either: (x) at a Facility at a cost to WEA of [*] or (y) offsite at Company's or Company's

affiliates leased facility approved in advance, in writing, by WEA and the actual, documented, out-of-pocket expense charged by such facility to Company for such storage shall be reimbursed to Company by WEA. Amounts owing under this Paragraph 6(a) shall be invoiced by Company at month end and shall be payable [*] from the date of the rendition of such invoice, [*]. Products shall be kept segregated from all of Company's other products or merchandise. The risk of loss, due to any reason, of units of Products in Company's possession or control shall be borne by Company, as further described herein; provided, however, that to the extent any such loss was directly caused by a WEA Employee, Company shall not bear the risk of loss except to the extent such loss is or would have been covered by Company's property insurance as required under this Agreement and as set forth on Schedule C hereto.

(b) Insurance. During the Term, Company shall: (i) comply with all provisions set forth on Schedule C hereto; and (ii) at Company's sole cost and expense, maintain adequate insurance coverage for: (A) all Products while such Products are in Company's possession, under Company's control or in transit to or from Company or its designees to any Facility; and (B) the other matters set forth on Schedule C hereto. The insurance required hereunder is not intended to limit Company's liability as otherwise provided in this Agreement.

(c) Computer Access. In order that WEA be able to monitor daily shipment, returns and inventory activity of Products, Company shall give WEA access to Company's computer system for the purpose of providing WEA with real-time information stored therein relating to Products at Company's expense (but no access shall be allowed to information relating to any other party's products or any personal data possessed by Company). Such system shall provide WEA with all of the same types of reports and information currently provided by, and as may be available from, Company's computer systems in connection with other products distributed by Company. In connection therewith, Company shall work with WEA to ensure that WEA is provided with at least the same level of reports and information that WEA's own systems provided as of the commencement of the Term. Nothing in such reports or information provided shall impart any competitively-sensitive information about Company, Company's affiliates or any third parties for which Company renders any services or any personal data possessed by Company. Such access shall be available to WEA [*] a day, [*] days a week, at all times during the Term. Notwithstanding anything herein to the contrary, Company may perform system maintenance and upgrades during which such systems may not be available; provided, however, that such downtime does not exceed [*] per week. [*]

(d) Inspection. Subject to the provisions set forth below, during the Term and for a period of [*] following the expiration or termination of the Term, WEA shall have the right to inspect each WEA Facility and any other facility utilized by Company in connection with Products, or the provision of Services hereunder, during regular business hours (utilizing either WEA's own employees, third-party advisers or representatives, insurers, or other experts retained by WEA). WEA may conduct such inspections of each Facility or other facility up to [*]. During any such inspection, WEA may conduct physical inventories of units of Products in Company's possession or under Company's control. WEA shall not have access to any competitively-sensitive information relating to any other party's products, or any personal data possessed by Company during the inspections permitted under this Paragraph 6(d).

(e) Security. Company shall maintain security standards that are at least equivalent to those provided by other "first-class" distributors in the Territory, both in the segregated area of the WEA Facilities for Products and throughout the WEA Facilities, and shall at all times employ the utmost care and diligence to prevent loss, damage, theft, disappearance, unauthorized destruction or usage of Products. Company's security procedures shall be subject to WEA's prior written approval. Company shall maintain such procedures as approved by WEA and as may reasonably be given to Company from time to time throughout the Term. Notwithstanding the foregoing, Company's security measures (which shall include closed-circuit television monitoring, pass-protected access, employee checking and spot searching, etc.) shall be sufficient to ensure that Products and the intellectual property embodied in such Products are in no way compromised, stolen, "leaked" to the public (e.g., copying of recordings embodied on Products which may lead to the availability of such recordings to the public via the Internet or similar means) or otherwise made available to any unauthorized parties; provided, however, that for a period of [*] from the commencement of the Term, such security measures need be no more stringent than those currently in place at the Acquired Facilities. Upon discovery of (i) loss, damage, theft, disappearance, or destruction of Products exceeding [*]; or (ii) any unauthorized usage of Products, Company shall notify WEA as soon as reasonably possible, and in any event within [*] following such discovery, and shall include in such notification sufficient detail to allow WEA to investigate such incident (each, a "Security Breach Notice"). Regardless of Company's

compliance with all security measures set forth herein or with procedures approved by WEA, Company shall be liable as provided herein for the loss, damage, theft, disappearance, destruction or unauthorized usage of any Products.

(f) Salvage. At all times and regardless of whether Company or its insurers are required to compensate WEA for loss as required under this Agreement, WEA shall retain the sole right to salvage for damaged Products. Company shall not surrender damaged Products to insurers or any

other party for destruction or disposal without obtaining WEA's prior written consent.

(g) WEA Employees.. Company shall throughout the Term, at the request of WEA, provide up to a maximum of [*] full-time employees of WEA or its affiliates (the "WEA Employees") with, at Company's expense: (i) reasonable office accommodations at such WEA Facilities utilized for distribution and/or warehousing as may be specified from time to time by WEA; (ii) individual computers; (iii) copy services and any other similar office services in order to permit them to carry out their functions; and (iv) all other reasonable support functions as provided to them as of the date of this Agreement. Company shall also provide telephone, Internet and fax access for each WEA Employee, and WEA shall reimburse Company for Company's actual, documented, out-of-pocket costs therefor. Amounts owing under this Paragraph 6(g) shall be invoiced by Company at month end and shall be payable [*] from the date of the rendition of such invoice; [*] WEA shall be responsible for the direction of, and all compensation and related obligations for, the WEA Employees. The WEA Employees shall operate in accordance with WEA's code of conduct and Company's standard code of conduct contained in its employee policy manual at the applicable WEA Facility (which code of conduct shall be subject to WEA's reasonable approval) and all other lawful policies adopted by Company from time to time governing the conduct of all of its employees and contractors. In the performance of their tasks, the WEA Employees shall not have access to any competitively-sensitive information relating to any other party's products or any personal data possessed by Company.

7. Technology. Company shall reasonably update the WEA Facilities at Company's cost to keep up with new technology requirements, including investing in technology, systems, equipment and processes to automate distribution processes, packaging and assembly to provide at least the same level of quality and service provided by other "first-class" distributors of Records in the Territory. In the event that any investment in a fundamental new technology (e.g., the conversion to automated systems) results in a decrease in Company's net costs (i.e., taking into account the cost of Company's said investment in implementing such new technology) by more than ten percent (10%), the Fees shall be adjusted so that the net cost benefit is shared equally between WEA and Company. Company shall maintain and update its information and technology capabilities, at Company's reasonable

cost, to meet reasonable WEA requirements and maintain competitive services for WEA and its customers.

8. Invoices and Payments. (a) Rendition of Invoices. For each month of the Term, Company shall prepare and render invoices to WEA on a weekly basis setting forth all Fees owed by WEA hereunder for such week. Except with respect to shipping charges to be borne by WEA as provided in Paragraph 4, the amount due to Company pursuant to each such invoice shall be due and payable by WEA to Company in US dollars on or before [*] following Company's rendition of such invoice; [*] Company shall submit all such invoices to WEA electronically pursuant to instructions given by WEA to Company from time to time (and in paper form, to the extent WEA so requests) and to the extent that Company's and WEA's computer systems do not already provide for the electronic submission of all such invoices, Company shall use Company's reasonable efforts to work with WEA starting upon the commencement of the Term to create a system whereby all such invoices can be submitted electronically to WEA.

(b) Audits. WEA shall have the right, at WEA's sole expense, to examine (and/or to appoint representatives to examine) Company's (and Company's affiliates') books and records in order to: (i) verify the correctness of any invoice prepared and rendered by Company in accordance with Paragraph 8(a); (ii) establish the applicability of the provisions contained in Paragraphs 11 and/or 14; or (iii) otherwise establish compliance by Company with its obligations under this Agreement; provided, however, that only independent, third-party auditors (i.e., auditors other than WEA's then-current outside auditor) shall be utilized for the review of Company's books and records. Independent third party auditors shall have access to all information necessary to perform their duties, however nothing in any report provided to WEA or its affiliates by any such independent third party auditors shall impart to WEA or its affiliates any competitively-sensitive information about Company, Company's affiliates or any third parties for which Company renders any services. If any such audit reveals that WEA and/or WEA's affiliates have been overcharged, Company shall reimburse WEA in the amount of the overcharge. If any such audit reveals that WEA has been overcharged by an amount exceeding [*] for the audit period, Company shall reimburse WEA in the amount of the overcharge plus all fees paid by WEA to the auditors concerned in connection with such audit and any other actual, documented, out-of-pocket expense incurred by WEA in connection with such audit. [*] Regardless of the number of audits conducted hereunder revealing the same specific overcharge to WEA, Company shall not be

required to repay to WEA the amount of any such overcharge more than once. WEA's audit right shall survive the expiration or termination of the Term for [*] Company shall retain all books and records related to the performance of Services hereunder after the expiration or termination of the Term for so long as WEA may need to perform audits hereunder, but in no event for more than [*] after the rendition of the invoice with respect to the Services to which such invoice relates; provided, however, that before Company destroys any books or records, Company shall deliver written notice of such intent to destroy to WEA not more than [*], and not less than [*], before the intended date of destruction. WEA shall have [*] after receipt of such notice to request copies of the books and records to be destroyed, in which case Company shall make copies of such books and records and deliver the same to WEA (but excluding information related to other customers of Company) at WEA's expense (but at Company's expense if such copies are of electronic files). As used herein, "books and records" shall include, without limitation, physical data and data stored in any electronic, magnetic or optical format.

9. Post-Term Procedures. (a) Upon the expiration or termination of the Term, Company shall immediately cause the cessation of all Services and shall have no further rights or obligations with respect to Products except as provided herein; provided, however, that upon WEA's request, Company shall fill any then-currently outstanding orders for units of Products pursuant to the terms of this Agreement. Within [*] following the expiration or termination of the Term, Company shall provide WEA with a list of all units of Products in Company's possession or control on such date. The mere expiration or termination of the Term shall not affect any obligations of WEA to pay for Services rendered by Company prior to such expiration or termination or any other obligation that is expressly provided herein to survive the expiration or termination of the Term.

(b) Within [*] following the expiration of the Term or [*] following the early termination of the Term, WEA shall remove from the Facilities, or order at WEA's expense the destruction of all units of Products in Company's possession or control. The determination whether to remove or destroy such units of Products shall be made by WEA in WEA's sole discretion.

10. Warranties, Representations, Covenants and Indemnities. (a) Company warrants, represents and/or covenants, as the case may be, that: (i) Company has the right, power and authority to enter into and fully perform this Agreement; (ii) no agreement of any kind heretofore entered into by Company shall interfere in any manner with the complete performance of this Agreement; and

(iii) subject to WEA's rights in the Products and WEA's warranties and representations set forth below, any items prepared by or otherwise furnished by Company in connection with Products and Company's performance of Services hereunder will not violate any law or infringe upon the rights of any party.

(b) Company agrees to and does hereby indemnify, save and hold WEA and its affiliates, and each of their respective officers, directors and employees (collectively, for the purposes of this Paragraph 10(b) only, "WEA") harmless to the maximum extent permitted by law from any and all loss and damage (including court costs and reasonable attorneys' fees as and when incurred) arising out of, connected with or as a result of: (i) any inaccuracy, inconsistency with, failure of, or breach or threatened breach by Company of any warranty, representation, agreement, undertaking or covenant contained in this Agreement; and/or (ii) any and all damages or injuries of any kind or nature whatsoever (including death resulting therefrom) to any persons, whether employees of Company or otherwise, and to any property caused by, resulting from, arising out of or occurring in connection with the execution of the work under this Agreement (including as a result of product liability claims) whether such damages or injuries are or are alleged to be based upon Company's active or passive negligence or participation in the wrong or upon any breach of any statutory duty or obligation on the part of Company (except to the extent such damages or injuries directly result from any act of WEA's employees located at Company's facilities and are not otherwise covered by the property insurance Company is required to maintain hereunder as set forth on Schedule C hereto, or result from a breach of any warranty, representation, agreement, undertaking or covenant of WEA contained herein). The foregoing indemnity shall be applicable only to such claims as have been reduced to judgment or settled with Company's written approval. WEA shall give Company prompt notice of any claim to which the foregoing indemnity applies and Company shall assume the defense of any such claim through counsel of Company's choice and at Company's sole expense. WEA shall have the right to participate in such defense through counsel of WEA's choice and at WEA's expense.

(c) WEA warrants, represents and/or covenants, as the case may be, that: (i) WEA has the right, power and authority to enter into and fully perform this Agreement; (ii) no agreement of any kind heretofore entered into by WEA shall interfere in any manner with the complete performance of this Agreement; and (iii) Material embodied in Products as supplied by WEA shall not violate any law or infringe upon the rights of any third party. As used herein "Material" shall include all musical compositions, names, biographical materials and likenesses, photographic, video or motion picture images, sound recordings, intellectual properties, packaging and artwork.

(d) WEA agrees to and does hereby indemnify, save and hold Company and its affiliates, and each of their respective officers, directors and employees (collectively, for the purposes of this Paragraph 10(d) only, "Company")

harmless to the maximum extent permitted by law from any and all loss and damage (including court costs and reasonable attorneys' fees as and when incurred) arising out of, connected with or as a result of: (i) any inaccuracy, inconsistency with, failure of, or breach or threatened breach by WEA of any warranty, representation, agreement, undertaking or covenant contained in this Agreement; (ii) any and all damages or injuries of any kind or nature whatsoever (including death resulting therefrom) to any persons, whether employees of Company or otherwise, and to any property caused by, resulting from, arising out of or occurring in connection with any act of WEA's employees located at Company's facilities, except to the extent such damages and injuries are covered by the property insurance Company is required to maintain hereunder as set forth on Schedule C hereto; and/or (iii) any products liability claims for manufacturing defects directly related to Products not manufactured by Company, any affiliate of Company or on behalf of Company. The foregoing indemnity shall be applicable only to such claims as have been reduced to judgment or settled with WEA's written approval. Company shall give WEA prompt notice of any claim to which the foregoing indemnity applies and WEA shall assume the defense of any such claim through counsel of WEA's choice and at WEA's sole expense. Company shall have the right to participate in such defense through counsel of Company's choice and at Company's expense.

11. Breach, Cure and Termination. (a) WEA may terminate the Term by written notice to Company following either: (i) a breach of this Agreement by Company that is specified in Paragraph 11(b); or (ii) any other material breach of this Agreement by Company. [*] There shall be a cure period of [*] following written notice to Company, for any breach referred to in Paragraph 11(a)(ii).

(b) The breaches of this Agreement referred to in Paragraph 11 (a)(i) are any of the following: [*]

(ix) any willful and malicious breach by Company of any material provision hereof.

(c) In addition, WEA may terminate the Term:

(i) by written notice to Company within [*] following the later of: (A) a Change of Control; and (B) written notice to WEA from Company that a Change of Control has occurred;

(ii) by written notice to Company following an Insolvency Event;

(iii) by written notice to Company following either: (A) the termination of the term of the US Manufacturing Agreement other than as a result of a breach by WEA or the expiration of the term thereunder by passage of time or (B) any material breach by Company under the US Manufacturing Agreement (i.e., a breach which would then-currently

permit WEA to terminate the term thereof and with respect to which WEA's right to terminate has not been waived); and

(iv) upon [*] written notice to Company, following the occurrence of a Recorded Music Major Transaction; provided, however, that in no event shall any termination under this clause (iv) be effective prior to the date which is eighteen (18) months from the commencement of the Term.

(d) Any termination of this Agreement under this Paragraph 11 will not relieve Company of liability for breaches hereof arising prior to such termination nor shall it relieve WEA from any liability to pay for Services rendered prior to such termination.

(e)

(i) If because of an "act of God", inevitable accident, fire, lockout, strike or other labor dispute, riot or civil commotion, act of public enemy or other cause of a similar nature not reasonably within Company's control (a "Force Majeure Event"), Company is materially hampered in the performance of its obligations under this Agreement, or its normal business operations are delayed or become impossible or commercially impracticable, then Company shall have the option, by giving WEA written notice, to suspend its obligations under this Agreement affected by such Force Majeure Event, effective upon receipt by WEA of such notice, for the duration of any such contingency. Should Company suspend its obligations under this Agreement pursuant to this Paragraph 11(e), such suspension shall not constitute a breach hereunder and Company shall not be subject to price rebates under Paragraph 14 with respect to any occurrences during the pendency of such suspension. Immediately upon Company's assertion of its right to suspend its obligations under this Agreement, WEA shall have the right to distribute Products itself or through third parties during the pendency of such suspension. Further, should Company suspend its obligations under this Agreement, WEA shall, on and. from the date which is [*] months after the occurrence of (which may be earlier than Company's assertion of suspension under) a Force Majeure Event, have the right to terminate the Term of this Agreement by notice in writing to Company unless prior to the date of such termination Company has by notice in writing to WEA ended the suspension of Company's obligations under this Agreement. For the avoidance of doubt, should WEA exercise its right of termination under this Paragraph 11(e), no cure period shall be associated with Company's failure to perform its obligations hereunder.

(ii) In addition, within [*] of becoming aware of any circumstance or event which may reasonably be anticipated to cause

or constitute a Force Majeure Event, Company shall notify WEA of such circumstance or event. For the avoidance of doubt, such notice shall not constitute an assertion by Company of its right to suspend its obligations hereunder.

(iii) If for any reason, Company is unable to provide any Services hereunder in connection with any Order(s) for a period exceeding [*] and such inability is reasonably likely to result in Company being unable to meet the Service Level Requirements set forth herein, WEA shall have the right to immediately contract with a third party to provide all or any portion of such services for such period of time as may be reasonably necessary for WEA to obtain the services required to fulfill any such Order(s). Once WEA is reasonably satisfied that Company is again able to provide the required Services, WEA shall return the contracted Services to Company as soon as it is reasonably able to do so, provided, however, that the return of such Services to Company shall be subject to any reasonable commitment WEA has made to the applicable third party that such Services would remain with such third party for a period of time. Company shall reimburse WEA upon demand for any and all incremental out-of-pocket charges that WEA reasonably incurs as a result of transferring its Services under this Paragraph 11(e)(iii).

(f) If WEA purports to terminate this Agreement under this Paragraph 11, each party hereto shall have the right to seek any remedy or other relief available under applicable law (except as limited by Paragraph 15(o)), and each party hereto shall have the right to assert any defenses available under applicable law; provided, however, that under no circumstances shall any party from whom WEA obtains services in substitution for any or all Services to be provided hereunder have any liability whatsoever to Company arising out of or related to any actual or purported termination of this Agreement by WEA, even if in violation of this Agreement and Company shall take no action against any such party in connection with the provision of such services by such party to WEA.

12. Confidentiality. (a) Each of Company and WEA shall, and shall cause its affiliates, and its and its affiliates' directors, officers, employees and agents (each, a "Recipient") to, maintain in confidence the material terms of this Agreement, except that WEA may disclose this Agreement on a confidential basis in connection with a potential Recorded Music Major Transaction, to a potential assignee under Paragraph 15(c) or to third parties and WEA affiliates as may be necessary in the ordinary course of business (provided, that any such disclosure shall be limited to those persons who agree to be bound by the provisions of this Paragraph). The restriction in the preceding sentence shall not apply to information that: (i) becomes generally available to the public other than as a result of disclosure by such Recipient contrary to this Agreement; (ii) was available to such Recipient on a non-confidential basis prior to its disclosure to such Recipient; (iii) becomes available to such

Recipient on a non-confidential basis from a source other than any other Recipient unless such Recipient knows that such source is bound by a confidentiality agreement or is otherwise prohibited from transmitting the information to such Recipient by a contractual obligation; (iv) is independently developed by such Recipient without reference to confidential information received from any other party; (v) is required to be disclosed by applicable law or legal process; provided that any Recipient disclosing pursuant to this clause (v) shall notify the other party at least five (5) days prior to such disclosure so as to allow such other party an opportunity to protect such information through protective order or otherwise; (vi) is required to be disclosed by any listing agreement with, or the rules or regulations of, any security exchange on which securities of such Recipient or any of its affiliates are listed or traded; or (vii) is required to be disclosed by a party in order to perform its obligations under the Agreement; provided that any such disclosure shall be limited to those persons who have a need to know such information and who agree to be bound by the provisions of this Paragraph 12. No party hereto shall make a press release or public announcement concerning this Agreement without the prior written consent of the other party hereto.

(b) Company shall, and shall cause its affiliates, and its and its affiliates' directors, officers, employees and agents to, maintain in confidence all information that: (i) is in its or their possession by reason of Company's performance of Services hereunder; and (ii) relates to the Products (including, without limitation, shipment and return volumes, shipping destinations, pricing information and other terms of sale). WEA shall, and shall cause its affiliates, and their directors, officers, employees and agents to, maintain in confidence all information that: (x) is in its or their possession by reason of Company's performance of Services hereunder; and (y) relates to the pricing, methods of distribution or other proprietary information of Company. The restrictions in the two preceding sentences shall not apply to information that: (A) becomes generally available to the public other than as a result of disclosure by such Recipient contrary to this Agreement; (B) was available to such Recipient on a non-confidential basis prior to its disclosure to such Recipient; (C) becomes available to such Recipient on a non-confidential basis from a source other than any Recipient unless such Recipient knows that such source is bound by a confidentiality agreement or is otherwise prohibited from transmitting the information to such Recipient by a contractual obligation; (D)

is independently developed by such Recipient without reference to confidential information received from any other party; (E) is required to be disclosed by applicable law or legal process; provided that any Recipient disclosing pursuant to this clause (E) shall notify the other party at least five (5) days prior to such disclosure so as to allow such other party an opportunity to protect such information through protective order or otherwise; or (F) is required to be disclosed by any listing agreement with, or the rules or regulations of, any security exchange on which securities of such Recipient or any of its affiliates are listed or traded. Notwithstanding anything to the contrary above, WEA and its affiliates shall be permitted to disclose any information on a confidential basis in connection with a potential Recorded Music Major Transaction,

to a potential assignee under Paragraph 16(c) or to third parties and WEA affiliates as may be necessary in the ordinary course of business (provided, that any such disclosure shall be limited to those persons who agree to be bound by the provisions of this Paragraph).

(c) The obligations of WEA and Company under Paragraphs 12(a) and 12(b) shall survive for [*] years following the expiration or termination of the Term.

(d)

(i) Notwithstanding anything to the contrary set forth in this Paragraph 12, the parties hereby agree that, as of the earliest of: (A) the date of the public announcement of discussions relating to the transactions contemplated by the Stock Purchase Agreement (the "Transaction"); (B) the date of the public announcement of the Transaction; and (C) the date of the execution of an agreement (with or without conditions) to enter into the Transaction, each party (and each employee, representative or other agent of such party) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the Transaction and all materials of any kind (including opinions or other tax analyses) that are provided to such party relating to such tax treatment and tax structure.

(ii) The parties acknowledge that: (A) (x) the identity of any existing or future party (or any affiliate of such party) to the Transaction; and (y) any specific pricing information or other commercial terms, including the amount of any fees, expenses, rates or payments arising in connection with the Transaction, are not included in the meaning of the terms "tax treatment" and "tax structure" as referred to in clause (i) of this Paragraph 12(d); and (B) nothing in this Agreement shall in any way limit any party's ability to consult any tax advisor (including a tax advisor independent from all other entities involved in the Transaction) regarding the tax treatment or tax structure of the Transaction.

13. Definitions. (a) Certain Terms.

(i) "Acquired Facility" shall mean any of the United States facilities which are being acquired by Company in connection with the Stock Purchase Agreement.

(ii) "Armed Forces Post Exchanges" shall mean United States military posts, ships' stores or other United States armed forces facilities.

(iii) "Business Days" shall mean Monday through Friday inclusive except for any United States national public holiday which shall fall on any of those days.

(iv) "Catalog Titles" shall mean any (Product or Component thereof) following such Product's "street date."

(v) "Change of Control" shall mean (i) any merger or consolidation of Company or Parent with a Major or its affiliates or any sale, transfer, issuance or other disposal (in one transaction or in a series of transactions) of all or more than [*] of the shares of capital stock, partnership interests, membership interests in a limited liability company or other equity ownership interests ("Equity Interests") of Parent or Company (or any subsidiary of Parent or Company engaged in the business of providing PP&S Services, in each case, whether now owned or hereafter acquired) to a Major or its affiliates; (ii) the failure by Parent to own, directly or indirectly, beneficially and of record, Equity Interests in Company representing at least [*] of each of the aggregate ordinary voting power and aggregate equity value represented by the issued and outstanding Equity Interests in Company; (iii) Parent or Company sells all or substantially all of its assets; or (iv) any other event which results in Parent no longer controlling the direction or management of Company.

(vi) "Combined Entity" shall mean the entity or entities formed as a result of any Recorded Music Major Transaction.

(vii) "Contract Year" shall mean each separate, consecutive one (1)-year period of the Term, the first such period to commence on the first day of the Term.

(viii) "Facility" shall mean any facility owned and/or leased and controlled by Company or one of Company's affiliates.

(ix) "Fees" shall be in US dollars and shall mean the pick, pack and ship fees and the various amounts set forth on Schedule D hereto, in each case, subject to adjustment as provided in this Agreement.

(x) "Hit Titles" shall mean Catalog Titles designated by WEA as such based upon current or anticipated sales and delivery requirements. [*]

(xii) "International Manufacturing Agreement" shall mean the International Manufacturing and Packaging Agreement between WMI and Company dated as of the date hereof.

(xiii) "International PP&S Agreement" shall mean the International Pick, Pack and Shipping Services Agreement between WMI and Company dated as of the date hereof.

(xiv) "Key Release" shall mean a New Release of which greater than [*] and less than [*] units have been Ordered.

(xv) "Key Release Date" shall mean the date by which the Orders for a Key Release are required to be shipped pursuant to Schedule A hereto.

(xvi) "Major" shall mean any one of the following companies: Sony Music Entertainment Inc., Bertelsmann Music Group, EMI Group plc or Universal Music Group (or their successors).

(xvii) "New Release" shall mean any Product (or Component thereof) prior to and including such Product's "street date." For the purposes of Schedule A hereto, all promotional units of Products shall be treated as New Releases.

(xviii) "Order" shall mean a request made by WEA for the rendering of any PP&S Services in connection with units of Products or other materials hereunder. An "Order" may be for individual Products or other materials, may be for multiple Products or other materials and may specify multiple quantities of the same Product or other materials to be delivered to single and/or multiple locations.

(xix) "Order Cycle Time" shall mean the period from the date and time that Company receives an Order to the date and time Company actually ships such Order.

(xx) "Parent" shall mean Cinram International Inc.

(xxi) "Platinum Release" shall mean a New Release for which greater than [*] have been Ordered.

(xxii) "Platinum Release Date" shall mean the date by which the Orders for a Platinum Release are required to be shipped pursuant to Schedule A hereto.

(xxiii) "PP&S Services" shall mean (i) physical distribution; (ii) processing of returns for scrap or return to inventory; (iii) inventory control and warehousing; and (iv) shipping services for units of Products; in all cases, in orders and quantities as requested and approved by WEA to all locations in the Territory as designated by WEA. For the avoidance of doubt, all determinations regarding the handling of units of Products and other materials hereunder, including the handling of returns, stickering, preparation for shipment (e.g., boxing, etc.) and shipment of units of Products shall be made solely by WEA.

(xxiv) "Products" shall mean all Records for which WEA requires PP&S Services to be performed during the Term in the Territory and for which WEA has the unilateral right to control the identity of the party who renders such PP&S Services. Following a Recorded Music Major Transaction, "Products" shall mean all Records for which the Combined Entity requires PP&S Services to be performed during the Term in the Territory and for which the Combined Entity has the unilateral right to control the identity of the party who renders such PP&S Services. It has been WEA's general custom to use its commercially reasonable efforts to acquire the unilateral right to control the identity of the party who renders PP&S Services in connection with Records. WEA shall continue to do so during the Term, in accordance with past practice. "Products" shall not include Records to be distributed during the Term in the Territory by Word Entertainment.

(xxv) "Recorded Music Major Transaction" shall mean a joint venture, merger, or other combination of all or a substantial portion of the recorded music businesses of Warner Music Group with all or a substantial portion of the recorded music businesses of any Major.

(xxvi) "Records" shall mean all physical forms of recording and reproduction by which sound may be recorded now known or which may hereafter become known, manufactured or sold primarily for home use,

jukebox use, or use on or in means of transportation, including magnetic recording tape, film, electronic video recordings and any other physical medium or device for the production of artistic performances manufactured or sold primarily for home use, jukebox use or use on or in means of transportation, whether embodying: (i) sound alone; or (ii) sound synchronized with visual images, e.g., "sight and sound" devices, but only so long as such forms of recording and reproduction contain performances of works by recording artists.

(xxvii) "Services" shall mean the PP&S Services and all other services to be provided by Company under this Agreement.

(xxviii) "Stock Purchase Agreement" shall mean the Stock Purchase Agreement among AOL Time Warner Inc., Parent and Company dated as of July 18, 2003.

(xxix) "Term" shall mean the three (3)-year period commencing on the Closing Date, as such term is defined in the Stock Purchase Agreement, subject to earlier termination in accordance with Paragraph 11.

(xxx) "Territory" shall mean the United States, its territories and possessions, including Puerto Rico, and Armed Forces Post Exchanges serviced from distribution points in the US.

(xxxi) "US Manufacturing Agreement" shall mean the US Manufacturing and Packaging Agreement between WEA and Company dated as of the date hereof.

(xxxii) "WEA Facility" shall mean any Facility at which Company provides Services to WEA hereunder.

(xxxiii) "WHV" shall mean Warner Home Video Inc.

(xxxiv) "WMI" shall mean WEA International Inc.

(b) Other Definitional and Interpretative Provisions.

(i) The words "hereof', "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Paragraph and Schedule references are to this Agreement unless otherwise specified.

(ii) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

(iii) Unless the context requires otherwise, other grammatical forms of defined words or expressions used herein have corresponding meanings. [*]

This Paragraph 14 shall not limit WEA's other rights against Company for breach hereof, but any amounts paid by Company pursuant to this Paragraph 14 shall reduce any amounts otherwise payable by Company with respect to such breach.

15. Miscellaneous. (a) Entire Agreement, Modification. This Agreement contains the entire understanding of the parties hereto relating to the subject matter hereof and supersedes all previous agreements or arrangements between the parties, both written and oral, hereto relating to the subject matter hereof, except that nothing in Paragraph 3 shall limit the obligations of Company under the US Manufacturing Agreement. This Agreement cannot be changed except by an instrument signed by the authorized signatories of the parties hereto.

(b) Waiver. Any party to this Agreement may: (i) extend the time for the performance of any of the obligations or other acts of the other party hereto; (ii) waive any inaccuracies in the representations and warranties of the other party contained herein or in any document delivered by the other party pursuant hereto; or (iii) waive compliance with any of the agreements or conditions of the other party hereto contained herein. Any such extension or waiver shall be valid only if set forth in an instrument in writing signed by the party to be bound thereby. Any waiver of any term or condition shall not be construed as a waiver of any subsequent breach or a subsequent waiver of the same term or condition, or a waiver of any other term or condition, of this Agreement. The failure of either hereto party to assert any of its rights hereunder shall not constitute a waiver of any of such rights.

(c) Assignment. Company shall not have the right without WEA's prior written consent (which consent may be granted or withheld in the sole discretion of WEA) to assign this Agreement or any of the rights granted to Company hereunder; provided, however, that Company shall be permitted to assign this Agreement to Parent and any wholly owned subsidiary of Parent. WEA shall have the right without Company's consent to assign this Agreement, in whole or in part, to any subsidiary, parent company or affiliate of WEA, or to any third-party acquiring all or substantially all of WEA's assets or equity; provided, however, that, in each case, notwithstanding such assignment, WEA at all times shall remain directly and fully liable to Company for the performance of the obligations of WEA hereunder. [*]

(e) Further Assurances. Company and WEA each agree to execute and deliver all such other and additional instruments and documents and to do such other acts and things as may be necessary to more fully effectuate this Agreement.

(f) Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of, and shall be enforceable by, each of the parties hereto and their respective permitted assigns.

(g) Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by courier service, by telecopy or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Paragraph 15(g)):

WEA: c/o Warner Music Group Inc.
75 Rockefeller Plaza
New York, New York 10019
Attn: EVP & CFO
Fax: (212) 258-3121

with a copy to:

Warner Music Group Inc.
75 Rockefeller Plaza
New York, New York 10019

Attention: EVP & General Counsel
Fax: (212) 258-3092

Company: Cinram International Inc.
2255 Markham Road
Scarborough, Ontario M1B 2W3
Canada
Attn: Dave Rubenstein
Fax: (416) 298-0612

with a copy to:

Ervin, Cohen & Jessup LLP
9401 Wilshire Boulevard, 9th Floor
Beverly Hills, California 90212
Attn: Howard Z. Berman, Esq.
Fax: (310) 859-2325

(h) Headings. The descriptive headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

(i) Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any federal, state, local or foreign statute, law, ordinance, regulation, code, order, other requirement or rule of law or by public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party hereto. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties hereto as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

(j) No Agency. WEA and Company each shall have the status of an independent contractor and nothing herein contained shall contemplate or constitute WEA as Company's agent or employee or Company as WEA's agent or employee. This Agreement does not constitute or acknowledge any partnership or joint venture between WEA and Company.

(k) No Third Party Beneficiaries. Except for the provisions of Paragraphs 10(b) and 10(d) relating to indemnified parties, this Agreement shall be binding upon and inure solely to the benefit of the parties hereto and their permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other party any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

(l) GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, APPLICABLE TO CONTRACTS EXECUTED IN AND TO BE PERFORMED ENTIRELY WITHIN THAT STATE. EXCEPT AS PROVIDED ON SCHEDULE C HERETO, ALL ACTIONS AND PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT SHALL BE HEARD AND DETERMINED IN ANY NEW YORK STATE OR FEDERAL COURT SITTING IN THE CITY OF NEW YORK, AND THE PARTIES HERETO HEREBY IRREVOCABLY SUBMIT TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS IN ANY SUCH ACTION OR PROCEEDING AND IRREVOCABLY WAIVE THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF ANY SUCH ACTION OR PROCEEDING. EACH PARTY HERETO IRREVOCABLY CONSENTS TO THE SERVICE OF ANY AND ALL PROCESS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES OF SUCH PROCESS TO SUCH PARTY AT ITS ADDRESS SPECIFIED IN PARAGRAPH 15(g). THE PARTIES HERETO AGREE THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS PARAGRAPH 15(l) SHALL AFFECT THE RIGHT OF EITHER PARTY HERETO TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW. THE CONSENTS TO JURISDICTION SET FORTH IN THIS PARAGRAPH 15(l) SHALL NOT CONSTITUTE GENERAL CONSENTS TO SERVICE OF PROCESS IN THE STATE OF NEW YORK AND SHALL HAVE NO EFFECT FOR ANY PURPOSE EXCEPT AS PROVIDED IN THIS PARAGRAPH 15(l) AND SHALL NOT BE DEEMED TO CONFER RIGHTS ON ANY PARTY OTHER THAN THE PARTIES HERETO.

(m) WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY. EACH PARTY HERETO: (i) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED,

EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER; AND (ii) ACKNOWLEDGES THAT IT AND THE OTHER PARTY HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS PARAGRAPH 15(m) .

(n) Consents. Except as specifically provided to the contrary herein, if any consent, approval or authority is required from either party hereto, such consent, approval or authority shall not be unreasonably withheld or delayed. [*]

(p) Counterparts. This Agreement may be executed in one or more counterparts, and by the parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

If the foregoing is acceptable, please acknowledge the same by signing in the appropriate places below.

WARNER-ELEKTRA-ATLANTIC CORPORATION

By: /s/ David H. Johnson
Name: David H. Johnson
Title: Vice President and Secretary

CINRAM DISTRIBUTION LLC

By: /s/ Lewis Ritchie
Name: LEWIS RITCHIE
Title: TREASURER

List of Attached Schedules

Schedule A: Service Level Requirements
Schedule B: WEA's Code of Conduct for Third-Party Service Providers
Schedule C: Insurance Coverage
Schedule D: Fees

Schedule A

Service Level Requirements

[*]

Schedule B

WEA's Code of Conduct For Third Party Service Providers

1. Company will not (without WEA's written consent) manufacture merchandise utilizing any properties the copyright or trademark to which is owned or licensed exclusively by WEA or its wholly owned or controlled affiliates other than Products in accordance with this Agreement.

2. Company shall not use child labor in the manufacturing, packaging or distribution of Products. The term "child" refers to a person younger than the local legal minimum age for employment or the age for completing compulsory education, but in no case shall any child younger than fifteen (15) years of age (or fourteen (14) years of age where local law allows) be employed in the manufacturing, packaging or distribution of Products.

3. Company shall only employ persons whose presence is voluntary. Company shall not use any forced or involuntary labor, whether prison, bonded, indentured or otherwise.

4. Company shall treat each employee with dignity and respect, and shall not use corporal punishment, threats of violence, or other forms of physical, sexual, psychological or verbal harassment or abuse.

5. Company shall not discriminate in hiring and employment practices, including salary, benefits, advancement, discipline, termination, or retirement on the basis of race, religion, age, nationality, social or ethnic origin, sexual orientation, gender, political opinion or disability.

6. Company recognizes that wages are essential to meeting employees' basic needs. Company shall comply, at a minimum, with all applicable wage and hour laws, including minimum wage, overtime, maximum hours, piece rates and other elements of compensation, and shall provide legally mandated benefits. If local laws do not provide for overtime pay, Company shall pay at least regular wages for overtime work. Except in extraordinary business circumstances, Company shall not require employees to work more than the lesser of (a) forty-eight (48) hours per week and twelve (12) hours overtime or (b) the limits on regular and overtime hours allowed by local law, or, where local law does not limit the hours of work, the regular work week in such country plus twelve (12) hours overtime. In addition, except in extraordinary business circumstances, employees will be entitled to at least one (1) day off in every seven (7)-day period. Company agrees that, where local industry standards are higher than applicable legal requirements, it will meet the higher standards.

7. Company shall provide employees with a safe and healthy workplace in compliance with all applicable laws, ensuring, at a minimum, reasonable access to potable water and sanitary facilities, fire safety, and adequate lighting and ventilation. Company also shall ensure that the same standards of health and safety are applied in any

housing it provides for employees. Company shall provide WEA with all information WEA may request about manufacturing, packaging and distribution facilities for the Products.

8. Company shall respect the rights of employees to associate, organize and bargain collectively in a lawful and peaceful manner, without penalty or interference, in accordance with applicable laws.

9. Company shall comply with all applicable laws, including those pertaining to the manufacture, pricing, sale and distribution of Products.

10. Company shall comply with all applicable environmental laws.

Schedule C

Insurance Coverage

NOTE: The following insurance requirements are intended to provide insurance coverage under this Agreement and each of the other service agreements being entered into between the parties hereto and their affiliates as of the date hereof. Accordingly, to the extent any such other agreements require insurance coverage thereunder that is duplicative of the insurance coverage provided for below, such insurance coverage need not be duplicated under such other agreements.

Property Insurance, Including Extra Expense and Business Interruption: Company at all times and at its own cost and expense shall insure WEA's property as defined and required in this Agreement under so-called "all risk" policies of insurance, including but not limited to coverage for extended perils, earthquake, windstorm, flood, and collapse; open cargo, war risk cargo and terrorism. Company shall purchase an insurance policy that indemnifies WEA for non-physical damage to source material, if available on a commercially reasonable basis and is warranted by the risk profile of the Company. WEA's property shall consist of and not be limited to source material, finished goods and inventory, returned stock, master recordings, digital files, DVDs, CDs and all printing and packaging material.

Either dedicated policies or portfolio (blanket) coverage forms may provide the "all risk" property insurance, providing that the per occurrence limit of insurance available with respect to the WEA property at any Company location for property damage, business interruption, and extra expense shall not be less than [*] except, that coverage for California Earthquake shall be no less than [*] per occurrence and in aggregate; and Terrorism for WEA Manufacturing Alsdorf shall be no less than [*] per occurrence and in aggregate. Further, the limits of insurance applicable to the extended perils and the perils of earthquake, flood and terrorism shall be an annual aggregate. The deductible on said policies shall be the sole responsibility of Company and be of no greater amount than is commercially reasonable for a company of its financial standing. These policies shall be primary to any policy maintained by or on behalf of WEA. WEA may, at any time, review the amount of insurance required hereunder, and may, from time to time, but in no event more than annually, require a lower or higher amount depending on the best available estimate of the aggregate exposure to loss arising from damage to WEA's property under this Agreement.

The open cargo and war risk cargo insurance policies shall provide per shipment limits of indemnity of no less than [*] and contain a warehouse coverage endorsement. In the event that the [*] limit of insurance is not adequate to fully insure any given shipment under this Agreement, Company shall purchase additional insurance to cover the full replacement cost of the shipment. The deductible on these policies shall be no greater than what is commercially reasonable for an enterprise with Company's financial

standing. The deductible shall be the responsibility of Company and this coverage shall be primary to any coverage maintained by WEA.

All policies shall provide for a reimbursement value with respect to WEA's property at replacement cost for new property of like kind and quality, with no deduction for depreciation, and shall include WEA, its partners, officers, employees, and affiliates as loss payees under the policies as their interest may appear, and shall provide that no act or omission on the part of Company as the title insured shall prejudice a direct claim by the additional insured. All property policies shall include a waiver of subrogation in favor of WEA. Further, Company agrees to secure terms with its insurer that in the event that Company fails to pay premium resulting in a cancellation of coverage that WEA will be given the opportunity to maintain coverage for its insured property under the policy; and Company will reimburse WEA within [*] of notice for the expense incurred.

Public Liability Insurance: Company shall also be required to obtain and maintain comprehensive general liability insurance and a follow-form "umbrella liability" policy, providing insurance against claims for bodily injury, including death, property damage, personal and advertising injury, blanket contractual liability, broad form property damage liability, explosion, collapse and underground hazard, and products and completed operations, for such claims occurring or alleged to have occurred in the course of any operations or activities contemplated by this Agreement, in such amounts as from time to time are carried by prudent owners of comparable operations, but in no event less than [*] per occurrence and [*] in the annual aggregate, and covering as additional insureds all the WEA individuals and entities for which and to the extent it is responsible under this Agreement.

Workers' Compensation and Employers' Liability Insurance:

The Workers' Compensation policy shall include the following coverage:

1.	Coverage A	Statutory
2.	Coverage B	Employers' Liability

Bodily Injury by Accident	[*] each accident
Bodily Injury by Disease	[*] policy limit
Bodily Injury by Disease	[*] each employee

Company shall maintain any other employment related insurance coverage required by any jurisdiction having control over any employees or operations used in connection with this Agreement.

Automobile Liability Insurance: Company shall purchase and maintain automobile liability and follow-form "umbrella liability" insurance for all owned, non-owned and hired vehicles with limits of not less than [*] combined single limit for bodily injury and property damage. This insurance coverage must include all automotive and truck equipment used in the

performance of the work under this Agreement, and must include the loading and unloading of same.

Environmental Liability Insurance: In the event Company encounters and must perform or engage a contractor to perform work related to the remediation or abatement of "hazardous material" which includes, without limitation, any flammable explosives, radioactive materials, hazardous materials, hazardous waste, hazardous or toxic substances, or related materials defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. Section 9601, et seq.), the Superfund Amendments and Reauthorization Action of 1986 (Pub. L. No. 99-499, 100 stat. 1613 (1986)), the Hazardous Material Transportation Act, as amended (49 U.S.C. Section 1801, et seq.) and in the regulations adopted and publications promulgated pursuant thereto, or any other federal, state or local environmental law, ordinance, rule, or regulation (or applicable law in any jurisdiction outside the US), Company, or any contractor performing such work on behalf of Company, shall provide "contractor's pollution liability" insurance, as applicable to the work to be performed, covering claims from third party injury and property damage as a result of pollution conditions emanating from on-site, under the site, or off the site arising out of its operations and completed operations. Completed operations coverage shall remain in effect for no less than [*]. Minimum liability limits, including excess liability coverage, shall be [*] each occurrence and [*] in the aggregate.

The automobile liability insurance must contain provisions for thirty (30) days prior written notice of cancellation, nonrenewal, material change or reduction of insurance sent by certified mail return receipt requested, and waiver of subrogation in favor of WEA, additional insureds and all other such entities, as maybe reasonably requested by WEA.

Provisions Applicable to All Policies of Insurance Required Hereunder: Policies of insurance shall be underwritten by an insurer with an AM Best rating of no less than A- and a financial size class of VII or better (or an equivalent rating from an alternate rating agency), and may be an admitted or non-admitted carrier. Any insurer not meeting these criteria must be approved in writing by WEA's risk management department whose authorization shall not be unreasonably withheld. Satisfactory evidence of insurance shall be provided before the commencement of this Agreement and shall be evidenced at each renewal by a binder and certificate of insurance at least ten (10) days before expiration of coverage and upon request of WEA, on an annual basis or as necessitated by a material change in coverage or legal action. Company shall forward to WEA a copy of all required policy forms upon request. With respect to property located outside the U.S, any loss payable to WEA shall be adjusted and paid in the currency of the United States of America, subject to the rate of exchange published in The Wall Street Journal on the date of the loss. If Company elects to maintain insurance for property located outside the US, where the policy is denominated in a currency other than the US dollar, such policy limits and deductibles shall at all times be sufficient to meet the US dollar denominated requirements set forth on this Schedule C.

Each of WEA and Company agrees to negotiate in good faith to attempt to resolve any disagreement which in any way affects any insurance required to be carried hereunder. In the event that such good faith negotiation does not result in the resolution of any such disagreement within a fifteen (15) day period, the parties shall retain an arbitrator to make a fair and reasonable determination as to any such disagreement (the "Insurance Arbitrator"). The Insurance Arbitrator shall be a retired executive or attorney with substantial experience in the insurance industry, preferably in the field of manufacturing, shall be independent of each of WEA and Company, and shall endeavor to provide a determination of any dispute among the parties within thirty (30) days of being retained, but in each case, as quickly as possible. The parties shall jointly appoint the Insurance Arbitrator and the identity of the Insurance Arbitrator shall be satisfactory to each of the parties. The parties shall share equally in the cost and expense of retaining the Insurance Arbitrator. If the parties cannot agree upon a person to act as the Insurance Arbitrator within thirty (30) days of the expiry of the fifteen (15) day negotiation period specified in this Paragraph 6, then the Arbitrator shall be selected by the American Arbitration Association. Any arbitration hereunder shall be conducted in conformance with the rules established by the American Arbitration Association. Any determination made by the Insurance Arbitrator shall be final and binding on each of the parties. For the avoidance of doubt, Company shall at all times including during the pendency of any dispute and until such time as such dispute is resolved be required to continue to procure insurance policies at its sole expense in full force and effect as required in this Agreement and as specified herein.

Schedule A

Service Level Requirements

[*]

EXECUTION COPY

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY ASTERISKS, HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO RULE 406 UNDER THE SECURITIES ACT OF 1933, AS AMENDED.

US MANUFACTURING AND PACKAGING AGREEMENT

between

WARNER-ELEKTRA-ATLANTIC CORPORATION ("WEA")

and

CINRAM MANUFACTURING, INC. ("Company")

Dated as of October 24, 2003

Capitalized terms not defined where they appear in the text are defined in Paragraph 14.

1. Appointment. (a)

(i) WEA hereby appoints Company to render, and Company shall render, M&P Services for one hundred percent (100%) of Products in accordance with the terms hereof.

(ii) Notwithstanding anything to the contrary contained in Paragraph 1(a)(i), from and after the effective date of a Recorded Music Major Transaction (the "RMMT Effective Date"), the appointment of Company hereunder shall instead be to render, and Company shall render, M&P Services for at least the Specified Percentage (and, at WEA's election, more than the Specified Percentage) of Products in accordance with the terms hereof. WEA shall use commercially reasonable efforts to provide that the Combined Entity's ordering of units of Products and Components hereunder (i.e., mix of New Releases and Catalog Titles and special packaging orders) following the RMMT Effective Date remains generally consistent with WEA's ordering of units of Products and Components hereunder prior to the RMMT Effective Date. The "Specified Percentage" equals the fraction, expressed as a percentage: (A) the numerator of which shall be one hundred percent (100%) of the number of units of Products manufactured and packaged by Company for WEA under this Agreement (and/or by WEA on its own behalf, if applicable) during the twelve (12) complete calendar months immediately preceding the RMMT Effective Date (the "WEA Output"); and (B) the denominator of which shall be the WEA Output plus one hundred percent (100%) of the number of units of Records, in any Optical Disc format, manufactured and packaged for sale in the Territory by or for the recorded music business of the applicable Major during the same twelve (12)-month period. For the avoidance of doubt, in calculating the WEA Output no units manufactured or packaged by the Company (and/or WEA, if applicable) for WHV or its affiliates shall be included.

(b) Reservation of Rights. WEA hereby reserves all rights in and to Products not otherwise expressly granted to Company herein.

(c) Reports. Company shall prepare for WEA all of the same production, shipments and inventory reports in the same format and detail that WEA's systems provided as of the date of this Agreement (it being understood that Company shall not be required to prepare for WEA any reports that would require Company to incur additional out-of-pocket expenses in order to provide them, unless WEA agrees to pay any such actual out-of-pocket expenses) and shall supply WEA with such reports on at least a monthly basis during the Term. If Company provides more detailed reports to any other party during the Term, Company shall, at WEA's request, provide such more detailed reports to WEA hereunder as of the date that Company commences providing such more detailed reports to such other party by subject to the same terms and conditions under which such reports are provided to such other party (e.g., any additional fees or amounts charged to such party for such more detailed reports). Nothing in such reports shall impart any competitively-sensitive information about Company, Company's affiliates or any third parties for which Company renders any services or any personal data possessed by Company.

2. Title. Title to units of Components and Products manufactured and packaged hereunder (including all copyrights and trademarks contained therein) shall remain in WEA or WEA's affiliates. Company acknowledges that Products (including all intellectual property contained therein and relating thereto) are protected under copyright laws and that WEA is the rightful owner or license holder of such copyrights. Company acknowledges that any removal of any such materials from Company's approved facilities without WEA's written approval, and any distribution of any such materials in the Territory without WEA's written approval, is an infringement of WEA's copyright. Company shall bear the risk of loss for units of Products in Company's possession, under Company's control or in transit from Company or its designees to any Facility; provided, however, that WEA shall bear the risk of loss for any units of Products in transit for which WEA is responsible for paying the shipping.

3. Services. (a) Level of Services. [*] In addition, the Services:

(i) shall be rendered on a so-called "label-blind" basis;

(ii) shall be rendered in at least the same general manner, subject to at least the same general standards and in at least the same general quality as provided by Company to all other parties whose Records are manufactured and/or packaged by Company in the Territory [*].

[*]. This Paragraph 3(a)(ii) shall not require that Company provide WEA with the automated services provided in Company's Huntsville Facility or otherwise require Company to provide any new services to WEA if the cost of providing such services would be similarly unreasonably burdensome to Company; provided, however, that nothing in this sentence shall limit Company's obligations set forth in Paragraph 6;

(iii) shall be rendered in at least the same manner, subject to at least the same standards and in at least the same quality as was provided to WEA's affiliates at the Acquired Facilities for the products of WEA's affiliates immediately prior to the commencement of the Term;

(iv) shall be rendered in accordance with "first-class" standards that meet the highest quality available in the industry;

(v) shall be rendered in accordance with, or exceed, each of the service level requirements set forth on Schedule A hereto (the requirements set forth on Schedule A hereto being the "Service Level Requirements"); and

(vi) shall, to the extent rendered for production of Products in CD or DVD format, be rendered in accordance with the technical specifications set forth on Schedule B hereto (the requirements set forth on Schedule B hereto being the "Technical Specifications").

Notwithstanding the foregoing, to the extent that the standards set forth in clauses (ii) and (iv) above are not being met as of the commencement of the Term, Company shall have a period of ninety (90) days from the commencement of the Term in which to meet such standards.

(b) Copy Protection and Digital Rights Management. WEA may from time to time require the integration of copy protection and digital rights management technology into certain Products. Company shall use its commercially reasonable efforts to ensure that it is equipped to provide such technology and shall obtain necessary licenses from the supplier therefor. WEA shall, unless otherwise agreed, be responsible for the copy protection or digital rights management technology license fees and the cost of any packaging adaptation necessary to provide notification of the use of such technology as may be required by the applicable law in the country of sale, and (except as otherwise expressly set forth in this Paragraph 3(b)) all other costs relating to copy protection and digital rights management shall be borne by Company. Company shall report units manufactured and technologies used to WEA on a monthly basis to facilitate the administration of the copy protection and digital rights management license fees. Company shall assist WEA in assessing and testing new copy protection and digital rights management technologies, and on [*] notice will make provision for new copy protection and digital rights management technologies to be implemented, but only so long as such new technologies are available to Company for use. To the extent that the

actual, documented, out-of-pocket, non-overhead cost to Company for the assessment, testing and implementation of such new copy protection and digital rights management technologies exceeds [*] in the aggregate in respect of any Contract Year, then WEA shall reimburse Company for any such excess (but solely to the extent that WEA requested that Company assess, test or implement such new technology). To the extent that any other parties serviced by Company actually utilize any such new copy protection and digital rights management technology, WEA's obligation to reimburse Company for any such excess shall be reduced pro rata based on the total number of Company's customers utilizing the new copy protection and digital rights management technology. If WEA has already reimbursed Company pursuant to the preceding sentence and subsequently is entitled to a pro rata reduction as provided herein, Company shall refund such amount within thirty (30) days of the date such other party begins utilizing such new copy protection and digital rights management technology.

(c) Fees. M&P Services shall be furnished at the prices set forth on Schedules C and H hereto and as set forth in this Paragraph 3(c), as they may be modified from time to time by operation of Paragraphs 12 and 15 (the "Fees"). [*].

(d) Subcontracting. Company may subcontract a portion of its obligations under this Agreement to any one or more of the subcontractors on Schedule D hereto (each an "Approved Subcontractor"). Company may subcontract to a subcontractor that is not an Approved Subcontractor only with the prior consent of WEA. Any such subcontracting by Company shall not relieve Company of its obligations hereunder. Orders hereunder shall not be subcontracted to a greater degree than any other orders. In addition, Company shall ensure that any subcontractors comply with all obligations of Company hereunder. WEA may from time to time designate organizations

as prohibited subcontractors under this Agreement if WEA reasonably believes such organizations would not be likely to be able to adhere to the provisions of this Agreement.

(e) Compliance with Law: Code of Conduct. Company shall comply (i) with all laws and regulations in connection with Company's undertakings under this Agreement, except where the failure to do so individually or in the aggregate is immaterial; and (ii) subject to relevant local laws including privacy laws, with the code of conduct attached as Schedule E hereto.

(f) Delivery of Source Materials. WEA shall, at WEA's sole expense, deliver to Company (or to such suppliers as Company may designate) all Source Materials. WEA shall retain title to all Source Materials supplied to Company or its designees, including all digital files derived from such Source Materials. Company shall maintain systems at no charge to WEA so as to be able to receive Source Materials in digital form and online, which shall include metadata and digital proofs.

(g) Ordering.

(i) It shall be WEA's responsibility to determine its production requirements and to order units of Components and Products. All Orders for units of Components and Products shall be evidenced by a written purchase order. Orders must include all information necessary

to properly identify the Components and Products to be manufactured and packaged, including artist, title, catalog number and quantity. Company shall use the entire UPC or EAN codes to identify all Components and Products.

(ii) Prior to manufacture, and Order must be Workable. Company shall deliver finished goods units of Components and Products to WEA's designated locations within the applicable time periods set forth on Schedule A hereto. All of the time periods set forth on Schedule A hereto are referred to as the applicable Turnaround Times for the manufacture of Components and for units of Products in each configuration, respectively, and are measured from the time the Order is Workable.

(iii) At the times that WEA submits Orders, to the extent that an Order is for multiple selections, WEA shall have the right to determine the priority in which the Orders should be filled (that is, it shall have the right to determine and designate which part of the Order is to be delivered within the shorter of the applicable Turnaround Times and which part of the Order is to be delivered within the longer of the applicable Turnaround Times).

(iv) For each item (i.e., a particular Product) in an Order, there shall be an allowable fulfillment deviation as set forth below:

Order Size in Units	Deviation for Catalog Titles	Deviation for New Releases
0-10,000	[*]	[*]
10,001-50,000	[*]	[*]
50,001-300,000	[*]	[*]
300,001 and up	[*]	[*]

Orders filled within such deviation shall be deemed to be satisfied, and WEA shall pay Company on the actual number of units delivered at the rate(s) charged by Company pursuant to the original Order to which such deviation relates.

(h) Quarterly Meetings. At least once every calendar quarter, WEA may meet with Company's Chief Executive Officer (or equivalent) and Chief Financial Officer (or equivalent) to assess Company's performance under this Agreement and its ongoing ability to perform its obligations under this Agreement.

(i) Shipping Costs. Company shall bear the cost and expense of shipping of any and all units of Products, Components or other materials manufactured hereunder from the point of manufacture to: (i) any distribution or warehouse Facility; and (ii) from any distribution or warehouse Facility to any other distribution or warehouse Facility, so long as such movement described in (ii) above is at the direction of Company in its own discretion. Except as otherwise specifically provided herein, WEA shall be responsible for the cost and expense of all other shipments hereunder. To the extent that any shipping costs hereunder are to be borne by WEA but are actually paid by Company, WEA shall only be required to pay Company's actual, documented, out-of-pocket costs charged by such shipping agent for the shipment of units of Products and/or other materials hereunder, and such costs shall be reimbursed to Company by WEA within [*] business days following Company's rendition of such invoice to WEA (but in no event shall WEA be required to make any such payment of such invoice prior to Company's payment of such invoice to such shipping agent). If WEA is responsible for shipping expenses, should WEA so elect, WEA shall have the right to: (i) select the shipping agent(s) utilized by Company for shipping of units of Products and/or other materials hereunder (and, in doing so, assume the risk of loss for such units of Products in transit); or (ii) in lieu of selecting such shipping agent(s), require that Company submit to WEA any proposed shipping agent(s) which Company wishes to utilize hereunder for WEA's prior written approval. If, in a particular instance, WEA is not responsible for shipping expenses or WEA does not exercise its rights pursuant to the preceding sentence, Company shall utilize the same shipping agent(s) utilized by Company for the shipping of a majority of the other products shipped by or on behalf of Company.

(j) No Unauthorized Manufacture. Company acknowledges that WEA may suffer substantial damages as a result of the unauthorized manufacture of Components or Products. Therefore, Company agrees that: (i) Company shall produce only those quantities of units of Components and Products as are specified in a written Order issued by WEA and subject to the terms set forth herein; (ii) Company shall deliver the units of Components and Products specified in each Order only to the recipient and

location designated by WEA in such order; and (iii) upon WEA's request from time to time, Company shall deliver to WEA separate written confirmation of each manufacturing run made of each Product and Component pursuant to each Order, including the date of the manufacturing run and the number of units produced during the run.

(k) Additional Services. At WEA's reasonable request, Company shall provide WEA with manufacturing and packaging services for "point of sale," promotional and merchandising materials to be utilized in connection with Products. Such services shall be provided by Company to WEA on a non-exclusive basis only (and only to the extent that WEA so requests any such services) and, to the extent so requested, shall be provided to WEA [*]. Notwithstanding this Paragraph 3(k), Company shall only be required to provide such services if either WEA (either itself or through any of its affiliates) provided such services on its own behalf prior to the commencement of the Term or if Company then-currently provides such services to any party (in which case, if WEA requests such services and Company is not contractually prohibited from providing such services to WEA, they shall be provided to WEA on the same terms and conditions as are provided to such other party).

4. Company's Financial Obligations. WEA shall not be responsible for payment of any of Company's (or Company's affiliates') indirect or general overhead charges or the salaries of Company's (or Company's affiliates') employees or agents. All costs associated with the rendering of Services shall be borne by Company. Such costs to be borne by Company include any patent royalties or other similar royalties or license fees payable in connection with the manufacture of products and Components (subject to the provisions of Paragraph 3(c)(i)), which costs, for the avoidance of doubt, exclude mechanical royalties, record royalties and copy protection and digital rights management (i.e., DRM) technology license fees.

5. Other Obligations. (a) Storage of Source Materials, Components and Finished Units of Products. Company shall accept and store all Source Materials and Inventory delivered to or otherwise held by Company hereunder at no charge; provided, however, that with respect to any particular Product, Company shall not be required to store more Source Materials or Inventory than is necessary to satisfy the next [*] demand (such determination as to

what constitutes [*] demand shall be made jointly be WEA and Company based, where possible, upon actual, gross units ordered during the prior [*] and shall be made for all Source Materials and Inventory no more frequently than semi-annually during the Term commencing no sooner than [*] after the commencement of the Term). With respect to Source Materials and Inventory so determined to be in excess of a [*] demand therefor, Company shall notify WEA of the specific Source Materials and/or Inventory constituting such excess and within [*] following WEA's receipt of such notice, WEA shall (in WEA's sole discretion) either: (i) remove such excess Source Materials and/or Inventory (at WEA's expense); (ii) direct Company to destroy such excess Source Materials and/or Inventory (at WEA's expense); or (iii) direct Company to store such excess either (x) at a Facility at a cost to WEA of

[*] or (y) offsite at Company's or Company's affiliates' leased facility approved in advance, in writing by WEA and the actual, documented, out-of-pocket expense charged by such facility to Company for such storage shall be reimbursed to Company by WEA. Amounts owing under this Paragraph 5(a) shall be invoiced by Company at month end and shall be payable sixty (60) days from the date of the rendition of such invoice; [*]. All Source Materials and all Inventory shall be WEA's property and shall be kept segregated from any other property. Upon receipt of a written request from WEA, Company shall return to WEA, at WEA's cost, any materials supplied by WEA which have not been utilized in the manufacture or packaging of units of Components or Products or otherwise pursuant to this Agreement and which are then in Company's possession or control. The risk of loss, due to any reason, of Source Materials or Inventory in Company's possession or control shall be borne by Company, as further described herein; provided, however, that to the extent any such loss was directly caused by a WEA Employee, Company shall not bear the risk of loss, except to the extent such loss is or would have been covered by Company's property insurance as required under this Agreement and as set forth on Schedule F hereto. WEA shall own all manufacturing parts (for Components and Products) and all derivatives and/or duplicates thereof fabricated in connection with the production process, including all Components, photographic films and color keys, if any, duplicate audio tapes (analog or digital), glass Masters and running Masters and all digital files derived from any of the foregoing. Company shall not destroy any of the Source Materials, Inventory or elements derived therefrom without prior written authorization from WEA; provided, however, that Company may destroy certain such derived elements (i.e., glass Masters and metal parts) to the extent that such elements are generally destroyed by Company in the ordinary course of production. Company shall also, at Company's cost, maintain, protect and backup any and all Source Materials and derivatives in an organized environment to allow for easy access by both Company and WEA.

(b) Insurance. During the Term, Company shall: (i) comply with all provisions set forth on Schedule F hereto; and (ii) at Company's sole cost and expense, maintain adequate insurance coverage for: (A) all Source Materials and Inventory while such items are in Company's possession, under Company's control or in transit to or from Company or its designees to any Facility; and (B) the other matters set forth on Schedule F hereto. The insurance required under this Paragraph 5(b) is not intended to limit Company's liability as otherwise provided in this Agreement.

(c) Computer Access. In order that WEA be able to monitor daily shipments, receipt, production and inventory activity in connection with Components and Products, Company shall give WEA access to Company's computer system for the purpose of providing WEA with real-time information stored therein relating to Components and Products at Company's expense (but no access shall be allowed to information relating to any other party's products or any personal data possessed by Company). Such system shall provide WEA with all of the same types of reports and information currently provided by, and as may be available from, Company's computer

systems in connection with other products and components manufactured and/or packaged by Company. In connection therewith, Company shall work with WEA to ensure that WEA is provided with at least the same level of reports and information that WEA's own systems provided as of the commencement of the Term. Nothing such reports or information provided shall impart any competitively-sensitive information about Company, Company's affiliates or any third parties for which Company renders any services or any personal data possessed by Company. Such access shall be available to WEA [*] at all times during the Term. Notwithstanding anything herein to the contrary, Company may perform system maintenance and upgrades during which such systems may not be available; provided, however, that such downtime does not exceed [*].

(d) Inspection. Subject to the provisions set forth below, during the Term and for a period of [*] following the expiration or termination of the Term, WEA shall have the right to inspect each WEA Facility and any other facility utilized by Company in connection with Components or Products or the provision of Services hereunder, during regular business hours (utilizing either WEA's own employees, third party advisers or representatives, insurers, or other experts retained by WEA). WEA may conduct such inspections of each WEA Facility or other facility up to [*]. During any such inspection, WEA may conduct physical inventories of units of Components and Products in Company's possession or control. WEA shall not have access to any competitively-sensitive information relating to any other party's products, or any personal data possessed by Company, during the inspections permitted under this Paragraph 5(d).

(e) Security. Company shall maintain security standards that are at least equivalent to those provided by other "first-class" manufacturers and packagers in the Territory, both in the segregated area of the WEA Facilities for property of WEA and throughout the WEA Facilities, and shall at all times employ the utmost care and diligence to prevent loss, damage, theft, disappearance, unauthorized destruction or usage of such property of WEA. Company's security procedures shall be subject to WEA's prior written approval. Company shall maintain such procedures as approved by WEA and as may reasonably be given to Company from time to time throughout the Term. Notwithstanding the foregoing, Company's security measures (which shall include closed-circuit television monitoring, pass-protected access, employee checking and spot

searching, etc.) shall be sufficient to ensure that all Source Materials and Inventory and the intellectual property embodied in such Source Materials and Inventory are in no way compromised, stolen, "leaked" to the public (e.g., copying of recordings embodied on Products which may lead to the availability of such recordings to the public via the Internet or similar means) or otherwise made available to any unauthorized parties; provided, however, that for a period of [*] from the commencement of the Term, such security measures need be no more stringent than those currently in place at the Acquired Facilities. Upon discovery of: (i) loss, damage, theft, disappearance, or destruction of Source Materials or Inventory exceeding [*]; or (ii) any unauthorized usage of Source Materials or Inventory, Company shall notify WEA as soon as reasonably possible, and in any event within [*] following such discovery, and shall include in such notification sufficient detail to allow WEA to investigate such incident (each, a "Security Breach Notice"). Regardless of Company's compliance with

all security measures set forth herein or with procedures approved by WEA, Company shall be liable as provided herein for the loss, damage, theft, disappearance, destruction or unauthorized usage of any property of WEA.

(f) Salvage. At all times and regardless of whether Company or its insurers are required to compensate WEA for loss as required under this Agreement, WEA shall retain the sole right to salvage for damaged Inventory. Company shall not surrender damaged Inventory to insurers or any other party for destruction or disposal without obtaining WEA's prior written consent.

(g) WEA Employees. Company shall throughout the Term, at the request of WEA, provide up to a maximum of [*] full-time employees of WEA or its affiliates (the "WEA Employees") with, at Company's expense: (i) reasonable office accommodations at such WEA Facilities utilized for manufacturing and/or packaging as may be specified from time to time by WEA; (ii) individual computers; (iii) copy services and any other similar office services in order to permit them to carry out their functions; and (iv) all other reasonable support functions as provided to them as of the date of this Agreement. Company shall also provide telephone, Internet and fax access for each WEA Employee, and WEA shall reimburse Company for Company's actual, documented, out-of-pocket costs therefor. Amounts owing under this Paragraph 5(g) shall be invoiced by Company at month end and shall be payable [*] from the date of the rendition of such invoice; [*]. WEA shall be responsible for the direction of, and all compensation and related obligations for, the WEA Employees. The WEA Employees shall operate in accordance with WEA's code of conduct and Company's standard code of conduct contained in its employee policy manual at the applicable WEA Facility (which code of conduct shall be subject to WEA's reasonable approval) and all other lawful policies adopted by Company from time to time governing the conduct of all of its employees and contractors. In the performance of their tasks, the WEA Employees shall not have access to any competitively-sensitive information relating to any other party's products or any personal data possessed by Company.

6. Technology. Throughout the Term, Company shall reasonably update its manufacturing and packaging lines at the WEA Facilities at Company's cost to keep up with new technology requirements and to maintain at least the same level of technology utilized by other "first-class" manufacturers and packagers of Records in the Territory, including machinery and equipment that is reasonably available to provide automated assembly of packaging, inclusion of inserts and application of stickers, shrinkwrap and security materials. Company shall maintain and update its information and technology capabilities at the WEA Facilities, at Company's cost, to meet reasonable WEA requirements and maintain competitive services for WEA and its customers. [*]

7. Invoices and Payments. (a) Rendition of Invoices. During the Term, Company shall prepare and render invoices to WEA with respect to each shipment of units of Components and Products Ordered hereunder. Except with respect to shipping charges to be borne by WEA as provided in Paragraph 3(i), the amount due to Company pursuant to each such invoice shall be due and payable by WEA to Company in US dollars on or before [*] following Company's rendition of such invoice; [*]. Such invoices shall contain "per SKU" line item detail with special handling or other miscellaneous charges indicated separately in the form and manner consistent with Company's general form of invoice. The aforementioned invoices shall be denominated in US dollars. Company shall submit all such invoices to WEA electronically pursuant to reasonable instructions given by WEA to Company from time to time (and in paper form, to the extent WEA so requests) and to the extent that Company's and WEA's computer systems do not already provide for the electronic submission of all such invoices, Company shall use Company's reasonable efforts to work with WEA starting upon the commencement of the Term to create a system whereby all such invoices can be submitted electronically to WEA. For the avoidance of doubt, WEA shall only be liable for payments hereunder if WEA (or WEA's designee) has received the shipment of the relevant finished units of Components and Products reflected in such invoice.

(b) Audits. WEA shall have the right, at WEA's sole expense, to examine (and/or to appoint representatives to examine) Company's (and Company's affiliates') books and records in order to: (i) verify the correctness of any invoice prepared and rendered by Company in accordance with Paragraph 7(a); (ii) establish the applicability of the provisions contained in Paragraphs 10, 12 and/or 15; or (iii) otherwise establish compliance by Company with its obligations under this Agreement; provided, however, that only independent, third party auditors (i.e., auditors other than WEA's then-current outside auditor) shall be utilized for the review of Company's books and records. Independent third party auditors shall have access to all information necessary to perform their duties, however nothing in any report provided by WEA or its affiliates by any such independent third party auditors shall impart to WEA or its affiliates any competitively-sensitive information about Company, Company's affiliates or any third parties for which Company renders any services. If any such audit reveals that WEA and/or WEA's

affiliates have been overcharged, Company shall reimburse WEA in the amount of the overcharge. If any such audit reveals that WEA has been overcharged by an amount exceeding [*] for the audit period, Company shall reimburse WEA in the amount of the overcharge plus all fees paid by WEA to the auditors concerned in connection with such audit and any other actual, documented, out-of-pocket expense incurred by WEA in connection with such audit. [*]. Regardless of the number of audits conducted hereunder revealing the same specific overcharge to WEA, Company shall not be required to repay to WEA the amount of any such overcharge more than once. WEA's audit right shall survive the expiration or termination of the Term for [*]. Company shall retain all books and records related to the performance of Services hereunder after the expiration or termination of the Term for so long as WEA may need to perform audits hereunder, but in no event for more than [*] after the rendition of the invoice with respect to the Services to which such invoice relates; provided, however, that before Company destroys any books or records, Company shall deliver written notice of such intent to destroy to WEA [*] before the intended date of destruction. WEA shall have [*] after receipt of such notice to request copies of the books and records to be destroyed, in which case Company shall make copies of such books and records and deliver the same to WEA (but excluding information related to other customers of Company) at WEA's expense (but at Company's expense if such copies are of electronic files). As used herein, "books and records" shall include, without limitation, physical data stored in any electronic, magnetic or optical format.

8. Post-Term Procedures. (a) Upon the expiration or termination of the Term, Company shall immediately cause the cessation of all Services and shall have no further rights or obligations with respect to Products except as provided herein; provided, however, that upon WEA's request, Company shall fill any then-currently outstanding orders for units of Components and Products pursuant to the terms of this Agreement. Within [*] following the expiration or termination of the Term, Company shall provide WEA with a list of all Source Materials and units of Components and Products in Company's possession or control on such date. The mere expiration or termination of the Term shall not affect any obligation of WEA to pay for Services rendered by Company prior to such expiration or termination or any other obligation that is expressly provided herein to survive the expiration or termination of the Term.

(b) Within [*] following the expiration of the Term or [*] following the early termination of the Term, WEA shall remove from the

Facilities, at WEA's expense, or order at WEA's expense the destruction of: (i) all units of Components and Products in Company's possession or control; and (ii) all Source Materials in Company's possession or control. The determination whether to remove or destroy such items shall be made by WEA in WEA's sole discretion.

9. Warranties, Representations, Covenants and Indemnities. (a) Company warrants, represents and/or covenants, as the case may be, that: (i) Company has the right, power and authority to enter into and fully perform this Agreement; (ii) no agreement of any kind heretofore entered into by Company shall interfere in any manner with the complete performance of this Agreement; and (iii) subject to WEA's rights in the Products and Components and WEA's warranties and representations set forth below, any items prepared by or otherwise furnished by Company in connection with Components or Products and Company's performance of Services hereunder will not violate any law or infringe upon the rights of any party.

(b) Company agrees to and does hereby indemnify, save and hold WEA and its affiliates, and each of their respective officers, directors and employees (collectively, for the purposes of this Paragraph 9(b) only, "WEA") harmless to the maximum extent permitted by law from any and all loss and damage (including court costs and reasonable attorneys' fees and when incurred) arising out of, connected with or as a result of: (i) any inaccuracy, inconsistency with, failure of, or breach or threatened breach by Company of any warranty, representation, agreement, undertaking or covenant contained in this Agreement; and/or (ii) any and all damages injuries of any kind or nature whatsoever (including death resulting therefrom) to any persons, whether employees of Company or otherwise, and to any property caused by, resulting from, arising out of or occurring in connection with the execution of the work under this Agreement (including as a result of any products liability claims), whether such damages or injuries are or are alleged to be based upon Company's active or passive negligence or participation in the wrong or upon any breach of any statutory duty or obligation on the part of Company (except to the extent such damages or injuries directly result from any act of WEA's employees located at Company's facilities and are not otherwise covered by the property insurance Company is required to maintain hereunder as set forth on Schedule F hereto, or result from a breach of any warranty, representation, agreement, undertaking or covenant of WEA contained herein). The foregoing indemnity shall be applicable only to such claims as have been reduced to judgment or settled with Company's written approval. WEA shall give Company prompt notice of any claim to which the foregoing indemnity applies and Company shall assume the defense of any such claim through counsel of Company's choice and at Company's sole expense. WEA shall have the right to participate in such defense through counsel of WEA's choice and at WEA's expense.

(c) WEA warrants, represents and/or covenants, as the case may be, that: (i) WEA has the right, power and authority to enter into and fully perform this Agreement; (ii) no agreement of any kind heretofore entered into by WEA shall interfere in any manner with the complete performance of this Agreement; and (iii) Material embodied in Products and Components as supplied by WEA shall not violate any law or

infringe upon the rights of any third party. As used herein "Material" shall include all musical compositions, names, biographical materials and likenesses, photographic, video or motion picture images, sound recordings, intellectual properties, packaging and artwork.

(d) WEA agrees to and does hereby indemnify, save and hold Company and its affiliates, and each of their respective officers, directors and employees (collectively, for the purposes of this Paragraph 9(d) only, "Company") harmless to the maximum extent permitted by law from any and all loss and damage (including court costs and reasonable attorneys' fees as and when incurred) arising out of, connected with or as a result of: (i) any inaccuracy, inconsistency with, failure of, or breach or threatened breach by WEA of any warranty, representation, agreement, undertaking or covenant contained in this Agreement; and/or (ii) any and all damages or injuries of any kind or nature whatsoever (including death resulting therefrom) to any persons, whether employees of Company or otherwise, and to any property caused by, resulting from, arising out of or occurring in connection with any act of WEA's employees located at Company's facilities, except to the extent such damages and injuries are covered by the property insurance Company is required to maintain hereunder as set forth on Schedule F hereto. The foregoing indemnity shall be applicable only to such claims as have been reduced to judgment or settled with WEA's written approval. Company shall give WEA prompt notice of any claim to which the foregoing indemnity applies and WEA shall assume the defense of any such claim through counsel of WEA's choice and at WEA's sole expense. Company shall have the right to participate in such defense through counsel of Company's choice and at Company's expense.

10. Breach, Cure and Termination. (a) WEA may terminate the Term by written notice to Company following either: (i) a breach of this Agreement by Company that is specified in Paragraph 10(b); or (ii) any other material breach of this Agreement by Company. [*] There is no cure period associated with any breach referred to in Paragraph 10(a)(i). There shall be a cure period of [*] days, following written notice to Company, for any breach referred to in Paragraph 10(a)(ii).

(b) The breaches of this Agreement referred to in Paragraph 10(a)(i) are any of the following:

[*]

[*]

(viii) any willful and malicious breach by Company of any material provision hereof.

(c) In addition, WEA may terminate the Term:

(i) by written notice to Company within [*] following the later of: (A) a Change of Control; and (B) written notice to WEA from Company that a Change of Control has occurred;

(ii) by written notice to Company following an Insolvency Event; and

(iii) by written notice to Company following either: (A) the termination of the term of the US PP&S Agreement, other than (x) as a result of a breach by WEA or the expiration of the term thereunder by passage of time or (y) the termination of the term of the US PP&S Agreement under Paragraph 11(c)(iv) thereof; or (B) any material breach by Company under the US PP&S Agreement (i.e., a breach which would then-currently permit WEA to terminate the term thereof and with respect to which WEA's right to terminate has not been waived).

(d) Any termination of this Agreement under this Paragraph 10 will not relieve Company of liability for breaches hereof arising prior to such termination nor

shall it relieve WEA from any liability to pay for Services rendered prior to such termination.

(e)

(i) If because of an "act of God", inevitable accident, fire, lockout, strike or other labor dispute, riot or civil commotion, act of public enemy or other cause of a similar nature not reasonably within Company's control (a "Force Majeure Event"), Company is materially hampered in the performance of its obligations under this Agreement, or its normal business operations are delayed or become impossible or commercially impracticable, then Company shall have the option, by giving WEA written notice, to suspend its obligations under this Agreement affected by such Force Majeure Event, effective upon receipt by WEA of such notice, for the duration of any such contingency. Should Company suspend its obligations under this Agreement pursuant to this Paragraph 10(e), such suspension shall not constitute a breach hereunder and Company shall not be subject to price rebates under Paragraph 15 with respect to any occurrences during the pendency of such suspension. Immediately upon Company's assertion of its right to suspend its obligations under this Agreement, WEA shall have the right to manufacture and/or package Products itself or through third parties during the pendency of such suspension. Further, should Company suspend its obligations under this Agreement, WEA shall, on and from the date which is [*] after the occurrence of (which may be earlier than Company's assertion of suspension under) a Force Majeure Event, have the right to terminate the Term of this Agreement by notice in writing to Company unless prior to the date of such termination Company has by notice in writing to WEA ended the suspension of Company's obligations under this Agreement. For the avoidance of doubt, should WEA exercise its right of termination under this Paragraph 10(e), no cure period shall be associated with Company's failure to perform its obligations hereunder. No liability or obligation of Company under any provision hereof, other than those directly affected by a Force Majeure Event, shall be in any way limited or forgiven as a result of any Force Majeure Event.

(ii) In addition, within [*] of becoming aware of any circumstance or event which may reasonably be anticipated to cause or constitute a Force Majeure Event, Company shall notify WEA of such circumstance or event. For the avoidance of doubt, such notice shall not constitute an assertion by Company of its right to suspend its obligations hereunder.

(iii) If for any reason, Company is unable to provide any Services hereunder in connection with any Order(s) for a period exceeding [*] and such inability is reasonably likely to result in Company being unable to meet the Service Level Requirements set forth herein,

WEA shall have the right to immediately contract with a third party to provide all or any portion of such services for such period of time as may be reasonably necessary for WEA to obtain the services required to fulfill any such Order(s). Once WEA is reasonably satisfied that Company is again able to provide the required Services, WEA shall return the contracted Services to Company as soon as it is reasonably able to do so; provided, however, that the return of such Services to Company shall be subject to any reasonable commitment WEA has made to the applicable third party that such Services would remain with such third party for a period of time. Company shall reimburse WEA upon demand for any and all incremental out-of-pocket charges that WEA reasonably incurs as a result of transferring its Services under this Paragraph 10(e)(iii).

(f) If WEA purports to terminate this Agreement under this Paragraph 10, each party hereto shall have the right to seek any remedy or other relief available under applicable law (except as limited by Paragraph 16(n)), and each party hereto shall have the right to assert any defenses available under applicable law; provided, however, that under no circumstances shall any party from whom WEA obtains services in substitution for any or all Services to be provided hereunder have any liability whatsoever to Company arising out of or related to any actual or purported termination of this Agreement by WEA, even if in violation of this Agreement and Company shall take no action against any such party in connection with the provision of such services by such party to WEA.

11. Anti-Piracy Activities. Company (and WEA, to the extent applicable to a content provider) shall at all times use commercially reasonable efforts to comply with industry standard procedures associated with anti-piracy activities including: (i) the IRMA anti-piracy compliance program; (ii) the IFPI anti-piracy compliance program; and (iii) all other measures and procedures described in the RIAA Draft CD Plant Good Business Practices set forth therein.

12. Adjustments. [*]

[*]

(d) [*]

[*]

(e) [*]

(g) Each of WEA and Company agrees to negotiate in good faith to attempt to resolve any disagreement which may arise in connection with the implementation or interpretation of the terms and provisions of this Paragraph 12. In the event that such good faith negotiation does not result in the resolution of any such disagreement within a fifteen (15)-day period, the parties shall retain an arbitrator to make a fair and reasonable determination as to any such disagreement (the "Arbitrator"). The Arbitrator shall be a retired executive or attorney with substantial experience in the field of manufacturing, preferably in the manufacturing of Optical Discs, shall be independent of each of WEA and Company, and shall endeavor to provide a determination of any dispute among the parties within thirty (30) days of being retained, but in each case, as quickly as possible. The parties shall jointly appoint the Arbitrator and the identity of the Arbitrator shall be satisfactory to each of the parties. The parties shall share equally in the cost and expense of retaining the Arbitrator. If the parties cannot agree upon a person to act as the Arbitrator within thirty (30) days of the expiry of the fifteen (15)-day negotiation period specified in this Paragraph 12(g), then the Arbitrator shall be selected by the American Arbitration Association. Any arbitration hereunder shall be conducted in conformance with the rules established by the American Arbitration Association. Any determination made by the Arbitrator shall be final and binding on each of the parties.

13. Confidentiality. (a) Each of Company and WEA shall, and shall cause its affiliates, and its and its affiliates' directors, officers, employees and agents (each, a "Recipient") to, maintain in confidence the material terms of this Agreement, except that WEA may disclose this Agreement on a confidential basis in connection with a potential Recorded Music Major Transaction, to a potential assignee under Paragraph 16(c) or to third parties and WEA affiliates as may be necessary in the ordinary course of business (provided, that any such disclosure shall be limited to those persons who agree to be bound by the provisions of this Paragraph). The restriction in the preceding sentence shall not apply to information that: (i) becomes generally available to the public other than as a result of disclosure by such Recipient contrary to this Agreement; (ii) was available to such Recipient on a non-confidential basis prior to its disclosure to such Recipient; (iii) becomes available to such Recipient on a non-confidential basis from a source other than any other Recipient unless such Recipient knows that such source is bound by a confidentiality agreement or is otherwise prohibited from transmitting the information to such Recipient by a contractual obligation; (iv) is independently developed by such Recipient without reference to confidential information received from any other party; (v) is required to be disclosed by applicable law or legal process, provided that any Recipient disclosing pursuant to this clause (v) shall notify the other party at least five (5) days prior to such disclosure so as to allow such other party an opportunity to protect such information through protective order or otherwise; (vi) is required to be disclosed by any listing agreement with, or the rules or regulations of, any security exchange on which securities of such Recipient or any of its affiliates are listed or traded; or (vii) is required to be disclosed by a party in order to perform its obligations under the Agreement; provided, that any such disclosure shall be limited to those persons who have a need to know such information and who agree to be bound by the provisions of this Paragraph 13. No party hereto shall make a press release or public announcement concerning this Agreement without the prior written consent of the other party hereto.

(b) Company shall, and shall cause its affiliates, and its and its' affiliates' directors, officers, employees and agents to, maintain in confidence all information that: (i) is in its or their possession by reason of Company's performance of Services hereunder; and (ii) relates to the Products. WEA shall, and shall cause its affiliates, and its and its' affiliates' directors, officers, employees and agents to, maintain in confidence all information that: (x) is in its or their possession by reason of Company's performance of Services hereunder; and (y) relates to the pricing, methods of manufacture or other proprietary information of Company. The restrictions in the two preceding sentences shall not apply to information that: (A) becomes generally available to the public other than as a result of disclosure by such Recipient contrary to this Agreement; (B) was available to such Recipient on a non-confidential basis prior to its disclosure to such Recipient; (C) becomes available to such Recipient on a non-confidential basis from a source other than any other Recipient unless such Recipient knows that such source is bound by a confidentiality agreement or is otherwise prohibited from transmitting the information to such Recipient by a contractual obligation; (D) is independently developed by such Recipient without reference to confidential information received from any other party; (E) is required to be disclosed by applicable law or legal process, provided that any Recipient disclosing pursuant to this clause (E) shall notify the other party at least five

(5) days prior to such disclosure so as to allow such other party an opportunity to protect such information through protective order or otherwise; or (F) is required to be disclosed by any listing agreement with, or the rules or regulations of, any security exchange on which securities of such Recipient or any of its affiliates are listed or traded. Notwithstanding anything to the contrary above, WEA and its affiliates shall be permitted to disclose any information on a confidential basis in connection with a potential Recorded Music Major Transaction, to a potential assignee under Paragraph 16(c) or to third parties and WEA affiliates as may be necessary in the ordinary course of business (provided, that any such disclosure shall be limited to those persons who agree to be bound by the provisions of this Paragraph).

(c) The obligations of WEA and Company under Paragraphs 13(a) and 13(b) shall survive for [*] following the expiration or termination of the Term.

(d)

(i) Notwithstanding anything to the contrary set forth in this Paragraph 13, the parties hereby agree that, as of the earliest of: (A) the date of the public announcement of discussions relating to the transactions contemplated by the Stock Purchase Agreement (the "Transaction"); (B) the date of the public announcement of the Transaction; and (C) the date of the execution of an agreement (with or without conditions) to enter into the Transaction, each party (and each employee, representative or other agent of such party) may disclose

to any and all persons, without limitation of any kind, the tax treatment and tax structure of the Transaction and all materials of any kind (including opinions or other tax analyses) that are provided to such party relating to such tax treatment and tax structure.

(ii) The parties acknowledge that: (A)(x) the identity of any existing or future party (or any affiliate of such party) to the Transaction; and (y) any specific pricing information or other commercial terms, including the amount of any fees, expenses, rates or payments arising in connection with the Transaction, are not included in the meaning of the terms "tax treatment" and "tax structure" as referred to in clause (i) of this Paragraph 13(d); and (B) nothing in this Agreement shall in any way limit any party's ability to consult any tax advisor (including a tax advisor independent from all other entities involved in this Transaction) regarding the tax treatment or tax structure of the Transaction.

14. Definitions. (a) Certain Terms.

(i) "Acquired Facility" shall mean any of the United States facilities which are being acquired by Company in connection with the Stock Purchase Agreement.

(ii) "Armed Forces Post Exchanges" shall mean United States military posts, ships' stores or other United States armed forces facilities.

(iii) "Catalog Titles" shall mean any Product (or Component thereof) following such Product's "street date."

(iv) "Change of Control" shall mean (i) any merger or consolidation of Company or Parent with a Major or its affiliates or any sale, transfer, issuance or other disposal (in one transaction or in a series of transactions) of all or more than thirty percent (30%) of the shares of capital stock, partnership interests, membership interests in a limited liability company or other equity ownership interests ("Equity Interests") of Parent or Company (or any subsidiary of Parent or Company engaged in the business of provided M&P Services, whether now owned or hereafter acquired) to a Major or its affiliates; (ii) the failure by Parent to own, directly or indirectly, beneficially and of record, Equity Interests in company representing at least eighty percent (80%) of each of the aggregate ordinary voting power and aggregate equity value represented by the issued and outstanding Equity Interests in Company; (iii) Parent or Company sells all or substantially all of its assets; or (iv) any other event which results in Parent no longer controlling the direction or management of Company.

(v) "Combined Entity" shall mean the entity or entities formed as a result of any Recorded Music Major Transaction.

(vi) "Components" shall mean the packaging or promotional elements included in the Containers or utilized in connection therewith, including inserts, booklets and inlay cards and stickers.

(vii) "Containers" shall mean the containers (e.g., jewel boxes and snapper boxes) into which Records are collated.

(viii) "Contract Year" shall mean each separate, consecutive one (1)-year period of the Term, the first such period to commence on the first day of the Term.

(ix) "Facility" shall mean any facility owned and/or leased and controlled by Company or one of Company's affiliates.

(x) "Hit Titles" shall mean Catalog Titles designated by WEA as such based upon current or anticipated sales and delivery requirements.

[*]

[*]

(xii) "International Manufacturing Agreement" shall mean the International Manufacturing and Packaging Agreement between WMI and Company dated as of the date hereof.

(xiii) "International PP&S Agreement" shall mean the International Pick, Pack and Shipping Services Agreement between WMI and Company dated as of the date hereof.

(xiv) "Inventory" shall mean all inventory of units of Components and finished units of Products stored in any Facility.

(xv) "Key Release" shall mean a New Release of which greater than [*] and less than [*] units have been Ordered.

(xvi) "Key Release Date" shall mean the date by which the Orders for a Key Release are required to be shipped pursuant to Schedule A hereto.

(xvii) "M&P Services" shall mean Manufacturing Services and Packaging Services.

(xviii) "Major" shall mean any one of the following companies: Sony Music Entertainment Inc., Bertelsmann Music Group, EMI Group plc or Universal Music Group (or their successors).

(xix) "Manufacturing Services" shall mean: (i) selected pre-production services (as reasonably determined by WEA and normally rendered by manufacturers of Products); (ii) selection of suppliers; (iii) ordering raw materials (including Components) from various

suppliers such as pressing plants, duplicators and printers; (iv) assembly;

(v) arranging shipment of Components to various points; (vi) arranging shipment of finished units from point of manufacture to WEA's distributor and to other shipment locations identified by WEA; and (vii) inventory control, all of the foregoing for Optical Discs only.

(xx) "Manufacturing Source Materials" shall mean, collectively, all materials (other than raw materials such as plastic) necessary to manufacture finished units including Masters and Components, whether in physical or electronic form (as determined by WEA).

(xxi) "Master" shall mean any recording embodied in any form from which Records may be derived.

(xxii) "New Release" shall mean any Product (or Component thereof) prior to and including such Product's "street date." For the purposes of Schedule A hereto, all promotional units of Products shall be treated as New Releases.

(xxiii) "Optical Disc" shall mean any kind of optical disc now known or hereafter devised, including a compact disc in any of its forms and a Digital Versatile Disc in any of its forms and any other high-density optical disc. For the purposes of this definition, a compact disc includes audio CD, CD-ROM, Video CD, CD-I, CD-R, CD-RW, Photo CD, Enhanced CD and CD+G, as each such term is commonly used and understood. For the purposes of this definition, a Digital Versatile Disc includes DVD-Audio, DVD-Video, DVD-ROM, DVD-R, DVD-RW and DVD-RAM, as each such term is commonly used and understood. "Optical Disc" shall not include so-called "high-definition" Digital Versatile Discs ("HD-DVDs"); provided, however, that if WEA's total production of units of Products in HD-DVD format for any Contract Year exceeds [*] of WEA's total production of units of Products in all formats for such Contract Year (including units of Products in HD-DVD format), then thereafter during the Term, on a prospective basis, HD-DVDs shall be deemed to be "Optical Discs" hereunder. "Optical Disc" shall include the so-called "Hybrid" CD/DVD Disc.

(xxiv) "Order" shall mean a request made by WEA for the manufacture and/or packaging of units of Products, Components or any other materials hereunder. An "Order" may be for individual Products, Components or other materials, may be for multiple Products, Components or other materials and may specify multiple quantities of the same Product, Component or other materials to be produced for delivery to single and/or multiple locations. An "Order" shall include a "bill of materials" or "BOM" as said term is utilized in the manufacturing industry.

(xxv) "Packaging Services" shall mean: (i) selected pre-production services (as reasonably determined by WEA and normally rendered by

packagers of Records); (ii) selection of raw material suppliers; (iii) ordering raw materials from various suppliers; (iv) printing of required printed materials; (v) assembly; (vi) arranging shipment of finished units of Components from point of manufacture to shipment locations identified by WEA; and (vii) inventory control, all of the foregoing for Optical Discs only.

(xxvi) "Packaging Source Materials" shall mean, collectively, all materials (other than raw materials such as ink and paper) necessary to manufacture Components, whether in physical or electronic form (as determined by WEA).

(xxvii) "Parent" shall mean Cinram International Inc.

(xxviii) "Platinum Release" shall mean a New Release for which greater than [*] have been Ordered.

(xxix) "Platinum Release Date" shall mean the date by which the Orders for a Platinum Release are required to be shipped pursuant to Schedule A hereto.

(xxx) "Pre-Production" shall mean all steps that must be taken in preparation for manufacture once an Order has become Workable.

(xxxi) "Production" shall mean both the actual manufacture of units of Components and/or finished units of Products (as applicable) and the completed delivery of such units to locations in the Territory designated by WEA.

(xxxii) "Products" shall mean all Records intended for sale in the Territory for which WEA requires M&P Services to be performed during the Term and for which WEA has the unilateral right to control the identity of the party who renders such M&P Services. Following a Recorded Music Major Transaction, "Products" shall mean all Records intended for sale in the Territory for which the Combined Entity requires M&P Services to be performed during the Term and for which the Combined Entity has the unilateral right to control the identity of the party who renders such M&P Services. It has been WEA's general custom to use its commercially reasonable efforts to acquire the unilateral right to control the identity of the party who renders M&P Services in connection with Records. WEA shall continue to do so during the Term, in accordance with past practice. For the avoidance of doubt, Records sold through so-called "kiosks" shall not constitute "Products" hereunder.

(xxxiii) "Recorded Music Major Transaction" shall mean a joint venture, merger, or other combination of all or a substantial portion of the

recorded music businesses of Warner Music Group with all or a substantial portion of the recorded music businesses of any Major.

(xxxiv) "Records" shall mean all physical forms of recording and reproduction by which sound may be recorded now known or which may hereafter become known, manufactured or sold primarily for home use, jukebox use, or use on or in means of transportation, including magnetic recording tape, film, electronic video recordings and any other physical medium or device for the production of artistic performances manufactured or sold primarily for home use, jukebox use or use on or in means of transportation, whether embodying: (i) sound alone; or (ii) sound synchronized with visual images, e.g., "sight and sound" devices, but only so long as such forms of recording and reproduction contain performances of works by recording artists.

(xxxv) "Services" shall mean the M&P Services and all other services to be provided by Company under this Agreement.

(xxxvi) "Source Materials" shall mean Manufacturing Source Materials and Packaging Source Materials.

(xxxvii) "Stock Purchase Agreement" shall mean the Stock Purchase Agreement among AOL Time Warner Inc., Parent and Company dated as of July 18, 2003.

(xxxviii) "Term" shall mean the [*] commencing on the Closing Date, as such term is defined in the Stock Purchase Agreement, subject to earlier termination in accordance with Paragraph 10.

(xxxix) "Territory" shall mean the United States, its territories and possessions, including Puerto Rico, and Armed Forces Post Exchanges serviced from distribution points in the U.S.

(xl) "US PP&S Agreement" shall mean the US Pick, Pack and Shipping Services Agreement between WEA and Company dated as of the date hereof.

(xli) "WEA Facility" shall mean any Facility at which Company provides or has provided Services to WEA hereunder.

(xlii) "WHV" shall mean Warner Home Video Inc.

(xliii) "WMI" shall mean WEA International Inc.

(xliv) "Workable" shall mean: (i) for orders of Manufacturing Services, an Order for which all of the items to be furnished by WEA (such as Source Materials and similar materials) reasonably necessary to complete manufacturing of finished units of Products have been received

by Company in reasonably sufficient quantities; and (ii) for orders of Packaging Services, an Order for which all of the items to be furnished by WEA (such as Source Materials and similar materials) reasonably necessary to complete manufacturing of Components have been received by Company in reasonably sufficient quantities.

(b) Other Definitional and Interpretative Provisions.

(i) The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Paragraph and Schedule references are to this Agreement unless otherwise specified.

(ii) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

(iii) Unless the context requires otherwise, other grammatical forms of defined words or expressions used herein have corresponding meanings.

15. [*]

(b) [*]

limit WEA's other rights against Company for breach hereof, but any amounts paid by Company pursuant to this Paragraph 15 shall reduce any amounts otherwise payable by Company with respect to such breach.

16. Miscellaneous. (a) Entire Agreement, Modification. This Agreement contains the entire understanding of the parties hereto relating to the subject matter hereof and supersedes all previous agreements or arrangements between the parties, both written and oral, hereto relating to the subject matter hereof, except that nothing in Paragraph 3 shall limit the obligations of Company under the US PP&S Agreement. This Agreement cannot be changed except by an instrument signed by the authorized signatories of the parties hereto.

(b) Waiver. Any party to this Agreement may: (i) extend the time for the performance of any of the obligations or other acts of the other party hereto; (ii) waive any inaccuracies in the representations and warranties of the other party contained herein or in any document delivered by the other party pursuant hereto; or (iii) waive compliance with any of the agreements or conditions of the other party hereto contained herein. Any such extension or waiver shall be valid only if set forth in an instrument in writing signed by the party to be bound thereby. Any waiver of any term or condition shall not be construed as a waiver of any subsequent breach or a subsequent waiver of the same term or condition, or a waiver of any other term or condition, of this Agreement. The failure of either hereto party to assert any of its rights hereunder shall not constitute a waiver of any of such rights.

(c) Assignment. Company shall not have the right without WEA's prior written consent (which consent may be granted or withheld in the sole discretion of WEA) to assign this Agreement or any of the rights granted to Company hereunder; provided, however, that: (i) Company shall be permitted to assign this Agreement to Parent or any wholly owned subsidiary of Parent; and (ii) if Company sells all or a majority of Company's Equity Interests in Ivy Hill Corporation to a third party (the "Ivy Purchaser"), then Company shall thereafter have the right to assign to the Ivy Purchaser by way of an agreement entered into among Company, Ivy Hill Purchaser and, at WEA's option, WEA, Company's rights hereunder to perform the Packaging Services in connection with printed Components only; provided, further, that in each case, notwithstanding such assignment, Company at all times shall remain directly and fully liable to WEA for the performance of such M&P Services hereunder. WEA shall have the right without Company's consent to assign this Agreement, in whole or in part, to any subsidiary, parent company or affiliate of WEA, or to any third party acquiring all or substantially all of WEA's assets or equity; provided, however, that in each case, notwithstanding such assignment, WEA at all times shall remain directly and fully liable to Company for the performance of the obligations of WEA hereunder.

(d) Further Assurances. Company and WEA each agree to execute and deliver all such other and additional instruments and documents and to do such other acts and things as may be necessary to more fully effectuate this Agreement.

(e) Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of, and shall be enforceable by, each of the parties hereto and their respective permitted assigns.

(f) Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by courier service, by telecopy or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Paragraph 16(f)):

WEA:

c/o Warner Music Group Inc.
75 Rockefeller Plaza
New York, New York 10019
Attn: EVP & CFO
Fax: (212) 258-3121

with a copy to:

Warner Music Group Inc.
75 Rockefeller Plaza
New York, New York 10019
Attention: EVP & General Counsel
Fax: (212) 258-3092

Company:

Cinram International Inc.
2255 Markham Road
Scarborough, Ontario M1B 2W3
Canada
Attn: Dave Rubenstein, President
Fax: (416) 298-0612

with a copy to

Ervin, Cohen & Jessup LLP
9401 Wilshire Boulevard, 9th Floor
Beverly Hills, California 90212
Attn: Howard Z. Berman, Esq.
Fax: (310) 859-2325

(g) Headings. The descriptive headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

(h) Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any federal, state, local or foreign statute, law, ordinance, regulation, code, order, other requirement or rule of law or by public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party hereto. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties hereto as closely as possible in an acceptable manner in order that the transactions contemplated thereby are consummated as originally contemplated to the greatest extent possible.

(i) No Agency. WEA and Company each shall have the status of an independent contractor and nothing herein contained shall contemplate or constitute WEA as Company's agent or employee or Company as WEA's agent or employee. This Agreement does not constitute or acknowledge any partnership or joint venture between WEA and Company.

(j) No Third Party Beneficiaries. Except for the provisions of Paragraphs 9(b) and 9(d) relating to indemnified parties, this Agreement shall be binding upon and inure solely to the benefit of the parties hereto and their permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other party any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

(k) **GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, APPLICABLE TO CONTRACTS EXECUTED IN AND TO BE PERFORMED ENTIRELY WITHIN THAT STATE. EXCEPT AS PROVIDED IN PARAGRAPH 12(g) OR SCHEDULE F HERETO, ALL ACTIONS AND PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT SHALL BE HEARD AND DETERMINED IN ANY NEW YORK STATE OR FEDERAL COURT SITTING IN THE CITY OF NEW YORK, AND THE PARTIES HERETO HEREBY IRREVOCABLY SUBMIT TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS IN ANY SUCH ACTION OR PROCEEDING AND IRREVOCABLY WAIVE THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF ANY SUCH ACTION OR PROCEEDING, EACH PARTY HERETO IRREVOCABLY CONSENTS TO THE SERVICE OF ANY AND ALL PROCESS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES OF SUCH PROCESS TO SUCH PARTY AT ITS ADDRESS SPECIFIED IN PARAGRAPH 16(f). THE PARTIES HERETO AGREE THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN**

OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS PARAGRAPH 16(k) SHALL AFFECT THE RIGHT OF EITHER PARTY HERETO TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW. THE CONSENTS TO JURISDICTION SET FORTH IN THIS PARAGRAPH 16(k) SHALL NOT CONSTITUTE GENERAL CONSENTS TO SERVICE OF PROCESS IN THE STATE OF NEW YORK AND SHALL HAVE NO EFFECT FOR ANY PURPOSE EXCEPT AS PROVIDED IN THIS PARAGRAPH 16(k) AND SHALL NOT BE DEEMED TO CONFER RIGHTS ON ANY PARTY OTHER THAN THE PARTIES HERETO.

(l) WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY. EACH PARTY HERETO: (i) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER; AND (ii) ACKNOWLEDGES THAT IT AND THE OTHER PARTY HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS PARAGRAPH 16(l).

(m) Consents. Except as specifically provided to the contrary herein, if any consent, approval or authority is required from either party hereto, such consent, approval or authority shall not be unreasonably withheld or delayed.

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(o) Counterparts. This Agreement may be executed in one or more counterparts, and by the parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

If the foregoing is acceptable, please acknowledge the same by signing in the appropriate places below.

WARNER-ELEKTRA-ATLANTIC CORPORATION

By: /s/ David H. Johnson
Name: David H. Johnson
Title: Vice President and Secretary

CINRAM MANUFACTURING INC.

By: /s/ LEWIS RITCHIE
Name: LEWIS RITCHIE
Title: TREASURER

List of Attached Schedules

Schedule A: Service Level Requirements
Schedule B: Technical Specifications
Schedule C: Fees
Schedule D: Approved Subcontractors
Schedule E: WEA's Code of Conduct for Third-Party Service Providers
Schedule F: Insurance Coverage
Schedule G: Contract Year Global Volume Rebate
Schedule H Additional Pricing Schedule
Schedule I Additional M&P Service Prices

Schedule A

[*]

Schedule B

Technical Specifications

[*]

Schedule C

[*]

Schedule D

Approved Subcontractors

Schedule E

WEA's Code of Conduct For Third Party Service Providers

1. Company will not (without WEA's written consent) manufacture merchandise utilizing any properties the copyright or trademark to which is owned or licensed exclusively by WEA or its wholly owned or controlled affiliates, other than Products in accordance with this Agreement.

2. Company shall not use child labor in the manufacturing, packaging or distribution of Products. The term "child" refers to a person younger than the local legal minimum age for employment or the age for completing compulsory education, but in no case shall any child younger than fifteen (15) years of age (or fourteen (14) years of age where local law allows) be employed in the manufacturing, packaging or distribution of Products.

3. Company shall only employ persons whose presence is voluntary. Company shall not use any forced or involuntary labor, whether prison, bonded, indentured or otherwise.

4. Company shall treat each employee with dignity and respect, and shall not use corporal punishment, threats of violence, or other forms of physical, sexual, psychological or verbal harassment or abuse.

5. Company shall not discriminate in hiring and employment practices, including salary, benefits, advancement, discipline, termination, or retirement on the basis of race, religion, age, nationality, social or ethnic origin, sexual orientation, gender, political opinion or disability.

6. Company recognizes that wages are essential to meeting employees' basic needs. Company shall comply, at a minimum, with all applicable wage and hour laws, including minimum wage, overtime, maximum hours, piece rates and other elements of compensation, and shall provide legally mandated benefits. If local laws do not provide for overtime pay, Company shall pay at least regular wages for overtime work. Except in extraordinary business circumstances, Company shall not require employees to work more than the lesser of (a) forty-eight (48) hours per week and twelve (12) hours overtime or (b) the limits on regular and overtime hours allowed by local law, or, where local law does not limit the hours of work, the regular work week in such country plus twelve (12) hours overtime. In addition, except in extraordinary business circumstances, employees will be entitled to at least one (1) day off in every seven (7) day period. Company agrees that, where local industry standards are higher than applicable legal requirements, it will meet the higher standards.

7. Company shall provide employees with a safe and healthy workplace in compliance with all applicable laws, ensuring, at a minimum, reasonable access to potable water and sanitary facilities, fire safety, and adequate lighting and ventilation. Company also shall ensure that the same standards of health and safety are applied in any housing it

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provides for employees. Company shall provide WEA with all information WEA may request about manufacturing, packaging and distribution facilities for the Products.

8. Company shall respect the rights of employees to associate, organize and bargain collectively in a lawful and peaceful manner, without penalty or interference, in accordance with applicable laws.

9. Company shall comply with all applicable laws, including those pertaining to the manufacture, pricing, sale and distribution of Products.

10. Company shall comply with all applicable environmental laws.

Schedule F

Insurance Coverage

NOTE: The following insurance requirements are intended to provide insurance coverage under this Agreement and each of the other service agreements being entered into between the parties hereto and their affiliates as of the date hereof. Accordingly, to the extent any such other agreements require insurance coverage thereunder that is duplicative of the insurance coverage provided for below, such insurance coverage need not be duplicated under such other agreements.

1. Property Insurance, Including Extra Expense and Business Interruption: Company at all times and at its own cost and expense shall insure WEA's property as defined and required in this Agreement under so-called "all risk" policies of insurance, including but not limited to coverage for extended perils, earthquake, windstorm, flood, and collapse; open cargo, war risk cargo and terrorism. Company shall purchase an insurance policy that indemnifies WEA for non-physical damage to source material, if available on a commercially reasonable basis and is warranted by the risk profile of the Company. WEA's property shall consist of and not be limited to source material, finished goods and inventory, returned stock, master recordings, digital files, DVDs, CDs and all printing and packaging material.

Either dedicated policies or portfolio (blanket) coverage forms may provide the "all risk" property insurance, providing that the per occurrence limit of insurance available with respect to the WEA property at any Company location for property damage, business interruption, and extra expense shall not be less than [*] except, that coverage for California Earthquake shall be no less than [*] per occurrence and in aggregate; and Terrorism for WEA Manufacturing Alsdorf shall be no less than [*] per occurrence and in aggregate. Further, the limits of insurance applicable to the extended perils and the perils of earthquake, flood and terrorism shall be an annual aggregate. The deductible on said policies shall be the sole responsibility of Company and be of no greater amount than is commercially reasonable for a company of its financial standing. These policies shall be primary to any policy maintained by or on behalf of WEA. WEA may, at any time, review the amount of insurance required hereunder, and may, from time to time, but in no event more than annually, require a lower or higher amount depending on the best available estimate of the aggregate exposure to loss arising from damage to WEA's property under this Agreement.

The open cargo and war risk cargo insurance policies shall provide per shipment limits of indemnity of no less than [*] and contain a warehouse coverage endorsement. In the event that the [*] limit of insurance is not adequate to fully insure any given shipment under this Agreement, Company shall purchase additional insurance to cover the full replacement cost of the shipment. The deductible on these policies shall be no greater than what is commercially reasonable for an enterprise with Company's financial standing. The

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deductible shall be the responsibility of Company and this coverage shall be primary to any coverage maintained by WEA.

All policies shall provide for a reimbursement value with respect to WEA's property at replacement cost for new property of like kind and quality, with no deduction for depreciation, and shall include WEA, its partners, officers, employees, and affiliates as loss payees under the policies as their interest may appear, and shall provide that no act or omission on the part of Company as the title insured shall prejudice a direct claim by the additional insured. All property policies shall include a waiver of subrogation in favor of WEA. Further, Company agrees to secure terms with its insurer that in the event that Company fails to pay premium resulting in a cancellation of coverage that WEA will be given the opportunity to maintain coverage for its insured property under the policy; and Company will reimburse WEA within [*] of notice for the expense incurred.

2. Public Liability Insurance: Company shall also be required to obtain and maintain comprehensive general liability insurance and a follow-form "umbrella liability" policy, providing insurance against claims for bodily injury, including death, property damage, personal and advertising injury, blanket contractual liability, broad form property damage liability, explosion, collapse and underground hazard, and products and completed operations, for such claims occurring or alleged to have occurred in the course of any operations or activities contemplated by this Agreement, in such amounts as from time to time are carried by prudent owners of comparable operations, but in no event less than [*] per occurrence and [*] in the annual aggregate, and covering as additional insureds all the WEA individuals and entities for which and to the extent it is responsible under this Agreement.

3. Workers' Compensation and Employers' Liability Insurance:

The Workers' Compensation policy shall include the following coverage:

1. Coverage A Statutory

2.	Coverage B	Employers' Liability
	Bodily Injury by Accident	$[*] each accident
	Bodily Injury by Disease	$[*] policy limit
	Bodily Injury by Disease	$[*] each employee

Company shall maintain any other employment related insurance coverage required by any jurisdiction having control over any employees or operations used in connection with this Agreement.

4. Automobile Liability Insurance: Company shall purchase and maintain automobile liability and follow-form "umbrella liability" insurance for all owned, non-owned and hired vehicles with limits of not less than one hundred million dollars ($100,000,000) combined single limit for bodily injury and property damage. This insurance coverage must include all automotive and truck equipment used in the

performance of the work under this Agreement, and must include the loading and unloading of same.

5. Environmental Liability Insurance: In the event Company encounters and must perform or engage a contractor to perform work related to the remediation or abatement of "hazardous material" which includes, without limitation, any flammable explosives, radioactive materials, hazardous materials, hazardous waste, hazardous or toxic substances, or related materials defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. Section 9601, et seq.), the Superfund Amendments and Reauthorization Action of 1986 (Pub. L. No. 99-499, 100 stat. 1613 (1986)), the Hazardous Material Transportation Act, as amended (49 U.S.C. Section 1801, et seq.) and in the regulations adopted and publications promulgated pursuant thereto, or any other federal, state or local environmental law, ordinance, rule, or regulation (or applicable law in any jurisdiction outside the US), Company, or any contractor performing such work on behalf of Company, shall provide "contractor's pollution liability" insurance, as applicable to the work to be performed, covering claims from third party injury and property damage as a result of pollution conditions emanating from on-site, under the site, or off the site arising out of its operations and completed operations. Completed operations coverage shall remain in effect for no less than [*] after final completion. Minimum liability limits, including excess liability coverage, shall be [*] each occurrence and [*] in the aggregate.

The automobile liability insurance must contain provisions for thirty (30) days prior written notice of cancellation, nonrenewal, material change or reduction of insurance sent by certified mail return receipt requested, and waiver of subrogation in favor of WEA, additional insureds and all other such entities, as may be reasonably requested by WEA.

6. Provisions Applicable to All Policies of Insurance Required Hereunder: Policies of insurance shall be underwritten by an insurer with an AM Best rating of no less than A- and a financial size class of VII or better (or an equivalent rating from an alternate rating agency), and may be an admitted or non-admitted carrier. Any insurer not meeting these criteria must be approved in writing by WEA's risk management department whose authorization shall not be unreasonably withheld. Satisfactory evidence of insurance shall be provided before the commencement of this Agreement and shall be evidenced at each renewal by a binder and certificate of insurance at least ten (10) days before expiration of coverage and upon request of WEA, on an annual basis or as necessitated by a material change in coverage or legal action. Company shall forward to WEA a copy of all required policy forms upon request. With respect to property located outside the U.S, any loss payable to WEA shall be adjusted and paid in the currency of the United States of America, subject to the rate of exchange published in The Wall Street Journal on the date of the loss. If Company elects to maintain insurance for property located outside the US, where the policy is denominated in a currency other than the US dollar, such policy limits and deductibles shall at all times be sufficient to meet the US dollar denominated requirements set forth on this Schedule F.

Each of WEA and Company agrees to negotiate in good faith to attempt to resolve any disagreement which in any way affects any insurance required to be carried hereunder. In the event that such good faith negotiation does not result in the resolution of any such disagreement within a fifteen (15) day period, the parties shall retain an arbitrator to make a fair and reasonable determination as to any such disagreement (the "Insurance Arbitrator"). The Insurance Arbitrator shall be a retired executive or attorney with substantial experience in the insurance industry, preferably in the field of manufacturing, shall be independent of each of WEA and Company, and shall endeavor to provide a determination of any dispute among the parties within thirty (30) days of being retained, but in each case, as quickly as possible. The parties shall jointly appoint the Insurance Arbitrator and the identity of the Insurance Arbitrator shall be satisfactory to each of the parties. The parties shall share equally in the cost and expense of retaining the Insurance Arbitrator. If the parties cannot agree upon a person to act as the Insurance Arbitrator within thirty (30) days of the expiry of the fifteen (15) day negotiation period specified in this Paragraph 6, then the Arbitrator shall be selected by the American Arbitration Association. Any arbitration hereunder shall be conducted in conformance with the rules established by the American Arbitration Association. Any determination made by the Insurance Arbitrator shall be final and binding on each of the parties. For the avoidance of doubt, Company shall at all times including during the pendency of any dispute and until such time as such dispute is resolved be required to continue to procure insurance policies at its sole expense in full force and effect as required in this Agreement and as specified herein.

Schedule G

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Schedule H

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Schedule I
Additional M&P Service Prices
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EXECUTION COPY

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY ASTERISKS, HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO RULE 406 UNDER THE SECURITIES ACT OF 1933, AS AMENDED.

INTERNATIONAL PICK, PACK AND SHIPPING SERVICES AGREEMENT

between

WEA INTERNATIONAL INC. ("WMI")

AND

WARNER MUSIC MANUFACTURING EUROPE GmbH (to be renamed CINRAM GmbH) COMPANY ("Company")

Dated as of October 24, 2003

Capitalized terms not defined where they appear in the text are defined in Paragraph 13.

1. Appointment. (a)

(i) WMI hereby appoints Company to render, and Company shall render, PP&S Services for one hundred percent (100%) of Products for direct shipment to retail customers in the Exclusive Territory in accordance with the terms hereof. Additionally, Company shall have non-exclusive rights to render and shall, at the request of WMI, render PP&S Services for Records intended for sale or other disposition in the Non-Exclusive Territory in accordance with the terms hereof.

(ii) Notwithstanding anything to the contrary contained in Paragraph 1(a)(i), from and after the effective date of a Recorded Music Major Transaction (the "RMMT Effective Date"), the appointment of Company hereunder shall instead be to render, and Company shall render, PP&S Services for at least the Specified Percentage (and, at WMI's election, more than the Specified Percentage) of Products in the Exclusive Territory in accordance with the terms hereof. WMI shall, use commercially reasonable efforts to provide that the Combined Entity's use of PP&S Services hereunder (i.e., mix of New Releases and Catalog Titles) following the RMMT Effective Date remains generally consistent with WMI's use of PP&S Services hereunder prior to the RMMT Effective Date. The "Specified Percentage" equals the fraction, expressed as a percentage: (A) the numerator of which shall be one hundred percent (100%) of the number of Unites of Products picked, packed and shipped for sale in the Exclusive Territory by Company for WMI under this Agreement (and/or by WMI on its own behalf, if applicable) during the twelve (12) complete calendar months immediately preceding the RMMT Effective

Date (the "WMI Output"); and (B) the denominator of which shall be the WMI Output plus one hundred percent (100%) of the number of Units of Records in physical formats picked, packed and shipped for sale in the Exclusive Territory by or for the recorded music business of the applicable Major during the same twelve (12)-month period. For the avoidance of doubt, in calculating the WMI Output no Units of Products picked, packed and shipped by Company (and/or WMI, if applicable) for WHV or its affiliates shall be included.[*]

(iv) WMI and its affiliates shall be solely responsible for: (A) all sales solicitation of Products; (B) processing of all orders of Units of Products by customers; (C) invoicing and collection of customer accounts; and (D) the processing and issuance of credits to customers.

(b) Reservation of Rights. WMI hereby reserves all rights in and to Products not otherwise expressly granted to Company herein.

(c) Reports. Company shall prepare for WMI and its affiliates the shipments, returns and inventory reports in the same format and details as were received by WMI or its affiliates prior to this Agreement and shall supply WMI and its affiliates with such reports on at least a monthly basis during the Term. If Company provides more detailed reports to any other party during the Term, Company shall, at WMI's or its affiliates' request, provide such more detailed reports to WMI and its affiliates hereunder as of the date that Company commences providing such more detailed reports to such other party but subject to the same terms and conditions under which such reports are

provided to such other party (e.g., any additional fees or amounts charged to such party for such more detailed reports). Monthly and quarterly shipments and return reports shall include at least the following information: selection number, artist name, selection title, product configuration, gross units shipped, units actually returned, net units and Fees. Nothing in such reports shall impart any competitively-sensitive information about Company, Company's affiliates or any third parties for which Company renders any services or any personal data possessed by Company.

(d) Facilities. Company shall utilize "first-class" facilities either directly or, subject to WMI's prior approval, by subcontract, for the prompt, timely, and satisfactory performance of the PP&S Services committed hereunder. All distribution center locations used by Company in connection with Products shall be subject to WMI's prior approval (which approval shall not be unreasonably withheld). WMI hereby acknowledges that those

distribution facilities owned and/or leased by WMI in the Territory immediately prior to the commencement of the Term and which are being acquired by Company pursuant to the Stock Purchase Agreement currently constitute "first-class" facilities and shall be deemed approved by WMI for Company's use hereunder in connection with Products.

(e) Company's Undertakings.

(i) Company shall render Services for WMI to all locations throughout the territory for all orders for Products as designated by WMI. The Services: (A) shall be rendered on a so-called "label blind" basis; (B) shall be rendered in at least the same general manner, subject to at least the same general standards and in at least the same general quality as provided by Company to all other parties whose products are distributed by Company in the Territory, [*] (D) shall be rendered in accordance with "first-class" standards that meet the highest quality available in the industry; and (E) shall be rendered in accordance with, or exceed, each of the service level requirements set forth on Schedule A hereto (the requirements set forth on Schedule A hereto being the "Service Level Requirements"); provided,

however, that, to the extent that the standards set forth in clauses (B) and (D) of this Paragraph are not being met as of the commencement of the Term, Company shall have a period of [*] from the commencement of the Term in which to meet such standards.

(ii) Company shall ship each product without alteration in the same configuration and format designated by WMI.

(iii) Company shall accept the return of all Units of Products previously distributed by or on behalf of WMI in the Territory prior to the commencement of the Term.

(f) Compliance with Law; Code of Conduct. Company shall comply (i) with all laws and regulations in connection with Company's undertakings under this Agreement, except where the failure to do so individually or in the aggregate is immaterial; and (ii) subject to relevant local laws including privacy laws, with the code of conduct attached as Schedule B hereto.

(g) Quarterly Meetings. At least once every calendar quarter, WMI may meet with Company's Chief Executive Officer (or equivalent) and Chief Financial Officer (or equivalent) to assess Company's performance under this Agreement and its ongoing ability to perform its obligations under this Agreement.

(h) Shipping. If WMI is responsible for shipping expenses, should WMI so elect, WMI shall have the right to: (i) select the shipping agent(s) utilized by Company for shipping of Units of Products and/or other materials hereunder (and, in doing so, assume the risk of loss for such units of Products in transit); or (ii) in lieu of selecting such shipping agent(s), require that Company submit to WMI any proposed shipping agent(s) which Company wishes to utilize hereunder for WMI's prior written approval. If, in a particular instance, WMI is not responsible for shipping expenses or WMI does not exercise its rights pursuant to the preceding sentence, Company shall utilize the same shipping agent(s) utilized by Company for the shipping of a majority of the other products shipped by or on behalf of Company.

(i) Additional Services. At WMI's reasonable request, Company shall provide WMI with assembly, packing, and shipping services for "point of sale," promotional and merchandising materials to be utilized in connection with Products. Such services shall be provided by Company to WMI on a non-exclusive basis only (and only to the extent that WMI so requests any such services) and, to the extent so requested, shall be provided to WMI [*]. Notwithstanding this Paragraph 1(i), Company shall only be required to provide such services if either WMI (either itself or through any of its affiliates) provided such services on its own behalf prior to the commencement of the Term or if Company then-currently provides such services to any party (in which case, if WMI requests such services and

Company is not contractually prohibited from providing such services to WMI, they shall be provided to WMI on the same terms and conditions as are provided to such other party). If Company provides any Services to WEA under the US PP&S Agreement, then Company shall provide such Services to WMI hereunder but only to the extent that is reasonably feasible for Company to do so.

(j) Location of Company's Distribution Facility. Any change of location of WMI's current distribution facility located in Alsdorf, Germany (the "Alsdorf Facility") shall require the prior written approval of WMI (such approval not to be unreasonably withheld); [*].

(k) Enhanced Services. Company shall work with WMI to provide cost-effective solutions to the increasing demands of WMI's business. These currently include shelf-ready product, consolidation of direct distribution to other territories, distribution services inclusive of certain generic charges such as copyright and/or royalty, local language packing slips and enhancement of customer requested data.

2. Title. Title to Units of Products hereunder (including all copyrights and trademarks contained therein) shall remain in WMI or WMI's affiliates. Company acknowledges that Products (including all intellectual property contained therein and relating thereto) are protected under copyright laws and that WMI is the rightful owner or license holder of such copyrights. Company acknowledges that any removal of any such materials from Company's approved facilities without WMI's written approval, and any distribution of any such materials in the Territory without WMI's written approval, is an infringement of WMI's copyright. Company shall bear the risk of loss for Units of Products in Company's possession, under Company's control or in transit during any shipping of Products between Facilities (to the extent that Company is responsible for paying such shipping expenses).

3. Ordering Products. WMI and its affiliates shall cause the manufacture of and delivery to Company of such stocks of Products as shall be determined by WMI in WMI's sole discretion.

4. Company's Financial Obligations. WMI shall not be responsible for payment of any of Company's (or Company's affiliates') indirect or general overhead charges or the salaries of Company's (or Company's affiliates') employees or agents. All costs associated with the rendering of Services shall be borne by Company. All charges for all packaging materials (including boxes and filler materials) are at the cost of Company. All actual, out-of-pocket, non-overhead freight charges incurred by or on behalf of Company for shipping of Units of Products from Company's distribution warehouse facilities to WMI's customers or otherwise at WMI's request shall be borne by WMI. To the extent that any shipping costs hereunder are to be borne by WMI, WMI shall only be required to pay Company's actual, documented, out-of-pocket costs charged by such shipping company for the shipment of Units of Products and/or other materials hereunder and such costs shall be reimbursed to Company within [*] following Company's rendition of such invoice to WMI (but in no event shall WMI be required to make any such payment prior to Company's payment of such invoice to such shipping agent). Company shall be solely responsible for all costs or expense's related to the shipping of Units of Products between Facilities to the extent that such movements were made at Company's own request or direction.

5. Terms of Sale of Products. WMI shall determine all terms of sale for Products.

6. Other Obligations. (a) Storage. Company shall accept and store all Units of Products delivered to or otherwise held by Company hereunder in accordance with the provisions of Schedule C hereto. Products shall be kept segregated from all of Company's other products or merchandise. The risk of loss, due to any reason, of Units of Products in Company's possession or control shall be borne by Company, as further described herein; provided, however, that to the extent any such loss was directly caused by a WMI Employee, Company shall not bear the risk of loss except to the extent such loss is or would have been covered by Company's property insurance required under this Agreement and as set forth on Schedule D hereto.

(b) Insurance. During the Term, Company shall: (i) comply with all provisions set forth on Schedule D hereto; and (ii) at Company's sole cost and expense, maintain adequate insurance coverage for: (A) all Products while such Products are in Company's possession, under Company's control or in transit to or from Company or its designees to any Facility; and (B) the other matters set forth on Schedule D hereto. The insurance required hereunder is not intended to limit Company's liability as otherwise provided in this Agreement.

(c) Computer Access. In order that WMI and its affiliates are able to monitor daily shipments, receipt, production and inventory activity of Products, Company shall give WMI access to Company's computer system for the purpose of providing WMI with real-time information stored therein relating to Products at Company's expense (but no access shall be allowed to information relating to any other party's products or any

personal data possessed by Company). Such system shall provide WMI with all of the same types of reports and information currently provided by, and as may be available from, Company's computer systems in connection with other products distributed by Company. In connection therewith, Company shall work with WMI to ensure that WMI is provided with at least the same level of reports and information that WMI's own systems provided as of the commencement of the Term. Nothing in such reports or information provided shall impart any competitively-sensitive information about Company, Company's affiliates or any third parties for which Company renders any services or any personal data possessed by Company. Such access shall be available to WMI twenty-four (24) hours a day, seven (7) days a week, at all times during the Term. Notwithstanding anything herein to the contrary, Company may perform system maintenance and upgrades during which such systems may not be available; provided, however, that such downtime does not exceed six (6) hours per week. Throughout the Term, Company shall, at Company's cost, reasonably maintain and enhance its IT services so as to be of a comparable standard to those offered by "first-class" distributors in the Territory.

(d) Inspection. Subject to the provisions set forth below, during the Term and for a period of [*] following the expiration or termination of the Term, WMI shall have the right to inspect each WMI Facility and any other facility utilized by Company in connection with Products, or the provision of Services hereunder, during regular business hours (utilizing either WMI's own employees, third-party advisers or representatives, insurers, or other experts retained by WMI). WMI may conduct such inspections of each Facility or such other facility up to [*]. During any such inspection, WMI may conduct physical inventories of Units of Products in Company's possession or under Company's control. WMI shall not have access to any competitively-sensitive information relating to any other party's products or any personal data possessed by Company during the inspections permitted under this Paragraph 6(d).

(e) Security. Company shall maintain security standards that are at least equivalent to those provided by other "first-class" distributors, both in the segregated area of the WMI Facilities for Products and throughout the WMI Facilities, and shall at all times employ the utmost care and diligence to prevent loss, damage, theft, disappearance, unauthorized destruction or usage of Products. Company's security procedures shall be subject to WMI's prior written approval. Company shall maintain such procedures as approved by WMI and as may reasonably be given to Company from time to time

throughout the Term. Notwithstanding the foregoing, Company's security measures (which shall include closed-circuit television monitoring, pass-protected access, employee checking and spot searching, etc.) shall be sufficient to ensure that Products and the intellectual property embodied in such Products are in no way compromised, stolen, "leaked" to the public (e.g., copying of recordings embodied on Products which may lead to the availability of such recordings to the public via the Internet or similar means) or otherwise made available to any unauthorized parties; provided, however, that for a period of [*] from the commencement of the Term, such security measures need be no more stringent than those currently in place at the Alsdorf Facility. Upon discovery of: (i) loss, damage, theft, disappearance, or destruction of Products exceeding [*]; or (ii) any unauthorized usage of Products, Company shall notify WMI as soon as reasonably possible, and in any event within [*] following such discovery, and shall include in such notification sufficient detail to allow WMI to investigate such incident (each, a "Security Breach Notice"). Regardless of Company's compliance with all security measures set forth herein or with procedures approved by WMI, Company shall be liable as provided herein for the loss, damage, theft, disappearance, destruction or unauthorized usage of any Products.

(f) Salvage. At all times and regardless of whether Company or its insurers are required to compensate WMI for loss as required under this Agreement, WMI shall retain the sole right to salvage for damaged Products. Company shall not surrender damaged Products to insurers or any other party for destruction or disposal without obtaining WMI's prior written consent.

(g) WMI Employees. Company shall throughout the Term, at the request of WMI, provide up to a maximum of [*] full-time employees of WMI or its affiliates (the "WMI Employees") who are responsible for stock control with, at Company's expense: (i) reasonable office accommodations at such Facilities utilized for distribution and/or warehousing as may be specified from time to time by WMI; (ii) individual computers; (iii) copy services and

any other similar office services in order to permit them to carry out their functions; (iv) office meal/pantry/refreshment and recreational and similar facilities similar to those provided by Company's employees at such facilities; and (v) all other reasonable support functions as provided to them as of the date of this Agreement. Company shall also provide telephone, Internet and fax access for each WMI Employee, and WMI shall reimburse Company for Company's actual, documented, out-of-pocket costs therefore. Amounts owing under this Paragraph 6(g) shall be invoiced by Company at month end and shall be payable [*] from the date of the rendition of such invoice; [*]. WMI shall be responsible for the direction of, and all compensation and related obligations for WMI Employees. WMI shall retain the right of direction of the employees, and such employees shall not be integrated into the Company's business. The WMI Employees shall operate in accordance with WMI's code of conduct and Company's standard code of conduct contained in its employee policy manual at the

applicable WMI Facility (which code of conduct shall be subject to WMI's reasonable approval) and all other lawful policies adopted by Company from time to time governing the conduct of all of its employees and contractors. In the performance of their tasks, the WMI Employees shall not have access to any competitively-sensitive information relating to any other party's products or any personal data possessed by Company.

[*]

7. Technology. Company shall reasonably update the WMI Facilities at Company's cost to keep up with new technology requirements, including investing in technology, systems, equipment and processes to automate distribution processes, packaging and assembly to provide at least the same level of quality and service provided by other "first-class" distributors of Records in the Territory. In the event that any investment in a fundamental new technology (e.g., the conversion to automated systems) results in a decrease in Company's net costs (i.e., taking into account the cost of Company's said investment in implementing such new technology) by more than ten percent (10%), the Fees shall be adjusted so that the net cost benefit is shared equally between WMI and Company. [*]

8. Invoices and Payments. (a) Rendition of Invoices. Except with respect to shipping charges to be borne by WMI as provided in Paragraph 3(i), in the case of WMI affiliates and licensees for each month of the Term, Company shall prepare and render invoices in Euros to such WMI affiliates and licensees on the 15th day of each such month setting forth all Fees owed by WMI hereunder with respect to such affiliates and licensees. The amount due to Company pursuant to each such invoice shall be due and payable in Euros by the WMI affiliates and directly by licensees to Company on or before [*] following Company's rendition of such invoices [*]. At WMI's sole election, Company shall prepare and render invoices in Euros to such nominated WMI affiliates and licensees with respect to each completed and shipped Order of Products setting forth all Fees owed by WMI hereunder with respect to such nominated affiliates and licenses. The amount due to Company pursuant to each such invoice shall be due and payable in Euros by the WMI affiliates and directly by licensees to Company on or before [*] following Company's rendition of such invoices [*]. If any WMI

affiliate or licensee disputes an amount contained in an invoice but has already paid to Company such amount, the WMI affiliate or licensees may withhold the disputed amount from amounts otherwise owed to Company hereunder during the pendency of such dispute. The invoices for all units hereunder will follow the same format as current invoices but at a minimum shall contain "per SKU" line item detail with special handling or other miscellaneous charges indicated separately in the form and manner consistent with Company's general form of invoice. Company shall submit all such invoices to WMI electronically pursuant to instructions given by WMI to Company from time to time (and in paper form, to the extent WMI so requests) and to the extent that Company's and WMI's computer systems do not already provide for the electronic submission of all such invoices, Company shall use Company's reasonable efforts to work with WMI starting upon the commencement of the Term to create a system whereby all such invoices can be submitted electronically to WMI.

(b) Audits. WMI shall have the right, at WMI's sole expense, to examine (and/or to appoint representatives to examine) Company's (and Company's affiliates') books and records in order to: (i) verify the correctness of any invoice prepared and rendered by Company in accordance with Paragraph 8(a); (ii) establish the applicability of the provisions contained in Paragraphs 11 and/or 15; or (iii) otherwise establish compliance by Company with its obligations under this Agreement; provided, however, that only independent, third-party auditors (i.e., auditors other than WMI's then-current outside auditor) shall be utilized for the review of Company's books and records. Independent third party auditors shall have access to all information necessary to perform their duties, however nothing in any report provided to WMI or its affiliates by any such independent third party auditors shall impart to WMI or its affiliates any competitively-sensitive information about Company, Company's affiliates or any third parties for which Company renders any services. If any such audit reveals that WMI and/or WMI's affiliates have been overcharged, Company shall reimburse WMI in the amount of the overcharge. If any such audit reveals that WMI and/or its affiliates have been overcharged by an amount exceeding [*] for the audit period, Company shall reimburse WMI in the amount of the overcharge plus all fees paid by WMI to the auditors concerned in connection with such audit and any other actual, documented, out-of-pocket expense incurred by WMI in connection with such audit. [*] Regardless of the number of audits conducted hereunder revealing the same specific overcharge to WMI, Company shall not be required to repay to WMI the amount of any such overcharge more than once. WMI's audit right shall survive the expiration or termination of the Term for [*].

[*]. Company shall retain all books and records related to the performance of Services hereunder after the expiration or termination of the Term for so long as WMI or its affiliates may need to perform audits hereunder, but in no event for more than [*] after the rendition of the invoice with respect to the Services to which such invoice relates; provided, however, that before Company destroys any books or records, Company shall deliver written notice of such intent to destroy to WMI [*] before the intended date of destruction. WMI shall have [*] after receipt of such notice to request copies of the books and records to be destroyed, in which case Company shall make copies of such books and records and deliver the same to WMI (but excluding information related to other customers of Company) at WMI's expense (but at Company's expense if such copies are of electronic files). As used herein, "books and records" shall include, without limitation, physical data and data stored in any electronic, magnetic or optical format.

9. Post-Term Procedures. (a) Upon the expiration or termination of the Term, Company shall immediately cause the cessation of all Services and shall have no further rights or obligations with respect to Products except as provided herein; provided, however, that upon WMI's request, Company shall fill any then-currently outstanding orders for Units of Products pursuant to the terms of this Agreement. Within ten (10) business days

following the expiration or termination of the Term, Company shall provide WMI with a list of all Units of Products in Company's possession or control on such date. The mere expiration or termination of the Term shall not affect any obligations of WMI to pay for Services rendered by Company prior to such expiration or termination or any other obligation that is expressly provided herein to survive the expiration or termination of the Term.

(b) Within [*] following the expiration of the Term or [*] following the early termination of the Term, WMI shall remove from the Facilities, or order at WMI's expense the destruction of all Units of Products in Company's possession or control. The determination whether to remove or destroy such Units of Products shall be made by WMI in WMI's sole discretion.

10. Warranties, Representations, Covenants and Indemnities. (a) Company warrants, represents and/or covenants, as the case may be, that: (i) Company has the right, power and authority to enter into and fully perform this Agreement; (ii) no agreement of any kind heretofore entered into by Company shall interfere in any manner with the complete performance of this Agreement; and (iii) subject to WMI's rights in the Products and WMI's warranties and representations set forth below, any items prepared by or otherwise furnished by Company in connection with Products and Company's performance of Services hereunder will not violate any law or infringe upon the rights of any party.

(b) Company agrees to and does hereby indemnify, save and hold WMI and its affiliates, and each of their respective officers, directors and employees (collectively, for the purposes of this Paragraph 10(b) only, "WMI") harmless to the maximum extent permitted by law from any and all loss and damage (including court costs and reasonable attorneys' fees as and when incurred) arising out of, connected with or as a result of: (i) any inaccuracy, inconsistency with, failure of, or breach or threatened breach by Company of any warranty, representation, agreement, undertaking or covenant contained in this Agreement; and/or (ii) any and all damages or injuries of any kind or nature whatsoever (including death resulting therefrom) to any persons, whether employees of Company or otherwise, and to any property caused by, resulting from, arising out of or occurring in connection with the execution of the work under this Agreement (including products liability claims), whether such damages or injuries are or are alleged to be based upon Company's active or passive negligence or participation in the wrong or upon any breach of any statutory duty or obligation on the part of Company (except to the extent such damages or injuries directly result from any act of WMI's employees located at Company's facilities and are not otherwise covered by the property insurance Company is required to maintain hereunder as set forth on Schedule D hereto, or result from a breach of any warranty, representation, agreement, undertaking or covenant of WMI contained herein).The foregoing indemnity shall be applicable only to such claims as have been reduced to judgment or settled with Company's written approval. WMI shall give Company prompt notice of any claim to which the foregoing indemnity applies and Company shall assume the defense of any such claim through counsel of Company's choice and at Company's sole expense; provided, however, that the relevant law on Civil Procedure provides for this procedure. WMI shall have the right to participate in such defense through counsel of WMI's choice and at WMI's expense; provided, however, that the relevant law on Civil Procedure provides for this procedure.

(c) WMI warrants, represents and/or covenants, as the case may be, that: (i) WMI has the right, power and authority to enter into and fully perform this Agreement; (ii) no agreement of any kind heretofore entered into by WMI shall interfere in any manner with the complete performance of this Agreement; and (iii) Material embodied in Products as supplied by WMI shall not violate any law or infringe upon the rights of any third party. As used herein "Material" shall include all musical compositions, names, biographical materials and likenesses, photographic, video or motion picture images, sound recordings, intellectual properties, packaging and artwork.

(d) WMI agrees to and does hereby indemnify, save and hold Company and its affiliates, and each of their respective officers, directors and employees (collectively, for the purposes of this Paragraph 10(d) only, "Company") harmless to the maximum extent permitted by law from any and all loss and damage (including court costs and reasonable attorneys' fees as and when incurred) arising out of, connected with or as a result of : (i) any inaccuracy, inconsistency with, failure of, or breach or threatened breach by WMI of any warranty, representation, agreement, undertaking or covenant contained in this Agreement; (ii) any and all damages or injuries of any kind or nature whatsoever

(including death resulting there from) to any persons, whether employees of Company or otherwise, and to any property caused by, resulting from, arising out of or occurring in connection with any act of WMI's employees located at Company's facilities, except to the extent such damages and injuries are covered by the property insurance Company is required to maintain hereunder as set forth on Schedule D hereto; and/or (iii) any products liability claims for manufacturing defects directly related to Products not manufactured by Company, any affiliate of Company or on behalf of Company. The foregoing indemnity shall be applicable only to such claims as have been reduced to judgment or settled with WMI's written approval. Company shall give WMI prompt notice of any claim to which the foregoing indemnity applies and WMI shall assume the defense of any such claim through counsel of WMI's choice and at WMI's sole expense; provided, however, that the relevant law on Civil Procedure provides for this procedure. Company shall have the right to participate in such defense through counsel of Company's choice and at Company's expense; provided, however, that the relevant law on Civil Procedure provides for this procedure.

11. Breach, Cure and Termination. (a) WMI may terminate the Term by written notice to Company, following either: (i) a breach of this Agreement by Company that is specified in Paragraph 11(b); or (ii) any other material breach of this Agreement by Company. [*] There shall be a cure period of [*], following written notice to Company, for any breach referred to in Paragraph 11(a)(ii).

(b) The breaches of this Agreement referred to in Paragraph 11(a)(i) are any of the following:

[*]

[*]

(viii) any willful and malicious breach by Company of any material provision hereof.

(c) In addition, WMI may terminate the Term:

(i) by written notice to Company within nine (9) months following the later of: (A) a Change of Control; and (B) written notice to WMI from Company that a Change of Control has occurred;

(ii) by written notice to Company following an Insolvency Event;

(iii) by written notice to Company following either: (A) the termination of the term of the International Manufacturing Agreement or the International Administrative Services Agreement, in each case other than as a result of breach by WMI or the expiration of the term thereunder by passage of time; or (B) any material breach by Company under the International Manufacturing Agreement (i.e., a breach which would then-currently permit WMI to terminate the term thereof and with respect to which WMI's right to terminate has not been waived); and

(iv) upon [*] written notice to Company, following the occurrence of a Recorded Music Major Transaction; provided, however, that in no event shall any termination under this clause (iv) be effective prior to the date which is [*] from the commencement of the Term.

(d) Any termination of this Agreement under this Paragraph 11 will not relieve Company of liability for breaches hereof arising prior to such termination nor shall it relieve WMI from any liability to pay for Services rendered to such termination.

(e)

(i) If because an "act of God", inevitable accident, fire, lockout, strike or other labor dispute, riot or civil commotion, act of public enemy or other cause of a similar nature not reasonably within Company's control (a "Force Majeure Event"), Company is materially hampered in the performance of its obligations under this Agreement, or its normal business operations are delayed or become impossible or commercially impracticable, then Company shall have the option, by giving WMI written notice, to suspend its obligations under this Agreement affected by such Force Majeure Event, effective upon receipt by WMI of such notice, for the duration of any such contingency. Should Company suspend its obligations under this Agreement pursuant to this Paragraph 11(e), such suspension shall not constitute a breach hereunder and Company shall not be subject to price rebates under Paragraph 15 with respect to any occurrences during the pendency of such suspension. Immediately upon Company's assertion of its right to suspend its obligations under this Agreement, WMI shall have the right to distribute Products itself or through third parties during the pendency of such suspension. Further, should Company suspend its obligations under this Agreement, WMI shall, on and from the date which is [*] after the occurrence of (which may be earlier than Company's assertion of suspension under) a Force Majeure Event, have the right, in its sole discretion, to: (A) terminate the Term of this Agreement by notice in writing to Company; or (B) require Company to implement its Disaster Recovery Plan, in each case unless Company has previously by notice in writing to WMI ended the suspension of Company's obligations under this Agreement. For the avoidance of doubt, should WMI exercise its right of termination under this Paragraph 11(e), no cure period shall be associated with Company's failure to perform its obligations hereunder.

(ii) In addition, within [*] becoming aware of any circumstances or event which may reasonably be anticipated to cause or constitute a Force Majeure Event, Company shall notify WMI of such circumstance or event. For the avoidance of doubt, such notice shall not constitute an assertion by Company of its right to suspend its obligations hereunder.

(iii) If for any reason, Company is unable to provide any Services hereunder in connection with any Order(s) for a period exceeding [*] and such inability is reasonably likely to result in Company

being unable to meet the Service Level Requirements set forth herein, WMI shall have the right to immediately contract with a third party to provide all or any portion of such services for such period of time as may be reasonably necessary for WMI to obtain the services required to fulfill any such Order(s). Once WMI is reasonably satisfied that Company is again able to provide the required Services, WMI shall return the contracted Services to Company as soon as it is reasonably able to do so: provided, however, that the return of such Services to Company shall be subject to any reasonable commitment WMI has made to the applicable third party that such Services would remain with such third party for a period of time. Company shall reimburse WMI upon demand for any and all incremental out-of-pocket charges that WMI reasonably incurs as a result of transferring its Services under this Paragraph 11(e)(iii).

(f) If WMI purports to terminate this Agreement under this Paragraph 11, each party hereto shall have the right to seek any remedy or other relief available under applicable law (except as limited by paragraph 15(o)), and each party hereto shall have the right to assert any defenses available under applicable law; provided, however, that under no circumstances shall any party from whom WMI obtains services in substitution for any or all Services to be provided hereunder have any liability whatsoever to Company arising out of or related to any actual or purported termination of this Agreement by WMI, even if in violation of this Agreement and Company shall take no action against any such party in connection with the provision of such services by such party to WMI.

12. Confidentiality. (a) Each of Company and WMI shall, and shall cause its affiliates, and its and its affiliates' directors, officers, employees and agents (each, a "Recipient") to, maintain in confidence the material terms of this Agreement, except that WMI may disclose this Agreement on a confidential basis in connection with a potential Recorded Music Major Transaction, to a potential assignee under Paragraph 15(c) or to third parties and WMI affiliates as may be necessary in the ordinary course of business (provided, that any such disclosure shall be limited to those persons who agree to be bound by the provisions of this Paragraph). The restriction in the preceding sentence shall not apply to information that: (i) becomes generally available to the public other than as a result of disclosure by such Recipient contrary to this Agreement; (ii) was available to such Recipient on a non-confidential basis prior to its disclosure to such Recipient; (iii) becomes available to such Recipient on a non-confidential basis from a source other than any other Recipient unless such Recipient knows that such source is bound by a confidentiality agreement or is otherwise prohibited from transmitting the information to such Recipient by a contractual obligation; (iv) is independently developed by such Recipient without reference to confidential information received from any

other party; (v) is required to be disclosed by applicable law or legal process, provided that any Recipient disclosing pursuant to this clause (v) shall notify the other party at least five (5) days prior to such disclosure so as to allow such other party an opportunity to protect such information through protective order or otherwise; (vi) is required to be disclosed by any

listing agreement with, or the rules or regulations of, any security exchange on which securities of such Recipient or any of its affiliates are listed or traded; or (vii) its required to be disclosed by a party in order to perform its obligations under the Agreement; provided that any such disclosure shall be limited to those persons who have a need to know such information and who agree to be bound by the provisions of this Paragraph 12. No party hereto shall make a press release or public announcement concerning this Agreement without the prior written consent of the other party hereto.

(b) Company shall, and shall cause its affiliates, and its and its affiliates' directors, officers, employees and agents to, maintain in confidence all information that: (i) is in its or their possession by reason of Company's performance of Services hereunder; and (ii) relates to the Products (including, without limitation, shipment and return volumes, shipping destinations, pricing information and other terms of sale); WMI shall, and shall cause its affiliates, and their directors, officers, employees and agents to maintain in confidence all information that: (x) is in its or their possession by reason of Company's performance of Services hereunder, and (y) relates to the pricing, methods of distribution or other proprietary information of Company. The restrictions in the two preceding sentences shall not apply to information that: (A) becomes generally available to the public other than as a result of disclosure by such Recipient contrary to this Agreement; (B) was available to such Recipient on a non-confidential basis prior to its disclosure to such Recipient; (C) becomes available to such Recipient on a non-confidential basis from a source other than any Recipient unless such Recipient knows that such source is bound by confidentiality agreement or is otherwise prohibited from transmitting the information to such Recipient by a contractual obligation; (D) is independently developed by such Recipient without reference to confidential information received from any other party; (E) is required to be disclosed by applicable law or legal process, provided that any Recipient disclosing pursuant to this clause (E) shall notify the other party at least five (5) days prior to such disclosure so as to allow such other party an opportunity to protect such information through protective order or otherwise; or (F) is required to be disclosed by any listing agreement with, or the rules or regulations of, any security exchange on which securities of such Recipient or any of its affiliates are listed or traded. Notwithstanding anything to the contrary above, WMI and its affiliates shall be permitted to disclose any information on a confidential basis in connection with a potential Recorded Music Major Transaction, to a potential assignee under Paragraph 15(c) or to third parties and WMI affiliates as may be necessary in the ordinary course of business (provided, that any such disclosure shall be limited to those persons who agree to be bound by the provisions of this Paragraph).

(c) The obligations of WMI and Company under Paragraphs 12(a) and 13(b) shall survive for [*] following the expiration or termination of the Term.

(d)

(i) Notwithstanding anything to the contrary set forth in this Paragraph 12, the parties hereby agree that, as of the earliest of; (A) the date of the public announcement of discussions relating to the transactions contemplated by the Stock Purchase Agreement (the "Transaction"); (B) the date of the public announcement of the Transaction; and (C) the date of the execution of an agreement (with or without conditions) to enter into the Transaction, each party (and each employee, representative or other agent of such party) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the Transaction and all materials of any kind (including opinions or other tax analyses) that are provided to such party relating to such tax treatment and tax structure.

(ii) The parties acknowledge that: (A) (x) the identity of any existing or future party (or any affiliate of such party) to the Transaction; and (y) any specific pricing information or other commercial terms, including the amount of any fees, expenses, rates or payments arising in connection with the Transaction, are not included in the meaning of the terms "tax treatment" and "tax structure" as referred to in clause (i) of this Paragraph 12(d); and (B) nothing in this Agreement shall in any way limit any party's ability to consult any tax advisor (including a tax advisor independent from all other entities involved in the Transaction) regarding the tax treatment or tax structure of the Transaction.

13. Definitions. (a) Certain Terms.

(i) "Business Days" shall mean Monday through Friday inclusive except for any public holiday which shall fall on any of those days.

(ii) "Change of Control" shall mean (A) any merger or consolidation of Company or Parent with a Major or its affiliates or any sale, transfer, issuance or other disposal (in one transaction or in a series of transactions) of all or more than [*] of the shares of capital stock, partnership interests, membership interests in a limited liability company or other equity ownership interests ("Equity Interests") of Parent or Company (or any subsidiary of Parent Company engaged in the business of providing PP&S Services, in each case, whether now owned or hereafter acquired) to a Major or its affiliates; (B) the failure by Parent to own, directly or indirectly, beneficially and of record, Equity interests in Company representing at least [*] of each of the aggregate ordinary voting power and aggregate equity value represented by the issued and outstanding Equity Interests in Company; (C) Parent or Company sells all or substantially all of its assets; or (D) any other event which results in Parent no longer controlling the direction or management of Company.

(iii) "Combined Entity" shall mean the entity or entities formed as a result of any Recorded Music Major Transaction.

(iv) "Contract Year" shall mean each separate, consecutive one (1) year period of the Term, the first such period to commence on the first day of the Term.

(v) "Exclusive Territory" shall mean Germany, Austria, Switzerland, Netherlands, Denmark, Belgium and Czech Republic.

(vi) "Facility" shall mean any facility owned and/or leased and controlled by Company or one of Company's affiliates.

(vii) "Fees" shall mean the pick, pack and ship fees and the various amounts set forth on schedule C hereto, in each case, subject to adjustment as provided in this Agreement.

[*]

(ix) "International Administrative Agreement" shall mean the International Administrative Services Agreement between WMI and Company dated the date hereof.

(x) "International Manufacturing Agreement" shall mean the International Manufacturing and Packaging Agreement between WMI and Company dated as of the date hereof.

(xi) "Key Release" shall mean a New Release of which greater than fifty thousand (50,000) and less than one hundred thousand (100,000) Units have been ordered.

(xii) "Key Release Date" shall mean the date by which the Orders for a Key Release are required to be shipped pursuant to Schedule A hereto.

(xiii) "Major" shall mean any one of the following companies: Sony Music Entertainment Inc., Bertelsmann Music Group, EMI Group plc or Universal Music Group (or their successors).

(xiv) "New Release" shall mean any Product prior to and including such Product's "street date."

(xv) "Non-Exclusive Territory" shall mean the territories as set forth on Schedule E hereto.

(xvi) "Order" shall mean a request made by WMI for the rendering of any PP&S Services in connection with Units of Products or other materials hereunder. An "Order" may be for individual Products or other materials may be for multiple Products or other materials and may specify multiple quantities of the same Product or other materials to be delivered to single and/or multiple locations.

(xvii) "Parent" shall mean Cinram International Inc.

(xviii) "Platinum Release" shall mean a New Release for which greater than [*] Units have been ordered.

(xix) "Platinum Release Date" shall mean the date by which the Orders for a Platinum Release are required to be shipped pursuant to Schedule A hereto.

(xx) "PP&S Services" shall mean services provided by Company to WMI from approved locations which shall include: (i) warehousing and storage, (ii) goods inward services; (iii) order processing, picking and packing activities; (iv) dispatch; (v) transportation and shipping; (vi) returns processing; and (vii) additional activities as requested and approved by WMI to all locations in the Territory as designated by WMI. These services are set out more fully in Schedule F hereto. "PP&S Services" shall also be deemed to include those specialist services currently known as Indent, Down2one and Pre-Packed Order. For the avoidance of doubt, all determinations regarding the handling of Units Products and other materials hereunder, including the handling of returns, stickering,

preparation for shipment (e.g., boxing, etc.) and shipment of Units of Products shall be made solely by WMI.

(xxi) "Products" shall mean all Records for which WMI requires PP&S Services to be performed during the Term and for which WMI requires PP&S Services to be performed during the Term and for which WMI has the unilateral right to control the identity of the party who renders such PP&S Services. Following a Recorded Music Major Transaction, "Products" shall mean all Records for which the Combined Entity requires PP&S Services to be performed during the Term and for which the Combined Entity has the unilateral right to control the identity of the party who renders such PP&S Services. It has been WMI's general custom to use its commercially reasonable efforts to acquire the unilateral right to control the identity of the party who renders PP&S Services in connection with Records. WMI shall continue to do so during the Term, in accordance with past practice.

(xxii) "Recorded Music Major Transaction" shall mean a joint venture, merger, or other combination of all or a substantial portion of the recorded music businesses of Warner Music Group with all or a substantial portion of the recorded music businesses of any major.

(xxiii) "Records" shall mean all physical forms of recording and reproduction by which sound may be recorded now known or which may hereafter become known, manufactured or sold primarily for home use, jukebox use, or use on or in means of transportation, including magnetic recording tape, film, electronic video recordings and any other physical medium or device for the production of artistic performances manufactured or sold primarily for home use, jukebox use or use on or in means of transportation, whether embodying: (i) sound alone; or (ii) sound synchronized with visual images, e.g., "sight and sound" devices, but only so long as such forms of recording and reproduction contain performances of works by recording artists.

(xxiv) "Services" shall mean the PP&S Services and all other series to be provided by Company under this Agreement.

(xxv) "Stock Purchase Agreement" shall mean the Stock Purchase Agreement among AOL Time Warner Inc., Parent and Company, dated as of July 18, 2003.

(xxvi) "Term" shall mean the [*] commencing on the Closing Date, as such term in the Stock Purchase Agreement, subject to earlier termination in accordance with Paragraph 11.

(xxvii) "Territory" shall mean the Exclusive Territories and the Non-Exclusive Territories.

(xxviii) "Unit" shall mean a finished product in a form that is delivered to end consumers, carries a unique identifier code (UPC/EAN/promo no.) and is warehoused as a Stock Keeping Unit (SKU).

(xxix) "US Manufacturing Agreement" shall mean the Manufacturing and Packaging Agreement between WEA and Company dated as of the date hereof.

(xxx) "US PP&S Agreement" shall mean the Pick, Pack and Shipping Services Agreement between WEA and Company dated as of the date hereof.

(xxxi) "WEA" shall mean Warner-Elektra-Atlantic Corporation.

(xxxii) "WHV" shall mean Warner Home Video Inc.

(xxxiii) "WMI Facility" shall mean any Facility at which Company provides Services to WMI hereunder.

(b) Other Definitional and Interpretative Provisions.

(i) The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Paragraph and Schedule references are to this Agreement unless otherwise specified.

(ii) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

(iii) Unless the context requires otherwise, other grammatical forms of defined words or expressions used herein have corresponding meanings.

14. [*] (a) [*]

[*]

(c) [*] This Paragraph 14 shall not limit WMI's other rights against Company for breach hereof, but any amounts paid by Company pursuant to this Paragraph 14 shall reduce any amounts otherwise payable by Company with respect to such breach.

15. Miscellaneous. (a) Entire Agreement, Modification. This Agreement contains the entire understanding of the parties hereto relating to the subject matter hereof and supersedes all previous agreements or arrangements between the parties, both written and oral, hereto relating to the subject matter hereof, except that nothing in Paragraph 1 shall limit the obligations of Company under the International Manufacturing Agreement. This Agreement cannot be changed except by and instrument signed by the authorized signatories of the parties hereto.

(b) Waiver. Any party to this Agreement may: (i) extend the time for the performance of any of the obligations or other acts of the other party hereto; (ii) waive any inaccuracies in the representations and warranties of the other party contained herein or in any document delivered by the other party pursuant hereto; or (iii) waive compliance with any of the agreements or conditions of the other party hereto contained herein. Any such extension or waiver shall be valid only if set forth in an instrument in writing signed by the party to be bound thereby. Any waiver of any term or condition shall not be construed as a waiver of any subsequent breach or a subsequent waiver of the same term or condition, or a waiver of any other term or condition, of this Agreement. The failure of either hereto party to assert any of its rights hereunder shall not constitute a waiver of any of such rights.

(c) Assignment. Company shall not have the right without WMI's prior written consent (which consent may be granted or withheld in the sole discretion of WMI) to assign this Agreement or any of the rights granted to Company hereunder; provided, however, that, Company shall be permitted to assign this Agreement to Parent and any wholly owned subsidiary of Parent. WMI shall have the right without Company's consent to assign this Agreement, in whole or in part, to any subsidiary, parent company or affiliate of WMI, or to any third-party acquiring all or substantially all of WMI's assets or equity; provided, however, that in each case, notwithstanding such assignment, WMI at all

times shall remain directly and fully liable to Company for the performance of the obligations of WMI hereunder.

[*]

(e) Further Assurances. Company and WMI each agree to execute and deliver all such other and additional instruments and documents and to do such other acts and things as may be necessary to more fully effectuate this Agreement.

(f) Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of, and shall be enforceable by, each of the parties hereto and their respective permitted assigns.

(g) Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by courier service, by telecopy or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Paragraph 15 (g)):

WMI: WEA International Inc
c/o Warner Music Group Inc.
75 Rockefeller Plaza
New York, New York 10019
Attn: EVP & General Counsel
Fax: (212) 258-3092

with a copy to:

Warner Music International Services Ltd
83 Baker Street
London W1U 6LA
Attention: SVP of Business & Legal Affairs
Fax: 44 207 535 9050

Company: Cinram International Inc.
2255 Markham Road
Scarborough, Ontario M1B 2W3
CANADA
Attn: Dave Rubenstein
Fax: (416) 298-0612

with a copy to

Ervin, Cohen & Jessup LLP
9401 Wilshire Boulevard, 9th Floor
Beverly Hills, California 90212
Attention: Howard Z. Berman, Esq.
Fax: (310) 859-2325

(h) Headings. The descriptive headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this agreement.

(i) Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any federal, state, local or foreign statute, law, ordinance, regulation, code, order, other requirement or rule of law or by public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party hereto. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties hereto as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

(j) No Agency. WMI and Company each shall have the status of an independent contractor and nothing herein contained shall contemplate or constitute WMI as Company's agent or employee or Company as WMI's agent or employee. This Agreement does not constitute or acknowledge any partnership or joint venture between WMI and Company.

(k) No Third Party Beneficiaries. Except for the provisions of Paragraphs 10(b) and 10(d) relating to indemnified parties, this Agreement shall be binding upon and inure solely to the benefit of the parties hereto and their permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any

other party any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

(l) **GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, APPLICABLE TO CONTRACTS EXECUTED IN AND TO BE PERFORMED ENTIRELY WITHIN THAT STATE. EXCEPT AS PROVIDED ON SCHEDULE D HERETO, ALL ACTIONS AND PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT SHALL BE HEARD AND DETERMINED IN ANY NEW YORK STATE OR FEDERAL COURT SITTING IN THE CITY OF NEW YORK, AND THE PARTIES HERETO HEREBY IRREVOCABLY SUBMIT TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS IN ANY SUCH ACTION OR PROCEEDING AND IRREVOCABLY WAIVE THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF ANY SUCH ACTION OR PROCEEDING. EACH PARTY HERETO IRREVOCABLY CONSENTS TO THE**

SERVICE OF ANY AND ALL PROCESS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES OF SUCH PROCESS TO SUCH PARTY AT ITS ADDRESS SPECIFIED IN PARAGRAPH 15(g). THE PARTIES HERETO AGREE THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDINGS SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS PARAGRAPH 15(l) SHALL AFFECT THE RIGHT OF EITHER PARTY HERETO TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW. THE CONSENTS TO JURISDICTION SET FORTH IN THIS PARAGRAPH 15(l) SHALL NOT CONSTITUTE GENERAL CONSENTS TO SERVICE OF PROCESS IN THE STATE OF NEW YORK AND SHALL HAVE NO EFFECT FOR ANY PURPOSE EXCEPT AS PROVIDED IN THIS PARAGRAPH 15(l) AND SHALL NOT BE DEEMED TO CONFER RIGHTS ON ANY PARTY OTHER THAN THE PARTIES HERETO.

(m) **WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY. EACH PARTY HERETO: (i) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER; AND (ii) ACKNOWLEDGES THAT IT AND OTHER PARTY HERETO HAVE BEEN INDUCED TO**

ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS PARAGRAPH 15(m).

(n) Consents. Except as specifically provided to the contrary herein, if any consent, approval or authority is required from either party hereto, such consent, approval or authority shall not be unreasonably withheld or delayed.

[*]

(p) Counterparts. This Agreement may be executed in one or more counterparts, and by the parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

If the foregoing is acceptable, please acknowledge the same by signing in the appropriate places below.

WEA INTERNATIONAL INC.

By: /s/ David H. Johnson
Name: David H. Johnson
Title: Vice President

WARNER MUSIC MANUFACTURING EUROPE GMBH (TO BE RENAMED CINRAM GMBH)

By: /s/ Lewis Ritchie
Name: Lewis Ritchie
Title: Authorized Signatory

List of Attached Schedules

Schedule A: Service Level Requirements
Schedule B: WMI's Code of Conduct For Third Party Service Providers
Schedule C: Fee Schedule
Schedule D: Insurance Coverage
Schedule E: Non-Exclusive Territories
Schedule F: PPS Services

Schedule A

Service Level Requirements

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Schedule B

WMI's Code of Conduct for Third Party Service Providers

1. Company will not (without WMI's written consent) manufacture merchandise utilizing any properties the copyright or trademark to which is owned or licensed exclusively by WMI, or its wholly owned or controlled affiliates other than Products in accordance with this Agreement.

2. Company shall not use child labor in the manufacturing, packaging or distribution of Products. The term "child" refers to a person younger than the local minimum age for employment or the age for completing compulsory education, but in no case shall any child younger than fifteen (15) years of age (or fourteen (14) years of age where local law allows) be employed in the manufacturing, packaging or distribution of Products.

3. Company shall only employ persons whose presence is voluntary. Company shall not use any forced or involuntary labor, whether prison, bonded, indentured or otherwise.

4. Company shall treat each employee with dignity and respect, and shall not use corporal punishment, threats of violence, or other forms of physical, sexual, psychological or verbal harassment or abuse.

5. Company shall not discriminate in hiring and employment practices, including salary, benefits, advancement, discipline, termination, or retirement on the basis of race, religion, age, nationality, social or ethnic origin, sexual orientation, gender, political opinion or disability.

6. Company recognizes that wages are essential to meeting employees' basic needs. Company shall comply, at a minimum, with all applicable wage and hour laws, including minimum wage, overtime, maximum hours, piece rates and other elements of compensation, and shall provide legally mandated benefits. If local laws do not provide for overtime pay, Company shall pay at least regular wages for overtime work. Except in extraordinary business circumstances, Company shall not require employees to work more than the lesser of (a) forty-eight (48) hours per week and twelve (12) hours overtime or (b) the limits on regular and overtime hours allowed by local law, or, where local law does not limit the hours of work, the regular work week in such country plus twelve (12) hours overtime. In addition, except in extraordinary business circumstances, employees will be entitled to at least one (1) day off in every seven (7)-day period. Company agrees that, where local industry standards are higher than applicable legal requirements, it will meet the higher standards.

7. Company shall provide employees with a safe and healthy workplace in compliance with all applicable laws, ensuring, at a minimum, reasonable access to potable water and sanitary facilities, fire safety, and adequate lighting and ventilation. Company

also shall ensure that the same standards of health and safety are applied in any housing it provides for employees. Company shall provide WMI with all information WMI may request about manufacturing, packaging and distribution facilities for the Products.

8. Company shall respect the rights of employees to associate, organize and bargain collectively in a lawful and peaceful manner, without penalty or interference, in accordance with applicable laws.

9. Company shall comply with all applicable laws, including those pertaining to the manufacture, pricing, sale and distribution of Products.

10. Company shall comply with all applicable environmental laws.

Schedule C

Fee Schedule

[*]

Schedule D

Insurance Coverage

NOTE: The following insurance requirements are intended to provide insurance coverage under this Agreement and each of the other service agreements being entered into between the parties hereto and their affiliates as of the date hereof. Accordingly, to the extent any such other agreements require insurance coverage thereunder that is duplicative of the insurance coverage provided for below, such insurance coverage need not be duplicated under such other agreements.

Property Insurance, Including Extra Expense and Business Interruption: Company at all times and at its own cost and expense shall insure WMI's property as defined and required in this Agreement under so-called "all risk" policies of insurance, including but not limited to coverage for extended perils, earthquake, windstorm, flood, and collapse; open cargo, war risk cargo and terrorism. Company shall purchase an insurance policy that indemnifies WMI for non-physical damage to source material, if available on a commercially reasonable basis and is warranted by the risk profile of the Company. WMI's property shall consist of and not be limited to source material, finished goods and inventory, returned stock, master recordings, digital files, DVDs, CDs and all printing and packaging material.

Either dedicated policies or portfolio (blanket) coverage forms may provide the "all risk" property insurance, providing that the per occurrence limit of insurance available with respect to the WMI property at any Company location for property damage, business interruption, and extra expense shall not be less than [*] except, that coverage for California Earthquake shall be no less than [*] per occurrence and in aggregate; and Terrorism for WMI Manufacturing Alsdorf shall be no less than [*] per occurrence and in aggregate. Further, the limits of insurance applicable to the extended perils and the perils of earthquake, flood and terrorism shall be an annual aggregate. The deductible on said policies shall be the sole responsibility of Company and be of no greater amount than is commercially reasonable for a company of its financial standing. These policies shall be primary to any policy maintained by or on behalf of WMI. WMI may, at any time, review the amount of insurance required hereunder, and may, from time to time, but in no event more than annually, require a lower or higher amount depending on the best available estimate of the aggregate exposure to loss arising from damage to WMI's property under this Agreement.

The open cargo and war risk cargo insurance policies shall provide per shipment limits of indemnity of no less than [*] and contain a warehouse coverage endorsement. In the event that the [*] limit of insurance is not adequate to fully insure any given shipment under this Agreement, Company shall purchase additional insurance to cover the full replacement cost of the shipment. The deductible on these policies shall be no greater than what is commercially reasonable for an enterprise with Company's financial standing. The deductible shall be

the responsibility of Company and this coverage shall be primary to any coverage maintained by WMI.

All policies shall provide for a reimbursement value with respect to WMI's property at replacement cost for new property of like kind and quality, with no deduction for depreciation, and shall include WMI, its partners, officers, employees, and affiliates as loss payees under the policies as their interest may appear, and shall provide that no act or omission on the part of Company as the title insured shall prejudice a direct claim by the additional insured. All property policies shall include a waiver of subrogation in favor of WMI. Further, Company agrees to secure terms with its insurer that in the event that Company fails to pay premium resulting in a cancellation of coverage that WMI will be given the opportunity to maintain coverage for its insured property under the policy; and Company will reimburse WMI within [*] of notice for the expense incurred.

Public Liability Insurance: Company shall also be required to obtain and maintain comprehensive general liability insurance and a follow-form "umbrella liability" policy, providing insurance against claims for bodily injury, including death, property damage, personal and advertising injury, blanket contractual liability, broad form property damage liability, explosion, collapse and underground hazard, and product and completed operations, for such claims occurring or alleged to have occurred in the course of any operations or activities contemplated by this Agreement, in such amounts as from time to time are carried by prudent owners of comparable operations, but in no event less than [*] per occurrence and [*] in the annual aggregate, and covering as additional insureds all the WMI individuals and entities for which and to the extent it is responsible under this Agreement.

Workers' Compensation and Employers' Liability Insurance:

The Workers' Compensation policy shall include the following coverage:

1. Coverage A	Statutory
2. Coverage B	Employers' Liability
Bodily Injury by Accident	[*] each accident
Bodily Injury by Disease	[*] policy limit

Bodily Injury by Disease [*] each employee

Company shall maintain any other employment related insurance coverage required by any jurisdiction having control over any employees or operations used in connection with this Agreement.

Automobile Liability Insurance: Company shall purchase and maintain automobile liability and follow-form "umbrella liability" insurance for all owned, non-owned and hired vehicles with limits of not less than [*] combined single limit for bodily injury and property damage. This insurance coverage must include all automotive and truck equipment used in the

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performance of the work under this Agreement, and must include the loading and unloading of same.

Environmental Liability Insurance: In the event Company encounters and must perform or engage a contractor to perform work related to the remediation or abatement of "hazardous material" which includes, without limitation, any flammable explosives, radioactive materials, hazardous materials, hazardous waste, hazardous or toxic substances, or related materials defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. Section 9601, et seq.), the Superfund Amendments and Reauthorization Action of 1986 (Pub. L. No. 99-499, 100 stat. 1613 (1986)), the Hazardous Material Transportation Act, as amended (49 U.S.C. Section 1801, et seq.) and in the regulations adopted and publications promulgated pursuant thereto, or any other federal, state or local environmental law, ordinance, rule, or regulation (or applicable law in any jurisdiction outside the US), Company, or any contractor performing such work on behalf of Company, shall provide "contractor's pollution liability" insurance, as applicable to the work to be performed, covering claims from third party injury and property damage as a result of pollution conditions emanating from on-site, under the site, or off the site arising out of its operations and completed operations. Completed operations coverage shall remain in effect for no less than [*] after final completion. Minimum liability limits, including excess liability coverage, shall be [*] each occurrence and [*] in the aggregate.

The automobile liability insurance must contain provisions for thirty (30) days prior written notice of cancellation, nonrenewal, material change or reduction of insurance sent by certified mail return receipt requested, and waiver of subrogation in favor of WMI, additional insureds and all other such entities, as may be reasonably requested by WMI.

Provisions Applicable to All Policies of Insurance Required Hereunder: Policies of insurance shall be underwritten by an insurer with an AM Best rating of no less than A- and a financial size class of VII or better (or an equivalent rating from an alternate rating agency), and may be an admitted or non-admitted carrier. Any insurer not meeting these criteria must be approved in writing by WMI's risk management department whose authorization shall not be unreasonably withheld. Satisfactory evidence of insurance shall be provided before the commencement of this Agreement and shall be evidenced at each renewal by a binder and certificate of insurance at least ten (10) days before expiration of coverage and upon request of WMI, on an annual basis or as necessitated by a material change in coverage or legal action. Company shall forward to WMI a copy of all required policy forms upon request. With respect to property located outside the US, any loss payable to WMI shall be adjusted and paid in the currency of the United States of America, subject to the rate of exchange published in The Wall Street Journal on the date of the loss. If Company elects to maintain insurance for property located outside the US, where the policy is denominated in a currency other than the US dollar, such policy limits and deductibles shall at all times be sufficient to meet the US dollar denominated requirements set forth on this Schedule D.

Each of WMI and Company agrees to negotiate in good faith to attempt to resolve any disagreement which in any way affects any insurance required to be carried hereunder. In the event that such good faith negotiation does not result in the resolution of any such disagreement within a fifteen (15) day period, the parties shall retain an arbitrator to make a fair and reasonable determination as to any such disagreement (the "Insurance Arbitrator"). The Insurance Arbitrator shall be a retired executive or attorney with substantial experience in the insurance industry, preferably in the field of manufacturing, shall be independent of each of WMI and Company, and shall endeavor to provide a determination of any dispute among the parties within thirty (30) days of being retained, but in each case, as quickly as possible. The parties shall jointly appoint the Insurance Arbitrator and the identity of the Insurance Arbitrator shall be satisfactory to each of the parties. The parties shall share equally in the cost and expense of retaining the Insurance Arbitrator. If the parties cannot agree upon a person to act as the Insurance Arbitrator within thirty (30) days of the expiry of the fifteen (15) day negotiation period specified in this Paragraph 6, then the Arbitrator shall be selected by the American Arbitration Association. Any arbitration hereunder shall be conducted in conformance with the rules established by the American Arbitration Association. Any determination made by the Insurance Arbitrator shall be final and binding on each of the parties. For the avoidance of doubt, Company shall at all times including during the pendency of any dispute and until such time as such dispute is resolved be required to continue to procure insurance policies at its sole expense in full force and effect as required in this Agreement and as specified herein.

Schedule E

Non-Exclusive Territories

Argentina
Australia
Brazil
Canada
Chile
China
Colombia
Eire
Finland
France
Greece
Hong Kong

Hungary
Indonesia
Italy
Japan
Korea
Malaysia
Mexico
New Zealand
Norway
Philippines
Poland
Portugal
Singapore
Spain
Sweden
Taiwan
Thailand
UK
Venezuela
Bulgaria
Croatia
Ecuador
Estonia
Ghana
India
Israel
Ivory Coast
Kenya
Latvia
Lithuania
Mauritius
Romania
Saudi Arabia
Lebanon
United Arab Emirates
Slovenia
South Africa
Turkey
West Indies
Zimbabwe

Export Territories

All locations in the Territory designated by WMI

Schedule F

PP&S Services

A. WAREHOUSE MANAGEMENT ACTIVITIES

1. Inbound Logistics Activity

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- [*]
- [*]
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- [*]
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- [*]

2. Custody and Storage Activities

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3. Order Processing Activities

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4. Dispatch Activities

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5. Returns Processing Activities

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6. New Releases Processing Activities

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- [*]
- [*]

7. Additional Activities

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8. Communication Activities

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- [*]

B. TRANSPORTATION SERVICES

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C. SPECIALIST SERVICES

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Pre Pack Order

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[*]

[*]

D. PERFORMANCE METRICS

[*]

EXECUTION COPY

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY ASTERISKS, HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO RULE 406 UNDER THE SECURITIES ACT OF 1933, AS AMENDED.

INTERNATIONAL MANUFACTURING AND PACKAGING AGREEMENT

between

WEA INTERNATIONAL INC. ("WMI")

and

WARNER MUSIC MANUFACTURING EUROPE GmbH (to be renamed CINRAM GmbH) ("Company")

Dated as of October 24, 2003

Capitalized terms not defined where they appear in the text are defined in Paragraph 14.

1. Appointment. (a)

(i) WMI hereby appoints Company to render, and Company shall render, M&P Services for one hundred percent (100%) of Products in accordance with the terms hereof. Additionally, Company shall have non-exclusive rights to render and shall, at the request of WMI, render M&P Services for Products for WMI and WMI's affiliates located outside the Territory.

(ii) Notwithstanding anything to the contrary contained in Paragraph 1(a)(i), from and after the effective date of a Recorded Music Major Transaction (the "RMMT Effective Date"), the appointment of Company hereunder shall instead be to render, and Company shall render, M&P Services for at least the Specified Percentage (and, at WMI's election, more than the Specified Percentage) of Products in accordance with the terms hereof. WMI shall use commercially reasonable efforts to provide that the Combined Entity's ordering of units of Products and Components hereunder (i.e., mix of New Releases and Catalog Titles and special packaging orders) following the RMMT Effective Date remains generally consistent with WMI's ordering of units of Products and Components hereunder prior to the RMMT Effective Date. The "Specified Percentage" equals the fraction, expressed as a percentage: (A) the numerator of which shall be one hundred percent (100%) of the number of units of Products manufactured and packaged for sale in the Territory by Company for WMI under this Agreement (and/or by WMI on its own behalf, if applicable) during the twelve (12) complete calendar months immediately preceding the RMMT Effective Date (the "WMI Output"); and (B) the denominator of which shall be the WMI Output plus one hundred percent (100%) of the number of units of Records, in any Optical Disc format, manufactured and packaged for sale in the Territory by or for

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the recorded music business of the applicable Major during the same twelve (12)-month period. For the avoidance of doubt, in calculating the WMI Output no units manufactured or packaged by Company (and/or WMI, if applicable) for WHV or its affiliates shall be included.

(iii) Notwithstanding Paragraphs 1(a)(i) and 1(a)(ii), in relation to Excluded Products WMI shall be entitled to appoint a third party manufacturer and packager. WMI shall include Company in the tender process.

(b) Reservation of Rights. WMI hereby reserves all rights in and to Products not otherwise expressly granted to Company herein.

(c) Reports. Company shall prepare for WMI the production, shipments and inventory reports in the same format and details as were received by WMI or its affiliates prior to this Agreement and shall supply WMI and its affiliates with such reports on at least a monthly basis during the Term. If Company provides more detailed reports to any other party during the Term, Company shall, at WMI's request, provide such more detailed reports to WMI hereunder as of the date that Company commences providing such more detailed reports to such other party but subject to the same terms and conditions under which such reports are provided to such other party (e.g., any additional fees or amounts charged to such party for such more detailed reports). Nothing in such reports shall impart any competitively-sensitive information about Company, Company's affiliates or any third parties for which Company renders any services or any personal data possessed by Company.

2. Title. Title to units of Components and Products manufactured and packaged hereunder (including all copyrights and trademarks contained therein) shall remain in WMI or WMI's affiliates. Company acknowledges that Products (including all intellectual property contained therein and relating thereto) are protected under copyright laws and that WMI is the rightful owner or license holder of such copyrights. Company acknowledges that any removal of any such materials from Company's approved facilities without WMI's written approval, and any distribution of any such materials in the Territory without WMI's written approval, is an infringement of WMI's copyright. Company shall bear the risk of loss for units of Products in Company's possession, under Company's control or in transit from Company or its designees to any Facility, provided, however, that WMI shall bear the risk of loss for any units of Products in transit for which WMI is responsible for paying the shipping.

3. Services. (a) Level of Services. [*] In addition, the Services:

(i) shall be rendered on a so-called "label blind" basis;

(ii) shall be rendered in at least the same general manner, subject to at least the same general standards and in at least the same general quality as provided by Company to all other parties whose Records are manufactured and/or packaged by Company in the Territory, [*]. This Paragraph 3(a)(ii) shall not require that Company provide any new services to WMI if the cost of providing such services would be unreasonably burdensome to Company; provided, however, that nothing in this sentence shall limit Company's obligations set forth in Paragraph 6;

(iii) [*]

(iv) shall be rendered in accordance with "first-class" standards that meet the highest quality available in the industry;

(v) shall be rendered in accordance with, or exceed, each of the service level requirements set forth on Schedule A hereto (the requirements set forth on Schedule A hereto being the "Service Level Requirements"); and

(vi) shall, to the extent rendered for the production of Products in CD or DVD format, be rendered in accordance with the technical specifications set forth on Schedule B hereto (the requirements set forth on Schedule B hereto being the "Technical Specifications").

Notwithstanding the foregoing, to the extent that the standards set forth in clauses (ii) and (iv) above are not being met as of the commencement of the Term, Company shall have a period of ninety (90) days from the commencement of the Term in which to meet such standards.

(b) Copy Protection and Digital Rights Management. WMI may from time to time require the integration of copy protection and digital rights management technology into certain Products. Company shall use its commercially reasonable efforts to ensure that it is equipped to provide such technology and shall obtain necessary licenses from the supplier therefore. WMI shall, unless otherwise agreed, be responsible for the copy protection or digital rights management technology license fees and the cost of any packaging adaptation necessary to provide notification of the use of such technology as may be required by the applicable law in the country of sale, and (except as otherwise expressly set forth in this Paragraph 3(b)) all other costs relating to copy protection and digital rights management shall be borne by Company. Company shall report units

manufactured and technologies used to WMI on a monthly basis to facilitate the administration of the copy protection and digital rights management license fees. Company shall assist WMI in assessing and testing new copy protection and digital rights management technologies, and on forty-five (45) days' notice will make provision for new copy protection and digital rights management technologies to be implemented, but only so long as such new technologies are available to Company for use. To the extent that the actual, documented, out-of-pocket, non-overhead cost to Company for the assessment, testing and implementation of such new copy protection and digital rights management technologies exceeds [*] in the aggregate in respect of any Contract Year, then WMI shall reimburse Company for any such excess (but solely to the extent that WMI requested that Company assess, test or implement such new technology). To the extent that any other parties serviced by Company actually utilize any such new copy protection and digital rights management technology, WMI's obligation to reimburse Company for any such excess shall be reduced pro rata based on the total number of Company's customers utilizing the new copy protection and digital rights management technology. If WMI has already reimbursed Company pursuant to the preceding sentence and subsequently is entitled to a pro rata reduction as provided herein, Company shall refund such amount within thirty (30) days of the date such other party begins utilizing such new copy protection and digital rights management technology. Implementation of copy protection or digital rights management technology shall not be considered a factor that shall impact capacity or production time downstream of the mastering process. WMI and Company further agree that pursuant to Article 6.4 Directive 2001/29/EC on the Harmonization of Certain Aspects of Copyright and related Rights in the Information Society, each will accommodate statutory privileges relating to use regardless of the use of any such copy protection technology or digital rights management technology.

(c) Fees. The Packaging Services shall be furnished at the prices set forth on Schedule C and Schedule D hereto and as set forth in this Paragraph 3(c), as they may be modified from time to time by operation of Paragraphs 12 and 15 (the "Printing and Packaging Fees"), and the Manufacturing Services shall be furnished at the prices set forth on Schedule D hereto and as set forth in this Paragraph 3(c), as may be modified from time to time by operation of Paragraphs 12 and 15 (the "Manufacturing Fees" and, together with the Printing and Packaging Fees, the "Fees"). Unless otherwise indicated, all amounts set forth in this Agreement including the Schedules hereto are denominated in Euros. [*]

[*]

(d) Subcontracting. Company may subcontract a portion of its obligations under this Agreement to any one or more of the subcontractors on Schedule E hereto (each an "Approved Subcontractor"). Company may subcontract to a subcontractor that is not an Approved Subcontractor only with the prior consent of WMI. Any such subcontracting by Company shall not relieve Company of its obligations hereunder. Orders hereunder shall not be subcontracted to a greater degree than any other orders. In addition, Company shall ensure that any subcontractors comply with all obligations of Company hereunder. WMI may from time, to time designate organizations as prohibited subcontractors under this Agreement if WMI reasonably believes such organizations would not be likely to be able to adhere to the provisions of this Agreement.

(e) Compliance with Law; Code of Conduct. Company shall comply (i) with all laws and regulations in connection with Company's undertakings under this Agreement, except where the failure to do so individually or in the aggregate is immaterial; and (ii) subject to relevant local laws including privacy laws, with the code of conduct attached as Schedule F hereto.

(f) Delivery of Source Materials. (i) WMI or its affiliates shall, at WMI's sole expense, deliver to Company (or to such suppliers as Company may designate) all Source Materials. WMI shall retain title to all Source Materials supplied to Company or its designees, including all digital files

derived from such Source Materials. Company shall maintain systems at no charge to WMI so as to be able to receive Source Materials, metadata and digital proofs in digital form and online, which shall include Wamnet.

(ii) All products ordered by WMI or its affiliates and manufactured and finished by Company shall be delivered at Company's expense to Company's central warehouse located in Alsdorf, Germany, or to the extent that Company elects to re-locate such Facility, then to such relocated Facility.

(g) Ordering. (i) It shall be WMI's responsibility to determine its production requirements and to order Units of Products. All Orders for Units of Products shall be evidenced by a written purchase order and may be placed by WMI or any of its affiliates or any third party licensees. Orders must include all information necessary to properly identify the Products to be manufactured and packaged, including artist, title, catalog number, full UPC/EAN and quantity. Company shall use the entire UPC or EAN codes to identify all Products.

(ii) Prior to manufacture, an Order must be Workable. Company shall deliver Units of Products to WMI's designated locations within the applicable time periods set forth on Schedule A hereto. All of the time periods set forth on Schedule A hereto are referred to as the applicable Turnaround Times for the manufacture of Units of Products in each

configuration, respectively, and are measured from the time the Order is Workable.

(iii) At the times that WMI submits Orders, to the extent that an Order is for multiple selections, WMI shall have the right to determine the priority in which the Orders should be filled (that is, it shall have the right to determine and designate which part of the Order is to be delivered within the shorter of the applicable Turnaround Times and which part of the Order is to be delivered within the longer of the applicable Turnaround Times).

(iv) For each item (i.e., a particular Product) in an Order, there shall be an allowable fulfillment deviation as set forth below:

Order Size in Units	[*]	[*]
0-10,000	[*]	[*]
10,001-50,000	[*]	[*]
50,001-300,000	[*]	[*]
300,001 and up	[*]	[*]

Orders filled within such deviation shall be deemed to be satisfied, and WMI shall pay Company on the actual number of units delivered at the rate(s) charged by Company pursuant to the original Order to which such deviation relates.

(h) Quarterly Meetings. At least once every calendar quarter, WMI may meet with Company's Chief Executive Officer (or equivalent) and Chief Financial Officer (or equivalent) to assess Company's performance under this Agreement and its ongoing ability to perform its obligations under this Agreement.

(i) Shipping Costs. Company shall bear the cost and expense of shipping of any and all units of Products, Components or other materials manufactured hereunder from the point of manufacture to Company's central Facility located in Alsdorf, Germany or to the extent that Company elects to re-locate such Facility, then to such other new Facility. Company shall also be solely responsible for the cost and expense of any shipping between any of Company's Facilities, so long as such movement is at the direction of Company in its own discretion. Except as otherwise specifically provided herein, WMI shall be responsible for the cost and expense of all other shipments hereunder. To the extent that any shipping costs hereunder are to be borne by WMI but are actually paid by Company, WMI shall only be required to pay Company's actual, documented, out-of-pocket costs charged by such shipping agent for the shipment of units of Products and/or other materials hereunder and, such costs shall be reimbursed to Company by WMI within [*] following Company's rendition of such invoice to WMI (but in no event shall WMI be required to make any such payment of such invoice prior to Company's payment of such invoice to such shipping agent). If WMI is responsible for shipping expenses, should WMI so elect, WMI shall have the right to: (i) select the shipping agent(s) utilized by Company for shipping of units of Products and/or other materials hereunder (and, in doing so, assume the risk of loss for such units

of Products in transit); or (ii) in lieu of selecting such shipping agent(s), require that Company submit to WMI any proposed shipping agent(s) which Company wishes to utilize hereunder for WMI's prior written approval. If, in a particular instance, WMI is not responsible for shipping expenses or WMI does not exercise its rights pursuant to the preceding sentence, Company shall utilize the same shipping agent(s) utilized by Company for the shipping of a majority of the other products shipped by or on behalf of Company.

(j) No Unauthorized Manufacture. Company acknowledges that WMI may suffer substantial damages as a result of the unauthorized manufacture of Components or Products. Therefore, Company agrees that: (i) Company shall produce only those quantities of units of Components and Products as are specified in a written Order issued by WMI and subject to the terms set forth herein; (ii) Company shall deliver the units of Components and Products specified in each Order only to the recipient and location designated by WMI in such order; and (iii) upon WMI's request from time to time, Company shall deliver to WMI separate written confirmation of each manufacturing run made of each Product and Component pursuant to each Order, including the date of the manufacturing run and the number of units produced during the run.

(k) Additional Services. At WMI's reasonable request, Company shall provide WMI with manufacturing and packaging services for "point of sale," promotional and merchandising materials to be utilized in connection with Products. Such services shall be provided by Company to WMI on a non-exclusive basis only (and only to the extent that WMI so requests any such services) and, to the extent so requested, shall be provided to WMI [*]. Notwithstanding this Paragraph 3(k), Company shall only be required to provide such services if either WMI (either itself or through any of its affiliates) provided such services on its own behalf prior to the commencement of the Term or Company then-currently provides such services to any party (in which case, if WMI requests such services and Company is not contractually prohibited from providing such services to WMI, they shall be provided to WMI on the

same terms and conditions as are provided to such other party). If Company provides any Services to WEA under the US Manufacturing Agreement, then Company shall provide such Services to WMI hereunder but only to the extent that it is reasonably feasible for Company to do so at the WMI Facilities.

4. Company's Financial Obligations. WMI shall not be responsible for payment of any of Company's (or Company's affiliates') indirect or general overhead charges or the salaries of Company's (or Company's affiliates') employees or agents. All costs associated with the rendering of Services shall be borne by Company. Such costs to be borne by Company include any patent royalties or other similar royalties or license fees payable in connection with the manufacture of Products and Components (subject to the provisions of Paragraph 3(c)(i)), which costs, for the avoidance of doubt, exclude mechanical royalties, record royalties and copy protection and digital rights management (i.e., DRM) technology license fees.

5. Other Obligations. (a) Storage of Source Materials and Components. Company shall accept and store all Source Materials and units of Components delivered to or otherwise held by Company hereunder at no charge; provided, however, that with respect to any particular Product, Company shall not be required to store more Source Materials or units of Components than is necessary to satisfy the next [*] demand (such determination as to what constitutes [*] demand shall be made jointly by WMI and Company based, where possible, upon actual, gross units ordered during the prior [*] period and shall be made for all Source Materials and Components no more frequently than semi-annually during the Term commencing no sooner than [*] after the commencement of the Term). With respect to Source Materials and units of Components so determined to be in excess of a [*] demand therefor, Company shall notify WMI of the specific Source Materials and/or units of Components constituting such excess and within [*] following WMI's receipt of such notice, WMI shall (in WMI's sole discretion) either: (i) remove such excess Source Materials and/or units of Components (at WMI's expense); (ii) direct Company to destroy such excess Source Materials and/or units of Components (at WMI's expense); or (iii) direct Company to store such excess: either (x) at a Facility at a cost to WMI of [*] or (y) offsite at Company's or Company's affiliates' leased facility approved in advance, in writing by WMI and the actual, documented, out-of-pocket expense charged by such facility to Company for such storage shall be reimbursed to Company by WMI. Amounts owing under this Paragraph 5(a) shall be invoiced by Company at month end and shall be payable [*] from the date of the rendition of such invoice; [*]. All Source Materials and all units of Components shall be WMI's property and shall be kept segregated from any other property. Upon receipt of a written request from WMI, Company shall return to WMI, at WMI's cost, any materials supplied by WMI which have not been utilized in the manufacture or packaging of units of Components or Products or otherwise pursuant to this Agreement and which are then in Company's possession or control. The risk of loss, due to any reason, of Source Materials or units of Components in Company's possession or control shall be borne by Company, as further described herein; provided, however, that to the extent any such loss was directly caused by a WMI Employee, Company shall not bear the risk of loss, except to the extent such loss is or would have been covered by Company's property insurance as required under this Agreement as set forth on Schedule G hereto. WMI shall own all manufacturing parts (for Components and Products) and all derivatives and/or duplicates thereof fabricated in connection with the production process, including all Components, photographic films and color keys, if any, duplicate audio tapes (analog or digital), glass Masters and running Masters and all digital files derived from any of the foregoing. Company shall not destroy any of the Source Materials, units of Components or elements derived therefrom without prior written authorization from WMI; provided, however, that Company may destroy certain such derived elements (i.e., glass Masters and metal parts) to the extent that such elements are generally destroyed by Company in the ordinary course of production. Company shall also, at Company's cost, maintain, protect and backup any and all Source

Materials and derivatives in an organized environment to allow for easy access by both Company and WMI.

(b) Insurance. During the Term, Company shall: (i) comply with all provisions set forth on Schedule G hereto; and (ii) at Company's sole cost and expense, maintain adequate insurance coverage for: (A) all Source Materials and Inventory while such items are in Company's possession, under Company's control or in transit to or from Company or its designees to any Facility; and (B) the other matters set forth on Schedule G hereto. The insurance required under this Paragraph 5(b) is not intended to limit Company's liability as otherwise provided in this Agreement.

(c) Computer Access. In order that WMI and its affiliates are able to monitor daily shipments, receipt, production and inventory activity in connection with Components and Products, Company shall give WMI access to Company's computer system for the purpose of providing WMI with real-time information stored therein relating to Components and Products at Company's expense (but no access shall be allowed to information relating to any other party's products or any personal data possessed by Company). Such system shall provide WMI with all of the same types of reports and information currently provided by, and as may be available from Company's computer systems in connection with other products and components manufactured and/or packaged by Company. In connection therewith, Company shall work with WMI to ensure that WMI is provided with at least the same level of reports and information that WMI's own systems provided as of the commencement of the Term. Nothing in such reports or information provided shall impart any competitively-sensitive information about Company, Company's affiliates or any third parties for which Company renders any services or any personal data possessed by Company. Such access shall be available to WMI [*] at all times during the Term. Notwithstanding anything herein to the contrary, Company may perform system maintenance and upgrades during which such systems may not be available; provided, however, that such downtime does not exceed [*]

(d) Inspection. Subject to the provisions set forth below, during the Term and for a period of [*] following the expiration or termination of the Term, WMI shall have the right to inspect each WMI Facility and any other facility utilized by Company in connection with Components or Products or the provision of Services hereunder, during regular business hours (utilizing either WMI's own employees, third party advisers or representatives, insurers, or other experts retained by WMI). WMI may conduct such inspections of each WMI Facility or such other facility up to [*].

[*] During any such inspection, WMI may conduct physical inventories of units of Components and Products in Company's possession or control. WMI shall not have access to any competitively-sensitive information relating to any other party's products, or any personal data possessed by Company, during the inspections permitted under this Paragraph 5(d).

(e) Security. Company shall maintain security standards that are at least equivalent to those provided by other "first-class" manufacturers and packagers in the Territory, both in the segregated area of the WMI Facilities for property of WMI and throughout the WMI Facilities, and shall at all times employ the utmost care and diligence to prevent loss, damage, theft, disappearance, unauthorized destruction or usage of such property of WMI.

Company's security procedures shall be subject to WMI's prior written approval. Company shall maintain such procedures as approved by WMI and as may reasonably be given to Company from time to time throughout the Term. Notwithstanding the foregoing, Company's security measures (which shall include closed-circuit television monitoring, pass-protected access, employee checking and spot searching, etc.) shall be sufficient to ensure that all Source Materials and Inventory and the intellectual property embodied in such Source Materials and Inventory are in no way compromised, stolen, "leaked" to the public (e.g., copying of recordings embodied on Products which may lead to the availability of such recordings to the public via the Internet or similar means) or otherwise made available to any unauthorized parties; provided, however, that for a period of [*] from the commencement of the Term, such security measures need be no more stringent than those currently in place at the Acquired Facilities. Upon discovery of: (i) loss, damage, theft, disappearance, or destruction of Source Materials or Inventory exceeding [*] or (ii) any unauthorized usage of Inventory, Company shall notify WMI as soon as reasonably possible, and in any event within [*] following such discovery, and shall include in such notification sufficient detail to allow WMI to investigate such discovery (each, a "Security Breach Notice"). Regardless of Company's compliance with all security measures set forth herein or with procedures approved by WMI, Company shall be liable as provided herein for the loss, damage, theft, disappearance, destruction or unauthorized usage of any property of WMI.

(f) Salvage. At all times and regardless of whether Company or its insurers are required to compensate WMI for loss as required under this Agreement, WMI shall retain the sole right to salvage for damaged Inventory. Company shall not surrender damaged Inventory to insurers or any other party for destruction or disposal without obtaining WMI's prior written consent.

(g) WMI Employees. Company shall throughout the Term, at the request of WMI, provide up to a maximum of [*] full-time employees of WMI or its affiliates (the "WMI Employees") with, at Company's expense: (i) reasonable office accommodations at such Facilities of Company utilized for manufacturing and/or

packaging in the Territory as may be specified from time to time by WMI; (ii) individual computers; (iii) copy services and any other similar office services in order to permit them to carry out their functions; (iv) office meal/pantry/refreshment and recreational and similar facilities similar to those provided to Company's employees at such facilities; and (v) all other reasonable support functions as provided to them as of the date of this Agreement. Company shall also provide telephone, Internet and fax access for each WMI Employee, and WMI shall reimburse Company for Company's actual, documented, out-of-pocket costs therefor. Amounts owing under this Paragraph 5(g) shall be invoiced by Company at month end and shall be payable [*] from the date of the rendition of such invoice; [*] WMI shall be responsible for the direction of, and all compensation and related obligations for, the WMI Employees. The WMI Employees shall operate in accordance with WMI's code of conduct and Company's standard code of conduct contained in its employee policy manual at the applicable WMI Facility (which code of conduct shall be subject to WMI's reasonable approval) and all other lawful policies adopted by Company from time to time governing the conduct of all of its employees and contractors. In the performance of their tasks, the WMI Employees shall not have access to any competitively-sensitive information relating to any other party's products or any personal data possessed by Company.

[*]

6. Technology. Throughout the Term, Company shall reasonably update its manufacturing and packaging lines at the WMI Facilities at Company's cost to keep up with new technology requirements and to maintain at least the same level of technology utilized by other "first-class" manufacturers and packagers of Records in the Territory, including machinery and equipment that is reasonably available to provide automated assembly of packaging, inclusion of inserts and application of stickers, shrinkwrap and security materials. Company shall maintain and update its information and technology capabilities at the WMI Facilities, at Company's cost, to meet reasonable WMI requirements and maintain competitive services for WMI and its customers. [*]

7. Invoices and Payments. (a) Rendition of Invoices. Except with respect to shipping charges to be borne by WMI as provided in Paragraph 3(i), in the case of WMI affiliates and licensees for each month of the Term, Company shall prepare and render invoices in Euros to such WMI affiliates and licensees on the [*] of each such month setting forth all Fees owed by WMI hereunder with respect to such affiliates and

licensees. The amount due to Company pursuant to each such invoice shall be due and payable in Euros by the WMI affiliates and directly by licensees to Company on or before [*] following Company's rendition of such invoices [*]. At WMI's sole election, Company shall prepare and render invoices in Euros to such nominated WMI affiliates and licensees with respect to each completed and shipped Order of Products setting forth all Fees owed by WMI hereunder with respect to such nominated affiliates and licenses. The amount due to Company pursuant to each such invoice shall be due and payable in Euros by the WMI affiliates and directly by licensees to Company on or before [*] following Company's rendition of such invoices [*]. If any WMI affiliate or licensee disputes an amount contained in an invoice but has already paid to Company such amount, the WMI affiliate or licensees may withhold the disputed amount from amounts otherwise owed to Company hereunder during the pendency of such dispute. The invoices for all units hereunder will follow the same format as current invoices but at a minimum shall contain "per SKU" line item detail with special handling or other miscellaneous charges indicated separately in the form and manner consistent with Company's general form of invoice. Company shall submit all such invoices to WMI electronically pursuant to instructions given by WMI to Company from time to time (and in paper form, to the extent WMI so requests) and to the extent that Company's and WMI's computer systems do not already provide for the electronic submission of all such invoices, Company shall use Company's reasonable efforts to work with WMI starting upon the commencement of the Term to create a system whereby all such invoices can be submitted electronically to WMI. For the avoidance of doubt, WMI affiliates shall only be liable for any payments hereunder provided that they have received the complete Orders for the relevant finished units of Components and Products reflected in such invoice.

(b) Audits. WMI shall have the right, at WMI's sole expense, to examine (and/or to appoint representatives to examine) Company's (and Company's affiliates') books and records in order to: (i) verify the correctness of any invoice prepared and rendered by Company in accordance with Paragraph 7(a); (ii) establish the applicability of the provisions contained in Paragraphs 10, 12 and/or 15; or (iii) otherwise establish compliance by Company with its obligations under this Agreement; provided, however, that only independent, third-party auditors (i.e., auditors other than WMI's then-current outside auditor) shall be utilized for the review of Company's books and records. Independent third party auditors shall have access to all information necessary to perform their duties, however nothing in any report provided to WMI or its affiliates by any such independent third party auditors shall impart to WMI or its affiliates any competitively-sensitive information about Company, Company's affiliates or any third parties for which Company renders any services. If any such audit reveals that WMI and/or WMI's affiliates have been overcharged, Company shall reimburse WMI in the amount of the overcharge. If any such

audit reveals that WMI or WMI's affiliates have been overcharged by an amount exceeding three percent (3%) for the audit period, Company shall reimburse WMI in the amount of the overcharge plus all fees paid by WMI to the

auditors concerned in connection with such audit and any other actual, documented, out-of-pocket expense incurred by WMI in connection with such audit. [*] Regardless of the number of audits conducted hereunder revealing the same specific overcharge to WMI, Company shall not be required to repay WMI the amount of any such overcharge more than once. WMI's audit right shall survive the expiration or termination of the Term for [*]. Company shall retain all books and records related to the performance of Services hereunder after the expiration or termination of the Term for so long as WMI or its affiliates may need to perform audits hereunder, but in no event for more than [*] the rendition of the invoice with respect to the Services to which such invoice relates, provided, however, that before Company destroys any books or records, Company shall deliver written notice of such intent to destroy to WMI [*] before the intended date of destruction. WMI shall [*] after receipt of such notice to request copies of the books and records to be destroyed, in which case Company shall make copies of such books and records and deliver the same to WMI (but excluding information related to other customers of Company) at WMI's expense (but at Company's expense if such copies are of electronic files). As used herein, "books and records" shall include, without limitation, physical data and data stored in any electronic, magnetic or optical format.

8. Post-Term Procedures. (a) Upon the expiration or termination of the Term, Company shall immediately cause the cessation of all Services and shall have no further rights or obligations with respect to Products except as provided herein; provided, however, that upon WMI's request, Company shall fill any then-currently outstanding orders for units of Components and Products pursuant to the terms of this Agreement. Within [*] following the expiration or termination of the Term, Company shall provide WMI with a list of all Source Materials and units of Components and Products in Company's possession or control on such date. The mere expiration or termination of the Term shall not affect any obligation of WMI to pay for Services rendered by Company prior to such expiration or termination or any other obligation that is expressly provided herein to survive the expiration or termination of the Term.

(b) Within [*] following the expiration of the Term or [*] following the early termination of the Term, WMI shall remove from the Facilities, at WMI's expense, or order at WMI's expense the destruction of: (i) all units of Components and Products in Company's possession or control; and (ii) all Source Materials in Company's possession or control. The determination whether to remove or

destroy such items shall be made by WMI in WMI's sole discretion. Any Source Materials to be returned shall be returned to WMI, at WMI's cost, and the cost of any return of any Components to be returned shall be the subject of negotiation between the parties hereto unless such Components were supplied by WMI, in which case such Components shall be returned without charge.

9. Warranties, Representations, Covenants and Indemnities. (a) Company warrants, represents and/or covenants, as the case may be, that: (i) Company has the right, power and authority to enter into and fully perform this Agreement; (ii) no agreement of any kind heretofore entered into by Company shall interfere in any manner with the complete performance of this Agreement; and (iii) subject to WMI's rights in the Products and Components and WMI's warranties and representations set forth below, any items prepared by or otherwise furnished by Company in connection with Components or Products and Company's performance of the Services hereunder will not violate any law or infringe upon the rights of any party.

(b) Company agrees to and does hereby indemnify, save and hold WMI and its affiliates, and each of their respective officers, directors and employees (collectively, for the purposes of this Paragraph 9(b) only, "WMI") harmless to the maximum extent permitted by law from any and all loss and damage (including court costs and reasonable attorneys' fees as and when incurred) arising out of, connected with or as a result of: (i) any inaccuracy, inconsistency with, failure of, or breach or threatened breach by Company of any warranty, representation, agreement, undertaking or covenant contained in this Agreement; and/or (ii) any and all damages or injuries of any kind or nature whatsoever (including death resulting therefrom) to any persons, whether employees of Company or otherwise, and to any property caused by, resulting from, arising out of or occurring in connection with the execution of the work under this Agreement (including as a result of products liability claims), whether such damages or injuries are or are alleged to be based upon Company's active or passive negligence or participation in the wrong or upon any breach of any statutory duty or obligation on the part of Company (except to the extent such damages or injuries directly result from any act of WMI's employees located at Company's facilities and are not otherwise covered by the property insurance Company is required to maintain hereunder as set forth on Schedule G hereto, or result from a breach of any warranty, representation, agreement, undertaking or covenant of WMI contained herein). The foregoing indemnity shall be applicable only to such claims as have been reduced to judgment or settled with Company's written approval. WMI shall give Company prompt notice of any claim to which the foregoing indemnity applies and Company shall assume the defense of any such claim through counsel of Company's choice and at Company's sole expense; provided, however, that the relevant law on Civil Procedure provides for this procedure. WMI shall have the right to participate in such defense through counsel of WMI's choice and at WMI's expense; provided, however, that the relevant law on Civil Procedure provides for this procedure.

(c) WMI warrants, represents and/or covenants, as the case may be, that: (i) WMI has the right, power and authority to enter into and fully perform this Agreement;

(ii) no agreement of any kind heretofore entered into by WMI shall interfere in any manner with the complete performance of this Agreement; and (iii) Material embodied in Products and Components as supplied by WMI shall not violate any law or infringe upon the rights of any third party. As used herein "Material" shall include all musical compositions, names, biographical materials and likenesses, photographic, video or motion picture images, sound recordings, intellectual properties, packaging and artwork.

(d) WMI agrees to and does hereby indemnify, save and hold Company and its affiliates, and each of their respective officers, directors and employees (collectively, for the purposes of this Paragraph 9(d) only, "Company") harmless to the maximum extent permitted by law from any and all loss and damage (including court costs and reasonable attorneys' fees as and when incurred) arising out of, connected with or as a result of: (i) any inaccuracy, inconsistency with, failure of, or breach or threatened breach by WMI of any warranty, representation, agreement, undertaking or covenant contained in this

Agreement; and/or (ii) any and all damages or injuries of any kind or nature whatsoever (including death resulting therefrom) to any persons, whether employees of Company or otherwise, and to any property caused by, resulting from, arising out of or occurring in connection with any act of WMI's employees located at Company's facilities, except to the extent such damages and injuries are covered by the property insurance Company is required to maintain hereunder at set forth on Schedule G hereto. The foregoing indemnity shall be applicable only to such claims as have been reduced to judgment or settled with WMI's written approval. Company shall give WMI prompt notice of any claim to which the foregoing indemnity applies and WMI shall assume the defense of any such claim through counsel of WMI's choice and at WMI's sole expense; provided, however, that the relevant law on Civil Procedure provides for this procedure. Company shall have the right to participate in such defense through counsel of Company's choice and at Company's expense; provided, however, that the relevant law on Civil Procedure provides for this procedure.

10. Breach, Cure and Termination. (a) WMI may terminate the Term by written notice to Company following either: (i) a breach of this Agreement by Company that is specified in Paragraph 10(b); or (ii) any other material breach of this Agreement by Company. [*] There shall be a cure period of [*] following written notice to Company, for any breach referred to in Paragraph 10(a)(ii) .

(b) The breaches of this Agreement referred to in Paragraph 10(a)(i) are any of the following:

[*]

[*]

(viii) any willful and malicious breach by Company of any material provision hereof.

(c) In addition, WMI may terminate the Term:

(i) by written notice to Company within [*] following the later of: (A) a Change of Control; and (B) written notice to WMI from Company that a Change of Control has occurred;

(ii) by written notice to Company following an Insolvency Event; and

(iii) by written notice to Company following either: (A) the termination of the term of the International PP&S Agreement or the International Administrative Services Agreement, other than (x) as a result

of a breach by WMI or the expiration of the term thereunder by passage of time or (y) the termination of the term of the International PP&S Agreement under Paragraph 11(c)(iv) thereof; or (B) any material breach by Company under the International PP&S Agreement (i.e., a breach which would then-currently permit WMI to terminate the term thereof and with respect to which WMI's right to terminate has not been waived).

(d) Any termination of this Agreement under this Paragraph 10 will not relieve Company of liability for breaches hereof arising prior to such termination nor shall it relieve WMI from any liability to pay for Services rendered prior to such termination.

(e)

(i) If because of an "act of God", inevitable accident, fire, lockout, strike or other labor dispute, riot or civil commotion, act of public enemy or other cause of a similar nature not reasonably within Company's control (a "Force Majeure Event"), Company is materially hampered in the performance of its obligations under this Agreement, or its normal business operations are delayed or become impossible or commercially impracticable, then Company shall have the option, by giving WMI written notice, to suspend its obligations under this Agreement affected by such Force Majeure Event, effective upon receipt by WMI of such notice, for the duration of any such contingency. Should Company suspend its obligations under this Agreement pursuant to this Paragraph 10(e), such suspension shall not constitute a breach hereunder and Company shall not be subject to price rebates under Paragraph 15 with respect to any occurrences during the pendency of such suspension. Immediately upon Company's assertion of its right to suspend its obligations under this Agreement, WMI shall have the right to manufacture and/or package Products itself or through third parties during the pendency of such suspension. Further, should Company suspend its obligations under this Agreement, WMI shall, on and from the date which is [*] after the occurrence of (which may be earlier than Company's assertion of suspension under) a Force Majeure Event, have the right, in its sole discretion, to: (i) terminate the Term of this Agreement by notice in writing to Company; or (ii) require Company to implement its Disaster Recovery Plan; in each case unless Company has previously by notice in writing to WMI ended the suspension of Company's obligations under this Agreement. For the avoidance of doubt, should WMI exercise its right of termination under this Paragraph 10(e), no cure period shall be associated with Company's failure to perform its obligations hereunder. No liability or obligation of Company under any provision hereof, other than those affected by a Force Majeure Event hereunder, shall be in any way limited or forgiven as a result of any Force Majeure Event.

(ii) In addition, [*] of becoming aware of any circumstance or event which may reasonably be anticipated to cause or constitute a Force Majeure Event, Company shall notify WMI of such circumstance or event. For the avoidance of doubt, such notice shall not constitute an assertion by Company of its right to suspend its obligations hereunder.

(iii) If for any reason, Company is unable to provide any Services hereunder in connection with any Order(s) for a period exceeding [*] and such inability is reasonably likely to result in Company being unable to meet the Service Level Requirements set forth herein, WMI shall have the right to immediately contract with a third party to provide all or any portion of such services for such period of time as may be reasonably necessary for WMI to obtain the services required to fulfill any such Order(s). Once WMI is reasonably satisfied that Company is again able to provide the required Services, WMI shall return the contracted Services to Company as soon as it is reasonably able to do so; provided, however, that the return of such Services to Company shall be subject to any reasonable commitment WMI has made to the applicable third party that such Services would remain with such third party for a period of time. Company shall reimburse WMI upon demand for any and all incremental out-of-pocket charges that WMI reasonably incurs as a result of transferring its Services under this Paragraph 10(e)(iii).

(f) If WMI purports to terminate this Agreement under this Paragraph 10, each party hereto shall have the right to seek any remedy or other relief available under applicable law (except as limited by Paragraph 16(n)), and each party hereto shall have the right to assert any defenses available under applicable law; provided, however, that under no circumstances shall any party from whom WMI obtains services in substitution for any or all Services to be provided hereunder have any liability whatsoever to Company arising out of or related to any actual or purported termination of this Agreement by WMI, even if in violation of this Agreement and Company shall take no action against any such party in connection with the provision of such services by such party to WMI.

11. Anti-Piracy Activities. Company (and WMI, to the extent applicable to a content provider) shall at all times use commercially reasonable efforts to comply with industry standard procedures associated with anti-piracy activities including: (i) the IRMA anti-piracy compliance program; (ii) the IFPI anti-piracy compliance program; and (iii) all other measures and procedures described in the RIAA Draft CD Plant Good Business Practices set forth therein.

12. Adjustments. (a) [*]

[*]

(b) [*]

(c) [*]

[*]

conditions applicable to such other party (e.g., order volumes, quality requirements and materials used).

(e) Each of WMI and Company agrees to negotiate in good faith to attempt to resolve any disagreement which may arise in connection with the implementation or interpretation of the terms and provisions of this Paragraph 12. In the event that such good faith negotiation does not result in the resolution of any such disagreement within a fifteen (15)-day period, the parties shall retain an arbitrator to make a fair and reasonable determination as to any such disagreement (the "Arbitrator"). The Arbitrator shall be a retired executive or attorney with substantial experience in the field of manufacturing, preferably in the manufacturing of Optical Discs, shall be independent of each of WMI and Company, and shall endeavor to provide a determination of any dispute among the parties within thirty (30) days of being retained, but in each case, as quickly as possible. The parties shall jointly appoint the Arbitrator and the identity of the Arbitrator shall be satisfactory to each of the parties. The parties shall share equally in the cost and expense of retaining the Arbitrator. If the parties cannot agree upon a person to act as the Arbitrator within thirty (30) days of the expiry of the fifteen (15)-day negotiation period specified in this Paragraph 12(e), then the Arbitrator shall be selected by the American Arbitration Association. Any arbitration hereunder shall be conducted in conformance with the rules established by the American Arbitration Association. Any determination made by the Arbitrator shall be final and binding on each of the parties.

13. Confidentiality. (a) Each of Company and WMI shall, and shall cause its affiliates, and its and its affiliates' directors, officers, employees and agents (each, a "Recipient") to, maintain in confidence the material terms of this Agreement, except that WMI may disclose this Agreement on a confidential basis in connection with a potential Recorded Music Major Transaction, to a potential assignee under Paragraph 16(c) or to third parties and WMI affiliates as may be necessary in the ordinary course of business (provided, that any such disclosure shall be limited to those persons who agree to be bound by the provisions of this Paragraph). The restriction in the preceding sentence shall not apply to information that: (i) becomes generally available to the public other than as a result of disclosure by such Recipient contrary to this Agreement; (ii) was available to such Recipient on a non-confidential basis prior to its disclosure to such Recipient; (iii) becomes available to such Recipient on a non-confidential basis from a source other than any other Recipient unless such Recipient knows that such source is bound by a confidentiality agreement or is otherwise prohibited from transmitting the information to such Recipient by a contractual obligation; (iv) is independently developed by such Recipient without reference to confidential information received from any other party; (v) is required to be disclosed by applicable law or legal process, provided that any Recipient disclosing pursuant to this clause (v) shall notify the other party at least five (5) days prior to such disclosure so as to allow such other party an opportunity to protect such information through protective order or otherwise; (vi) is required to be disclosed by any listing agreement with, or the rules or regulations of, any security exchange on which securities of such Recipient or any of its affiliates are listed or traded; or (vii) is required to be disclosed by a party in order to perform its obligations under the Agreement; provided, that any such disclosure shall be limited to those persons

who have a need to know such information and who agree to be bound by the provisions of this Paragraph 13. No party hereto shall make a press release or public announcement concerning this Agreement without the prior written consent of the other party hereto.

(b) Company shall, and shall cause its affiliates, and its and its affiliates' directors, officers, employees and agents to, maintain in confidence all information that: (i) is in its or their possession by reason of Company's performance of Services hereunder; and (ii) relates to the Products. WMI shall, and shall cause its affiliates, and its and its affiliates' directors, officers, employees and agents to, maintain in confidence all information that: (x) is in its or their possession by reason of Company's performance of Services hereunder; and (y) relates to the pricing, methods of manufacture or other proprietary information of Company. The restrictions in the two preceding sentences shall not apply to information that: (A) becomes generally available to the public other than as a result of disclosure by such Recipient contrary to this Agreement; (B) was available to such Recipient on a non-confidential basis prior to its disclosure to such Recipient; (C) becomes available to such Recipient on a non-confidential basis from a source other than any other Recipient unless such Recipient knows that such source is bound by a confidentiality agreement or is otherwise prohibited from transmitting the information to such Recipient by a contractual obligation; (D) is independently developed by such Recipient without reference to confidential information received from any other party; (E) is required to be disclosed by applicable law or legal process, provided that any Recipient disclosing pursuant to this clause (E), shall notify the other party at least five (5) days prior to such disclosure so as to allow such other party an opportunity to protect such information through protective order or otherwise; or (F) is required to be disclosed by any listing agreement with, or the rules or regulations of, any security exchange on which securities of such Recipient or any of its affiliates are listed or traded. Notwithstanding anything to the contrary above, WMI and its affiliates shall be permitted to disclose any information on a confidential basis in connection with a potential Recorded Music Major Transaction, to a potential assignee under Paragraph 16(c) or to third parties and WMI affiliates as may be necessary in the ordinary course of business (provided, that any such disclosure shall be limited to those persons who agree to be bound by the provisions of this Paragraph).

(c) The obligations of WMI and Company under Paragraphs 13(a) and 13(b) shall survive for [*] following the expiration or termination of the Term.

(d)

(i) Notwithstanding anything to the contrary set forth in this Paragraph 13, the parties hereby agree that, as of the earliest of: (A) the date of the public announcement of discussions relating to the transactions contemplated by the Stock Purchase Agreement (the "Transaction"); (B) the date of the public announcement of the Transaction; and (C) the date of the execution of an agreement (with or without conditions) to enter into the Transaction, each party (and each employee, representative or other agent of such party) may disclose to any and all persons, without

limitation of any kind, the tax treatment and tax structure of the Transaction and all materials of any kind (including opinions or other tax analyses) that are provided to such party relating to such tax treatment and tax structure.

(ii) The parties acknowledge that: (A)(x) the identity of any existing or future party (or any affiliate of such party) to the Transaction; and (y) any specific pricing information or other commercial terms, including the amount of any fees, expenses, rates or payments arising in connection with the Transaction, are not included in the meaning of the terms "tax treatment" and "tax structure" as referred to in clause (i) of this Paragraph 13(d); and (B) nothing in this Agreement shall in any way limit any party's ability to consult any tax advisor (including a tax advisor independent from all other entities involved in the Transaction) regarding the tax treatment or tax structure of the Transaction.

14. Definitions. (a) Certain Terms.

(i) "Acquired Facility" shall mean any of the facilities located in Alsdorf, Germany which are being acquired by Company in connection with the Stock Purchase Agreement.

(ii) "Catalog Titles" shall mean any Product (or Component thereof) following such Product's "street date."

(iii) "CD Discs" shall mean Optical Discs which are in the CD format.

(iv) "Change of Control" shall mean (i) any merger or consolidation of Company or Parent with a Major or its affiliates or any sale, transfer, issuance or other disposal (in one transaction or in a series of transactions) of all or more than [*] of the shares of capital stock, partnership interests, membership interests in a limited liability company or other equity ownership interests ("Equity Interests") of Parent or Company (or any subsidiary of Parent or Company engaged in the business of providing M&P Services, whether now owned or hereafter acquired) to a Major or its affiliates; (ii) the failure by Parent to own, directly or indirectly, beneficially and of record, Equity Interests in Company representing at least [*] of each of the aggregate ordinary voting power and aggregate equity value represented by the issued and outstanding Equity Interests in Company; (iii) Parent or Company sells all or substantially all of its assets; or (iv) any other event which results in Parent no longer controlling the direction or management of Company.

(v) "Combined Entity" shall mean the entity or entities formed as a result of any Recorded Music Major Transaction.

(vi) "Components" shall mean the packaging or promotional elements included in the Containers or utilized in connection therewith, including inserts, booklets and inlay cards and stickers.

(vii) "Containers" shall mean the containers (e.g., jewel boxes and snapper boxes) into which Records are collated.

(viii) "Contract Year" shall mean each separate, consecutive one (1)-year period of the Term, the first such period to commence on the first day of the Term.

(ix) "Excluded Products" shall mean the following Products:

(a) single and maxi single configurations in all formats, and

(b) premium configurations in all formats.

(x) "Facility" shall mean any facility owned and/or leased and controlled by Company or one of Company's affiliates.

(xi) "Hit Titles" shall mean Catalog Titles designated by WMI as such based upon current or anticipated sales and delivery requirements.

[*]

(xiii) "International Administrative Services Agreement" shall mean the International Administrative Services Agreement between WMI and Company dated as of the date hereof.

(xiv) "International PP&S Agreement" shall mean the International Pick, Pack and Shipping Services Agreement between WMI and Company dated the date hereof.

(xv) "Inventory" shall mean all inventory of units of Components and finished units of Products stored in any Facility.

(xvi) "Key Release" shall mean a New Release of which greater than two hundred and fifty thousand (250,000) units and less than five hundred thousand (500,000) units have been Ordered.

(xvii) "Key Release Date" shall mean the date by which the Orders for a Key Release are required to be shipped pursuant to Schedule A hereto.

(xviii) "M&P Services" shall mean Manufacturing Services and Packaging Services.

(xix) "Major" shall mean any one of the following companies: Sony Music Entertainment Inc., Bertelsmann Music Group, EMI Group plc or Universal Music Group (or their successors).

(xx) "Manufacturing Services" shall mean: (i) selected pre-production services (as detailed on Schedule A); (ii) selection of suppliers; (iii) ordering raw materials (including Components) from various suppliers such as pressing plants, duplicators and printers; (iv) assembly; (v) arranging shipment of Components to various points; (vi) arranging shipment of finished units from point of manufacture to WMI's distributor and to other shipment locations identified by WMI; and (vii) inventory control with respect to the foregoing, all of the foregoing for Optical Discs only.

(xxi) "Manufacturing Source Materials" shall mean, collectively, all materials (other than raw materials such as plastic) necessary to manufacture finished units including Masters and Components, whether in physical or electronic form (as determined by WMI).

(xxii) "Master" shall mean any recording embodied in any form from which Records may be derived.

(xxiii) "New Release" shall mean any Product (or Component thereof) prior to and including such Product's "street date."

(xxiv) "Optical Disc" shall mean any kind of optical disc now known or hereafter devised, including a compact disc in any of its forms and a Digital Versatile Disc in any of its forms and any other high-density optical disc. For the purposes of this definition, a compact disc includes

audio CD, CD-ROM, Video CD, CD-I, CD-R, CD-RW, Photo CD, Enhanced CD and CD+G, as each such term is commonly used and understood. For the purposes of this definition, a Digital Versatile Disc includes DVD-Audio, DVD-Video, DVD-ROM, DVD-R, DVD-RW and DVD-RAM, as each such term is commonly used and understood. "Optical Disc" shall not include so-called "high definition" Digital Versatile Discs ("HD-DVDs"); provided, however, that if WMI's total production of units of Products in HD-DVD format for any Contract Year exceeds [*] of WMI's total production of units of Products in all formats for such Contract Year (including units of Products in HD-DVD format), then thereafter during the Term, on a prospective basis, HD-DVDs shall be deemed to be "Optical Discs" hereunder.

(xxv) "Order" shall mean a request made by WMI for the manufacture and/or packaging of units of Products, Components or any other materials hereunder. An "Order" may be for individual Products, Components or other materials, may be for multiple Products, Components or other materials and may specify multiple quantities of the same Product, Component or other materials to be produced for delivery to single and/or multiple locations. An "Order" shall wherever possible include a "bill of materials" or "BOM" as said term is utilized in the manufacturing industry.

(xxvi) "Packaging Services" shall mean (i): selected pre-production services (as detailed on Schedule A); (ii) selection of raw material suppliers; (iii) ordering raw materials from various suppliers; (iv) assembly; (v) arranging shipment of finished units of

Components from point of manufacture to shipment locations identified by WMI; and (vi) inventory control with respect to the foregoing, all of the foregoing for Optical Discs only.

(xxvii) "Packaging Source Materials" shall mean, collectively, all materials (other than raw materials such as ink and paper) necessary to manufacture Components, whether in physical or electronic form (as determined by WMI).

(xxviii) "Parent" shall mean Cinram International Inc.

(xxix) "Platinum Release" shall mean a New Release for which greater than [*] units have been Ordered.

(xxx) "Platinum Release Date" shall mean the date by which the Orders for a Platinum Release are required to be shipped pursuant to Schedule A hereto.

(xxxi) "Products" shall mean all Records intended for sale in the Territory for which WMI requires M&P Services to be performed during the Term and for which WMI has the unilateral right to control the identity

of the party who renders such M&P Services. Following a Recorded Music Major Transaction, "Products" shall mean all Records intended for sale in the Territory for which the Combined Entity requires M&P Services to be performed during the Term in the Territory and for which the Combined Entity has the unilateral right to control the identity of the party who renders such M&P Services. "Products" shall be deemed to include Hybrid CD/DVD configurations or any other new physical formats of Optical Discs; provided, however, [*]. It has been WMI's general custom to use its commercially reasonable efforts to acquire the unilateral right to control the identity of the party who renders M&P Services in connection with Records. WMI shall continue to do so during the Term, in accordance with past practice. To the extent that WMI or WMI's affiliates request M&P Services hereunder for Records intended for sale outside the Territory pursuant to Paragraph 1(a)(i) hereof, such Records shall also constitute "Products" hereunder. In every instance, "Products" shall not include the "Excluded Products". Records sold through so-called "kiosks" shall not constitute "Products" hereunder.

(xxxii) "Recorded Music Major Transaction" shall mean a joint venture, merger, or other combination of all or a substantial portion of the recorded music businesses of Warner Music Group with all or a substantial portion of the recorded music businesses of any Major.

(xxxiii) "Records" shall mean all physical forms of recording and reproduction by which sound may be recorded now known or which may hereafter become known, manufactured or sold primarily for home use, jukebox use, or use on or in means of transportation, including magnetic recording tape, film, electronic video recordings and any other physical medium or device for the production of artistic performances manufactured or sold primarily for home use, jukebox use or use on or in means of transportation, whether embodying: (i) sound alone; or (ii) sound synchronized with visual images, e.g., "sight and sound" devices, but only so long as such forms of recording and reproduction contain performances of works by recording artists.

(xxxiv) "Services" shall mean the M&P Services and all other services to be provided by Company under this Agreement.

(xxxv) "Source Materials" shall mean Manufacturing Source Materials and Packaging Source Materials.

(xxxvi) "Stock Purchase Agreement" shall mean the Stock Purchase Agreement among AOL Time Warner Inc., Parent and Company dated as of July 18, 2003.

(xxxvii) "Term" shall mean the [*] commencing on the Closing Date, as such term is defined in the Stock Purchase Agreement, subject to earlier termination in accordance with Paragraph 10.

(xxxviii) "Territory" shall mean wholly-owned WMI affiliate companies located in Austria, Belgium, Denmark, Eire, Finland, France, Germany, Greece, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

(xxxix) "Turnaround Times" shall mean the elapsed time between receipt of an order for a workable product and the time of receipted delivery of all the finished units of the complete order by the delivery point designated by WMI.

(xl) "Unit" shall mean a finished product in a form that is delivered to end consumers, carries a unique identifier code (UPC/EAN/promo no.) and is warehoused as a Stock Keeping Unit (SKU).

(xli) "US Manufacturing Agreement" shall mean the US Manufacturing and Packaging Agreement between WEA and Company dated as of the date hereof.

(xlii) "US PP&S Agreement" shall mean the US Pick, Pack and Shipping Services Agreement between WEA and Company dated as of the date hereof.

(xliii) "WEA" shall mean Warner-Elektra-Atlantic Corporation.

(xliv) "WHV" shall mean Warner Home Video Inc.

(xlv) "WMI Facility" shall mean any Facility at which Company provides or has provided Services to WMI hereunder.

(xlvi) "WMME" shall mean Warner Music Manufacturing Europe GmbH.

(xlvii) "Workable" shall mean: (i) for orders of Manufacturing Services, an Order for which all of the items to be furnished by WMI (such as Source Materials and similar materials) reasonably necessary to complete manufacturing of finished units of Products have been received by Company in reasonably sufficient quantities; and (ii) for orders of Packaging Services, an Order for which all of the items to be furnished by WMI (such as Source Materials and similar materials) reasonably necessary to complete manufacturing of Components have been received by Company in reasonably sufficient quantities.

(b) Other Definitional and Interpretative Provisions.

(i) The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Paragraph and Schedule references are to this Agreement unless otherwise specified.

(ii) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

(iii) Unless the context requires otherwise, other grammatical forms of defined words or expressions used herein have corresponding meanings.

15. [*]

(b) [*] This Paragraph 15 shall not limit WMI's other rights against Company for breach hereof, but any amounts paid by Company pursuant to this Paragraph 15 shall reduce any amounts otherwise payable by Company with respect to such breach.

16. Miscellaneous. (a) Entire Agreement, Modification. This Agreement contains the entire understanding of the parties hereto relating to the subject matter hereof and supersedes all previous agreements or arrangements between the

parties, both written and oral, hereto relating to the subject matter hereof, except that nothing in Paragraph 3 shall limit the obligations of Company under the International PP&S Agreement. This Agreement cannot be changed except by an instrument signed by the authorized signatories of the parties hereto.

(b) Waiver. Any party to this Agreement may: (i) extend the time for the performance of any of the obligations or other acts of the other party hereto; (ii) waive any inaccuracies in the representations and warranties of the other party contained herein or in any document delivered by the other party pursuant hereto; or (iii) waive compliance with any of the agreements or conditions of the other party hereto contained herein. Any such extension or waiver shall be valid only if set forth in an instrument in writing signed by the party to be bound thereby. Any waiver of any term or condition shall not be construed as a waiver of any subsequent breach or subsequent waiver of the same term or condition, or a waiver of any other term or condition of this Agreement. The failure of either hereto party to assert any of its rights hereunder shall not constitute a waiver of any of such rights.

(c) Assignment. Company shall not have the right without WMI's prior written consent (which consent may be granted or withheld in the sole discretion of WMI) to assign this Agreement or any of the rights granted to Company hereunder; provided, however, that Company shall be permitted to assign this Agreement to its Parent or any wholly owned subsidiary. WMI shall have the right without Company's consent to assign this Agreement, in whole or in part, to any subsidiary, parent company or affiliate of WMI, or to any third party acquiring all or substantially all of WMI's assets or equity; provided, however, that in each case, notwithstanding such assignment, WMI at all times shall remain directly and fully liable to Company for the performance of the obligations of WMI hereunder.

(d) Further Assurances. Company and WMI each agree to execute and deliver all such other and additional instruments and documents and to do such other acts and things as may be necessary to more fully effectuate this Agreement.

(e) Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of, and shall be enforceable by, each of the parties hereto and their respective permitted assigns.

(f) Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by courier service, by telecopy or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Paragraph 16(f)):

WMI: WEA International Inc.
c/o Warner Music Group Inc.
75 Rockefeller Plaza
New York, New York 10019
Attn: EVP & General Counsel
Fax: (212) 258-3092

with a copy to:

Warner Music International Services Ltd.
83 Baker Street

London W1U 6LA
Attention: SVP of Business & Legal Affairs
Fax: 44 207 535 9050

Company: Cinram International Inc.
2255 Markham Road
Scarborough, Ontario M1B 2W3
Canada
Attn: Dave Rubenstein, President
Fax: (416) 298-0612

with a copy to

Ervin, Cohen & Jessup LLP
9401 Wilshire Boulevard, 9th Floor
Beverly Hills, California 90212
Attn: Howard Z. Berman, Esq.
Fax: (310) 859-2325

(g) Headings. The descriptive headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

(h) Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any federal, state, local or foreign statute, law, ordinance, regulation, code, order, other requirement or rule of law or by public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party hereto. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties hereto as closely as possible in an acceptable manner in, order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

(i) No Agency. WMI and Company each shall have the status of an independent contractor and nothing herein contained shall contemplate or constitute WMI as Company's agent or employee or Company as WMI's agent or employee. This Agreement does not constitute or acknowledge any partnership or joint venture between WMI and Company.

(j) No Third Party Beneficiaries. Except for the provisions of Paragraphs 9(b) and 9(d) relating to indemnified parties, this Agreement shall be binding upon and inure solely to the benefit of the parties hereto and their permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other party any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

(k) **GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, APPLICABLE TO CONTRACTS EXECUTED IN AND TO BE PERFORMED ENTIRELY WITHIN THAT STATE. EXCEPT AS PROVIDED IN PARAGRAPH 12(e) OR SCHEDULE G HERETO, ALL ACTIONS AND PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT SHALL BE HEARD AND DETERMINED IN ANY NEW YORK STATE OR FEDERAL COURT SITTING IN THE CITY OF NEW YORK, AND THE PARTIES HERETO HEREBY IRREVOCABLY SUBMIT TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS IN ANY SUCH ACTION OR PROCEEDING AND IRREVOCABLY WAIVE THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF ANY SUCH ACTION OR PROCEEDING. EACH PARTY HERETO IRREVOCABLY CONSENTS TO THE SERVICE OF ANY AND ALL PROCESS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES OF SUCH PROCESS TO SUCH PARTY AT ITS ADDRESS SPECIFIED IN PARAGRAPH 16(f). THE PARTIES HERETO AGREE THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS PARAGRAPH 16(k) SHALL AFFECT THE RIGHT OF EITHER PARTY HERETO TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW. THE CONSENTS TO JURISDICTION SET FORTH IN THIS PARAGRAPH 16(k) SHALL NOT CONSTITUTE GENERAL CONSENTS TO SERVICE OF PROCESS IN THE STATE OF NEW YORK AND SHALL HAVE NO EFFECT FOR ANY PURPOSE EXCEPT AS PROVIDED IN THIS PARAGRAPH 16(k) AND SHALL NOT BE DEEMED TO CONFER RIGHTS ON ANY PARTY OTHER THAN THE PARTIES HERETO.**

(l) **WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN**

CONNECTION WITH THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY. EACH PARTY HERETO: (i) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER; AND (ii) ACKNOWLEDGES THAT IT AND THE OTHER PARTY HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS PARAGRAPH 16(l).

(m) Consents. Except as specifically provided to the contrary herein, if any consent, approval or authority is required from either party hereto, such consent, approval or authority shall not be unreasonably withheld or delayed.

[*]

(o) Counterparts. This Agreement may be executed in one or more counterparts, and by the parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

If the foregoing is acceptable, please acknowledge the same by signing in the appropriate places below.

WEA INTERNATIONAL INC.

By: /s/ David H. Johnson
Name: David H. Johnson
Title: Vice President

WARNER MUSIC MANUFACTURING EUROPE GMBH (TO BE RENAMED CINRAM GMBH)

By: /s/ Lewis Ritchie
Name: Lewis Ritchie
Title: Authorized Signatory

List of Attached Schedules

Schedule A:	Service Level Requirements
Schedule B:	Technical Specifications
Schedule C:	Additional Printing and Packaging Charges
Schedule D:	Manufacturing Charges
Schedule E:	Approved Subcontractors
Schedule F:	Code of Conduct for Manufacturers
Schedule G:	Insurance Coverage

Schedule A

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Schedule B

Technical Specifications

WIMME Technical Standards & Specifications

CD / DVD

V1.0 July 2003

A) CD - Formats

AA) Discs

AA 1) 5” (12cm) Ø CD

1. Physical dimensions discs

Diameter	120 mm	+ 0,3	mm
Centerhole	15 mm	+ 0,1/- 0	mm
Thickness	1,2 mm	+ 0,3 / - 0,1	mm

Disc shape see technical standards

2. Materials

Standard

a) Carrier : clear polycarbonate dimensions see 1.

b) reflective layer : Aluminium — Inner Ø 38, outer Ø 118

c) protective layer : clear coating lacquer

Specials

a) carrier : coloured polycarbonate — • on specific request

b) reflective layer : • other materials — • on specific request

• different masking shapes — • on specific request

3. Technical Specifications

CD Audio	=>	see SONY / PHILIPS	Red Book
CD ROM	=>	“ “	Yellow Book
Enhanced CD-Audio	=>	“ “	Enhanced Music CD Specs.

4. Maximum Playing time

Standard

CD-Audio : 78 min

CD-ROM : 850 MByte

Specials

CD-Audio : extended playing time up to max. 79:30 min

5. Copy Control Technologies

Application of copy control technologies technically means leaving the SONY / PHILIPS Red Book standard for CD-Audio and depending on applied technology entering into mixed CD-Audio / CD-ROM formats => Enhanced CD-Audio

Copy control technologies are subject to specific license agreements / fees available copy control technologies and max. playing times for CD-Albums:

- MACROVISION CDS 200 69 min + 128 k bit quality compressed audio
- MACROVISION CDS 100 74 min (without compressed audio for PC playability)

other copy control technologies • on specific request

5. Labelartwork

Surface for labelartwork

inner Ø 21 mm

outer Ø 116 mm

with non-printed ring-shaped segment (stacking ring area)

Ø min. 33,9 mm

Ø max. 35,2 mm

Standard Labelprint

a)screen print 4 standard colours PANTONE

b)offset print white ground + 4 standard CMYK offset colours

Specials

- 5th colour
- 6th colour (screen print only)
- special colours (i.e. metallic, dayglow)
- varnish
- special requests

AA 2) 3” (8 cm) Ø CD

NOT AVAILABLE

B) DVD - Formats

BA) Discs

BA 1) 5” (12 cm) Ø DVD

1. Physical dimensions discs

Diameter	120	mm	+ 0,3	mm
Centerhole	15	mm	+ 0,1/ - 0	mm
Thickness	1,2	mm	+ 0,3/ - 0,1	mm

Disc shape see DVD physical specifications

2. Materials

Standard

carrier : clear polycarbonate

reflective layer : dimensions inner Ø 38
outer Ø 118

material DVD5
DVD10
DVD9 aluminium / silver or silicon (semi-reflective layer)

Specials

NOT YET AVAILABLE

3. Technical Specifications

DVD physical specification	=>	DVD specifications for Read only discs, Part 1
DVD logical specification	=>	DVD-Video / DVD-Audio / DVD-ROM Specifications

4. Max. Data Capacity

DVD5	4,7 GByte
DVD10	2 x 4,7GByte
DVD9	8,5 GByte

5. Copy Control Technologies

copy control technologies are subject to specific license agreements / fees

Standard

- MACROVISION analog video copy protection for DVD-Video
- CSS digital content copy protection for DVD-Video
- CPPM digital content copy protection for DVD-Audio

Specials

NOT YET AVAILABLE

5. Labelartwork

a) surface / dimensions for labelartwork

DVD5 and DVD9	Ø inner	18 mm
	Ø outer	116 mm
DVD10	Ø inner	38 mm
	Ø outer	44 mm

b) labelartwork technologies

Standards

DVD5 :
- pitart

or

- screen print 4 standard colours PANTONE

or

- offset print white ground +4 standard offset CMYK colours

DVD10 : - screen print ‘donut type’ on both sides max. 3 colours/side, standard colours PANTONE

DVD9 :
- screen print 4 standard colour PANTONE

or

- offset print white ground + 4 standard offset CMYK colours

Specials

- 5th colour
- 6th colour (screen print only)
- special colours (i.e. metallic, dayglow)
- varnish
- special requests

BA 2) 3” (8 cm) Ø DVD

NOT AVAILABLE

AB) Printcomponents

all print component dimensions + 0,5 mm printing / finishing tolerances

AB 1) “CD Audio Single”

Cardboard sleeve (as combined print and packaging component)

Dimensions	:	123,0 x 123,0 mm
Paper	:	250 g/m^2
colours	:	4 colours, CMYK + waterbased varnish

AB 2) “CD Audio MaxiSingle”

Insert

dimensions	:	120,5 x 155,0 mm	without flap
Paper	:	160 g/m^2	
colours	:	4/4, CMYK	(without varnish)

AB 3) “CD Audio Album”

a) inlay

dimensions	:	117,5 x 151,0 mm	
paper	:	160 g/m^2	
colours	:	4/4, CMYK	(without varnish)

b) booklet

dimensions	:	119,5 x 120,5 mm		
standard productsfor machine packaging				
pages	:	up to 32 pages, stapled		
paper	:	outer pages	:	160 g/m^2, coated paper
		inner pages	:	100 g/m^2, coated paper
colours	:	4/4, CMYK (without varnish)		

special products		folded
paper	:	160 g/m^2, 135 g/m^2,100 g/m^2 depending on specific type of folding (i.e. concertina fold, cross fold, ...)
colours	:	4/4, CMYK (without varnish)

other specials

- more than 32 pages
- special colours
- hot foil
- varnish
- special paper quality

AB 4) “CD Audio Double Album”

print components see AB 3)

BB) Printcomponents

BB 1) “DVD Audio” in SJB Plus (manual packaging)

a) inlay	dimensions	151,6 x 162,6 mm	
	paper	160 g/m^2 coated paper	

		colours	4/4, CMYK
b)	booklet	dimensions	140,5 x 120,0 mm
		paper	outer pages 160 g/m^2
			inner pages min. 100 g/m^2, coated
		pages	max. 32, stapled
		colours	4/4, CMYK

special products folded
paper : 160 g/m^2, 135 g/m^2,100 g/m^2
depending on specific type of folding
(i.e. concertina fold, cross fold, ...)
colours : 4/4, CMYK (without varnish)

specials

- more than 32 pages
- special colours
- hot foil
- varnish
- special paper quality

BB 2) “DVD Video in Amaray style box”

a)	slipsheet	dimensions	183 x 272 mm
		paper	160 g/m^2
		colours	up to 4/4, CMYK
b)	booklet	dimensions	120 x 178 mm
	standard products	**for machine packaging**	
		pages	up to 32, stapled
		paper	outer pages 160 g/m^2
			inner pages min 100 g/m^2
		colours	up to 4/4, CMYK

special products folded
paper : 160 g/m^2, 135 g/m^2,100 g/m^2
depending on specific type of folding
(i.e. concertina fold, cross fold, ...)
colours : 4/4, CMYK (without varnish)

specials

- more than 32 pages
- special colours
- hot foil
- varnish
- special paper quality

BB 3) Cardboards for Snapper Type Packaging

4 panel	dimensions	187,5 x 289,5 mm
	paper	330 g/m^2
	colours	4/0, CMYK
6 panel	dimensions	187,5 x 289,5 mm
	paper	330 g/m^2
	colours	4/4, CMYK

C) Packaging Element Standards for machine packaging

all products to be assembled by machine can be supplied with / without 25 m foil thickness cellophane wrap.

C 1) 2-piece Jewelbox typically for CD-Audio Maxi

material		polystyrene
dimensions		142 x 125 x 7 mm
colours	standard	clear

		special	other colours– on specific request

C 2) Standard Jewelbox

	material		polystyrene
a) box	dimensions		142 x 125 x 10 mm
	colours	standard	clear
			with / without - Logo
		special	other colours – on specific request
b) tray		standard	black or clear
			with / without - Logo
		special	other colours – on specific request

C 3) Slimline Double Jewelbox

	material		polystyrene
a) box	dimensions		142 x 125 x 10 mm
	types		hinge right or left
			with / without - Logo
	colours	standard	clear
		special	other colours – on specific request
b) tray	colours	standard	black or clear
			with / without imprint “2 CD”
		special	other colours – on specific request

C 4) Soft Box (Amaray Style Box)

material		polypropylene
dimensions		190 x 135 x 14 mm
colours	standard	grey or clear
	special	other colours– on specific request

C 5) Double Slim Soft Box (Amaray Style Box)

	material		polypropylene
a) box	dimensions		190 x 135 x 14 mm
	colours	standard	grey or clear
		special	other colours – on specific request
b) tray	to be inserted in hinge, box spine		
	colours	standard	grey or clear
		special	other colours – on specific request

C 6) Tray for Snapper Packaging

material		polypropylene
dimensions		190 x 141 x 113 mm
colours	standard	grey or clear
	special	other colours – on specific request

[*]

[*]

Schedule E

Approved Subcontractors

Denon
JVC
Sony
Sonopress
Deluxe/Disctronics
MPO
OK Media
Universal

Schedule F

Code Of Conduct For Manufacturers

At Warner Music International, we are committed to:

- a standard of excellence in every aspect of our business and in every corner of the world;
- ethical and responsible conduct in all of our operations;
- respect for the rights of all individuals; and
- respect for the environment.

We expect these same commitments to be shared by all manufacturers of Warner Music's products and merchandise. *At a minimum*, we require that all manufacturers of WMI products and merchandise meet the following standards:

Child Labor	Manufacturers will not use child labor.
	The Term "child" refers to a person younger than 15 (or 14 where local law allows) or, if higher, the local legal minimum age for employment or the age for completing compulsory education.
	Manufacturers employing young persons who do not fall within the definition of "children" will also comply with any laws and regulations applicable to such persons.
Involuntary Labor	Manufacturers will not use any forced or involuntary labor, whether prison, bonded, indentured or otherwise.
Coercion and Harassment	Manufacturers will treat each employee with dignity and respect, and will not use corporal punishment, threats of violence or other forms of physical, sexual, psychological or verbal harassment or abuse.
Nondiscrimination	Manufacturers will not discriminate in hiring and employment practices, including salary, benefits, advancement, discipline, termination or retirement, on the basis of race, religion, age, nationality, social or ethnic origin, sexual orientation, gender, political opinion or disability.
Association	Manufacturers will respect the rights of employees to associate, organize and bargain collectively in a lawful and peaceful manner, without penalty or interference.

Health and Safety	Manufacturers will provide employees with a safe and healthy workplace in compliance with all applicable laws and regulations, ensuring at a minimum reasonable access to potable water and sanitary facilities; fire safety; and adequate lighting and ventilation. Manufacturers will also ensure that the same standard of health and safety are applied in any housing that they provide for employees.
Compensation	We expect manufacturers to recognize that wages are essential to meeting employees' basic needs. Manufacturers will, at a minimum, comply with all applicable wage and hour laws and regulations, including those relating to a minimum wages, overtime, maximum hours, piece rates and other elements of compensation, and provide legally mandated benefits. Except in extraordinary business circumstances, manufacturers will not require employees to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by local law or, where local law does not limit the hours of work, the regular work week plus 12 hours overtime. In addition, except in extraordinary business circumstances, employees will be entitled to at least one day off in every seven-day period.
	Manufacturers will compensate employees for overtime hours at such premium rate as is legally required or, if there is no legally prescribed premium rate, at a rate at least equal to the regular hourly compensation rate.
	Where local industry standards are higher than applicable legal requirements, we expect manufacturers to meet the higher standards.
Protection of the Environment	Manufacturers will comply with all applicable environmental laws and regulations
Other Laws	Manufacturers will comply with all applicable laws and regulations, including those pertaining to the manufacture, pricing, sale and distribution of merchandise. All references to "applicable laws and regulations" in this Code of Conduct include local and national codes, rules and regulations as well as applicable treaties and voluntary industry standards.
Subcontracting	Manufacturers will not use subcontractors for the

	manufacture of Warner Music products and merchandise or components thereof without Warner Music International's express written consent, and only after the subcontractor has entered into a written commitment with Warner Music International to comply with this Code of Conduct.
Monitoring and Compliance	Manufacturers will authorize Warner Music International and its designated agents (including third parties) to engage in monitoring activities to confirm compliance with this Code of Conduct, including unannounced on-site inspections of manufacturing facilities and employer-provided housing; reviews of books and records relating to employment matters; and private interviews with employees. Manufacturers will maintain on site all documentation that may be needed to demonstrate compliance with this Code of Conduct.
Publication	Manufacturers will take appropriate steps to ensure that the provisions of this Code of Conduct are communicated to employees, including the prominent posting of a copy of this Code of Conduct, in the local language and in a place readily accessible to employees, at all times.

Schedule G

Insurance Coverage

NOTE: The following insurance requirements are intended to provide insurance coverage under this Agreement and each of the other service agreements being entered into between the parties hereto and their affiliates as of the date hereof. Accordingly, to the extent any such other agreements require insurance coverage thereunder that is duplicative of the insurance coverage provided for below, such insurance coverage need not be duplicated under such other agreements.

Property Insurance, Including Extra Expense and Business Interruption: Company at all times and at its own cost and expense shall insure WMI's property as defined and required in this Agreement under so-called "all risk" policies of insurance, including but not limited to coverage for extended perils, earthquake, windstorm, flood, and collapse; open cargo, war risk cargo and terrorism. Company shall purchase an insurance policy that indemnifies WMI for non-physical damage to source material, if available on a commercially reasonable basis and is warranted by the risk profile of the Company. WMI's property shall consist of and not be limited to source material, finished goods and inventory, returned stock, master recordings, digital files, DVDs, CDs and all printing and packaging material.

Either dedicated policies or portfolio (blanket) coverage forms may provide the "all risk" property insurance, providing that the per occurrence limit of insurance available with respect to the WMI property at any Company location for property damage, business interruption, and extra expense shall not be less than five hundred million dollars ($500,000,000) except, that coverage for California Earthquake shall be no less than one hundred fifty million ($150,000,000) per occurrence and in aggregate; and Terrorism for WMI Manufacturing Alsdorf shall be no less than two hundred fifty-five million ($255,000,000) per occurrence and in aggregate. Further, the limits of insurance applicable to the extended perils and the perils of earthquake, flood and terrorism shall be an annual aggregate. The deductible on said policies shall be the sole responsibility of Company and be of no greater amount than is commercially reasonable for a company of its financial standing. These policies shall be primary to any policy maintained by or on behalf of WMI. WMI may, at any time, review the amount of insurance required hereunder, and may, from time to time, but in no event more than annually, require a lower or higher amount depending on the best available estimate of the aggregate exposure to loss arising from damage to WMI's property under this Agreement.

The open cargo and war risk cargo insurance policies shall provide per shipment limits of indemnity of no less than five million dollars ($5,000,000) and contain a warehouse coverage endorsement. In the event that the five million dollars ($5,000,000) limit of insurance is not adequate to fully insure any given shipment under this Agreement, Company shall purchase additional insurance to cover the full replacement cost of the shipment. The deductible on these policies shall be no greater than what is commercially reasonable for an enterprise with Company's financial standing. The

deductible shall be the responsibility of Company and this coverage shall be primary to any coverage maintained by WMI.

All policies shall provide for a reimbursement value with respect to WMI's property at replacement cost for new property of like kind and quality, with no deduction for depreciation, and shall include WMI, its partners, officers, employees, and affiliates as loss payees under the policies as their interest may appear, and shall provide that no act or omission on the part of Company as the title insured shall prejudice a direct claim by the additional insured. All property policies shall include a waiver of subrogation in favor of WMI. Further, Company agrees to secure terms with its insurer that in the event that Company fails to pay premium resulting in a cancellation of coverage that WMI will be given the opportunity to maintain coverage for its insured property under the policy; and Company will reimburse WMI within ten (10) days of notice for the expense incurred.

Public Liability Insurance: Company shall also be required to obtain and maintain comprehensive general liability insurance and a follow-form "umbrella liability" policy, providing insurance against claims for bodily injury, including death, property damage, personal and advertising injury, blanket contractual liability, broad form property damage liability, explosion, collapse and underground hazard, and products and completed operations, for such claims occurring or alleged to have occurred in the course of any operations or activities contemplated by this Agreement, in such amounts as from time to time are carried by prudent owners of comparable operations, but in no event less than twenty five million dollars ($25,000,000) per occurrence and one hundred million dollars ($100,000,000) in the annual aggregate, and covering as additional insureds all the WMI individuals and entities for which and to the extent it is responsible under this Agreement.

Workers' Compensation and Employers' Liability Insurance:

The Workers' Compensation policy shall include the following coverage:

1.	Coverage A	Statutory
2.	Coverage B	Employers' Liability

Bodily Injury by Accident	$ 1,000,000 each accident
Bodily Injury by Disease	$ 1,000,000 policy limit
Bodily Injury by Disease	$ 1,000,000 each employee

Company shall maintain any other employment related insurance coverage required by any jurisdiction having control over any employees or operations used in connection with this Agreement.

Automobile Liability Insurance: Company shall purchase and maintain automobile liability and follow-form "umbrella liability" insurance for all owned, non-owned and hired vehicles with limits of not less than one hundred million dollars ($100,000,000) combined single limit for bodily injury and property damage. This insurance coverage must include all automotive and truck equipment used in the

performance of the work under this Agreement, and must include the loading and unloading of same.

Environmental Liability Insurance: In the event Company encounters and must perform or engage a contractor to perform work related to the remediation or abatement of "hazardous material" which includes, without limitation, any flammable explosives, radioactive materials, hazardous materials, hazardous waste, hazardous or toxic substances, or related materials defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. Section 9601, et seq.), the Superfund Amendments and Reauthorization Action of 1986 (Pub. L. No. 99-499, 100 stat. 1613 (1986)), the Hazardous Material Transportation Act, as amended (49 U.S.C. Section 1801, et seq.) and in the regulations adopted and publications promulgated pursuant thereto, or any other federal, state or local environmental law, ordinance, rule, or regulation (or applicable law in any jurisdiction outside the US), Company, or any contractor performing such work on behalf of Company, shall provide "contractor's pollution liability" insurance, as applicable to the work to be performed, covering claims from third party injury and property damage as a result of pollution conditions emanating from on-site, under the site, or off the site arising out of its operations and completed operations. Completed operations coverage shall remain in effect for no less than five (5) years after final completion. Minimum liability limits, including excess liability coverage, shall be five million dollars ($5,000,000) each occurrence and ten million dollars ($10,000,000) in the aggregate.

The automobile liability insurance must contain provisions for thirty (30) days prior written notice of cancellation, nonrenewal, material change or reduction of insurance sent by certified mail return receipt requested, and waiver of subrogation in favor of WMI, additional insureds and all other such entities, as may be reasonably requested by WMI.

Provisions Applicable to All Policies of Insurance Required Hereunder: Policies of insurance shall be underwritten by an insurer with an AM Best rating of no less than A- and a financial size class of VII or better (or an equivalent rating from an alternate rating agency), and may be an admitted or non-admitted carrier. Any insurer not meeting these criteria must be approved in writing by WMI's risk management department whose authorization shall not be unreasonably withheld. Satisfactory evidence of insurance shall be provided before the commencement of this Agreement and shall be evidenced at each renewal by a binder and certificate of insurance at least ten (10) days before expiration of coverage and upon request of WMI, on an annual basis or as necessitated by a material change in coverage or legal action. Company shall forward to WMI a copy of all required policy forms upon request. With respect to property located outside the U.S, any loss payable to WMI shall be adjusted and paid in the currency of the United States of America, subject to the rate of exchange published in The Wall Street Journal on the date of the loss. If Company elects to maintain insurance for property located outside the US, where the policy is denominated in a currency other than the US dollar, such policy limits and deductibles shall at all times be sufficient to meet the US dollar denominated requirements set forth on this Schedule G.

Each of WMI and Company agrees to negotiate in good faith to attempt to resolve any disagreement which in any way affects any insurance required to be carried hereunder. In the event that such good faith negotiation does not result in the resolution of any such disagreement within a fifteen (15) day period, the parties shall retain an arbitrator to make a fair and reasonable determination as to any such disagreement (the "Insurance Arbitrator"). The Insurance Arbitrator shall be a retired executive or attorney with substantial experience in the insurance industry, preferably in the field of manufacturing, shall be independent of each of WMI and Company, and shall endeavor to provide a determination of any dispute among the parties within thirty (30) days of being retained, but in each case, as quickly as possible. The parties shall jointly appoint the Insurance Arbitrator and the identity of the Insurance Arbitrator shall be satisfactory to each of the parties. The parties shall share equally in the cost and expense of retaining the Insurance Arbitrator. If the parties cannot agree upon a person to act as the Insurance Arbitrator within thirty (30) days of the expiry of the fifteen (15) day negotiation period specified in this Paragarph 6, then the Arbitrator shall be selected by the American Arbitration Association. Any arbitration hereunder shall be conducted in conformance with the rules established by the American Arbitration Association. Any determination made by the Insurance Arbitrator shall be final and binding on each of the parties. For the avoidance of doubt, Company shall at all times including during the pendency of any dispute and until such time as such dispute is resolved be required to continue to procure insurance policies as its sole expense in full force and effect as required in this Agreement and as specified herein.

Exhibit 10.32

HISTORIC TW INC.,

Landlord

and

WARNER MUSIC GROUP INC.,

Tenant

LEASE

Dated: as of February 29, 2004

75 Rockefeller Plaza
New York, New York

TABLE OF CONTENTS

EXHIBITS:

LEASE, dated as of February 29, 2004, between HISTORIC TW INC. (f/k/a Time Warner Inc.), a Delaware corporation, having its principal office at 75 Rockefeller Plaza, New York, New York 10019 ("Landlord") and WARNER MUSIC GROUP INC., having an office at 75 Rockefeller Plaza, New York, New York 10019 ("Tenant").

W I T N E S S E T H :

ARTICLE 1

DEMISE, RENT AND DEFINITIONS

1.1 Landlord hereby leases to Tenant, and Tenant hereby hires from Landlord, upon and subject to all of the terms and conditions of this Lease, floors 7, 8, 12, 30 and 31 and the space in the concourse of the Building (the "Concourse Space"), substantially as shown (by diagonal lines or shading) on the floor plans attached hereto as Exhibit A (the "Premises"), in the building (the "Building") known by the street numbers 75 Rockefeller Plaza and 15 West 51st Street, New York, New York, together with the non-exclusive right to use the common areas of the Building for ingress to and egress from the Premises. The Building and the land described in Exhibit B attached hereto (the "Land") are collectively called the "Property". The parties agree that for all purposes of this Lease, the Building shall be deemed to have a rentable area of 582,428 square feet and the Premises other than the Concourse Space shall be deemed to have a total rentable area of 82,266 square feet (the "Rentable Square Footage"), subject to adjustment as provided in Article 37 hereof.

1.2 The term of this Lease ("Term") shall commence on the date hereof ("Commencement Date") and shall end at 11:59 p.m. July 30, 2014 (the

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"Expiration Date") or on such earlier date upon which this Lease shall terminate for any reason.

1.3 The rents shall consist of:

(a) fixed rent ("Fixed Rent") at the annual rate of:

(i) for the Concourse Space the product of 2,500 square feet (subject to adjustments as provided in this subsection) and Fifteen and 00/100 ($15.00) Dollars from the Commencement Date through and including the Expiration Date. Landlord and Tenant agree that they will equally share the cost to have the Concourse Space measured based on the standard in effect on the date hereof of the Real Estate Board of New York and based on such measurement, the 2,500 square feet of the Concourse Space will be adjusted and the Fixed Rent payable under this subsection (i) will also be adjusted.

(ii) the product of the Rentable Square Footage and Thirty-Four and 42/100 ($34.42) Dollars from the Commencement Date through and including December 31, 2008, and

(iii) the product of the Rentable Square Footage and Thirty-Nine and 42/100 ($39.42) dollars from January 1, 2009 through and including the Expiration Date, which amounts shall be payable in equal monthly installments in advance on the first day of each and every calendar month during the Term. Landlord and Tenant acknowledge that the Rentable Square Footage will be subject to adjustment pursuant to Article 37 hereof. Any references herein to the Square Footage or Rentable Square Footage of the Premises or the Building, Tenant's Tax Percentage (as defined herein) or Wage Rate Multiple (as defined herein), are otherwise for purposes of

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arbitrary formulas only, and not a representation as to the actual square footage or actual percentage interest in the Building.

(b) additional rent ("Additional Charges") consisting of all other sums of money that become due from Tenant and payable to Landlord hereunder.

(c) Tenant shall pay all Fixed Rent and Additional Charges in lawful money of the United States to Landlord and at the election of Landlord by (i) wire transfer to an account designated by Landlord or (ii) by good and sufficient check (subject to collection) drawn on a bank which is a member of the New York Clearinghouse at Landlord's address set forth above (attention: Accounts Receivable Department), or such other place as Landlord shall hereafter designate by notice to Tenant.

1.4 Tenant shall pay Fixed Rent and Additional Charges promptly when due without notice or demand therefor and without any abatement, deduction or setoff for any reason except as otherwise expressly provided in this Lease. Landlord shall have the same remedies for default in payment of Additional Charges as Landlord has for default in payment of Fixed Rent. If the Commencement Date or Expiration Date occurs on a day other than the first or last day of a calendar month, as applicable, Fixed Rent for the partial calendar month shall be prorated.

1.5 No payment by Tenant or receipt or acceptance by Landlord of a lesser amount than the correct Fixed Rent or Additional Charges shall be deemed to be other than a payment on account, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed an accord and satisfaction, and

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Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance or pursue any other remedy provided in this Lease or at law.

1.6 If Tenant fails to make any payment of Fixed Rent or Additional Charges within five (5) days after the due date thereof, such unpaid amount shall bear interest from the due date at a rate ("Lease Interest Rate") equal to the lesser of (a) the rate announced by JPMorgan Chase Bank, or its

successor, from time to time as its prime or base rate ("Prime Rate") plus 4%, or (b) the maximum applicable rate allowed by law, from the date such amount became due and payable to the date of payment thereof by Tenant. Such interest shall be due and payable on demand.

1.7 The following terms, whenever used in this Lease (including all Exhibits attached hereto, all of which shall be deemed to be a part of this Lease), shall have the meanings indicated:

(a) The term "Business Days" shall mean such Mondays, Tuesdays, Wednesdays, Thursdays and Fridays that do not fall on the days celebrated as New Year's Day, Martin Luther King Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving Day, day after Thanksgiving or Christmas Day, or on such other days as may now or hereafter be celebrated as holidays under the contract from time to time in effect between Locals 32B and 32J of the Building Service Employees Union AFL-CIO (or any successor thereto) and the Real Estate Advisory Board of New York, Inc. (or any successor thereto) or on which there is no regular United States postal service and the New York Stock Exchange (or any successor thereto) is closed.

(b) The term "Business Hours" shall mean 8:00 a.m. to 6:00 p.m. but only on Business Days.

(c) The term "Calculation Rate" shall mean the yield on U.S. Treasury Bonds with a maturity closest to 10 years after the date on which a particular expense is incurred, plus 2%.

(d) The term "Insurance Requirements" shall mean rules, regulations, orders and requirements of the New York Board of Fire Underwriters, the New York Fire Insurance Rating Organization and any other similar body performing the same or similar functions, whether now or hereafter in force, and requirements of any insurance policy maintained by Landlord at any time or of the issuer of such policy.

(e) The term "Landlord" shall mean only the owner at the time in question of the Building or of a lease of the Building, so that in the event of any transfer or transfers of title to the Building or of Landlord's interest in a lease of the Building (as tenant thereunder),whether by assignment or sublease of all or substantially all of the Building, the transferor shall be relieved and freed of all obligations of Landlord under this Lease accruing after such transfer, and such transferee shall be deemed to have assumed and agreed to perform and observe all obligations of Landlord under this Lease during the period it is the holder of Landlord's interest under this Lease, subject, however, to the provisions of Article 19 and any other provisions of this Lease.

(f) The term "Landlord-Related Occupant" shall mean any one or more of (i) Landlord; (ii) any corporation or other business entity which controls, is controlled by, or is under common control with Landlord (a "Landlord Affiliate"); (iii) any corporation, partnership, joint venture, or other entity in which Landlord or a

Landlord Affiliate has an interest of 50% or more (other than Tenant), or which has an interest of 50% or more in Landlord or a Landlord Affiliate; and (iv) a person or entity unrelated to Landlord but with which Landlord or a Landlord Affiliate has an ongoing business relationship.

(g) The term "Legal Requirements" shall mean laws and ordinances of federal, state, city, town, county, borough and village governments and rules, regulations, orders and directives of all departments, subdivisions, bureaus, agencies or offices thereof, and of any other governmental, public or quasi-public authorities, and the directions of any public officers pursuant to law, whether now or hereafter in force.

(h) The term "Tenant" shall mean the original Tenant herein or any permitted assignee or other successor in interest (immediate or remote) of the original Tenant herein named that at the time in question is the owner of Tenant's interest in this Lease.

(i) The term "Tenant's Affiliate" shall mean any corporation or other business entity which controls, is controlled by, or is under common control with Tenant.

(j) The words "Tenant indemnifies Landlord against liability," "Tenant shall indemnify Landlord against liability," "Landlord indemnifies Tenant against liability" or "Landlord shall indemnify Tenant against Liability" and words of similar import shall mean that the indemnifying party agrees to indemnify, hold and save harmless the indemnified party, each Superior Lessor and Superior Mortgagee (where Landlord is the indemnified party), and their respective partners, directors, officers,

agents and employees from and against all loss, cost, liability, claim, damage, fine, penalty and expense, including reasonable attorneys' fees and disbursements (whether incurred in resisting and defending any action or proceeding or incurred in enforcing the indemnification rights of the indemnified party against the indemnifying party), and that in case any action or proceeding is brought against the indemnified party or any indemnified person, the indemnifying party shall resist and defend such action or proceeding by attorneys reasonably satisfactory to the indemnified party (it being agreed that the attorney for the indemnifying party's insurers shall be deemed satisfactory to the indemnified party). The indemnified party shall notify the indemnifying party promptly of any claim for which indemnification may be sought, and will cooperate with the indemnifying party and its insurers in the defense of any such claim. The indemnifying party shall pay to the indemnified party upon rendition of bills or statements therefor, an amount equal to all losses, costs, liabilities, claims, damages, fines, penalties and expenses (i) incurred by the indemnified party or any other indemnified person and (ii) for which the indemnifying party has indemnified the indemnified party or any other indemnified person, but the indemnified party shall in no event settle any third party claim without the prior written consent of the indemnifying party, such consent not to be unreasonably withheld. Nothing herein contained shall be deemed to require any party to indemnify any other party against its own negligence or willful misconduct, or against any consequential damages.

(k) The term "untenantable" shall mean a condition resulting in Tenant being unable to use all or a portion of the Premises for the normal conduct of Tenant's business.

ARTICLE 2

USE, COMPLIANCE AND SIGNS

2.1 The Premises shall be used and occupied by Tenant (and its permitted subtenants and Tenant's Affiliates) solely as general and executive offices, uses ancillary thereto and Identified Ancillary Uses. All such uses must be in compliance with Legal Requirements. The Premises may be used only for the benefit of Tenant's employees or the employees of Tenant's permitted subtenants and Tenant's Affiliates, in each case occupying any part of the Premises and reasonable numbers of guests, of the foregoing. Notwithstanding any provision herein to the contrary, the Concourse Space may only be used for storage of files, records and office furniture. In no event shall any of such uses be made available to employees of Tenant or Tenant's Affiliates who are not located at the Building (other than reasonable numbers of senior executives) or to the general public. The following uses are intended to benefit and to be ancillary to the use of the Premises and not to benefit persons not located in the Premises, other than incidentally and in limited numbers): (i) a dining facility located on the 32nd floor of the Premises (the "Dining Room"); provided, that if cooking will be done (other than only microwave cooking) (A) Tenant shall install all flues, vents, grease traps and ansul systems and other similar items reasonably requested by Landlord, (B) Tenant shall install an exhaust system that, in Landlord's reasonable judgment, is consistent with the standards of a first class office building in midtown Manhattan, (C) all ducts and flues shall be installed within the Premises and shall exit the Building from a location reasonably acceptable to Landlord, (D) Tenant shall clean all grease traps as appropriate, (E) Tenant shall bag all wet garbage, place such garbage in containers that prevent the escape of odors, and provide for a refrigerated waste facility to store such garbage

pending disposal and (F) Landlord shall cause such Dining Room to be serviced on a regular basis by the Building's exterminator, and Tenant shall pay to Landlord within thirty (30) days after demand, the cost of providing any additional extermination service required by reason of such Dining Room; and further provided (whether or not cooking will be done), (v) Tenant shall not allow any odors to escape from the Premises to other portions of the Building, (w) Tenant shall otherwise maintain and operate the Dining Room consistent with the standards of a first class office building in midtown Manhattan, and (x) the entire floor on which such Dining Room is located and the entire floor immediately above and the entire floor immediately below the floor on which such Dining Room is located shall be fully leased by Tenant or Tenant's Affiliates; and (ii) Tenant may install music, sound or video demonstration areas (a "Music Room") provided that (A) the entire floor on which any music, sound or video demonstration areas of Tenant, its subtenants or Tenant's Affiliates are located and the entire floor immediately above and the entire floor immediately below shall be fully leased by Tenant, its subtenants or Tenant's Affiliates and (B) no sound or vibration from such space is detected elsewhere in the Building other than the Premises (the ancillary uses described in clauses (i)-(ii) above are called the "Identified Ancillary Uses")). Notwithstanding anything in this Lease to the contrary, Tenant shall be responsible for complying with all Legal Requirements applicable to the use of the Premises for the Identified Ancillary Uses (including, without limitation, any structural and nonstructural alterations to the Premises or Building required by such Legal Requirements) and for obtaining, at Tenant's sole cost and expense, all consents, approvals and permits (including, without limitation, any amendment to the certificate of occupancy for the

Building and any public assembly permit) required by reason of any such use and Landlord makes no representation to Tenant as to the suitability of the Premises for any of the Identified Ancillary Uses. Landlord, at Tenant's expense, shall cooperate with Tenant's efforts to obtain any such consents, approvals and permits, including, without limitation, executing and delivering any documents or instruments reasonably required by Tenant in connection therewith. Nothing in this Section which permits the Premises or any part thereof to be used for Identified Ancillary Uses shall be interpreted to mean that Tenant is permitted to make any Alterations other than in compliance with all of the terms and conditions set forth in this Lease including the requirement to obtain Landlord's prior consent, where required.

2.2 If any governmental license or permit is required for the proper and lawful conduct of Tenant's business in the Premises, Tenant, at its expense, shall procure and maintain such license or permit and submit the same to Landlord for inspection. Tenant shall at all times comply with the terms and conditions of each such license or permit. Tenant shall not use, or suffer or permit any person to use, the Premises, or any part thereof, in any manner which (a) violates the certificate of occupancy for the Premises or for the Building or any other permit or license issued pursuant to any Legal Requirements, (b) causes injury to the Building, (c) constitutes a violation of the Legal Requirements or Insurance Requirements pursuant to Article 9 hereof, (d) impairs the character, reputation or appearance of the Building as a first-class office building, (e) impairs the proper and economic maintenance, operation and repair of the Building, or (f) annoys or inconveniences other tenants of the Building.

2.3 In addition to the limitations set forth in Section 2.2, Tenant shall not use, suffer or permit any person to use the Premises or any part thereof for: sale or rental to the public of any products or materials; financial services to the public such as those provided by a commercial bank, trust company, savings bank, safe deposit or savings and loan association or other lender; issuance or sale to the public of traveller's checks, foreign drafts, letter of credit, foreign exchange or domestic money orders; receipt of money for transmission from the public; data processing services rendered primarily to others than Tenant and which are not strictly ancillary to Tenant's business; stock brokerage board room; school; broadcasting center for communications firms; reservation center for airlines or for travel agencies; public auction; or as an office for any of the following: (a) employment agency, (b) foreign government or political subdivision thereof, (c) governmental bureau or agency of the United States or any state or political subdivision thereof, (d) health care professional, (e) clerical support business, or (f) union; nor shall Tenant use, suffer or permit any person to use the Premises or any part thereof for any other use or purpose that (i) in the reasonable judgment of Landlord is not in keeping with the character and dignity of the Building or (ii) predominantly involves direct patronage of the general public not incidental to the Tenant's business.

Unless it is an affiliate of Historic TW Inc., neither Tenant nor any occupant of the Premises shall use the words “Time Warner”, “Historic TW Inc.”, “Warner Bros.”, “Time”, “Warner”, “AOL”, or “America Online”, or any combination or simulation thereof, or any other business or trade name from time to time used by Time Warner Inc. or its subsidiaries, for any purpose whatsoever, including (but not limited to) as or for any corporate, firm or trade name, trademark or designation or description of

merchandise or services, or as Tenant’s business address; provided that the foregoing restriction shall not be deemed to apply to (i) any trade name currently used by Tenant which is hereafter adopted by Landlord and (ii) Tenant’s current name “Warner Music Group, Inc.” Neither Tenant nor any occupant of the Premises shall use the words “Rockefeller”, “Center” or “Radio City”, or any combination or simulation thereof, for any purpose whatsoever, including (but not limited to) as or for any corporate, firm or trade name, trademark or designation or description of merchandise or services, or as Tenant’s business address; provided that the foregoing restriction shall not be deemed to apply to any trade name currently used by Tenant which is hereafter adopted by Landlord. Notwithstanding the foregoing, Tenant may use “75 Rockefeller Plaza” as its business address so long as Landlord is permitted to use such designation for the Building by Rockefeller Center, Inc. and its successors and by the City of New York and the United States Postal Service, provided that (a) Tenant will not use the words “Rockefeller Plaza” except in a conventional manner and without emphasis as part of its business address, and (b) whenever such address is used by Tenant other than on stationery, Tenant will also indicate that the other address for the Building is 15 West 51st Street. Notwithstanding any provision herein to the contrary, Tenant may utilize such trade names as are permitted under the WCI Trademark Agreement between Warner Communications Inc. and WMG Acquisition Corp.

2.4 Subject to Article 35 hereof, Tenant may not place signs anywhere in the Property, including on the exterior of the Building, without the prior consent of Landlord, except for a sign on Tenant’s interior entry doors which shall be approved by Landlord in advance of the placement thereof, such approval not to be unreasonably

withheld or delayed. Consent will not be required for signs within the Premises which are not visible from outside the Premises.

ARTICLE 3

CONDITION OF PREMISES

3.1 Tenant hereby agrees to accept the Premises in its current condition, “as is,” without requiring any improvements or decorations to be made by Landlord. Tenant acknowledges that it has been in occupancy of the Premises prior to the date hereof and is fully familiar with the condition of the Premises.

ARTICLE 4

TAX PAYMENTS

4.1 For the purposes of this Article and other provisions of this Lease:

(a) (1) The term “Taxes” shall mean the aggregate amount of all real estate and personal property taxes and any general or special assessments (excluding penalties and late interest thereon but including interest on assessments payable in installments) assessed or imposed upon or in respect of the Property, including (i) taxes and assessments in respect of any air rights or development rights now or hereafter appurtenant to, or used in connection with the construction of, the Building, (ii) fees, taxes and charges in respect of any vaults, vault space or other space within or outside the boundaries of the Land, (iii) Business Improvement District assessments and other assessments for public improvements or benefits to the Building, the Land, or the locality in which the Land is situated, and (iv) taxes, assessments and charges in respect of any fixtures, equipment, facilities, systems or personal property of Landlord serving or

used exclusively in connection with the Building or the Land, and shall also include all Tax Expenses (as hereinafter defined).

(2) All income, estate, succession, inheritance, gift, transfer, franchise profit, use, occupancy, gross receipts, rental, capital gains, capital stock and income taxes of Landlord shall be excluded from Taxes; provided, however, that if the method of taxation of real estate is changed and as a result thereof any other tax or assessment, however denominated, including any franchise, income, profit, use, occupancy, gross receipts or rental tax, shall be imposed upon Landlord or the owner of the Property or the rents or income there from, in substitution for or in addition to, in whole or in part, any of the taxes or assessments listed in the preceding sentence, such other tax or assessment shall be included in and deemed part of Taxes, but calculated for this purpose as if the Property and all appurtenances thereto (including development rights) were the only property of Landlord.

(3) The amount of any special assessments for public improvements or benefits to be included in Taxes for any year (and such installments shall be the maximum permissible amount thereof), in the case where the same may at the option of the taxpayer be paid in installments, shall be limited to the amount of the installment due in respect of such year, together with any interest payable in connection therewith (other than interest or penalties payable by reason of the delinquent payment of such installments).

(b) The term “Tax Year” shall mean each period from July 1 through June 30 (or such other fiscal period as may hereafter be adopted by the City of New York as the fiscal year for any tax, levy or charge included in Taxes).

(c) The term “Base Tax Year” shall mean the Tax Year July 1, 2004 through June 30, 2005.

(d) The term “Tax Expenses” shall mean all reasonable expenses, including attorneys’ fees and disbursements and experts’ and other witnesses’ fees and disbursements, incurred by Landlord in seeking to reduce the amount of any assessed valuation of the Land and/or the Building, in contesting the amount or validity of any Taxes, or in seeking a refund of any Taxes.

(e) The term “Tenant’s Tax Percentage” shall mean 14.12466%, subject to adjustment as provided in Article 37 hereof.

4.2 If Taxes for any calendar year during the Term are greater than Taxes for the Base Tax Year, Tenant shall pay to Landlord Tenant’s Tax Percentage of such excess. Such payments shall be made as provided in Section 4.3. Payments with respect to any partial Tax Year which falls within the Term shall be appropriately pro rated.

4.3 Landlord shall give Tenant, prior to or after commencement of each calendar year, a notice setting forth Landlord’s reasonable estimate of the payments to be made by Tenant on account of Taxes during such year. Tenant shall make such payments in installments in the same manner that Taxes for such Tax Year are due and payable by Landlord, whether to the City of New York or to a Superior Lessor or Superior Mortgagee. Such payment will be retroactive to the later to occur of the

Commencement Date or the first month of such calendar year if Landlord’s notice is given after the commencement of such calendar year, provided, however, that if payments to be made by Tenant on account of Taxes are retroactive to the Commencement Date and the Commencement Date is other than the first day of the month in which the same occurs, then any such payments in respect of the month in which the Commencement Date occurs shall be prorated). Landlord may amend such estimate by notice given to Tenant from time to time to reflect additional information about Taxes that comes to Landlord’s attention or to correct any error made in any prior estimate; said notice may require an increase in monthly payments or a separate individual payment and Tenant’s payments shall be adjusted or made as provided in said notice. Promptly after receipt by Landlord of bills for such Taxes, Landlord shall give Tenant copies thereof and the computation of Tenant’s payment on account thereof, and (i) in the event of a deficiency, Tenant shall pay to Landlord the amount thereof within fifteen (15) Business Days after demand therefor, or (ii) in the event of an overpayment, Landlord shall promptly refund to Tenant the amount thereof.

4.4 If Landlord receives a refund of Taxes for any Tax Year, Landlord shall either pay to Tenant Tenant’s Tax Percentage of the net refund after deducting from such refund the costs and expenses of obtaining same (to the extent that such costs and expenses were not included in Tax Expenses); provided, however, such payment or credit to Tenant shall in no event exceed Tenant’s Tax Payment paid for such Tax Year. Only Landlord shall be authorized to contest Taxes. Notwithstanding any provision herein to the Contrary, Tenant shall not be responsible for any Tax Payment payable under this

Article that is not billed to Tenant within two (2) years after Landlord makes the corresponding payment of taxes.

ARTICLE 5

OPERATING PAYMENTS

5.1 For each Operating Year (as hereinafter defined) during the Term of this Lease, Tenant shall pay, as additional rent, the Operating Payment (as hereinafter defined) for such Operating Year, in accordance with the further provisions of this Section.

(a) For purposes hereof the following definitions shall apply**:**

(i) The term “Operating Year” shall mean the calendar year in which the Term of this Lease commences and each succeeding calendar year thereafter.

(ii) The term “Wage Rate” shall mean the undiscounted regular hourly wage rate payable to or in respect of Porters (as hereinafter defined) of Class A office buildings in New York County, in effect as of January 1 of the Operating Year in question, pursuant to agreement(s) (herein individually or collectively called “Agreement”) between the Real Estate Advisory Board on Labor Relations, Incorporated (“RAB”) and Local 32B-32J of the Service Employees International Union, AFL-CIO (“Local 32B-32J”) (or, if either or both of such entities is not in existence or acting in respect of such matters, then, by any successor(s) or substitute(s) performing similar functions).

(iii) The term “Class A office buildings” shall mean the class of office buildings defined as such under the current Agreement with Local 32B-32J.

(iv) The term “regular hourly wage rate” shall include all payments of every kind (excluding, however, fringe benefits) then payable to or in respect of Porters, computed on the basis of the total undiscounted annual amount payable to or in respect of Porters pursuant to the Agreement, provided, however, if any union agreement shall require the regular employment of Porters on days or during hours when overtime or other premium pay rates are in effect, then the “regular hourly wage rate,” as used above and subject to the other adjustments provided for herein, shall be deemed to mean the actual weekly wage rate, divided by the actual hours in a calendar week during which Porters are required to be employed (if, for example, as of the Commencement Date, an agreement between RAB and Local 32B-32J shall require the regular employment of Porters for forty (40) hours during a

calendar week at a minimum hourly wage rate of $3.00 for the first thirty (30) hours, and premium or overtime hourly wage rate of $4.50 for the remaining ten (10) hours, the minimum regular hourly wage rate under this Article 38B, as of the Commencement Date, shall be deemed to be the total weekly wage rate of $135.00 divided by the total number of required hours of employment, forty (40), or $3.375). If no Agreement shall be in effect as of any such January 1 with reference to which the regular hourly wage rate for Porters is to be determined, then the applicable computations and payments under this Lease shall be made upon the basis of the regular hourly wage rate (determined in accordance with the preceding provisions of this Article) being paid by Landlord or by the contractor performing the cleaning services for Landlord on such January 1 to or in respect of Porters, and thereafter appropriate retroactive adjustment shall be made when the regular hourly wage rate payable to or in respect of such Porters is determined pursuant to

Agreement. For the purposes hereof, if the regular hourly wage rate of Porters shall increase during any Operating Year the regular hourly wage rate "in effect as of January 1" of such Operating Year shall be adjusted for the portion of the year for which the increase shall be effective. The Wage Rate and Base Wage Rate shall be calculated by dividing the annual undiscounted cost for a Porter receiving the regular hourly wage rate, by the number of hours that a Porter is expected to work in the calendar year involved. In determining said number of hours, Landlord's management may make reasonable estimates of the average number of days or hours not worked by an average Porter, where such days or hours are not specified by, or vary with individual circumstances pursuant to, the union contract. In calculating the regular hourly wage rate Landlord shall apply such procedures and practices as are generally applied in such calculations by the owners of Class A office buildings in the midtown area of the Borough of Manhattan, City and State of New York, and any dispute or controversy as to or relating to the calculation of the "Wage Rate" shall be determined by arbitration, which arbitration shall be by three arbitrators each of whom shall have at least ten years' experience in the supervision of the operation and management of Class A office buildings in Manhattan.

(v) The term "Porters" shall mean that classification of employee engaged in the general maintenance and operation of office buildings classified as "others" in the current Agreement, or failing such classification in any subsequent Agreement, the most nearly comparable classification in such Agreement.

(vi) The term "Base Wage Rate" shall mean the Wage Rate in effect as of January 1, 2004.

(b) The term "Wage Rate Multiple" shall mean 82,266, but subject to adjustment as provided in Article 37 hereof.

(c) In the event that the Wage Rate in effect as of the January 1 of any Operating Year shall exceed the Base Wage Rate, Tenant shall pay to Landlord, as Additional Charges for such Operating Year, an amount (the "Operating Payment") equal to the product obtained by multiplying (a) the number of cents (including any fraction of a cent) by which the Wage Rate exceeds the Base Wage Rate, by (b) the Wage Rate Multiple. By or after the start of the Operating Year commencing January 1, 2003 and by or after the start of each Operating Year thereafter, Landlord shall furnish to Tenant an Escalation Statement relating to such Operating Year and a statement of the Base Wage Rate, showing the escalation, if any, which shall be due hereunder from Tenant to Landlord and the additional rent then payable by Tenant to Landlord shall be paid as provided below. The obligation of Tenant to pay additional rent pursuant to this Section is not predicated upon the rendition by Landlord of any cleaning service to the Premises or upon the employment by Landlord of Porters or cleaners or by the application to Landlord or to the Building of the collective bargaining agreements referred to above. Tenant acknowledges that the payment of Additional Charges to Landlord pursuant to the provisions of this Section is intended to be an escalation payment to provide additional rent to Landlord and is not a measurement of actual increased costs incurred by Landlord in the operation of the Building.

5.2 Any such adjustment payable by reason of the provisions of this Section shall commence to be payable in equal monthly installments, as of the first day of the period for which the Wage Rate shall exceed the Base Wage Rate, and after Landlord

shall furnish Tenant with an Escalation Statement relating to such Operating Year, all monthly installments of rental shall reflect one-twelfth of the annual amount of such adjustment until a new adjustment becomes effective pursuant to the provisions of this Section; provided, however, that if said Escalation Statement is furnished to Tenant after the commencement or effective date of any change in the Wage Rate, there shall be promptly paid by Tenant to Landlord, an amount equal to the portion of such adjustment allocable to the period prior to the date upon which said Escalation Statement is furnished to Tenant. In the event that the Wage Rate shall be changed or shall change more frequently than once a year, the adjustment hereunder shall similarly be made by Landlord in a supplemental Escalations Statement furnished by Landlord to Tenant, so as to reflect such change in the monthly installments due hereunder, and the effective date of each such change. Notwithstanding anything herein to the contrary, Tenant shall not be responsible for payment of any Operating Payment payable under this Article that is not billed to Tenant within one (1) years after the expiration of the appropriate calendar year.

ARTICLE 6

SUBORDINATION TO MORTGAGES, LEASES AND DECLARATION OF RESTRICTIONS

6.1 (a) This Lease and all rights of Tenant hereunder shall be subject and subordinate to all ground leases, overriding leases and underlying leases of the Land and/or the Building now or hereafter existing and to all mortgages now or hereafter existing affecting the Land and/or the Building and/or any of such leases, whether or not such mortgages also cover other lands and/or buildings and/or leases, to each and every advance made or hereafter to be made under such mortgages, and to all

renewals, modifications, replacements and extensions of such leases and mortgages, and spreaders and consolidations of such mortgages. This Section shall be self-operative and no further instrument of subordination or priority (as described in the first sentence of this Section) shall be required. In confirmation of such subordination or priority Tenant shall promptly execute, acknowledge and deliver any instrument that Landlord, the Lessor under any such lease or the holder of any such mortgage may reasonably request to evidence such subordination or priority; and if Tenant fails to execute, acknowledge or deliver any such instrument within ten (10) days after request therefor, Tenant hereby irrevocably constitutes and appoints Landlord as Tenant's attorney-in-fact, coupled with an interest, to execute and deliver such instrument on behalf of Tenant. Any lease to which this Lease is subject and subordinate is herein called a "Superior Lease," and the Lessor of a Superior Lease is herein called a "Superior Lessor." Any mortgage to which this Lease is subject and subordinate is herein called a "Superior Mortgage" and the holder of a Superior Mortgage is herein called a "Superior Mortgagee."

(b) Landlord agrees to make a reasonable effort to obtain from the Superior Lessor and the Superior Mortgagee for the benefit of Tenant an agreement, in recordable form, to the effect that if such Superior Lessor or Superior Mortgagee or any successor or assign of such Superior Lessor or Superior Mortgagee shall take any action to enforce it's rights, or if such Superior Lease shall terminate or be terminated by reason of a default by the tenant thereunder, then, provided no Event of Default shall have occurred and then be continuing hereunder, such Superior Lessor, Superior Mortgagee, or such successor or assign, as the case may be, will not make Tenant a party defendant to, or otherwise name or join Tenant in, such action and, upon termination of

such Superior Lease, will recognize Tenant as the direct tenant of such landlord or such successor or assign, as the case may be, on the same terms and conditions as are contained in this Lease, except that such Superior Lessor, Superior Mortgagee or successor or assign shall not be (i) liable for any previous act or omission of Landlord under this Lease, (ii) subject to any offsets or defenses, not expressly provided in this Lease, which theretofore accrued to the Tenant against Landlord, (iii) liable for any security deposited by Tenant which has not been transferred to such holder, (iv) bound by any previous prepayment of more than one month's rent, other than overpayments in respect of Taxes or Operating Expenses, (v) bound by any covenant to undertake or complete any construction of the Premises or any portion thereof demised by this Lease, (vi) bound by an obligation to make any payment to, or on behalf of, the Tenant or provide any services or perform any repairs, maintenance or restoration provided for under this Lease to be performed before the date that such holder succeeded to the interest of Landlord under this Lease or bound by any obligation to make any payment to Tenant with respect to construction performed by, or on behalf of, Tenant at the Premises, and (vii) bound by any obligation to repair, replace, rebuild or restore the Premises demised in the event of damage by fire or other casualty, or in the event of partial condemnation, in any such case in excess of the insurance proceeds or condemnation award actually collected by such holder.

6.2 If any act or omission of Landlord would give Tenant the right, immediately or after lapse of a period of time, to cancel or terminate this Lease, or to claim a partial or total eviction, Tenant shall not exercise such right until (a) Tenant gives notice of such act or omission to Landlord and to each Superior Mortgagee and Superior

Lessor whose name and address were previously furnished to Tenant, and (b) a reasonable period of time for remedying such act or omission elapses following the time when such Superior Mortgagee or Superior Lessor becomes entitled under such Superior Mortgage or Superior Lease to remedy same (which reasonable period shall in no event be less than the period to which Landlord is entitled under this Lease or otherwise, after similar notice, to effect such remedy). Tenant is hereby advised that the Superior Lessor is 75 Plaza LLC, with an address c/o Park Lane Investments LLC, 240 Greenwich Avenue, Greenwich, Connecticut 06830 and the Superior Mortgagee is German American Capital Corporation with an address at 31 West 52nd Street, New York, New York 10019.

6.3 Tenant covenants and agrees that if for any reason a Superior Lease (including a Superior Lease through which Landlord derives its leasehold estate in the Premises) is terminated, or if the holder of a Superior Mortgage succeeds to the interest of Landlord hereunder, then at the option of the then holder of the reversionary interest in the Premises demised by this Lease, Tenant will attorn to such holder and will recognize such holder as the Tenant's Landlord under this Lease, except that such holder shall not be (i) liable for any previous act or omission of Landlord under this Lease, (ii) subject to any offsets or defenses, not expressly provided in this Lease, which theretofore accrued to the Tenant against Landlord, (iii) liable for any security deposited by Tenant which has not been transferred to such holder, (iv) bound by any previous prepayment of more than one month's rent, other than overpayments in respect of Taxes or Operating Expenses, (v) bound by any covenant to undertake or complete any construction of the Premises or any portion thereof demised by this Lease, (vi) bound by

any obligation to make any payment to, or on behalf of, the Tenant or provide any services or perform any repairs, maintenance or restoration provided for under this Lease to be performed before the date that such holder succeeded to the interest of Landlord under this Lease or bound by any obligation to make any payment to Tenant with respect to construction performed by, or on behalf of, Tenant at the Premises, and (vii) bound by any obligation to repair, replace, rebuild or restore the Premises demised in the event of damage by fire or other casualty, or in the event of partial condemnation, in any such case in excess of the insurance proceeds or condemnation award actually collected by such holder. Tenant agrees to execute and deliver, at any time and from time to time, upon the request of Landlord or of the Lessor under any such Superior Lease or holder of any Superior Mortgage any instrument which may be necessary or appropriate to evidence such attornment and Tenant hereby appoints Landlord or such Lessor under such Superior Lease or holder of a Superior Mortgage the attorney-in-fact, irrevocable, of the Tenant to execute and deliver for and on behalf of Tenant any such instrument. Tenant further waives the provision of any statute or rule of law now or hereafter in effect which may give or purport to give the Tenant any right of election to terminate this Lease or to surrender possession of the Premises in the event any proceeding is brought by the Lessor under any Superior Lease or holder of a Superior Mortgage to terminate the same, and agrees that unless and until such Lessor, in connection with any such proceeding, shall elect to terminate this lease and the rights of Tenant hereunder, this Lease shall not be affected in any way whatsoever by any such proceeding.

6.4 If any prospective or actual Superior Mortgagee or Superior Lessor requires any modification of this Lease, Tenant shall, upon notice thereof from Landlord,

promptly execute and deliver to Landlord the instrument accompanying said notice from Landlord to effect such modification if such instrument does not except to a de minimis extent adversely affect Tenant's rights under this Lease and does not increase except to a de minimis extent Tenant's obligations under this Lease.

6.5 Tenant hereby irrevocably waives all rights it has, if any, in connection with any zoning lot merger or transfer of development rights in respect of the Property, including any rights it has to be a party to, to contest, or to execute, any declaration of restrictions which would cause the Property to be merged with any other zoning lot. This Lease shall be subject and subordinate to any declaration of restrictions or any other document of similar nature and purpose now or hereafter affecting the Property. In confirmation of such waiver and subordination, Tenant shall promptly execute, acknowledge and deliver any instrument that Landlord reasonably requests.

ARTICLE 7

QUIET ENJOYMENT

7.1 So long as Tenant pays all Fixed Rent and Additional Charges and performs all of Tenant's other obligations under this Lease, in each case within the periods after notice (if any) and grace provided for in this Lease, Tenant shall peaceably and quietly have, hold and enjoy the Premises without hindrance, ejection or molestation by Landlord or any person lawfully claiming through or under Landlord, subject to the provisions of this Lease and to any Superior Leases and Superior Mortgages. This covenant shall be construed as a covenant running with the Land and shall not be construed as a personal covenant of Landlord except to the extent of Landlord's interest in this Lease.

7.2 Landlord shall indemnify Tenant against any loss, damage or expense which Tenant may suffer or incur if Tenant is evicted from the Premises as the result of Landlord's default under any Superior Lease not caused by a default by Tenant under this Lease.

ARTICLE 8

ASSIGNMENT, SUBLETTING AND MORTGAGING

8.1 Tenant shall not, voluntarily, involuntarily, by operation of law or otherwise, except as provided in Article 8 hereof: (a) assign or otherwise transfer this Lease, (b) sublet the Premises or any part thereof, or allow same to be used, occupied or utilized by any person other than Tenant or (c) mortgage, pledge, encumber or otherwise hypothecate this Lease. Notwithstanding the foregoing, Tenant may permit Tenant's Affiliates to occupy portions of the Premises, subject to all applicable provisions of this Lease. Tenant will promptly advise Landlord in writing of the identity of all Tenant's Affiliates who begin or terminate occupancy of any portion of the Premises.

8.2 (a)

(i) If and so long as Tenant is a corporation, a partnership, a limited liability company or other entity, the following shall be deemed to be an assignment of this Lease under Section 8.1, prohibited by said Section: one or more sales or transfers of stock, partnership interests, membership interests or equity interests, voluntarily, involuntarily, by operation of law or otherwise, or the issuance of new stock, partnership interests, membership interests or equity interests, by which an aggregate of more than 49% of Tenant's stock, partnership interests, membership interests or equity interests, directly or indirectly, by sale of an interest in Tenant or that of any of Tenant's Affiliates, shall be vested in a party or parties who are not

stockholders, partners or members as of the date hereof; provided however, that if following such transaction, Tenant will meet the Financial Test (as defined herein), Landlord's consent thereto will not be unreasonably withheld or delayed.

(ii) The sale of all or substantially all of Tenant's assets which results in a Tenant failing to meet the Financial Test, notwithstanding that the Tenant under this Lease after such sale is the same Tenant under this Lease as prior to such sale, shall be deemed an assignment of this Lease whether such sale is made by one or more transactions.

(iii) This Section shall not apply to transactions with a corporation, partnership, limited liability company or entity into or with which Tenant is merged or consolidated or to which substantially all of Tenant's assets are transferred or to any corporation, partnership or limited liability company which controls or is controlled by Tenant or is under common control with Tenant if (x) the successor to Tenant meets the Financial Test, and (y) proof satisfactory to Landlord that Tenant meets the Financial Test is delivered to Landlord at least ten (10) days prior to the effective date of any such transactions. The provisions of this Section shall not apply to and Landlord's consent shall not be required in connection with, sales or transfers by persons other than "insiders" in the shares of any corporation all the outstanding voting stock of which is listed on a national securities exchange (as defined in the Securities Exchange Act of 1934, as amended) or is traded in the over-the-counter market with quotations reported by the National Association of Securities Dealers through its automated system for reporting quotations.

(b) (i) As used herein the term "Financial" Test shall mean a Leverage Ratio (as defined herein) of less than 3.5.

(ii) "Leverage Ratio" of Tenant or Qualified Guarantor (as defined herein), as the case might be, means a ratio, determined as of the end of the most recent fiscal period for such entity for which financial statements prepared in accordance with GAAP (as defined herein), certified by a financial officer of such entity as fairly presenting the financial condition and results of operations of such entity have been delivered to Landlord, of: (x) consolidated indebtedness (including, without limitation, all guarantees, capital leases and mandatorily redeemable preferred stock, but excluding undrawn letters of credit) net of aggregate unrestricted cash and cash equivalents of Tenant or Qualified Guarantor and its Subsidiaries in excess of $50,000,000; provided that in no event shall indebtedness determined pursuant to this clause (x) in respect of any calculation of the Leverage Ratio be reduced by more than $200,000,000 on the basis of unrestricted cash and cash equivalents, to (y) the sum of (a) net income for such entity for the latest 12 months or four quarters reflected in such certified financial statements and, to the extent reflected as a charge in the calculation of such net income, (b) interest expense, (c) provisions for taxes, and (d) depreciation and amortization expense.

8.3 If this Lease is assigned, whether or not in violation of the provisions of this Lease, Landlord may collect rent from the assignee. If the Premises or any part thereof is sublet or occupied by any person other than Tenant, whether or not in violation of this Lease, Landlord may, after default by Tenant and expiration of Tenant's time to cure such default, collect rent from the subtenant or occupant. In either event,

Landlord may apply the net amount collected to Fixed Rent and Additional Charges herein reserved, but no such assignment, subletting, occupancy or collection shall be deemed a waiver of any of the provisions of this Article, or the acceptance of the assignee, subtenant or occupant as Tenant, or a release of Tenant from the performance by Tenant of Tenant's obligations under this Lease. The consent by Landlord to any assignment, mortgaging, subletting or occupancy by others shall not relieve Tenant of the obligation to obtain the consent of Landlord to any other or further assignment, mortgaging, subletting or occupancy by others not expressly permitted by this Article.

8.4 Any assignment or transfer, whether or not Landlord's consent is required, shall be made only if and shall not be effective until the assignee executes, acknowledges and delivers to Landlord an agreement in form and substance reasonably satisfactory to Landlord whereby the assignee assumes the obligations of Tenant under this Lease and whereby the assignee agrees that the provisions of this Article shall, notwithstanding such assignment or transfer, continue to be binding upon it in respect of all future assignments and transfers. Notwithstanding any assignment or transfer, whether or not in violation of the provisions of this Lease, and notwithstanding the acceptance of Fixed Rent or Additional Charges by Landlord from an assignee, transferee, or any other person, the original Tenant herein named and any and all successors in interest of the original Tenant herein named shall remain fully liable (jointly and severally with any immediate or remote successor in interest, including the then Tenant) for the payment of Fixed Rent and Additional Charges and for the other obligations of Tenant under this Lease.

8.5 The liability under this Lease of the original Tenant herein named and any immediate or remote successor in interest of the original Tenant herein named shall not be discharged, released or impaired in any respect by any agreement or stipulation made by Landlord with the then Tenant extending the time of, or modifying any of the obligations under, this Lease, or by any waiver or failure of Landlord to enforce any of the obligations of Tenant under this Lease.

8.6 Neither the listing of any name other than that of Tenant, whether on the door of the Premises or the Building directory, or otherwise, nor the acceptance by Landlord of any check drawn by a person other than Tenant in payment of Fixed Rent or Additional Charges, shall operate to vest in any person any right or interest in this Lease or in the Premises, nor shall same be deemed to be the consent of Landlord to any assignment or transfer of this Lease or to any sublease of the Premises or to the occupancy thereof by any person other than Tenant.

8.7 Except as specifically provided to the contrary in this Article, if Tenant desires to assign this Lease or sublet all or any part of the Premises, including any assignment or sublet in connection with any proceeding under the United States Bankruptcy Code or any federal, state or foreign law of like impact (collectively, "Insolvency Laws"), Tenant shall give notice thereof to Landlord, which notice shall be accompanied by a term sheet setting forth the material business terms of such proposed assignment or sublease. (i) If such notice is given in connection with a proposed assignment of this Lease, other than an assignment of the type referred to in Section 8.2 hereof, then such notice shall be deemed an offer from Tenant to Landlord whereby Landlord may, at Landlord's option, terminate this Lease. (ii) If such notice is given in

connection with a proposed sublease of a portion of the Premises to a party other than a Tenant's Affiliate, then such notice shall be deemed an offer from Tenant to Landlord whereby Landlord (or Landlord's designee) may, at its option, sublease such space (hereinafter referred to as the "Leaseback Space") from Tenant upon the terms and conditions hereinafter set forth. The option in question may be exercised by Landlord by notice to Tenant at any time within thirty (30) days after such notice given by Tenant to Landlord, and during such 30-day period Tenant shall not assign this Lease or sublet such space to any person.

8.8 If Landlord exercises its option to sublet the Leaseback Space, such sublease to Landlord or its designee (as subtenant) ("Landlord's Sublease") shall be at the rentals and for the same term as set forth in the term sheet described in Section 8.7 hereof, and such Landlord's Sublease shall:

(a) be expressly subject to all of the covenants, agreements, terms, provisions and conditions of the Lease except such as are irrelevant or inapplicable, and except as otherwise expressly set forth to the contrary in this Article;

(b) be upon terms and conditions consistent with those contained in the term sheet described in Section 8.7 hereof, except such as are irrelevant or inapplicable and except as otherwise expressly set forth to the contrary in this Article.

(c) give the sublessee the unqualified and unrestricted right, without Tenant's permission, to assign such Landlord's Sublease or any interest therein and/or to sublet the Leaseback Space or any part or parts of the Leaseback Space and to make any and all changes, alterations, and improvements in the space covered by such Landlord's Sublease as Landlord deems necessary or desirable;

(d) provide that any assignee or further subtenant of Landlord may, at the election of Landlord, be permitted to make alterations, decorations and installations in the Leaseback Space or any part thereof as Landlord deems necessary or desirable and shall also provide in substance that any such alterations, decorations and installations in the Leaseback Space therein made by any assignee or subtenant of Landlord may be removed, in whole or in part, by such assignee or subtenant, at its option, prior to or upon the expiration or other termination of such assignment or sublease provided that such assignee or subtenant, at its expense, shall repair any damage and injury to that portion of the Leaseback Space so sublet caused by such removal; provided, however, that if the proposed sublease delivered to Landlord sets forth that the subtenant named therein shall use the space "as is" and make no alterations throughout the term of the sublease, or is required to restore the space to its pre-existing condition, then Landlord shall, or shall cause its assignee or subtenant to, restore the Leaseback Space substantially to its pre-existing condition to the extent required under the proposed sublease unless the term of such proposed sublease expires within the last year of the term of this Lease;

(e) also provide that (i) the parties to a Landlord's Sublease expressly negate any intention that any estate created under such Landlord's Sublease be merged with any other estate held by either of said parties, (ii) occupancy of the Premises by Landlord or its assignee or subtenant shall be for a use in conformance with Section 2.1 of this Lease (except that occupancy of the Premises pursuant to a Landlord's Sublease may be for any lawful purpose, if such Landlord's Sublease is for all or a portion of the Premises, provided such portion of the Premises constitutes at a full floor,

(iii) Tenant, at Tenant's expense, shall and will at all times provide and permit reasonably appropriate means of ingress to and egress from the Leaseback Space so sublet by Tenant to Landlord, (iv) Landlord shall make such alterations as shall be reasonably required or deemed necessary by Landlord to physically separate the Leaseback Space from the balance of the Premises and to comply with any laws and requirements of public authorities relating to such separation, and Tenant will promptly reimburse Landlord for the reasonable cost thereof on demand, and (v) at the expiration of the term of a Landlord's Sublease, Tenant will accept the space covered by such Landlord's Sublease in its then existing condition, subject to the obligations of the Landlord as tenant under such Landlord's Sublease to make such repairs thereto as may be necessary to preserve the premises demised by such Landlord's Sublease in reasonable order and condition, and subject to the condition as to restoration set forth in (d) above; and

(f) Tenant shall have no obligation, at the expiration or earlier termination of the term of this Lease, to remove any alteration, installation or improvement made in the Leaseback Space by Landlord or its assignee or subtenant. Performance by Landlord, under a Landlord's Sublease, shall be deemed performance by Tenant of any similar obligation under this Lease and any default under any such Landlord's Sublease shall not give rise to a default under a similar obligation contained in this Lease, nor shall Tenant be liable for any default under this Lease or deemed to be in default hereunder if and to the extent such default arises directly from any act or omission of the tenant under such Landlord's Sublease or arises directly from any act or omission of any occupant holding under or pursuant to any such Landlord's Sublease (including, without limitation, as to payment of Fixed Rent and/or Additional Charges), and

Landlord shall indemnify and hold harmless Tenant from any loss, damage or expense which Tenant may suffer or incur arising out of the leasing or occupancy of the space demised under a Landlord's Sublease, except to the extent the same arises from any act or omission of Tenant.

8.9 If Landlord exercises its option pursuant to Section 8.7 to terminate this Lease, then this Lease shall terminate on the date that the assignment was to be effective or the sublet was to commence, and Fixed Rent and Additional Charges shall be apportioned as of such date.

8.10 If Landlord does not exercise an option provided to it pursuant to Section 8.7 and Tenant is not in default of any of its obligations under this Lease beyond the applicable period after notice (if any) and grace provided for herein, Landlord's consent (which shall be in form reasonably satisfactory to Landlord) to the proposed assignment or sublease shall not be unreasonably withheld, provided and upon condition that:

(a) Tenant has complied with the provisions of this Article,

(b) in Landlord's judgment the proposed assignee or subtenant is a reputable person of good character and is engaged in a business and the Premises will be used in a manner which (i) is in keeping with the then standards of the Building, (ii) is limited to the use expressly permitted under Section 2.1, and (iii) will not violate any negative covenant as to use contained in any other lease of space in the Building,

(c) neither the proposed assignee or subtenant nor any person that, directly or indirectly, controls, is controlled by, or is under common control with, the proposed assignee or subtenant or any person who controls the proposed assignee or

subtenant, is then an occupant of any part of the Building, and Landlord has other space in the Building available to let to such proposed assignee or subtenant that is substantially comparable in square footage to the space covered by this Lease or the space proposed to be sublet by Tenant, as applicable,

(d) the proposed assignee or subtenant is not a person with whom Landlord is then actively negotiating or in the prior six-month period was negotiating to lease space in the Building, and

(e) there shall not be more than two subtenants (excluding Tenant's Affiliates) on each floor of the Premises that is 20,000 square feet or less and no more than four subtenants (excluding Tenant's Affiliates) on each floor of the Premises that is more than 20,000 square feet, at any time.

8.11 Except to the extent the same are incurred by Landlord as subtenant under a Landlord's Sublease, Tenant shall reimburse Landlord on demand for any reasonable costs incurred by Landlord in connection with any proposed assignment or sublease, whether or not consented to by Landlord, including the cost of making investigations as to the acceptability of the proposed assignee or subtenant, and reasonable attorneys' fees and disbursements in connection with the granting of any requested consent.

8.12 Except as provided in Section 8.8(f) as to any subletting to Landlord or its designee, with respect to any subletting to any other subtenant and/or acceptance of rent or additional rent by Landlord from any other subtenant, (a) Tenant shall remain fully liable for the payment of Fixed Rent and Additional Charges due and to become due hereunder and for all of the other obligations of Tenant under this Lease

and (b) Tenant shall remain fully liable for all acts and omissions of any licensee or subtenant or any person claiming through or under any licensee or subtenant that are in violation of any of the obligations of Tenant under this Lease, and any such violation shall be deemed to be a violation by Tenant. Notwithstanding any such subletting, no other or further subletting of the Premises by Tenant or any person claiming through or under Tenant shall be made except in compliance with and subject to the provisions of this Article. If Landlord declines to give its consent to any proposed assignment or sublease, or if Landlord exercises its option under Section 8.7, Tenant shall indemnify Landlord against liability in connection with any claims made against Landlord by the proposed assignee or subtenant or by any brokers or other persons claiming a commission or similar compensation in connection with the proposed assignment or sublease.

8.13 If (a) Landlord does not exercise an option provided to it under Section 8.7 and Landlord consents to a proposed assignment or sublease and (b) Tenant fails to execute and deliver the assignment or sublease to which Landlord consented within one hundred eighty (180) days after the giving of such consent, then Tenant shall again be required to comply with the provisions of this Article (as if Tenant had not requested such consent) before assigning this Lease or subletting all or any part of the Premises.

8.14 In respect of every permitted sublease (except a Landlord's Sublease):

(a) no sublease shall be for a term ending later than the day before the Expiration Date,

(b) no sublease shall be valid, and no subtenant shall take possession of the Premises or any part thereof, until an executed counterpart of such sublease has been delivered to Landlord,

(c) each sublease shall provide that it is subject and subordinate to this Lease and to the matters to which this Lease is or shall be subordinate, and that in the event of termination, reentry or dispossess by Landlord under this Lease, Landlord may, at its option, take over all of the right, title and interest of Tenant, as sublessor, under such sublease, and such subtenant shall, at Landlord's option, attorn to Landlord pursuant to the then executory provisions of such sublease and execute and deliver such instruments as Landlord may reasonably request to evidence and confirm such attornment, except that Landlord shall not be (i) liable for any previous act or omission of Tenant under such sublease, (ii) subject to any offset which had accrued to such subtenant against Tenant, (iii) bound by any previous modification of such sublease not consented to by Landlord or by any prepayment of more than one month's rent or additional rent, (iv) obligated to make any payment to or on behalf of such subtenant or to perform any repairs or other work in the subleased space or the Building beyond Landlord's obligations under this Lease, or (v) required to account for any security deposit other than any actually delivered to Landlord,

(d) the rental and other terms and conditions of each sublease shall be substantially the same as those contained in the proposed sublease furnished to Landlord pursuant to Section 8.7 (except that the rental may deviate by up to 5%), and

(e) Tenant shall not publicly advertise the rental rate or any description thereof to be paid by the proposed subtenant or assignee.

8.15 If Landlord does not exercise an option provided to it under Section 8.7 and Landlord gives its consent to any assignment of this Lease (other than an assignment pursuant to Section 8.2 hereof) or to any sublease (other than to a Tenant's Affiliate), Tenant shall in consideration therefor pay to Landlord:

(a) in the case of an assignment, an amount equal to 50% of all sums and other consideration paid to Tenant by the assignee or any other person for or in connection with such assignment (including sums paid for the sale of Tenant's fixtures, leasehold improvements, equipment, furniture, furnishings or other personal property, less the then net unamortized or undepreciated cost thereof determined on the basis of Tenant's federal income tax return, but excluding the obligations assumed by the assignee to pay all rent and other sums and charges due under this Lease from and after the effective date of such assignment), less reasonable expenses incurred by Tenant for legal expenses, brokerage and fix-up in connection with such assignment,

(b) in the case of a sublease, an amount equal to 50% of all rents, additional charges or other consideration payable to Tenant, plus any sums paid for the sale or rental of Tenant's fixtures, leasehold improvements, equipment, furnishings or other personal property, less the then net unamortized or undepreciated cost thereof determined on a straight line basis over the term of the Lease to the extent that the sum thereof is in excess of the Fixed Rent and Additional Charges accruing during the term of the sublease in respect of the subleased space (at the rate per square foot payable by Tenant hereunder), less reasonable expenses incurred by Tenant for legal expenses, brokerage and fix-up in connection with such sublease. The deduction for the net unamortized or undepreciated cost of Tenant's fixtures, etc. and sublessee's expenses

shall be made in equal monthly installments over the term of the sublease. The sums payable under this subsection shall be paid to Landlord as and when paid by the subtenant or any other person to Tenant. For the purpose of this subsection 8.15(b), the determination of amounts due Landlord in connection with a sublease shall be made in respect of each sublease on an individual basis.

8.16 If Tenant at any time requests Landlord to sublet the Premises for Tenant's account, Landlord is authorized to receive keys for such purpose without releasing Tenant from any of its obligations under this Lease, and Tenant hereby releases Landlord of and from any liability for loss or damage to any Tenant's Property in connection with such subletting, provided Landlord exercises reasonable care to prevent damage to Tenant's Property.

8.17 Landlord shall, at Tenant's request and expense execute and deliver to a Major Subtenant (as defined herein), a nondisturbance and attornment agreement; provided, that (I) Tenant is not then in default under this Lease after notice and beyond applicable grace period, (II) the sublease with the Major Subtenant is a Qualifying Major Sublease (as defined herein), (III) Tenant has furnished evidence to Landlord's reasonable satisfaction that the subtenant is a Major Subtenant and will continue to be a Major Subtenant after execution and delivery of the sublease and (IV) such Major Subtenant executes and delivers to Landlord the subordination and nondisturbance agreement reasonably satisfactory to Landlord and consistent with this Section 8.17. A "Qualifying Major Sublease" shall mean a sublease from Tenant to a Major Subtenant to which Landlord shall have actually given its consent (not including where Landlord's consent is not required) and which (A) consists of a full floor or

multiple full floors in the Building, (B) provides that, at the time when the attornment provided for in the non-disturbance and attornment agreement hereinafter referred to becomes effective between Landlord and the Major Subtenant following the termination of this Lease, the rental payable thereunder, after taking into account any free rent periods, credits, offsets or deductions to which the subtenant may be entitled thereunder, will be equal to or in excess (on a per rentable square foot basis) of the greater of (ww) the Fixed Rent and the recurring Additional Charges payable by Tenant under this Lease with respect to such space and (xx) rent provided for in the Qualifying Major Sublease, and (C) provides for other obligations of the Major Subtenant at least substantially identical to the obligations of Tenant under this Lease. A "Major Subtenant" shall mean a subtenant with an aggregate tangible net worth which is reasonably satisfactory to Landlord. Notwithstanding anything to the contrary set forth in this clause, any non-disturbance and attornment agreement delivered by Landlord pursuant to this clause shall, pursuant to this Lease, be conditional and by its terms expressly contain the condition such that, in the event of any termination of this Lease (x) other than by reason of (1) Tenant's default, (2) a rejection in bankruptcy by Tenant or (3) a voluntary surrender of this Lease by Landlord and Tenant, but (y) including a termination of this Lease by reason of casualty or condemnation, hereof, then any non-disturbance and attornment agreement to a Major Subtenant shall, automatically and without further act of the parties, terminate and be of no further force or effect from and after the applicable termination date.

ARTICLE 9

COMPLIANCE WITH LEGAL AND INSURANCE REQUIREMENTS

9.1 Tenant shall give prompt notice to Landlord of any notice it receives of the violation of any Legal Requirements or Insurance Requirements in respect of the Premises or the use or occupancy thereof. Tenant shall, at Tenant's expense, comply with all Legal Requirements and Insurance Requirements relating to the Premises or the use or occupancy thereof, except that Tenant shall not be required to comply with any Legal Requirement or Insurance Requirement requiring structural alteration of the Premises unless the necessity therefor results from (a) Alterations, (b) Tenant's specific manner of use of the Premises (as opposed to general office use), (c) the specific manner of conduct of Tenant's business or operation of its installations, equipment or other property therein, (d) any cause or condition created by or at the instance of Tenant, or (e) the breach of any of Tenant's obligations under this Lease. Tenant shall pay all the costs, expenses, fines, penalties and damages imposed upon Landlord or any Superior Lessors or Superior Mortgagees by reason of or arising out of Tenant's failure to fully and promptly comply with and observe the provisions of this Section. However, Tenant need not comply with any Legal Requirement so long as Tenant is contesting the validity thereof or the applicability thereof to the Premises in accordance with Section 9.2. Landlord shall comply with or cause compliance with all Legal Requirements and Insurance Requirements affecting the Building and all other Legal Requirements and Insurance Requirements affecting the Premises but may similarly defer compliance so long as Landlord is contesting the validity or applicability thereof. If any public authority or insurance body requires or recommends any additional sprinkler heads or changes to the sprinkler system in or serving the Premises, Tenant shall, at its expense, promptly

make and supply such additional sprinkler heads or changes, except that if prior to the date hereof a violation has been issued against the Premises with respect to the sprinkler heads or sprinkler system in the Premises, Landlord at its expense will be responsible for curing such violation.

9.2 Tenant, at its expense, after notice to Landlord, may contest by appropriate proceedings prosecuted diligently and in good faith the validity or applicability to the Premises of any Legal Requirements provided that (a) neither Landlord nor any Superior Lessor or Superior Mortgagee is subject to criminal penalty or to prosecution for a crime, and neither the Building nor any part thereof is subject to being condemned or vacated, by reason of noncompliance or otherwise by reason of such contest, (b) before the commencement of such contest, Tenant furnishes to Landlord either (i) a completion bond of a corporate surety licensed to do business in the State of New York and reasonably satisfactory to Landlord, which bond shall be, as to its provisions and form, reasonably satisfactory to Landlord, in an amount at least equal to 110% of the cost of such compliance (as estimated by a reputable and experienced contractor selected by Tenant and reasonably satisfactory to Landlord), or (ii) other security in place of such bond reasonably satisfactory to Landlord, and (c) such noncompliance or contest does not constitute or result in any violation of any Superior Lease or Superior Mortgage (or if any Superior Lease and/or Superior Mortgage permits such noncompliance or contest only if Landlord takes some specified action or furnishes security, such action is taken and/or such security is furnished at the expense of Tenant). Tenant shall keep Landlord advised as to the status of such proceedings and Tenant shall indemnify Landlord against liability in connection with such contest or noncompliance.

Without limiting the application of the above, Landlord, any Superior Lessor and any Superior Mortgagee shall be deemed subject to prosecution for a crime if Landlord or any Superior Lessor or Superior Mortgagee, or any managing agent for the Building, or any officer, director, partner, shareholder or employee of Landlord or of any managing agent for the Building or of any Superior Lessor or Superior Mortgagee, is charged with a crime of any kind or degree, whether by service of a summons or otherwise.

ARTICLE 10

INSURANCE

10.1 Tenant shall not violate or permit the violation of any Insurance Requirements and shall not do, or permit anything to be done, or keep or permit anything to be kept in the Premises which would subject Landlord or any Superior Lessor or Superior Mortgagee to liability or responsibility for bodily injury or death or property damage, or which would increase any insurance rate in respect of insurance maintained by Landlord over the rate which would otherwise then be in effect, or which would result in an insurance company refusing to insure all or any part of the Property or any contents thereof in amounts reasonably satisfactory to Landlord, or which would result in the cancellation of or the assertion of any defense by the insurer in whole or in part to claims under any policy of insurance maintained by Landlord.

10.2 If, by reason of (a) any failure of Tenant to comply with the provisions of Section 9.1 or Section 10.1, (b) Tenant's use of the Premises, or (c) any cause or condition created by or at the instance of Tenant, including, without limitation, the making of or failure to make any Alterations or repairs, the premiums on any insurance maintained by Landlord shall be higher than they otherwise would be, Landlord shall give Tenant notice of such occurrence, and Tenant shall reimburse

Landlord on demand for that part of such premiums attributable to such failure on the part of Tenant. A schedule or "make up" of rates for any insurance maintained by Landlord issued by the New York Fire Insurance Rating Organization or other similar body making rates shall be conclusive evidence of the facts therein stated and of the several items and charges in the insurance rate then applicable to such insurance.

10.3 Tenant, at its expense, shall maintain Commercial General Liability insurance, including but not limited to a contractual liability endorsement, in respect of the Premises and the conduct or operation of business therein, with Landlord and its managing agent, if any, and any Superior Lessors and Superior Mortgagees whose names and addresses were furnished to Tenant, as additional insureds, with limits of not less than $10,000,000 per occurrence and $10,000,000 annual aggregate Bodily Injury and Property Damage liability. The limits of such insurance shall not limit the liability of Tenant hereunder. Tenant shall deliver to Landlord and all additional insureds certificates of insurance evidencing all coverages issued by the insurance company or its authorized agent prior to the Commencement Date. All such policies shall include 30 days written notice of cancellation or material change. Tenant shall procure and pay for renewals of such insurance from time to time before the expiration thereof. Tenant shall deliver to Landlord and all additional insureds certificates of insurance at least 30 days prior to the expiration of said policies. All such policies shall be issued by a licensed insurance companies with an A.M. Best's (or its successor) rating of A-VIII or better or the then equivalent of such rating. Tenant is hereby advised that as of the date hereof the Superior Lessor and the Superior Mortgagee are as provided in Section 6.2 hereof.

10.4 Tenant shall maintain in full force and effect a policy of All Risk Property covering the Tenant's furniture, fixtures, improvements and betterments in an amount not less than 100% of the total cost of all Tenant's property. All such policies shall be issued by a licensed insurance company with an A.M. Best's rating of A-VIII or better or the then equivalent of such rating. A certificate of insurance evidencing coverage shall be issued to Landlord prior to the Commencement date and Tenant shall deliver to Landlord and all additional insureds certificates of insurance at least 30 days prior to the expiration of said policies.

10.5 Each party shall have included in each of its All Risk Property insurance policies (insuring the Building and Landlord's property therein in the case of Landlord, and insuring Tenant's Property in the case of Tenant) a waiver of the insurer's right of subrogation against the other party or, if such waiver is unobtainable or unenforceable, (a) an express agreement that such policy shall not be invalidated if the insured waives the right of recovery against any party responsible for a loss covered by the policy before the loss, or (b) any other form of permission for the release of the other party. If such waiver, agreement or permission is not, or ceases to be, obtainable from either party's then current insurance company, the insured party shall so notify the other party promptly after learning thereof, and shall use its best efforts to obtain same from another insurance company, without thereby incurring any liability or expense not expressly provided for in this Lease. If such waiver, agreement or permission is obtainable only by payment of an additional charge, the insured party shall so notify the other party promptly after learning thereof, and the insured party shall not be required to obtain said waiver, agreement or permission unless the other party pays the additional

charge therefor. Each party hereby releases the other in respect of any claim which it might otherwise have against the other for loss, damage or destruction of or to its property to the extent to which it is insured under a policy containing a waiver of subrogation or express agreement that such policy shall not be invalidated or permission to release liability, as provided above in this Section. If notwithstanding the recovery of insurance proceeds by either party for loss, damage or destruction of or to its property, the other party is liable to the first party in respect thereof or is obligated under this Lease to make replacement, repair, restoration or payment, then, provided the first party's right of full recovery under its insurance policy is not thereby prejudiced or otherwise adversely affected, the amount of the net proceeds of the first party's insurance against such loss, damage or destruction shall be offset against the second party's liability to the first party therefor, or shall be made available to the second party to pay for replacement, repair or restoration, as the case may be. Nothing contained in this Section shall be deemed to (i) relieve either party of any duty imposed elsewhere in this Lease to repair, restore or rebuild or (ii) nullify any abatement or reduction of rents provided for elsewhere in this Lease.

10.6 Landlord may from time to time, but not more frequently than once every year, require that the amount of Commercial General Liability insurance to be maintained by Tenant under Section 10.3 be reasonably increased to an amount not in excess of the amount then customarily required by owners of comparable first class office buildings in Manhattan to be maintained by tenants of space similar in size, location and construction to the Premises.

10.7 The insurance required to be carried by Tenant pursuant to the provisions of this Article 10 may, at Tenant's option, be effected by blanket and/or umbrella policies issued to Tenant covering the Premises and other properties owned or leased by Tenant or any Tenant's Affiliate, provided such policies otherwise comply with the provisions of this Lease and allocate to the Premises the specified coverage, including, without limitation, the specified coverage for all insureds required to be named as insureds hereunder, without possibility of reduction or coinsurance by reason of, or because of damage to, any other properties named therein.

10.8 Landlord shall, throughout the term, maintain in effect, such insurance with respect to the Building and Landlord's property against loss due to fire and such other casualties, and such comprehensive general liability insurance, as are required by the Master Lease.

ARTICLE 11

RULES AND REGULATIONS

11.1 Tenant shall and shall cause its subtenants and licensees, and its and their respective directors, officers, partners, employees, agents, contractors and invitees, to observe and comply with the rules and regulations attached hereto as Exhibit D, and such reasonable changes therein (whether by modification, elimination or addition) as Landlord at any time or times makes and notifies Tenant of which in Landlord's reasonable judgment are necessary or desirable for the reputation, safety, care or appearance of the Building, or the preservation of good order therein, or the operation or maintenance of the Building. Such rules and regulations as changed from time to time are herein called the "Rules and Regulations." In case of any conflict or inconsistency

between the provisions of this Lease and any of the Rules and Regulations, the provisions of this Lease shall control.

11.2 The Rules and Regulations shall be uniformly applied and enforced against the tenants of the Building other than Landlord-Related Occupants.

ARTICLE 12

ALTERATIONS

12.1 Tenant may from time to time, at its expense, make such alterations ("Alterations") to the Premises as Tenant reasonably considers necessary for the conduct of its business in the Premises, provided and upon condition that: (a) the Alterations are non-structural and the structural integrity of the Building is not affected, (b) the Alterations are to the interior of the Premises, no part of the Building outside of the Premises is affected, and the outside appearance of the Building is not affected, (c) the proper functioning of the mechanical, electrical, sanitary and other service systems of the Building is not adversely affected, and (d) no change in the Certificate of Occupancy for the Building will result from the Alterations or be required as a result thereof. Before proceeding with any Alteration (other than painting and other strictly decorative work), Tenant shall submit to Landlord for Landlord's approval (which shall not be unreasonably withheld or delayed) a description of such Alteration and if such Alteration will cost more than $200,000 or require the issuance of a building permit Tenant shall also supply scaled and dimensioned plans and specifications for the work to be done prepared by a registered architect or licensed professional engineer, and Tenant shall not proceed with such work until it obtains such approval. Tenant shall pay to Landlord on demand the reasonable out-of-pocket costs and expenses of any outside architect or engineer hired by Landlord for the purpose of (i) reviewing said plans and

specifications and (ii) inspecting the Alterations to determine whether the same are being performed in accordance with the approved plans and specifications and all Legal Requirements and Insurance Requirements including the fees or cost of any architect, engineer or draftsman for such purposes. Before proceeding with any Alteration that will cost more than $200,000 (exclusive of the cost of decorating work and items constituting Tenant's Property), as estimated, at Tenant's expense, by a reputable and experienced contractor reasonably satisfactory to Landlord, Tenant shall obtain and deliver to Landlord either, at Landlord's option, (x) a performance bond and a labor and materials payment bond reasonably satisfactory to Landlord issued by a corporate surety licensed to do business in the State of New York and reasonably satisfactory to Landlord, each in an amount equal to 125% of such estimated cost and in form reasonably satisfactory to Landlord, or (y) such other security as shall be reasonably satisfactory to Landlord. Tenant shall fully and promptly comply with and observe the Rules and Regulations then in force in respect of making Alterations. Any review or approval by Landlord of any plans or specifications in respect of any Alterations is solely for Landlord's benefit and without any representation or warranty to Tenant as to the adequacy, correctness or efficiency thereof or as to the compliance of such plans and specifications with Legal Requirements or Insurance Requirements.

12.2 Tenant, at its expense, shall obtain all necessary governmental permits and certificates for the commencement and prosecution of Alterations and for final approval thereof upon completion, and shall cause Alterations to be performed in compliance therewith and with all applicable Legal Requirements and Insurance Requirements. Landlord, upon the request of Tenant, shall join in any applications for

any permits, approvals or certificates required to be obtained by Tenant in connection with any Alteration approved by Landlord, if such approval is required hereunder, (including requesting the Superior Lessor so to join in) and shall otherwise cooperate with Tenant in connection therewith, and Tenant shall pay

any out-of-pocket expenses incurred by Landlord in connection therewith. Alterations shall be diligently performed in a good and workmanlike manner, using new materials and equipment at least equal in quality and class to the then standards for the Building established by Landlord. Alterations shall be performed by contractors first approved by Landlord, such approval not to be unreasonably withheld or delayed unless such Alteration affects the base building system, in which case Tenant must use the Building designated contractors. Alterations shall be performed in such a manner as not to violate union contracts affecting the Property, or to create any work stoppage, picketing, labor disruption or dispute or any interference with the business of Landlord or any tenant of the Building. In addition, Alterations shall be performed in such a manner as not to otherwise unreasonably interfere with or delay and as not to impose any additional expense upon Landlord in the construction, maintenance, repair, operation or cleaning of the Building, and if any such additional expense is incurred by Landlord as a result of Tenant's performance of Alterations, Tenant shall pay such additional expense to Landlord on demand. Throughout the performance of Alterations, Tenant shall carry, or cause its contractors to carry, workers' compensation insurance in statutory limits, "Builder's Risk" insurance reasonably satisfactory to Landlord, and comprehensive general liability insurance, with completed operations endorsement, for any occurrence in or about the Building, under which Landlord and its managing agent and any Superior Lessors and

Superior Mortgagees whose names and addresses were furnished to Tenant shall be named as additional insureds, in such limits as Landlord may reasonably require, with insurers reasonably satisfactory to Landlord. Tenant shall furnish Landlord with reasonably satisfactory evidence that such insurance is in effect before the commencement of Alterations and, on request, at reasonable intervals during the continuance of Alterations. If any Alterations involve the removal of any fixtures, equipment or other property in the Premises which are not Tenant's Property, such fixtures, equipment or other property shall be promptly replaced at Tenant's expense with new fixtures, equipment or other property of like utility and at least equal value. Upon completion of any Alterations (other than mere decorations) Tenant shall deliver to Landlord scaled and dimensioned reproducible mylars of "as-built" plans for such Alteration and a copy on a diskette format.

12.3 Tenant, at its expense, shall promptly procure the cancellation or discharge of all notices of violation arising from or otherwise connected with Alterations, or any other work, labor, services or materials done for or supplied to Tenant or any person claiming through or under Tenant which are issued by the Department of Buildings of the City of New York or any other public authority having or asserting jurisdiction. Tenant shall indemnify Landlord against liability in connection with any and all mechanics' and other liens and encumbrances filed in connection with Alterations, or any other work, labor, services or materials done for or supplied to Tenant or any person claiming through or under Tenant, including security interests in any materials, fixtures or articles so installed in the Premises. Tenant, at its expense, shall

procure the satisfaction or discharge of record of all such liens and encumbrances within 30 days after the Tenant receives notice of the filing thereof.

ARTICLE 13

LANDLORD'S AND TENANT'S PROPERTY; REMOVAL AT END OF TERM

13.1 All fixtures, equipment, improvements and appurtenances, including utility lines and equipment, attached to or built into the Premises before or after the Commencement Date, whether by or at the expense of Landlord or Tenant, shall be and remain a part of the Premises, shall be deemed the property of Landlord and shall not be removed by Tenant except as provided in Section 13.2.

13.2 All movable partitions, business and trade fixtures, machinery and equipment, communications equipment and office equipment, whether or not attached to or built into the Premises, which are, or were, installed in the Premises by Tenant, or any predecessor in interest thereto, without expense to Landlord and which can be removed without structural damage to the Building, and all furniture, furnishings and other articles of movable personal property owned by Tenant, or any predecessor in interest thereto, and located in the Premises (collectively, "Tenant's Property") shall be and shall remain the property of Tenant and may be removed by Tenant at any time during the Term, provided that if any Tenant's Property is installed or removed, Tenant shall repair or pay the cost of repairing any damage to the Premises or to the Building resulting from the installation and/or removal thereof, other than repainting and purely decorative repairs. At or before the Expiration Date, or within 15 days after an earlier termination date, Tenant, at its expense, shall remove from the Premises all Tenant's Property, and Tenant shall repair any damage to the Premises and the Building resulting from any installation

and/or removal of Tenant's Property. Any other items of Tenant's Property which remain in the Premises after the Expiration Date, or after 15 days following an earlier termination, may, at the option of Landlord, be deemed to have been abandoned, and in such case such items may be retained by Landlord as its property or disposed of by Landlord without accountability in such manner as Landlord shall determine at Tenant's expense.

13.3 At the time of Landlord's approval of Tenant's plans and specifications for any Alterations, Landlord may include in its approval a requirement that any Alterations which are of a structural nature and/or are of a type not normally found in Manhattan general business offices shall, at Landlord's option, be removed from the Premises by the Tenant at the end of the Term. If Landlord notifies Tenant at any time prior to or not more than 45 days after the Expiration Date or date or sooner termination of this Lease that any such Alterations are to be removed, Tenant shall remove such Alterations not later than such Expiration Date or date of sooner termination unless such request is made after such Expiration Date or date of sooner termination (or is made prior to such Expiration Date or date of sooner termination and the Tenant acting with reasonable promptness is not able to so remove the same prior to the Expiration Date or date of sooner termination), in which event the same shall be so removed by the Tenant with reasonable promptness after the receipt of such request. The cost and expense of any such removal (including removal by Landlord upon Tenant's failure to do so as provided herein) and the cost of repairing any damage to the Premises or the Building arising from such removal, shall be paid by the Tenant upon demand.

ARTICLE 14

REPAIRS AND MAINTENANCE

14.1 Tenant shall, at its expense, take good care of the Premises, the fixtures and appurtenances therein and any Tenant's Property. Tenant shall be responsible for and shall promptly make all repairs, interior and exterior, structural and nonstructural, ordinary and extraordinary, in and to the Premises and the Building the need for which arises out of (a) the performance by Landlord or others or existence of any Work or installations in and to the Premises to prepare the Premises for occupancy by Tenant, or any predecessor in interest thereto, Alterations or other work by Tenant, (b) the installation, use or operation of Tenant's Property, (c) the moving of Tenant's Property in or out of the Premises or the Building, or (d) the act, omission, misuse or neglect of or by Tenant or any subtenant or licensee, or their respective employees, agents, contractors or invitees. Tenant, at its expense, shall promptly repair or replace all scratched, damaged or broken doors and glass in and about the Premises and shall, subject to the terms of this Lease, be responsible for all repairs, painting, maintenance and replacement of wall and floor coverings in the Premises and for the repair and maintenance of all fixtures and equipment therein. Any repairs required to be made by Tenant to the mechanical, electrical, sanitary, heating, ventilating, air-conditioning or other systems shall be performed only by contractors approved by Landlord. Notwithstanding the foregoing, Tenant shall not be required to make any repairs or replacements necessitated by, or repair any damage caused by the negligence or willful misconduct of Landlord and/or Landlord's servants, contractors, employees or representatives.

14.2 Landlord shall make all repairs, structural and otherwise, interior and exterior, as and when needed in or to the Building and the systems servicing the Building as a whole (including the Premises) and including the mechanical, electrical, heating, ventilating, air conditioning, elevator, plumbing, sanitary, life-safety and other service systems of the Building providing Building-wide services and the public portions of the Building, both exterior and interior) in conformity with standards applicable to first-class office buildings in Manhattan, City, State and County of New York of comparable age and quality, except for those repairs for which Tenant or any other tenant is responsible.

14.3 Except as otherwise expressly provided in this Lease, Landlord shall have no liability to Tenant, nor shall Tenant's obligations under this Lease be reduced or abated in any manner, by reason of any inconvenience, annoyance, interruption or injury to Tenant's business arising from Landlord's making any repairs or changes which Landlord is required or permitted to make. In making any such repairs or changes, Landlord shall use reasonable efforts to limit the duration of any such interruptions.

ARTICLE 15

ELECTRIC ENERGY

15.1 (a) Landlord, at Landlord's expense, shall furnish electrical energy in the Premises for Tenant's reasonable use of normal office equipment and such lighting, electrical appliances, general office computers, fax machines, photocopiers and other machines and equipment as are reasonably incidental thereto, or as Landlord shall otherwise permit to be installed in the Premises, through the feeders, wiring installations and facilities heretofore installed in the Building and, to the extent not previously

installed, shall install at Landlord's cost and expense at least one (1) submeter on each floor of the Premises to measure Tenant's consumption of electrical energy. Tenant shall pay to Landlord, as Additional Charges hereunder, on demand made from time to time but no more frequently than monthly, for its use of electrical energy in the Premises as evidenced by the aforesaid submeter(s), based upon both consumption and demand factors, at the seasonally adjusted rate then payable by Landlord to the utility company providing service to the Building (net of any energy rebates or energy cost savings received by Landlord with respect to the Building), plus an amount equal to three percent (3%) thereof to reimburse Landlord for its overhead, administration, and supervision in connection therewith. For purposes of this Article, the rate to be paid by Tenant shall include any taxes, energy charges, demand charges, fuel adjustment charges, rate adjustment charges, or other charges actually imposed in connection therewith. If any tax is imposed upon Landlord's receipts from the sale or resale of electrical energy to Tenant by any federal, state, city or local authority, the pro-rata share of such tax allocable to the electrical energy service received by Tenant shall be passed onto and paid by Tenant as Additional Charges if and to the extent permitted by law. Upon request, Landlord shall make available to Tenant a copy of its bill from the Utility Company and any other documentation reasonably requested by Tenant in order to confirm the charges billed to Tenant pursuant to this Section. Notwithstanding any provision herein to the contrary, Landlord will only provide sufficient electricity to the Concourse Space for lighting.

(b) Landlord's failure during the term of this Lease to prepare and deliver any statements or bills under this Article or Landlord's failure to make a demand under this Article or any other provisions of this Lease, shall not in any way be

deemed to be a waiver of, or cause Landlord to forfeit or surrender its rights to collect, any amount of Additional Charges which may have become due pursuant to this Article during the term of this Lease. Tenant's liability for any amounts due under this Article shall continue unabated during the remainder of the term of this Lease and shall survive the expiration or sooner termination of this Lease, provided, that Tenant shall not be responsible for payment of any of Additional Charges payable under this Article that are not billed to Tenant within one (1) year after the expiration of the calendar year in which such costs were incurred.

(c) In order that Landlord may at all times have all necessary information which it requires in order to maintain and protect its equipment, Tenant agrees that Tenant will not make any material alteration or material addition to the electrical equipment and/or appliances in the Premises without the prior written consent of Landlord in each instance (which consent will not be unreasonably withheld or delayed) and will promptly advise Landlord of any other alteration or addition to such electrical equipment and/or appliances; provided, however, that Tenant shall not be required to advise

Landlord of any de minimis alterations or additions, such as the installation of additional personal computers, lamps and other ordinary office equipment of low energy usage, unless, if taken in the aggregate, such alterations and additions are no longer de minimis.

(d) Landlord may, at its option, upon not less than ninety (90) days' prior written notice to the Tenant (or such longer time as may be required to make arrangements with the electric utility for direct service provided Tenant exercises its best efforts to complete said arrangements as soon as possible), discontinue the

furnishing of electric current to the Premises or any part thereof and, in such event, the Tenant shall contract for the supplying of such electric current thereto with the public service company supplying electric current to the neighborhood and the Landlord shall supply its suitable and safely cable risers, conduits and feeders to serve the Premises available, for the purpose of supplying such electric current. Landlord agrees that it will not discontinue the furnishing of electric current to the Premises in the manner provided herein unless required to do so by a Legal Requirement, or in connection with a program to convert all or substantially all of the office space in the Building not occupied by Landlord or Landlord Affiliates to an alternate form of electrical supply.

(e) Except as may be otherwise provided in this Lease, the Tenant shall, at its own expense, purchase and install all lamps, starters and ballasts (including replacements thereof) used in the lighting fixtures in the Premises.

15.2 In the event that Tenant shall require electric current for use in the Premises in excess of such reasonable quantity to be furnished as provided in this Lease and if, in the Landlord's reasonable judgment, such excess requirements cannot be furnished unless additional risers, conduits, feeders, switchboards and/or appurtenances are installed in the Building, Landlord, upon written request of the Tenant, will proceed with reasonable diligence to install such additional risers, conduits, feeders, switchboards and/or appurtenances provided the same and the use thereof shall be permitted by applicable Legal Requirements and Insurance Requirements and shall not cause permanent damage or injury to the Building or the Premises or cause or create a dangerous or hazardous condition or entail excessive or unreasonable alterations or repairs or interfere with or disturb other tenants or occupants of the Building, and the

Tenant agrees to pay all direct costs and expenses incurred by the Landlord in connection with such installation and to maintain on deposit with the Landlord such security for the payment by the Tenant of all such costs and expenses as the Landlord shall from time to time reasonably request.

15.3 Landlord shall not be liable or responsible to Tenant for any loss, damage or expense that Tenant sustains or incurs if either the quantity or character of electric service is changed or interrupted or is no longer available or suitable for Tenant's requirements unless due to the negligence or willful misconduct of Landlord, its agents, employees or contractors.

ARTICLE 16

HEAT, VENTILATION AND AIR CONDITIONING

16.1 Landlord shall, subject to energy conservation requirements of governmental authorities, supply during Business Hours of Business Days heat, air conditioning (including such cooling during the period from April 15 to October 15 (the "AC Season"), as is comparable to other first-class office buildings in Manhattan) and ventilation to all portions of the Premises, if any, which are served by the Building's air conditioning and ventilation systems, but the electric current consumed in furnishing air conditioning and ventilation to such portions of the Premises shall be paid for by the Tenant in the manner provided in Article 15 hereof. Landlord will, subject to energy conservation requirements or governmental authorities, provide such heating, air conditioning and ventilation to meet substantially the same specifications with respect to air temperature and air volume as has been provided to Tenant during calendar years to 2002 and 2003. Landlord will promptly furnish to Tenant a schedule of such specifications. Notwithstanding the foregoing, Landlord will not be required to provide

heating, ventilation or air conditioning during non-Business Hours, on non-Business Days or during the non-AC Season unless Tenant pays the charges as otherwise provided herein. Tenant agrees to lower and close the venetian blinds on all windows of the Premises facing the sun whenever said air conditioning system is in operation and Tenant will at all times abide with all regulations and requirements which Landlord may reasonably prescribe for the proper functioning and protection of said air conditioning system. Landlord will, when and to the extent reasonably requested by Tenant, furnish additional heat, air conditioning and ventilation services and Tenant will pay to the Landlord its building standard charge therefor (which charges will, if applicable, be pro rated as reasonably determined by Landlord among all tenants requesting such service), a schedule of such charges in effect on the date hereof being attached hereto as Exhibit E. No representation is made by Landlord with respect to the adequacy or fitness of such air conditioning or ventilation to maintain temperatures as may be required for, or because of, the operation of any computer, data processing or other equipment of Tenant, and where air conditioning or ventilation is required for any such purpose, Landlord assumes no responsibility, and shall have no liability, for any loss or damage, however sustained, in connection therewith.

16.2 The performance by Landlord of its obligations under Section 16.1 is conditioned upon Tenant's connected load not exceeding five watts per rentable square foot of the Premises (which Landlord represents is available at the Premises) and upon the occupancy of the Premises not exceeding one individual per 125 square feet of rentable area in the Premises. Landlord covenants and agrees that in the event Tenant on the date hereof has and is utilizing more than five watts per rentable square foot,

Landlord will not reduce such excess capability without first obtaining Tenant's consent thereto, which consent will not be unreasonably withheld or delayed. Use of the Premises or any part thereof in a manner exceeding the heating, ventilating and/or air-conditioning design conditions (including occupancy and connected electrical load), or rearrangement of partitioning which interferes with normal operation of the heating, ventilating and/or air conditioning in the Premises, or the use of computer or data processing machines or other machines or equipment, may require changes in the heating, ventilating and/or air-conditioning systems servicing the Premises in order to provide comfortable occupancy. Such changes shall be made at Tenant's expense as Alterations in accordance with the provisions of Article 12, but only to the extent permitted and upon the conditions set forth in that Article. In furtherance thereof, if Tenant installs a supplemental cooling system to service the Premises, said system shall be installed and maintained at the sole cost and expense of Tenant and Tenant shall pay to Landlord, as Additional Charges, a per ton hook-up fee and an annual per ton charge for condenser water at Landlord's building standard charges therefor.

ARTICLE 17

OTHER SERVICES, SERVICE INTERRUPTION
AND BUILDING DIRECTORY

17.1 Landlord shall furnish adequate hot and cold water to the Premises for drinking, lavatory and normal cleaning purposes. If Tenant uses water for any other purpose, Landlord may install and maintain, at Tenant's expense, meters to measure Tenant's consumption of cold water and/or hot water for such other purpose. Tenant shall reimburse Landlord on demand for the cost of cold water and hot water shown on such meters, which cost will also include any sewer rents or charges imposed thereon.

17.2 Landlord shall cause the common area and sidewalks of the Building to be kept reasonably clean and free from snow and ice, and shall cause the Premises, including the exterior and interior of the exterior windows, to be cleaned in a manner standard to the Building pursuant to the specifications attached hereto as Exhibit F. Landlord shall not be required to clean (x) any portions of the Premises used for preparation, serving or consumption of food or beverages, training rooms, data processing or reproducing operations or private lavatories or toilets or (y) the Concourse Space. Tenant shall pay to Landlord on demand the costs incurred by Landlord for (a) extra cleaning work in the Premises required because of (i) the act, omission, misuse or neglect of the Premises or any portion thereof Tenant or any subtenant or licensee, or their respective employees, agents, contractors or invitees, (ii) use of portions of the Premises for special purposes requiring greater or more difficult cleaning work than required in normal office areas, (iii) unusual quantity of interior glass partitions or unusual quantity of interior glass surfaces, and (iv) special materials or finishes (other than carpet) installed by Tenant, any predecessor in interest thereto, or its subtenants, (b) collection and removal from the Premises and the Building of any refuse or rubbish of Tenant in excess of that ordinarily accumulated in general office occupancy.

17.3 Landlord shall provide passenger elevator service to the Premises during Business Hours, and Landlord shall have at least one passenger elevator subject to call at all other times. It Tenant requires freight elevator service at any times, or more than one passenger elevator at any time other than during Business Hours, Landlord shall furnish such service upon not less than one Business Day's advance notice from Tenant, and Tenant shall pay to Landlord on demand Landlord's then established building-wide

charges therfor, a schedule of such charges in effect on the date hereof being attached hereto as Exhibit E. The use of the elevators shall be subject to the Rules and Regulations. It is understood and agreed that Landlord may remove elevators from service for upgrading and/or repairs, but that unless required to do so by conditions beyond the Landlord's reasonable control, no more than two (2) elevators in the elevator bank now servicing Tenants will be removed from service at any particular time. Subject to the Rules and Regulations, Tenant may have access to the Building at all times.

17.4 Landlord shall have the right, without affecting Tenant's obligations under this Lease, to temporarily stop or interrupt or reduce service of any of the heating, ventilating, air conditioning, electric, sanitary, elevator, sprinkler, water or other Building systems, or to temporarily stop or interrupt or reduce any other services required or Landlord under this Lease (whether or not specified in Article 16 or in this Article), whenever and for so long as may be necessary, by reason of (a) Force Majeure Events or (b) the making of repairs, additions, changes or replacements which Landlord is required or permitted to make or in good faith deems necessary.

17.5 Landlord will, at the written request of Tenant, maintain listings on the Building directory, if any, of the names of Tenant and any other person, firm or corporation in occupancy of the Premises or any part thereof as permitted hereunder, and the names of any officers or employees of any of the foregoing, provided that the names so listed shall not use more than Tenant's Operating Percentage of the space in the Building directory system. If Landlord maintains a concierge desk and/or a pass/I.D. card entry system in the Building lobby, Tenant will be incorporated into any such system.

17.6 Tenant, provided it complies with the other provisions of the Lease with respect to an Alteration, may install an electronic key card lock system on the entrances to the Premises provided that Landlord is provided, at no charge, with a sufficient number of access cards or keys to allow Building personnel to access the Premises in accordance with the terms of this Lease.

17.7 Landlord at its cost will maintain the central Class E System in the Building lobby required by the applicable Legal Requirements. Tenant will be responsible for the Class E System in the Premises and for the connection to the central Class E System in the Building lobby.

17.8 Landlord will 24 hours a day 7 days a week maintain an attendant in the lobby of the Building. Landlord will maintain the present card key access system located in the lobby of the Building. During Non-Business Hours and on Non-Business Days Landlord may limit access to the Building to only one of the entrances on the West 51st or West 52nd Street. Landlord will maintain and monitor the existing closed circuit television system that monitors public area at the Building. Landlord at its election may replace or upgrade any of the foregoing security systems, but Landlord will not be required to make

such upgrades. If Tenant requests that Landlord provide additional security and Tenant agrees to pay the reasonable cost therefore, Landlord shall provide such additional security.

ARTICLE 18

ACCESS, NOTICE OF OCCURENCES, WINDOWS,
NAME OF BUILDING AND NO DEDICATION

18.1 Except for the space below the hung ceiling and above the floor and bounded by the interior surfaces of the walls, windows and doors bounding the

Premises, all of the Building, including exterior Building walls, core corridor walls and doors and any core corridor entrances, any terraces or roofs adjacent to the Premises and any space in or adjacent to the Premises used for shafts, stacks, pipes, conduits, fan rooms, ducts, electric or other utilities, sinks or other Building facilities, and the use thereof, as well as access thereto through the Premises for the purposes of operation, maintenance, decoration and repair, are reserved to Landlord. Landlord shall have the right, at any time, without affecting any of Tenant's obligations under this Lease, to install, erect, use and maintain pipes, ducts and conduits in and through the Premises (provided that any such pipes, ducts or conduits are either located within walls or placed adjacent to walls and appropriately furred), and to make such changes, alterations, additions and improvements in or to the Building and common areas as Landlord deems necessary or desirable.

18.2 Landlord and its agents shall have the right to enter and/or pass through and/or be on the Premises at any time or times to examine the Premises and to show it to actual or prospective Superior Lessors or Superior Mortgages or prospective purchasers of the Building or prospective tenants during the six months of the term hereof or during the 30-day period during which Landlord is considering to terminate the Lease or enter into a Landlord Sublease as provided in Article 8 hereof or at any time with respect to the 12th floor if Landlord is considering to exercise its options pursuant to Article 38 hereof. Landlord, its agents and contractors (including cleaning contractors), and their respective employees, (a) shall have the right to enter and/or pass through and/or be on the Premises to clean the Premises and to make such repairs, alterations and improvements in or to the Building as Landlord is required or desires to make (except

that access for Landlord's cleaning contractor and its employees to clean the Premises on Business Days shall be only from 5:00 p.m. to 8:00 a.m.) and (b) shall have the right to use, without charge therfor, all light, power, and water in the Premises while cleaning or making repairs or alterations in the Premises. Landlord shall have the right to take all materials into and on the Premises that may be required in connection therewith and such acts shall not be deemed an actual or constructive eviction and shall have no effect upon Tenant's obligations under this Lease. If during the last thirty (30) days of the Term, Tenant has removed all or substantially all Tenant's Property from the Premises, Landlord may, without notice to Tenant, immediately enter the Premises and alter, renovate and decorate the Premises, and such acts shall not be deemed an actual or constructive eviction and shall have no effect upon Tenant's obligations under this lease.

18.3 If at any time any windows of the Premises are temporarily darkened or obstructed by reason of any repairs, improvements, maintenance and/or cleaning in or about the Building, or are permanently darkened or obstructed due to Legal Requirements or Insurance Requirements, or if any part of the Building other than the Premises is temporarily or permanently closed or inoperable, any such occurrence shall not be deemed an actual or constructive eviction and shall have no effect upon Tenant's obligations under this Lease.

18.4 Landlord may adopt any name for the Building, and Landlord shall have the right to change the name and/or address of the Building at any time and from time to time. Notwithstanding the foregoing, the Building shall not be named for a Tenant Competitor (as defined herein) for as long as no Event of Default has occurred and is continuing. Tenant continues to rent and occupy at least 80,000 square feet in the

Premises and Tenant maintains either its headquarters or principal offices of its music business in the Premises. The term "Tenant Competitor" shall mean a company whose primary business is the music industry and Tenant's principal business continues to be in the music industry.

18.5 Landlord and its agents shall have the right to permit access to the Premises at any time, whether or not Tenant shall be present, (a) by any receiver, trustee, sheriff, marshal, or other public official entitled to, or purporting to be entitled to, such access (i) for the purpose of taking possession of or removing any property of Tenant or of any other occupant of the Premises, or (ii) for any other lawful purpose, or (b) by any representative of the fire, police, building, sanitation or other department of instrumentality of any borough, city, state, or federal government. Nothing contained in, nor any action taken by Landlord under this Section, shall be deemed to constitute recognition by Landlord that any person other than Tenant has any right or interest in this Lease or the Premises.

18.6 Tenant shall give prompt notice to Landlord of any of the following of which Tenant becomes aware: (a) any occurrence in or about the Premises for which Landlord might be liable, (b) any fire or other casualty in the Premises, (c) any damage to or defect in the Premises, including the fixtures, equipment and appurtenances therof, for the repair of which Landlord might be responsible, and (d) any damage to or defect in any part of the Building's sanitary, electrical, sprinkler, heating, ventilation, air conditioning, plumbing, elevator or other systems in or passing through the Premises.

18.7 If an excavation is made upon land adjacent to or under the Building, or is authorized to be made, Tenant shall afford to the person causing or

authorized to cause such work as said person deems necessary or desirable to preserve and protect the Building from injury or damage and to support same by proper foundations, and same shall not be deemed an actual or constructive eviction and shall have no effect on Tenant's obligations under this Lease.

18.8 Prior to any entry by Landlord into the Premises (other than routine cleaning, and except emergency situations), Landlord shall use reasonable efforts to give reasonable advance notice thereof to Tenant (which may be by telephone, email, or fax), and Tenant shall have the right to have a representative accompany Landlord's personnel during the course of any such entry. If Tenant is not present when for any reason entry into the Premises is necessary or permissible, Landlord or Landlord's agents may enter same by a master key, or may forcibly enter same, without rendering Landlord or such agents liable therefore (if during such entry Landlord or such agents accord reasonable care to Tenant's Property), and such entry shall not be deemed an actual or constructive eviction and shall have no effect upon Tenant's obligations under this Lease.

18.9 In exercising its rights under this Article 18, Landlord shall use reasonable efforts under the circumstances to avoid undue disruption of Tenant's business. However, Landlord shall not be required to do work in and about the Premises during non-Business Hours in other Class A office buildings in Midtown Manhattan.

ARTICLE 19

NON-LIABILITY AND INDEMNIFICATION

19.1 Neither Landlord nor any Superior Lessor or Superior Mortgagee shall be liable to Tenant for any loss, injury or damage to Tenant or to any other person,

or to its or their property, irrespective of the cause of such injury, damage or loss, unless caused by or resulting from the negligence of willful misconduct of Landlord, its agents, contractors, employees or the Superior Lessor or Superior Mortgagee, in the operation or maintenance of the Premises or the Building. Neither Landlord nor any Superior Lessor or Superior Mortgagee shall be liable (a) for any damage caused by other tenants or persons in, on or about the Building, or (b) even if resulting from negligence or willful misconduct, for consequential damages of Tenant or any subtenant or licensee or Tenant.

19.2 Notwithstanding any provision to the contrary, Tenant shall look solely to the estate and property of Landlord in and to the property in the event of any claim against Landlord or any partner, director, officer, agent or employee of Landlord arising out of or in connection with this Lease, the relationship of Landlord and Tenant or Tenant's use of the Premises, and the liability of Landlord arising out of or in connection with this Lease, the relationship of Landlord and Tenant or Tenant's use of Premises, shall be limited to such estate and property of Landlord. No other properties or assets of Landlord or any partner, director, officer, agent or employee or Landlord shall be subject to levy, execution or other enforcement procedures for the satisfaction of any judgment (or other judicial process) or for the satisfaction of any other remedy of Tenant arising out of or in connection with this Lease, the relationship of Landlord and Tenant or Tenant's use of the Premises, and if Tenant acquires a lien on or interest in any other properties or assets by judgment or otherwise, Tenant shall promptly release such lien or interest in such other properties and assets by executing, acknowledging and delivering to Landlord an instrument to that effect prepared by Landlord's attorneys.

19.3 Tenant shall indemnify Landlord against liability in connection with (a) the conduct or management of the Premises or of any business therein, or any work or thing done, or any condition created (other than by Landlord, Superior Landlord or Superior Mortgagee) in or about the Premises during the Term or during the period of time, if any, prior to the Commencement Date that Tenant is given access to the Premises, including, without limitations, the performance of any Alterations by or on behalf of Tenant, (b) any act, omission or negligence of Tenant or any subtenant or licensee or their respective employees, agents contactors, or invitees, (c) any accident, injury or damage, (unless caused solely by the negligence or willful misconduct of Landlord, Superior Landlord or Superior Mortgagee) occurring in, at or upon the Premises, (d) the failure of Tenant or any subtenant or licensee or their respective employees, agents, contractors, or invitees to comply with those Legal Requirements and Insurance Requirements which are to be complied with by Tenant pursuant to the terms of this Lease, or (e) any other breach of default by Tenant under this Lease.

19.4 Landlord shall indemnify Tenant against liability in connection with (a) Landlord's operation or management of the Building (other than the Premises), or any work or thing done, or any condition created, by Landlord in or about the Building during the Term, (b) any act, omission or negligence of Landlord or its employees, agents, contractors or invitees, (c) the failure of Landlord or its employees, agents, contractors or invitees to comply with those Legal Requirements and Insurance Requirements which are to be complied with by Landlord pursuant to the terms of this Lease, or (d) any other breach or default by Landlord under this Lease.

19.5 If any claim, action or proceeding is made or brought against a party indemnified under Section 19.3 or 19.4 hereof ("Indemnitee"), then upon demand by Indemnitee, the indemnifying party ("Indemnitor"), at Indemnitor's sole cost and expense, shall resist or defend such claim, action or proceeding in Indemnitee's name, if necessary, by the attorneys for Indemnitor's insurance carrier (if such claim, action or proceeding is covered by insurance), or otherwise by such attorneys as Indemnitee shall approve, which approval shall not be unreasonably withheld or delayed, and Indemnitee shall cooperate, at no cost to itself unless reimbursed by Indemnitor, with Indemnitor's counsel or such insurance carrier, in the defense of such claim. Indemnitee shall not enter into any settlement of any such claim without the prior written consent of Indemnitor, such consent not to be unreasonably withheld. Indemnitee shall notify Indemnitor promptly of any claim, action or proceeding made or brought against Indemnitee as to which indemnification may be sought hereunder. If Indemnitee shall fail to timely notify Indemnitor of a claim and, as a result of such failure, Indemnitor's insurance coverage is prejudiced, or Indemnitor is otherwise materially prejudiced in the defense of such claim, Indemnitor shall be released from its obligation to indemnify Indemnitee, but only to the extent of such prejudice.

ARTICLE 20

DAMAGE OR DESTRUCTION

20.1 If the Building is partially or totally damaged or destroyed by fire or other casualty (and this Lease is not terminated as provided in this Article), Landlord shall, at Landlord's cost and expense, repair the damage and restore and rebuild the Building (except for Tenant's Property) with reasonable diligence after notice to it of the damage or destruction.

20.2 If all or part of the Premises is damaged or destroyed or rendered completely or partially untenantable by fire or other casualty, Fixed Rent and any Additional Charges payable under Article 4 and Article 5 shall be reduced in the proportion that the untenantable area of the Premises bears to the total rentable square feet of the Premises for the period from the date of the damage or destruction to (a) the date the damage to the Premises is substantially repaired and possession thereof is tendered to Tenant or (b) if the Building and not the Premises is so damaged or destroyed, the date on which the Premises is made tenantable; provided, however, should Tenant reoccupy a portion of the Premises during the period in which repair work is taking place and prior to the date the Premises is substantially repaired or made tenantable, Fixed Rent and any Additional Charges payable under Article 4 and Article 5 allocable to such reoccupied portion, based upon the proportion which area of the reoccupied portion of the Premises bears to the total rentable square feet of the Premises, shall be payable by Tenant from the date of such occupancy.

20.3 If the Premises is materially (i.e., 50% or more) damaged or destroyed by fire or other casualty, or if the Building is so damaged or destroyed by fire or other casualty (whether or not the Premises is damaged or destroyed) that its repair or restoration requires the expenditure (as reasonably estimated by a reputable contractor or architect designated by Landlord) of more than 40% of the full insurable value of the Building immediately prior to the fire or other casualty (each a "Substantial Casualty"), then in either such case Landlord may terminate this Lease by giving Tenant notice to such effect within one hundred eighty (180) days after the date of the fire or other

casualty and Fixed Rent and any Additional Charges payable under Article 4 and Article 5 shall be prorated and adjusted as of the date of such damage or destruction.

20.4 If a Substantial Casualty shall occur and Landlord shall not elect to terminate this Lease under Section 20.3 hereof, Landlord shall send a notice to Tenant within ninety (90) days thereafter setting forth Landlord's estimate of the length of time necessary to restore the Premises to a tenantable condition. If Landlord's estimate exceeds eighteen (18) months from the date of the Substantial Casualty, then Tenant may elect to terminate this Lease upon written notice to Landlord within fifteen (15) days after receipt of Landlord's notice. If Tenant does not elect to terminate this Lease, and the restoration of the Premises is not substantially completed within such 18-month period, then Tenant shall have the right to terminate this Lease upon notice to Landlord effective as of the sixtieth day following Tenant's termination notice, provided the restoration has not been substantially completed by such sixtieth day.

20.5 Tenant shall not be entitled to terminate this Lease except as set forth in Section 20.4, and no damages, compensation or claim shall be payable by Landlord for inconvenience, loss of business or annoyance arising from any repair or restoration of any portion of the Premises or of the Building pursuant to this Article. Landlord shall use reasonable efforts to make such repair or restoration in such manner as not unreasonably to interfere with Tenant's use and occupancy of the Premises, but Landlord shall not be required to do such repair or restoration work at times other than during Business Hours, except for work of a type which is customarily done during non-Business Hours in other Class A office buildings in midtown Manhattan.

20.6 Landlord will not carry insurance of any kind on Tenant's Property and shall not be obligated to repair any damage to or replace Tenant's Property.

20.7 The provisions of this Article shall be deemed an express agreement governing any case of damage or destruction of the Premises by fire or other casualty, and Section 227 of the Real Property Law of the State of New York, providing for such a contingency in the absence of an express agreement, and any other law of like import, now or hereafter in force, shall have no application in such case and are hereby waived by the parties hereto.

ARTICLE 21

EMINENT DOMAIN

21.1 Except as otherwise provided in Section 21.5, if all or substantially all of the Building or the Premises is taken by condemnation or in any other manner for any public or quasi-public use or purpose, this Lease shall terminate as of the date of vesting of title on such taking ("Date of Taking"), and Fixed Rent and any Additional charges payable under Article 4 and Article 5 shall be prorated and adjusted as of such date.

21.2 Except as otherwise provided in Section 21.5, if any material part (but less than all or substantially all) of the Building or the Land is so taken, this Lease shall be unaffected by such taking, except that (a) Landlord may, at its option, terminate this Lease by giving Tenant notice to that effect within ninety (90) days after the Date of Taking, and (b) if 25% or more of the Premises is so taken and the remaining area of the Premises is not reasonably sufficient for Tenant to continue feasible operation of its business, Tenant may terminate this Lease by giving Landlord notice to that effect within ninety (90) days after the Date of Taking. This Lease shall terminate on the date that

such notice from Landlord or Tenant to the other shall be given, and Fixed Rent and Additional Charges shall be prorated and adjusted as of such termination. Upon such partial taking and this Lease continuing in force as to any part of the Premises, Fixed Rent and Tenant's Tax Percentage and Tenant's Operating Percentage shall be equitably adjusted according to the rentable area remaining.

21.3 Except as otherwise provided in Section 21.5, Landlord shall be entitled to receive the entire award or payment in connection with any taking without deduction therefrom for any estate vested in Tenant by this Lease or otherwise and Tenant shall receive no part of such award. Tenant hereby assigns to Landlord all of Tenant's right, title and interest in and to all such awards or payments. The foregoing, however, shall not preclude Tenant from recovering a separate award for Tenant's moving expenses and Tenant's Property if such award does not reduce and is not payable out of the award for the Property.

21.4 Except as otherwise provided in Section 21.5, in the event of any taking of less than the whole of the Building and/or Land which does not result in termination of this Lease, Landlord, whether or not any award or awards shall be sufficient for the purpose, shall proceed with reasonable diligence to repair the remaining parts of the Building (other than Tenant's Property) to substantially their former condition to the extent that same is feasible (subject to reasonable changes which Landlord deems desirable) and so as to constitute the Building complete and tenantable.

21.5 If the temporary use or occupancy of all or any part of the Premises is taken by condemnation or in any other manner for any public or quasi-public use or purpose for a duration of one year or less, this Lease and the Term shall remain

unaffected by such taking and Tenant shall continue to be responsible for all of its obligations under this Lease (except to the extent prevented from so doing by reason of such taking). In such event Tenant shall be entitled to claim, prove and receive the entire award for such taking unless the period of temporary use or occupancy extends beyond the Expiration Date, in which event Landlord shall be entitled to claim, prove and receive that portion of the award attributable to the restoration of the Premises and the balance of such award shall be apportioned between Landlord and Tenant as of the Expiration Date. If such temporary use or occupancy terminates prior to the Expiration Date, Tenant, at its own expense, shall restore the Premises as nearly as possible to its condition prior to the taking.

ARTICLE 22

SURRENDER AND HOLDING OVER

22.1 On the Expiration Date or on any earlier termination of this Lease or on any reentry by Landlord on the Premises, Tenant shall quit and surrender the Premises to Landlord "broom clean" and in good order, condition and repair, except for ordinary wear and tear, damage or destruction by fire and other casualty and such other damage as Landlord is required to repair or restore under this Lease, and Tenant shall remove all Tenant's Property therefrom except as otherwise expressly provided in this Lease. No act or thing done by Landlord or its agents or employees shall be deemed an acceptance of a surrender of this Lease or the Premises, and no agreement to accept such surrender shall be valid unless in writing and signed by Landlord.

22.2 If Tenant remains in possession of the Premises after the termination of this Lease without the execution of a new lease, Tenant, at the option of Landlord, shall be deemed to be occupying the Premises as a Tenant from month to

month, subject to all of the other terms and conditions of this Lease insofar as the same are applicable to a month-to-month tenancy, but at a monthly rental equal to 150% of the monthly Fixed Rent last payable by Tenant hereunder, plus all Additional Charges payable hereunder. In addition, Tenant will indemnify, and hold Landlord harmless from all loss, damage or expense that Landlord may suffer or incur (including, without limitation, losses resulting from Landlord's inability to give possession of the Premises to another tenant or to any owner in fee of the Property or any Superior Landlord) resulting from such holding over by Tenant. Nothing contained in this Section shall (i) imply any right of Tenant to remain in the Premises after the termination of this Lease without the execution of a new lease, (ii) imply any obligation of Landlord to grant a new lease or (iii) be construed to limit any right or remedy that Landlord has against Tenant as a holdover tenant or trespasser.

22.3 Tenant expressly waives, for itself and for any person claiming through or under Tenant, any rights which Tenant or any such person may have under the provisions of Section 2201 of the New York Civil Practice Law and Rules and of any similar or successor law of same import then in force, in connection with any holdover proceedings which Landlord may institute to enforce the terms and conditions of this Lease.

ARTICLE 23

DEFAULT

23.1 This Lease is subject to the limitations that whenever Tenant makes an assignment for the benefit of creditors, or files a voluntary petition under the U.S. Bankruptcy Code or any successor thereto or any state law dealing with relief of debtors (collectively the "Insolvency Laws"), or an involuntary petition alleging an act of bankruptcy or insolvency is filed against Tenant under any Insolvency Laws, or whenever a petition is filed by or against Tenant under the reorganization provisions of any Insolvency Laws, or whenever a petition is filed by Tenant under the arrangement provisions of any Insolvency Laws, or whenever a receiver of Tenant or of or for the property of Tenant is appointed, then Landlord (a) if such event occurs without the acquiescence of Tenant, at any time after the event continues for sixty (60) days, or (b) in any other case at any time after the occurrence of any such event, may give Tenant a notice of intention to terminate this Lease at the expiration of five days from the date of service of such notice of intention, and upon the expiration of said five-day period this Lease, whether or not the Term had commenced, shall terminate with the same effect as if that day were the Expiration Date, but Tenant shall remain liable for damages as provided in Article 25.

23.2 This Lease is subject to the further limitations that:

(a) if Tenant defaults in the payment of any Fixed Rent or Additional Charges and such default continues for ten (10) days after notice thereof from Landlord to Tenant, or

(b) if Tenant, whether by action or inaction, is in default of any of its obligations under this Lease (other than a default in the payment of Fixed Rent or

Additional Charges) and such default continues and is not remedied within thirty (30) days after Landlord gives to Tenant a notice specifying the same, or, in the case of a default which with due diligence cannot be cured within a period of thirty (30) days and the continuance of which for the period required for cure will not (i) subject Landlord or any Superior Lessor or Superior Mortgagee to prosecution for a crime (as more particularly described in Section 9.2) or (ii) result in a default under any Superior Lease or any Superior Mortgage, if Tenant does not, (x) within said 30-day period advise Landlord of Tenant's intention to take all steps necessary to remedy such default, (y) duly commence within said 30-day period and thereafter diligently prosecute to completion all steps necessary to remedy the default, and (z) complete such remedy within a reasonable time after the date of said notice from Landlord, or

(c) if any event occurs or any contingency arises whereby this Lease, by operation of law or otherwise, devolves upon or passes to any person other than Tenant, except as expressly permitted by Article 8, or

(d) if Tenant vacates and abandons the Premises without properly securing the same,

then in any of said cases Landlord may give to Tenant a notice of intention to terminate this Lease at the expiration of ten (10) days from the date of the service of such notice of intention, and upon the expiration of said ten-day period this Lease, whether or not the Term had commenced, shall terminate with the same effect as if that day were the Expiration Date, but Tenant shall remain liable for damages as provided in Article 25.

ARTICLE 24

RE-ENTRY BY LANDLORD

24.1 If Tenant defaults in the payment of any Fixed Rent or Additional Charges and such default continues for ten (10) days after notice thereof from Landlord to Tenant, or if this Lease terminates as provided in Article 23, Landlord or Landlord's agents may immediately or at any time thereafter re-enter the Premises, or any part thereof, either by summary dispossess proceedings or by any suitable action or proceeding at law, or by force or otherwise, without being liable for indictment, prosecution or damages therefor, and may repossess same, and may remove any person therefrom, to the end that Landlord may have, hold and enjoy the Premises. The word "re-enter" as used herein, is not restricted to its technical legal meaning. If this Lease is terminated under the provisions of Article 23, or if Landlord re-enters the Premises under the provisions of this Article, or in the event of the termination of this Lease, or of re-entry, by or under any summary dispossess or other proceeding or action or any provision of law by reason of default hereunder on the part of Tenant, Tenant shall thereupon pay to Landlord Fixed Rent and Additional Charges payable to the time of such termination of this Lease, or of such recovery of possession of the Premises by Landlord, as the case may be, and shall also pay to Landlord damages as provided in Article 25.

24.2 In the event of a breach or threatened breach by Tenant of any of its obligations under this Lease, Landlord shall have the right of injunction to enjoin such breach or threatened breach. The special remedies to which Landlord may resort hereunder are cumulative and are not intended to be exclusive of any other remedies to which Landlord may lawfully be entitled at any time and such party may invoke any remedy allowed at law or in equity as if specific remedies were not provided for herein.

24.3 If this Lease is terminated under the provisions of Article 23, or if Landlord re-enters the Premises under the provisions of this Article, or in the event of the termination of this Lease, or of re-entry, by or under any summary dispossess or other proceeding or action or any provision of law by reason of default hereunder on the part of Tenant, Landlord shall be entitled to retain all monies, if any, paid by Tenant to Landlord, whether as advance rent, security or otherwise, but such monies shall be credited by Landlord against any Fixed Rent or Additional Charges due from Tenant at the time of such termination or re-entry or, at Landlord's option, against any damages payable by Tenant under Article 25 or pursuant to law.

ARTICLE 25

DAMAGES

25.1 If this Lease is terminated under the provisions of Article 23, or if Landlord re-enters the Premises under the provisions of Article 24, or in the event of the termination of this Lease, or of re-entry, by or under any summary dispossess or other proceeding or action or any provision of law by reason of default hereunder on the part of Tenant, Tenant shall pay to Landlord as damages, at the election of Landlord, either:

(a) a sum which at the time of such termination of this Lease or at the time of any such re-entry by Landlord, as the case may be, represents the then value of the excess, if any, of (i) the aggregate amount of Fixed Rent and Additional Charges which would have been payable by Tenant (conclusively presuming the average monthly Additional Charges to be the same as were payable for the twelve-month period, or if less than twelve (12) months have then elapsed since the Commencement Date, the partial year, immediately preceding such termination or re-entry) for the period commencing with such earlier termination of this Lease or the date of any such re-entry,

as the case may be, and ending with the date that would have been the Expiration Date if this Lease had not so terminated or if Landlord had not so re-entered the Premises, over (ii) the aggregate rental value of the Premises for the same period, both discounted to their present value at the rate of 4% per annum, or

(b) sums equal to the Fixed Rent and Additional Charges which would have been payable by Tenant had this Lease not so terminated, or had Landlord not so re-entered the Premises, payable upon the due dates therefor (as provided in this Lease) following such termination or such re-entry until the date that would have been the Expiration Date if this Lease had not so terminated or if Landlord had not so re-entered the Premises, provided however, that if Landlord shall relet the Premises during said period, Landlord shall credit Tenant with the net rents received by Landlord from such reletting, such net rents to be determined by first deducting from the gross rents as and when received by Landlord from such reletting the expenses incurred by Landlord in terminating this Lease or in re-entering the Premises and in securing possession thereof, as well as the expenses of reletting, including altering and preparing the Premises for new Tenants, brokers' commissions, reasonable attorneys' fees and disbursements, and all other expenses, it being understood that any such reletting may be for a period shorter or longer than what would have been the unexpired portion of the Term if this Lease had not so terminated or if Landlord had not so re-entered the Premises, but in no event shall Tenant be entitled to receive any excess of such net rents over the sums payable by Tenant to Landlord hereunder, nor shall Tenant be entitled in any suit for the collection of damages pursuant to this subdivision to a credit in respect of any net rents from a reletting, except to the extent that such net rents are actually received by Landlord. If the

Premises or any part thereof is relet in combination with other space, then proper apportionment on a per square foot basis shall be made of the rent received from such reletting and of the expenses of reletting. If the Premises or any part thereof is relet by Landlord for what would have been the unexpired portion of the Term if this Lease had not so terminated, or if Landlord had not so re-entered the Premises, before presentation of proof of such damages to any court, commission or tribunal, the amount of rent set forth in any lease(s) in connection with such reletting shall, prima facie, be the fair and reasonable rental value for the Premises, or part thereof, so relet during the term of the reletting. Landlord shall have the right to relet the Premises or any part thereof at such rental or rentals and upon such other terms and conditions, which may include concessions and free rent periods, as Landlord, in its sole discretion, shall determine. Landlord shall not be liable in any way for its failure or refusal to relet the Premises or any part thereof, or if the Premises or any part thereof is relet, for its failure to collect the rent under such reletting, and no such refusal or failure to relet or failure to collect rent shall release or affect Tenant's liability for damages or otherwise under this Lease.

25.2 Suit or suits for the recovery of such damages, or any installments thereof, may be brought by Landlord from time to time at its election, and nothing contained herein shall be deemed to require Landlord to postpone suit until the date when the Term would have expired if this Lease had not so terminated or had Landlord not so re-entered the Premises. Nothing herein contained shall be construed to limit or preclude recovery by Landlord against Tenant of any sums or damages to which, in addition to the damages particularly provided above, Landlord may lawfully be entitled by reason of any default of Tenant hereunder. Nothing herein contained shall be construed to limit or

prejudice the right of Landlord to prove for and obtain as damages by reason of the termination of this Lease or re-entry on the Premises for the default of Tenant under this Lease an amount equal to the maximum allowed by any statute or rule of law in effect at the time when, and governing the proceedings in which, such damages are to be proved whether or not such amount is greater than, equal to, or less than any of the sums referred to in Section 25.1.

25.3 In addition, if this Lease is terminated under the provisions of Article 23, or if Landlord re-enters the Premises under the provisions of Article 24, Tenant agrees that:

(a) the Premises then shall be in the same condition as that in which Tenant has agreed to surrender the same to Landlord on the Expiration Date,

(b) Tenant shall have performed prior to any such termination or re-entry any obligation of Tenant contained in this Lease for the making of any Alteration or for restoring or rebuilding the Premises or the Building, or any part thereof, and

(c) for the breach of any obligation of Tenant set forth above in this Section, Landlord shall be entitled immediately, without notice or other action by Landlord, to recover, and Tenant shall pay as and for liquidated damages therefor the cost of performing such obligation (as estimated by an independent contractor selected by Landlord).

ARTICLE 26

WAIVERS

26.1 Tenant, on behalf of itself and any and all persons claiming through or under Tenant, does hereby waive and surrender all right and privilege which

it, they or any of them might have under or by reason of any present or future law, to redeem the Premises or to have a continuance of this Lease after being dispossessed or ejected therefrom by process of law or under the terms of this Lease or after the termination of this Lease.

26.2 If Tenant is in arrears in payment of Fixed Rent or Additional Charges, Tenant waives its right, if any, to designate the items to which any payments made by Tenant are to be credited, and Landlord may apply any payments made by Tenant to such items as Landlord sees fit, irrespective of any designation or request by Tenant as to the items to which any such payments shall be credited.

26.3 To the maximum extent permitted by law, Landlord and Tenant hereby waive trial by jury in any action, proceeding or counterclaim brought by either against the other on any matter arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant, Tenant's use or occupancy of the Premises, including any claim of injury or damage, and any emergency and other statutory remedy in respect thereof.

26.4 Tenant shall not interpose any counterclaim in any summary proceeding commenced by Landlord to recover possession of the Premises (other than mandatory counterclaims) and shall not seek to consolidate such proceeding with any action which may have been or will be brought by Tenant or any other person.

26.5 The failure of either party to insist in any one or more instances upon the strict performance of any one or more of the obligations contained in this Lease, or to exercise any election herein contained, shall not be construed as a waiver or relinquishment for the future of the performance of such one or more obligations

contained in this Lease or of the right to exercise such election, but same shall continue and remain in full force and effect in respect of any subsequent breach, act or omission. The receipt by Landlord of Fixed Rent or Additional Charges with knowledge of breach by Tenant of any obligation contained in this Lease shall not be deemed a waiver of such breach.

ARTICLE 27

CURING TENANT'S DEFAULTS AND COSTS OF ENFORCEMENT

27.1 If Tenant defaults in the performance of any of Tenant's obligations under this Lease, Landlord, without thereby waiving such default, may (but shall not be obligated to) perform same for the account and at the expense of Tenant, without notice in case of emergency, and in any other case only if such default continues after the expiration of thirty (30) days from the date Landlord gives Tenant notice of the default. Bills for any expenses incurred by Landlord in connection with any such performance by it for the account of Tenant, and bills for all costs, expenses and disbursements of every kind and nature, including reasonable attorneys' fees and disbursements, involved in collecting or endeavoring or endeavoring to enforce any rights against Tenant, under or in connection with this Lease or pursuant to law, including any such cost, expense and disbursement involved in instituting and prosecuting summary proceedings or in recovering possession of the Premises after default by Tenant or upon the Expiration Date or sooner termination of this Lease, and interest on all sums advanced by Landlord under this Section at the Lease Interest Rate, may be sent by Landlord to Tenant monthly, or immediately, at Landlord's option, and such amounts shall be due and payable in accordance with the terms of such bills.

ARTICLE 28

BROKER

28.1 Tenant represents and warrants that no broker procured this Lease and that Tenant had no conversations or negotiations with any broker concerning the leasing of the Premises. Tenant shall indemnify Landlord against liability in connection with a breach of Tenant's representation and warranty in this Section and in connection with any claim for a brokerage commission arising out of any conversations or negotiations had by Tenant with any broker. Landlord represents and warrants that no broker procured this Lease. Landlord shall indemnify Tenant against liability in connection with a breach of Landlord's representation and warranty in this Section and in connection with any claim for a brokerage commission arising out of any conversations or negotiations had by Landlord with any broker.

ARTICLE 29

NOTICES

29.1 Any notice, consent, approval or other communication required or permitted to be given by either party to the other or to any Superior Lessor or Superior Mortgagee (collectively, "Notices" and individually, "Notice") must be in writing and, except as otherwise provided in the succeeding Sections, shall be deemed to have been properly given only if sent by registered or certified mail, return receipt requested, posted in a United States post office station or letter box in the continental United States, addressed to Landlord or Tenant as the receiving party at its address set forth at the head of this Lease (Attention: Director of Real Estate Services in the case of Notices to Landlord), and addressed to any Superior Lessor or Superior Mortgagee to it at the last address of which Landlord or Tenant (whichever may be giving the Notice) was notified.

A Notice shall be deemed to have been given on the third business day after the day so mailed. Either party may, by notice as aforesaid, designate a different address for Notices intended for it. At any time that Tenant consists of more than one person, a Notice of Tenant shall be effective if given to any one of said persons.

29.2 Notwithstanding the provisions contained in Section 29.1, any Notice from Landlord to Tenant of a default by Tenant hereunder may be given by hand delivery, with a concurrent copy of such Notice sent to Tenant by mail as provided in Section 29.1; such Notice of default given in that manner will be deemed given when hand delivered.

29.3 Notwithstanding the provisions contained in Section 29.1, (a) Notices from Tenant to Landlord requesting after-hours or special services pursuant to Article 16 or Article 17 shall be given by hand delivery to the Building manager or any other person in the Building designated by Landlord to

receive such Notices, and (b) any Notice may be given by telefax or hand delivery either in case of an emergency or in case United States certified and registered mail are both not then operating. Such Notices will be deemed given on the date so sent by telefax or hand delivery.

29.4 Landlord shall have the right to assume that any Notice from Tenant signed by any person purporting to be an officer of Tenant if Tenant is a corporation, member of Tenant if Tenant is a limited liability company or a partner in Tenant if Tenant is a partnership is duly authorized and approved by and binding on Tenant, and Tenant shall be bound by such Notice whether or not the person signing the Notice was actually authorized and approved by Tenant.

ARTICLE 30

ESTOPPEL CERTIFICATES AND
MEMORANDUM OF LEASE

30.1 Each party shall, at any time and from time to time, as requested by the other party, execute and deliver to the other party within ten (10) days after receipt of such request a statement (a) certifying that this Lease is unmodified and in full force and effect (or if modified, that same is in full force and effect as modified and stating the modifications), (b) certifying the dates to which Fixed Rent and Additional Charges have been paid, (c) stating whether or not, to the best knowledge of the signing party, the other party is in default in performance of any of its obligations under this Lease, and, if so, specifying each such default of which the signing party has knowledge, and (d) stating whether or not, to the best knowledge of the signing party, any condition or event exists which with the giving of notice or passage of time, or both, would constitute such a default, and, if so, specifying each such condition or event. Any statement delivered pursuant to this Section shall be deemed a representation and warranty that may be relied upon by the party requesting the statement and by others with whom such party may be dealing, regardless of independent investigation. Tenant also shall include in any such statement such other information concerning this Lease as any prospective Superior Mortgagee or Superior Lessor may require or as Landlord may reasonably request.

30.2 Tenant shall not record this Lease nor any short form or memorandum of lease, nor any amendment or modification of this Lease.

ARTICLE 31

FORCE MAJEURE

31.1 The obligations of Tenant or Landlord under this Lease (other than the obligation to pay Fixed Rent and Additional Charges) shall not be affected, impaired

or excused and neither party shall have any liability to the other (regardless of whether such party is required to proceed with reasonable diligence or to use reasonable efforts), because such party is unable to fulfill, or is delayed in fulfilling, any of its obligations under this Lease by reason of any of the following ("Force Majeure Events"): fire or other casualty; acts of God; war; riot or other civil disturbance; accident; emergency; strike or other labor trouble; governmental preemption of priorities or other controls in connection with a national or other public emergency; difficulty in securing proper amounts of or failure or defect in the supply or quality of fuel, gas, steam, water, electricity, supplies or labor; or any other event preventing or delaying Landlord from fulfilling any obligation, whether similar or dissimilar, beyond such party's reasonable control.

ARTICLE 32

CONSENTS

32.1 If Tenant requests Landlord's consent and Landlord fails or refuses to give such consent, Tenant shall not be entitled to any damages for any withholding by Landlord of its consent. Tenant's sole remedy for Landlord's refusal to give the requested consent shall be an action for specific performance or injunction. Furthermore, Tenant shall be entitled to seek specific performance an injunction only in those cases where this Lease provides that Landlord shall not unreasonably withhold its consent or where as a matter of law Landlord may not unreasonably withhold its consent.

ARTICLE 33

RENT CONTROL

33.1 If any Fixed Rent or Additional Charges shall become uncollectible, reduced or required to be refunded because of any Legal Requirements,

Tenant shall enter into such agreements and take such other steps (without additional expense to Tenant) as Landlord requests and as may be legally permissible to permit Landlord to collect the maximum rents which from time to time during the continuance of such legal rent restriction may be legally permissible (but not in excess of the amounts reserved therefor under this Lease). Upon the termination of such legal rent restriction, whether during the Term or after the Expiration Date, (a) Fixed Rent and Additional Charges shall be payable in accordance with the amounts reserved herein for the periods following such termination and (b) Tenant shall pay to Landlord, to the maximum extent legally permissible, an amount equal to (i) the Fixed Rent and Additional Charges that would have been paid pursuant to this Lease but for such legal rent restriction, less (ii) the rent and additional rent actually paid by Tenant during the period such legal rent restriction was in effect.

ARTICLE 34

MISCELLANEOUS

34.1 Tenant expressly acknowledges and agrees that Landlord has not made and is not making, and Tenant, in executing and delivering this Lease, is not relying upon, any warranties, representations, promises or statements except to the extent that they are expressly set forth in this Lease. All prior understandings and agreements between the parties are merged in this Lease, which alone fully and completely expresses the agreement of the parties and which are entered into after full investigation.

34.2 No agreement shall be effective to change, modify, waive, release, discharge, terminate or effect an abandonment of this Lease, in whole or in part, unless such agreement is in writing, refers expressly to this Lease and is signed by the party

against whom enforcement of the change, modification, waiver, release, discharge, termination or effectuation of the abandonment is sought.

34.3 Except as otherwise expressly provided in this Lease, the obligations under this Lease shall bind and benefit the successors and assigns of the parties hereto with the same effect as if mentioned in each instance where a party is named or referred to; provided, however, that (a) no violation of the provisions of Article 8 shall operate to vest any rights in any successor or assignee of Tenant and (b) the provisions of this Section shall not be construed as modifying the conditions of limitation contained in Article 23. No provision in this Lease shall be construed for the benefit of any third party except as expressly provided herein.

34.4 Submission by Landlord of this Lease or other documents pertaining to the subject matter hereof for review and/or execution by Tenant shall not confer any rights or impose any obligations on either party unless and until both Landlord and Tenant execute this Lease and duplicate originals thereof are delivered to the respective parties.

34.5 Irrespective of the place of execution or performance, this Lease shall be governed by and construed in accordance with the laws of the State of New York. If any provision of this Lease or the application thereof to any person or circumstance, for any reason and to any extent, is invalid or unenforceable, the remainder of this Lease and the application of that provision to other persons or circumstances shall not be affected but rather shall be enforced to the extent permitted by law. The table of contents, captions, headings and titles in this Lease are solely for convenience of reference and shall not affect its interpretation. This Lease shall be construed without

regard to any presumption or other rule requiring construction against the party causing this Lease to be drafted. Each obligation of Tenant under this Lease shall be deemed and construed as a separate and independent covenant of Tenant, not dependent on any other provision of this Lease.

34.6 All terms and words used in this Lease, regardless of the number or gender in which they are used, shall be deemed to include any other number and any other gender as the context may require.

34.7 This Lease may be executed in counterparts and shall constitute the agreement of Landlord and Tenant whether or not their signatures appear in a single copy hereof.

34.8 If Landlord (i) fails for any reason to provide heat, water, elevator, electric and/or other services required to be furnished by Landlord under this Lease, or (ii) fails to complete repairs or other necessary work required to be performed by Landlord pursuant to this Lease, (and such failure shall not have been caused by a casualty, condemnation, force majeure, the negligence or default of Tenant, or any subtenant or occupant of the Premises or portion thereof (other than a Recapture Subtenant), or any agents or employees of the foregoing) and, in either such case, such failure substantially and materially interferes with Tenant's use of all or any portion of the Premises thereby requiring, as would be determined by using commercially reasonable standards, Tenant to discontinue such use for more than five (5) consecutive business days (an "Interruption"), and such failure shall not have been caused by the negligence or default of Tenant, or any subtenant or occupant of the Premises or portion thereof, (other than a Recapture Subtenant), or any agents or employees of the foregoing,

then and in that event, following written notice to Landlord thereof, the Fixed Annual Rent and Additional Charges hereunder allocable to such portion or portions of the Premises shall abate (pro rata according to the duration of the interference and the proportion of the total usable floor area of the disruption.

34.9 Tenant presently has data closets located on the 9th floor and concourse of the Building (the "Data Closets"). Provided that this Lease is in full force and effect, Tenant during the term of this Lease may access the Data Closets or any Replacement Data Closet (as defined herein) on reasonable advance notice to Landlord. Tenant with respect to the Data Closets shall comply with all other terms of this Lease. Landlord, at its cost, may relocate (a "Replacement Data Closet") the Data Closets or a Replacement Data Closet to other locations in the Building provided such Replacement Data Closet is of substantially equal quality and size as the one it is replacing, Landlord will not disconnect the Data Closets or a Replacement Data Closets until the Replacement Data Closets have been completed.

ARTICLE 35

SIGNAGE

35.1 Subject to the provisions of Section 35.2, Tenant shall have the right to place signs ("Upper Bank Sign") containing Tenant's name, or, subject to the reasonable consent of Landlord, any Affiliate of Tenant which is in occupancy of a material portion of the Premises, on the interior Building wall adjacent to the upper bank elevator lobby; provided, that such signage shall be installed only in the locations on such wall reasonably acceptable to

Landlord, shall meet the design criteria then in effect for the Building and does not exceed 12 by 36 inches. Tenant may place signage in 14.12466% of the shadow boxes in the Building lobby, containing Tenant's name or

subject to the reasonable consent of Landlord any Affiliate of Tenant which is in occupancy of a material portion of the Premises, provided that Landlord may reasonably designate the shadow boxes, and the signage will meet the design criteria then in effect for the Building. All such signage shall be installed, maintained and repaired by Landlord at Tenant's reasonable expense. During such periods that Tenant has installed an Upper Bank Sign, Landlord agrees that it will not allow any other tenant of the building to place in the same vicinity of the Upper Bank Sign a sign that is equal to or larger than Tenant's unless such tenant is in occupancy in the Building of 100,000 or more square feet.

35.2 The provisions of Section 35.1 shall be null and void and of no further force and effect, and Landlord shall have the right to remove any signage theretofore installed pursuant to Section 35.1, at the cost of Tenant, (i) during any period that Tenant together with its Affiliates in the Premises shall be in occupancy (x) of less than 20,000 rentable square feet in the Building or (y) between 20,000 and 80,000 square feet and the Premises is not the principal executive offices of Warner Music Group Inc. (which right to install such sign as provided in Section 35.1 shall be reinstated when and if such occupancy requirement is satisfied) or (ii) if the Term shall expire or terminate.

35.3 If a tenant has a sign (the "Large Tenant Sign") in the upper bank elevator lobby and such tenant is in occupancy of more than 100,000 square feet in the Building, then provided that (i) this Lease is still in full force and effect, and (ii) Tenant still continues to occupy at least 50,000 square feet and the Building is the worldwide headquarters for Warner Music Group Inc., then as long as Tenant continues to meet conditions (i) and (ii); Tenant at its election, can maintain a sign in the upper bank

elevator lobby that is proportional to the Large Tenant Sign. This signage right is in lieu of the Upper Bank Sign. This can be illustrated by the following example: If a Large Tenant Sign is 1,000 square inches and such tenant is in occupancy of 160,000 square feet and Tenant is in occupancy of 80,000 square feet, then Tenant if it elects may maintain a sign of 500 square inches in the upper bank elevator lobby.

ARTICLE 36

[INTENTIONALLY OMITTED.]

ARTICLE 37

ADDITIONAL SPACE

37.1 Landlord agrees, subject to the terms of this Article 37, to deliver to Tenant and Tenant agrees to accept and lease on or after May 1, 2004 the entire rentable portion of the 32nd floor and the 33rd floor (collectively, the "Additional Floors" and individually an "Additional Floor").

37.2 Landlord shall not be required to perform any work to the Additional Floors except that it shall deliver such to Tenant in vacant and broom clean condition. In the event Tenant is in default hereunder or this Lease is no longer in full force and effect, then Landlord at its option will not be required to deliver the Additional Floors. Landlord may deliver the Additional Floors on separate dates.

37.3 If Landlord fails to deliver either or both of the Additional Floors the term of this Lease shall not be extended nor will Tenant have a right to cancel this Lease. Tenant's sole remedy will be if an Additional Floor has not been delivered to Tenant by May 1, 2005 (as such date may be extended due to a Force Majeure Event or for any delay caused by Tenant) is to deliver a notice to Landlord that Tenant is electing to cancel its obligation to accept delivery of such Additional Floor. If Landlord fails to

deliver such Additional Floor within 30 days after Tenant delivers such notice, then Tenant's obligation to accept and Landlord's obligation to deliver such Additional Floor shall be terminated. This Section shall be an express provision to the contrary for purposes of Section 223-a of the New York Real Property Law and any other law of like import now or hereafter in effect.

37.4 Promptly after the delivery of each Additional Floor, Landlord and Tenant shall execute a confirmatory instrument acknowledging the modification of the pertinent terms of this Lease, including, without limitation, modifying the Rentable Square Footage of the Premises, Tenant's Tax Percentage and the Wage Rate Multiple as a result of Landlord's delivery of the Additional Floor. Exhibit H designates Rentable Square Footage, Tenant's Tax Percentage and Wage Rate Multiple for each of the Additional Floors pursuant to this Article.

ARTICLE 38

LANDLORD RELOCATION OPTION

38.1 Landlord may, at its option, on only one occasion, elect by notice to Tenant to substitute for all or part of the 12th Floor of the Premises other office space in the Building (the "Substitute Space") provided that such Substitute Space is on a higher floor in the Building. Landlord will identify in a notice the portion of the Premises it has elected to recapture (the "Recapture Space") and the Substitute Space. To exercise the foregoing right Landlord, at its sole cost and expense, must relocate Tenant's installations from the Recapture Space to the Substitute Space. The Substitute Space shall contain at least 100% of the useable square foot area of the Recapture Space. Landlord's notice shall be accompanied by a plan of the Substitute Space, such notice or

the plan shall set forth the usable square feet of the Substitute Space and the anticipated date of relocation.

38.2 Tenant shall vacate and surrender the Recapture Space and occupy the Substitute Space promptly (and, in any event, no later than five (5) days) after notice that Landlord has substantially completed (including telephone and data lines, to the extent existing in the Recapture Space) the work to be performed by Landlord in the Substitute Space pursuant to this Article, provided that, in either case, the work shall have been substantially completed on the date Landlord's notice states such substantial completion has occurred. In any such event, from and after the earlier of the date on which Tenant vacates and surrenders the Recapture Space or the date which is 5 days after notice that Landlord has substantially completed the work to be performed by Landlord in the Substitute Space pursuant to this Section, this Lease shall no longer apply to the Recapture Space, except with respect to obligations which accrued on or prior to such surrender date, and shall apply to the Substitute Space, and otherwise Tenant shall pay the same Fixed Rent and Additional Charges with respect to the Substitute Space as was payable with respect to the Recapture Space.

38.3 Landlord shall have no liability to Tenant with respect to such Substitute Space other than Landlord shall (a) promptly reimburse Tenant for Tenant's reasonable out-of-pocket expenses (taking into account the nature of the move) of moving from the Recapture Space to the Substitute Space and (b) at Landlord's sole expense, prepare the Substitute Space in substantially the same manner as the Recapture Space including any Alterations made to such space but taking into account the condition

of the Recapture Space on the date Landlord gives such notice to Tenant that it seeks to relocate Tenant.

38.4 Tenant shall cooperate with Landlord so as to facilitate the prompt completion by Landlord of its obligations under this Article and the prompt surrender by Tenant of the Recapture Space and to relocate to the Substitute Space. Without limiting the generality of the preceding sentence, Tenant shall provide to Landlord promptly any approvals or instructions and any plans and specifications or any other information reasonably requested by Landlord. Landlord shall have the right to remove any floor covering, wall covering, cabinet work, decoration and any Tenant's property, to the Substitute Space.

ARTICLE 39

SUPERIOR LEASE

39.1 Landlord represents and warrants that (i) the Superior Lease currently in effect is that certain Indenture of Lease dated March 11, 1993 originally between 75 Plaza/West 51st Associates and Time Warner Inc. (the "Master Lease"), (ii) the Master Lease is in full force and effect, (iii) Landlord has furnished to Tenant a full and complete copy of the Master Lease and all modifications and amendments thereto, (iv) Landlord has not heretofore assigned, mortgaged, pledged, encumbered or otherwise transferred any interest in the Master Lease or sublet the Premises, which sublease is still in effect, (v) the basic term of the Master Lease (exclusive of any extensions or renewals of the term thereof) expires after the Expiration Date, (vi) Landlord received no notice from the Superior Lessor of default by Landlord which remains uncured, and (vii) no consent of the Superior Lessor under the Master Lease is required in connection with the execution and delivery of this Lease.

39.2 Landlord agrees to use its good faith efforts (short of litigation or arbitration or payment of any sum of money not required to be paid pursuant to the Master Lease) to obtain from the Superior Lessor any required approvals or consents reasonably requested by Tenant, and Landlord shall forward to the Superior Lessor without delay any requests as Tenant may submit for approval and/or consent from the Superior Lessor to which the Landlord has consented.

39.3 Landlord covenants and agrees that (except for those matters which arise and Tenant's default hereunder) it shall not, by any act or omission, do or permit to be done anything that would cause the Master Lease to be amended (which amendment adversely affects Tenant's interest under this Lease), cancelled, terminated (except as a result of a casualty or condemnation) or forfeited, shall pay when due to the Superior Lessor all rent and additional rent that is payable pursuant to the terms of the Master Lease and shall perform all the other terms, covenants and conditions contained in the Master Lease (including, without limitation, the maintenance of the insurance on the Building required thereunder), subject to the obligation of Tenant to observe and perform the terms, covenants and conditions of this Lease.

IN WITNESS WHEREOF, Landlord and Tenant have duly executed this Lease as of the day and year first above written.

Landlord:

HISTORIC TW INC.

By: /s/ Philip R. Pitruzzello
Name: Philip R. Pitruzzello
Title: Vice President

Tenant:

WARNER MUSIC GROUP INC.

By: /s/ Janice Cannon
Name: Janice Cannon
Title: Assistant Secretary

Tenant's Federal Tax Identification Number:

13 - 356 5869

EXHIBIT A

FLOOR PLANS OF PREMISES

EXHIBIT B

LAND

All that real property situated in the Borough of Manhattan, City, County and State of New York, more particularly described as follows:

ALL that certain plot, piece or parcel of land, situate, lying and being in the Borough of Manhattan, County of New York, City and State of New York, bounded and described as follows:

BEGINNING at a point on the northerly side of West 51st Street, distant three hundred feet westerly along the same from the corner formed by the intersection of the said northerly side of West 51st Street with the westerly side of Fifth Avenue; running thence westerly along the northerly side of West 51st Street, one hundred feet; running thence northerly parallel with the westerly side of Fifth Avenue, one hundred feet five inches to the center line of the block between West 51st Street and West 52nd Street; running thence westerly along said center line of the block, seventy-four feet; running thence northerly and again parallel with the westerly side of Fifth Avenue, one hundred feet-five inches to the southerly side of West 52nd Street; running thence easterly along the southerly side of West 52nd Street, two hundred seventy-four feet; running thence easterly along the southerly side of West 52nd Street, two hundred seventy-four feet; running thence southerly again parallel with the westerly side of Fifth Avenue, one hundred feet five inches to the center line of the block aforementioned; running thence westerly along said center line of the block, one hundred feet; running thence southerly and again parallel with the westerly side of Fifth Avenue, one hundred feet five inches to the northerly side of West 51st Street, at the point or place of BEGINNING.

TOGETHER with easements of light, air and view set forth in an agreement dated August 29, 1945, recorded in the Office of the Register of the City of New York, New York County on February 8, 1946 in Liber 4409 of Conveyances at page 518, and in an agreement dated July 17, 1945 recorded in said Register's Office on April 10, 1946 in Liber 4424 of Conveyances at page 206, subject to the terms of said agreements and all other easements, licenses, privileges, rights and appurtenances related thereto.

TOGETHER with all easements, licenses and privileges hereafter granted to Landlord to use the tunnel connecting the land and the building to the Rockefeller Center concourse, subject to the terms of said easements, licenses and privileges.

EXHIBIT C

[Intentionally omitted.]

EXHIBIT D

RULES AND REGULATIONS

A.1. The rights of each tenant in the common areas of the Building are limited to ingress to and egress from such tenant's premises for the tenant and its employees, subtenants, licensees and invitees, and no tenant shall use, or permit the use of, the common areas for any other purpose. No tenant shall invite to the tenant's premises, or permit the visit of, persons in such numbers or under such conditions as to interfere with the use and enjoyment of any of the common areas by any other tenants. Fire exits and fire tower stairways are for emergency use only, and they shall not be used for any other purpose by any tenant or any subtenant or licensee of such tenant, or their respective employees, agents, contractors or invitees. No tenant shall obstruct, or permit the obstruction of any of the common areas. Landlord reserves the right to control and operate the common areas and the other public facilities, as well as any other facilities furnished for the common use of the tenants, in such manner as Landlord in its reasonable judgment deems best for the benefit of the tenants generally, including the right to allocate certain elevators for delivery service and the right to designate which Building entrances shall be used by persons making deliveries in the Building. No doormat of any kind whatsoever shall be placed or left in any public hall or outside any entry door of any tenant's premises.

A.2. Landlord may refuse admission to the Building outside of Business Hours to any person not known to the watchman or other person in charge or not having a pass issued by Landlord or the tenant whose premises are to be entered. Landlord may require all persons admitted to or

leaving the Building to provide appropriate

identification, in which case Landlord shall supply identification cards and be reimbursed by the tenant for its identification cards at Landlord's cost plus 5%. Each tenant shall be responsible for all persons for whom it issues any such pass and shall be liable to Landlord for all acts or omissions of such persons. Each tenant shall promptly notify Landlord of any lost identification cards and will reimburse Landlord at cost plus 5% for replacement of identification cards. Landlord shall have the right but shall not be obligated to require all persons entering the Building to sign a register, to be announced to the tenant such person is visiting, and/or to be accepted as a visitor by such tenant or to be otherwise properly identified (and, if not so accepted or identified, Landlord may exclude such persons from the Building) and Landlord shall have the right but shall not be obligated to require persons leaving the Building to sign a register or to surrender the pass given to such person. Any person whose presence in the Building at any time shall, in the judgment of the Landlord, be prejudicial to the safety, character or reputation of the Building or of its tenants may be denied access to the Building or may be ejected therefrom. During the continuance of any Force Majeure Events, Landlord may prevent all access to the Building by closing the doors or otherwise if and to the extent required for the safety of the tenants and protection of property in the Building. Landlord may institute, revise and discontinue such security measures, systems and requirements as Landlord deems appropriate.

A.3. No tenant shall obtain or accept for use in its premises drinking water, food, beverage, towel, barbering, bootblacking, floor polishing, cleaning or other services from any persons prohibited by Landlord from furnishing such services. Such

services shall be furnished only at such hours, and under such reasonable regulations, as may be fixed by Landlord from time to time.

A.4. The cost of repairing any damage to the common areas or to any other public facilities or to any equipment or other facilities used in common with other tenants, or to any adjoining building or property, or to any other parts of the Building or to any equipment or facilities therein, caused by a tenant, subtenant or licensee of such tenant or their respective employees, agents, contractors or invitees, shall be paid by such tenant.

A.5. No awnings or other projections shall be attached to the outside of the Building. No curtains, blinds, shades or screens which are different from the standards adopted from time to time by Landlord for the Building shall be attached to or hung in, or used in connection with, any exterior window or door of the premises of any tenant without the prior consent of Landlord. Such curtains, blinds, shades or screens must be of a quality, type, design and color, and attached in the manner approved by Landlord. Lighting which is visible from the outside of the Building shall be in accordance with the standards adopted from time to time by Landlord for the Building.

A.6. No lettering, sign, advertisement, notice or object shall be displayed in or on the exterior windows or doors, or on the outside of any tenant's premises, or at any point inside any tenant's premises where the same might be visible outside of such premises, without the prior consent of Landlord. Interior signs, elevator cab designations and lettering on doors and the Building directory shall, if and when approved by Landlord, be inscribed, painted or affixed for each tenant by Landlord at the expense of such tenant, and shall be of a size, color and style acceptable to Landlord.

A.7. The sashes, sash doors, skylights, windows and doors that reflect or admit light and air into the halls, passageways or other common areas shall not be covered or obstructed by any tenant, nor shall any bottles, parcels or other articles be placed on the window sills or on the peripheral heating or air conditioning enclosures, if any.

A.8. No showcases or other articles shall be put in front of or affixed to any part of the exterior of the Building or of any tenant's premises or placed in the common areas.

A.9. No noise which in the judgment of Landlord might disturb other tenants in the Building shall be made or permitted by any tenant. Nothing shall be done or permitted in the premises of any tenant which would impair or interfere with the use or enjoyment by any other tenant in the Building.

A.10. No additional locks or bolts of any kind shall be placed upon any of the doors or windows by any tenant, nor shall any changes be made in locks or the mechanism thereof, except where keys therefor are given to Landlord. Additional keys for a tenant's premises and toilet rooms located outside the tenant's premises shall be procured only from Landlord who may make a reasonable charge therefor. Each tenant shall, upon the termination of its lease, turn over to Landlord all keys to the Building and any facilities therein, either furnished to, or otherwise procured by, such tenant, and in the event of the loss of any keys furnished by Landlord, such tenant shall pay to Landlord the cost thereof. Notwithstanding the foregoing, a tenant may, subject to obtaining Landlord's prior consent, install a security system in its premises which uses master codes or cards instead of keys, provided that such tenant provides Landlord with the

master code or card for such system. No tenant shall lend or furnish to any public messenger the keys to any toilet rooms.

A.11. All removals, or the carrying in or out of any safes, freight, furniture, packages, boxes, crates or any other object or matter of any description must take place during such hours and in such elevators, and in such manner as Landlord or its agent may determine from time to time are appropriate. No persons shall be employed to move safes or other heavy objects unless reasonably acceptable to Landlord and, if so required by law, unless such persons hold a Master Rigger's license. Arrangements must be made by each tenant with Landlord for moving large quantities of furniture and equipment into or out of the Building. All labor and engineering costs incurred by Landlord in connection with any moving specified in this Rule, including a

reasonable charge for overhead and profit, and the cost of overtime or extra work for Landlord's or Landlord's agent's employees, shall be paid by the tenant to Landlord, on demand.

A.12. Landlord reserves the right to inspect all objects to be brought into the Building and to exclude from the Building all objects which violate any of these Rules and Regulations or this Lease. Landlord shall have the right but shall not be obligated to require any person leaving the Building with any package or other object to submit a pass, listing such package or object, from the tenant from whose premises the package or object is being removed, but the establishment and enforcement of such requirement shall not impose any responsibility on Landlord for the protection of any tenant against the removal of property from the premises of such tenant. Landlord shall in no way be liable to any tenant for damages or loss arising from the admission, exclusion or ejection of any person to or from the premises or the Building under the

provisions of this Rule or of Rule 2 hereof. Landlord shall have the right but shall not be obligated to institute a package acceptance system whereby all packages intended for tenants of the Building are delivered to a central location designated by Landlord and are thereafter called for by tenants or redistributed by Landlord's employees, as Landlord may elect.

A.13. No tenant shall occupy or permit any portion of its premises to be occupied for (a) the possession, storage, manufacture or sale of liquor, narcotics or tobacco in any form, (b) gambling activities, (c) the conduct of obscene, pornographic or similar disreputable activities, (d) public assembly purposes, (e) lodging or sleeping, or (f) any immoral or illegal purpose.

A.14. Landlord shall have the right to prohibit any tenant's advertising or identifying sign which, in Landlord's reasonable judgment, tends to impair the reputation of the Building or its desirability, and upon notice from Landlord such tenant shall refrain from and discontinue such advertising or identifying sign.

A.l5. No tenant shall place a load upon any floor that exceeds the floor load per square foot that such floor was designed to carry. Landlord shall have the right to prescribe the weight and position of safes and other objects of excessive weight, and no safe or other object whose weight exceeds the lawful load for the area upon which it would stand shall be brought into or kept upon any tenant's premises. If in the judgment of Landlord the concentrated weight of any heavy object should be distributed, the work involved in such distribution shall be done at the expense of the tenant and in such manner as Landlord shall determine.

A.16. No machinery or mechanical equipment other than ordinary portable business machines may be installed or operated in any tenant's premises without Landlord's prior consent which consent shall not be unreasonably withheld, and in no case (even where same are of a type so excepted or as so consented to by Landlord) shall any machines or mechanical equipment be so placed or operated as to disturb other tenants. Machines and mechanical equipment permitted to be installed and used in a tenant's premises shall be so equipped, installed and maintained by such tenant as to prevent any disturbing noise, vibration or electrical or other interference from being transmitted from such premises to any other area of the Building.

A.17. The requirements of tenants will be attended to only upon application at the office of the Building. Employees of Landlord or its managing agent shall not perform any work or do anything outside of their regular duties unless under special instructions from Landlord.

A.18. Canvassing, soliciting and peddling in the Building are prohibited and each tenant shall cooperate to prevent same.

A.19. No tenant shall cause or permit any unusual or objectionable odors to emanate from its premises which would annoy other tenants or create a public or private nuisance. No cooking shall be done in the premises of any tenant except as is expressly permitted in such tenant's lease.

A.20. Nothing shall be done or permitted in any tenant's premises, and nothing shall be brought into or kept in any tenant's premises, which would impair or interfere with any of the Building's services or the proper and economic heating, ventilating, air conditioning, cleaning or other servicing of the Building, or the use or

enjoyment by any other tenant of its premises, nor shall any tenant install any ventilating, air-conditioning, electrical or other equipment of any kind which in the reasonable judgment of Landlord might cause any such impairment or interference.

A.21. No acids, vapors or other materials shall be discharged or permitted to be discharged into the waste lines, vents or flues of the Building. The water and wash closets and other plumbing fixtures in or serving any tenant's premises shall not be used for any purpose other than the purposes for which they were designed or constructed, and no sweepings, rubbish, rags, acids or other foreign substances shall be deposited therein. Nothing shall be swept or thrown into the common areas or into or on any heating or ventilating vents or registers or plumbing apparatus in the Building, or on adjoining buildings or land or the street. Any cuspidors or containers or receptacles used as such or for garbage or similar refuse in the premises of any tenant shall be emptied, cared for and cleaned by and at the expense of such tenant.

A.22. All entrance doors in each tenant's premises shall be left locked and all windows shall be left closed by the tenant when the tenant's premises are not in use. Entrance doors shall not be left open at any time. Each tenant, before closing and leaving its premises at any time, shall turn out all lights.

A.23. Hand trucks not equipped with rubber tires, side guards and such other safeguards as Landlord may require shall not be used within the Building. No hand trucks shall be used in passenger elevators.

A.24. All windows in each tenant's premises shall be kept closed, and all blinds therein above the ground floor shall be lowered as reasonably required because of the position of the sun, during the operation of the Building air-conditioning system to

cool or ventilate the tenant's premises. If Landlord elects to install any energy saving film on the windows of the Building or to install energy saving windows in place of the present windows, each tenant shall cooperate with the reasonable requirements of Landlord in connection with such installation and thereafter the maintenance and replacement of the film and/or windows and shall permit Landlord to have access to the tenant's premises at reasonable times during Business Hours to perform such work.

A.25. Each tenant at its own expense shall cause all portions of its premises used for the storage, preparation, service or consumption of food or beverages to be cleaned daily in a manner satisfactory to Landlord, and to be exterminated against infestation by vermin, rodents or roaches regularly and, in addition, whenever evidence of any infestation is discovered. No tenant shall permit any person to enter its premises or the Building for the purpose of providing such extermination services other than persons first approved by Landlord, such approval not to be unreasonably withheld.

A.26. No tenant, subtenant or licensee, or any contractor, employee, agent or invitee of any tenant, subtenant or licensee shall at any time bring into or keep upon any premises or the Building any inflammable, combustible, explosive, hazardous, toxic or otherwise dangerous fluid, chemical or substance other than customary office cleaning products.

A.27. No tenant shall mark, paint, drill into, or in any way deface, any part of its premises or the Building. No boring, cutting or stringing of wires or instruments shall be permitted except with the prior consent of, and as directed by, Landlord. No telephone, cable or other wires shall be installed by any tenant except in a manner reasonably approved by Landlord. No tenant shall lay linoleum, or other similar

floor covering so that the same shall come in direct contact with the floor of its premises, and, if linoleum or other similar floor covering is desired to be used, an interlining of builder's deadening felt shall be first affixed to the floor by a paste or other material, soluble in water, the use of cement or other similar adhesive material being expresslyprohibited.

A.28. No bicycles, vehicles, animals (except seeing eye dogs), fish or birds of any kind shall be brought into or kept in or about the premises of any tenant.

A.29. All paneling, doors, trim or other wood products not considered furniture shall be of fire-retardant materials. Before installation of any such materials, certification of the materials' fire-retardant characteristics shall be submitted to Landlord, and such materials shall be installed in a manner approved by Landlord.

A.30. Whenever any tenant submits to Landlord any plan, agreement or other document for the consent or approval of Landlord, such tenant shall pay to Landlord, on demand, a processing fee in the amount of the reasonable fees for the review thereof, including the services of any architect, engineer or attorney employed by Landlord to review such plan, agreement or documents.

A.31. Landlord reserves the right to rescind, alter, waive or add any rule or regulation at any time when, in Landlord's judgment, Landlord deems it necessary, desirable or proper for the best interest of the Building or for the best interest of the tenants generally. No alteration, rescission, waiver or addition of any rule or regulation in favor of one tenant shall operate as an alteration, rescission, waiver or addition in favor of any other tenant. Landlord shall not be responsible to any tenant for the nonobservance or violation by any other tenant of any of the Rules and Regulations.

EXHIBIT E

CURRENT OVERTIME CHARGES

Overtime Air Conditioning		$110.00 per hour per floor
Overtime Heating		$45.00 per hour per floor
Engineer:	Straight Time	$49.24 per hour
	Overtime	$62.40 per hour
*Porter:	Straight Time	$26.90 per hour (one hour minimum)
	Overtime	$34.93 per hour
*Security Guard:		
	Straight Time	$26.90 per hour (one hour minimum)
	Overtime	$34.93 per hour
*Service Elevator Overtime		$99.43 per hour (includes elevator operator and security)
Keys		$3.00 each

* There is a 4-hour minimum charge for Saturdays, Sundays and Holidays.

Charges are subject to change from time to time in a manner generally reflective of changes in Landlord's costs in providing the services in question.

EXHIBIT F

CLEANING SPECIFICATIONS

75 ROCKEFELLER PLAZA
BUILDING STANDARD CLEANING
OFFICE AREAS

A. Nightly

1. All stone, ceramic, tile, marble, terrazzo and other unwaxed flooring to be swept damp and/or mopped nightly, using approved dust-down preparations; wash flooring weekly, scrub when necessary.

2. All linoleum, vinyl, rubber, asphalt tile and other similar types of flooring (that may be waxed) to be swept damp and/or mopped nightly using approved dust-down preparation. Mop up and wash floors for spills, smears as required.

3. All carpeting and rugs shall be vacuum cleaned once a week, moving light furniture other than desks, file cabinets, etc.

4. Hand dust with treated cloth and wipe clean all furniture, fixtures and custom wooden window enclosures, nightly.

5. Empty and clean as needed all waste receptacles nightly and remove from the demised premises wastepaper and/or other debris to an area designated by the Landlord. Install liners in all waste receptacles supplied by Tenant. Supply liners for recycling as required at no charge.

6. Empty and clean all waste disposal cans and baskets weekly; damp-dust as necessary.

8. Wash clean all water fountains and coolers nightly.

9. Dust all floor and other ventilating louvers within reach weekly; damp wipe as necessary.

10. Dust all telephones weekly.

11. Keep locker and slop sink rooms in a clean, neat and orderly condition at all times.

12. Wipe clean and polish all brass and other bright work nightly.

13. Sweep and/or vacuum all private staircases nightly.

14. Metal doors of all elevator cars to be properly maintained.

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15. Remove all gum and foreign matter on sight.

16. Clean all glass furniture tops nightly.

17. Collect and remove wastepaper, cardboard boxes (which CONTRACTOR will flatten) and waste materials to a designated area within the building.

18. Dust and wash closet and coat room shelving, coat racks and flooring weekly.

B. Periodic Cleaning

(To be performed as needed unless otherwise specified but not less than once each month or as hereinafter provided).

1. Wash and remove all finger marks, ink stains, smudges, scruff marks and other marks from metal partitions, sills, all vertical surfaces (doors, walls, window sills) including elevator doors and other surfaces as necessary.

2. Dust and clean electric fixtures, all baseboards and other fixtures or fittings as necessary, but not less than once each month.

C. High Dusting

1. Do all high dusting every three (3) months, unless otherwise specified, including, but not limited to, the following:

   a. Vacuum and dust all pictures, frames, charts, graphs and similar wall hangings not reached in nightly cleaning. Damp dust as required.

   b. Vacuum and dust all vertical surfaces such as walls, partitions, doors, bucks and ventilating louvers, grills, high moldings and other surfaces not reached in a nightly cleaning.

c. Dust all overhead pipes, sprinklers, ventilating and air conditioning louvers, ducts, high moldings and other high areas not reached in nightly cleaning.

d. Dust all venetian blinds. Dust all window frames.

e. Dust exterior of lighting fixtures.

f. Wash all furniture glass as needed.

g. Vacuum and dust ceiling tiles around ventilators and clean air conditioning diffusers as required.

PUBLIC LAVATORIES

A. Nightly

1. Scour, wash and disinfect all toilet seats (both sides), basins, bowls, urinals and tile walls near urinals throughout.

2. Sweep and wash all lavatory floors using proper disinfectants.

3. Wash and polish all minors, powder shelves, bright work and enameled surfaces in all lavatories.

4. Hand dust and clean, washing where necessary, all partitions, dispensers and receptacles in all lavatories and restrooms.

5. Service sanitary napkin dispensers (napkin supplied by Tenant).

6. Empty paper towel and sanitary napkin disposal receptacles and remove paper to designated areas.

7. Fill toilet tissue holders (tissue supplied by Tenant).

8. Fill and maintain mechanical operation of all toilet tissue holders, soap dispensers, towel dispensers and sanitary napkin vending dispensers. (Materials supplied by Tenant.)

9. Empty and clean sanitary disposal receptacles.

10. Clean and wash all receptacles and dispensers.

11. Remove fingermarks from painted surfaces.

12. Day personnel to inspect all toilets and rest rooms during the day and keep them in a neat and clean condition at all times and replace supplies as necessary.

B. Periodic

1. Clean and wash all partitions once every two weeks.

2. Scrub floors as necessary but not less than once each week.

3. Hand dust, clean and wash all tile walls and ceilings, including washable acoustical tile, once each month, more, if necessary.

4. High dusting shall be done once each month, which will include lights, walls and grills.

5. Wash all lighting fixtures as necessary.

Elevator Lobbies and Public Corridors (Multi-Tenant Floors)

1. Sweep, wash floor nightly and machine scrub floors as necessary. Wash down all metal surfaces in the lobby and polish as required, but not less than every two weeks.

2. Wipe down all metal surfaces in the lobby and polish as required.

3. High dust and wash, if necessary, all electrical and air conditioning ceiling fixtures at least once per month.

4. Dust walls nightly and wash as required.

5. Clean and dust mail depository in lobby.

EXHIBIT G

[Intentionally Omitted]

EXHIBIT H

ADDITIONAL FLOORS

Floor Number	Rentable Square Feet	Tenant's Tax Percentage	Wage Rate Multiple
32	7,024	1.20598	**7,024**
33	2,373	.40743	**2,373**
	9,397	1.61341	**9,397**

Exhibit 10.33

1290 Partners, L.P.
c/o Capital Trust
410 Park Avenue
New York, New York 10022

October 5, 2001

Re: 1290 Avenue of the Americas
New York, New York 10104

The Bank of New York
330 West 34th Street, 17th Floor
New York, New York 10001

Warner Music Group Inc.
1290 Avenue of the Americas
New York, New York 10104

The Equitable Life Assurance Society of the United States
1290 Avenue of the Americas
New York, New York 10104

RE: CONSENT TO ASSIGNMENT OF SUBLEASE

"Building":	1290 Avenue of the Americas, New York, New York 10104.
"Premises":	The entire rentable area of the 29th floor of the Building.
"Landlord":	1290 Partners, L.P.
"Tenant":	Warner Music Group Inc.
"Subtenant"/"Assignor":	The Equitable Life Assurance Society of the United States
"Lease":	Lease dated as of February 1, 1996, as amended by a First Amendment to Lease dated as of January 1, 1997, and as further amended by a Second Amendment of Lease dated as of January 1, 1997, between the predecessor-in-interest of Landlord and the predecessor-in-interest of Tenant, wherein Landlord leased to Tenant the Premises located at the Building.
"Assignee":	The Bank of New York
"Assignment":	Assignment and Assumption of Sublease dated as of October 5, 2001 between Assignor and Assignee, as same may be amended, modified, extended or restated from time to time as permitted in this Agreement.
"Sublease":	Sublease dated April 13, 1999 between Tenant and Subtenant, as same may be amended, modified, extended or restated from time to time, as may be permitted hereunder.

Ladies/Gentlemen:

You have requested Landlord's consent to the Assignment. Such consent is hereby granted on the terms and conditions, and in reliance upon the representations and warranties, set forth in this letter (this "Agreement").

1. (a) Tenant represents and warrants to Landlord and Assignee that (i) the Lease and the Sublease are in full force and effect; (ii) the Lease has not been assigned or encumbered except by the Sublease and by the assignment of the Lease to Tenant; (iii) Tenant knows of no defense or counterclaim to the enforcement of the Lease; and (iv) Tenant is not entitled to any reduction, offset or abatement of the rent payable under the Lease.

(b) Subtenant represents and warrants to Landlord and Assignee that (i) the Sublease is in full force and effect; (ii) the Sublease has not been assigned, encumbered, modified, extended or supplemented; (iii) Subtenant knows of no defense or counterclaim to the enforcement of the Sublease; and (iv) Subtenant is not entitled to any reduction, offset or abatement of the rent payable under the Sublease.

(c) Assignor and Assignee each represents and warrants to Landlord that (i) the Assignment constitutes the complete agreement between Assignor and Assignee with respect to the subject matter thereof; and (ii) a true and complete copy of the Assignment is attached hereto.

(d) Landlord represents and warrants that the (i) Lease is in full force and effect, and (ii) to the best of Landlord's knowledge Tenant is not in default of any of its obligations or covenants, and has not breached any of its representations or warranties, under the Lease.

2. The Assignment shall be subject and subordinate to the Lease, and all of its provisions. Neither Tenant, Subtenant nor Assignee shall take, permit or suffer any action which would violate the provisions of the Lease or this Agreement.

3. Landlord's obligations to Tenant and Subtenant in respect of the Sublease are governed only by the Lease (as to Tenant only, and not as to Subtenant) and the agreement, dated April 16, 1999 by Landlord, Tenant and Subtenant consenting to the Sublease (the "Sublease Consent"). Landlord's obligations to Assignee are only as expressly provided in this Agreement. Landlord shall not be bound or estopped by any provision of the Assignment, including any provision purporting to impose any obligations upon Landlord (except as provided in Paragraph 6 of this Agreement). Nothing contained herein shall be construed as a consent to, approval of, or ratification by Landlord of, any of the

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particular provisions of the Assignment or any plan or drawing referred to or contained therein (except as may be expressly provided herein). Landlord has not reviewed or approved any provision of the Assignment.

4. If Tenant, Subtenant or Assignee violates any of the terms of this Agreement, or if any representation by Tenant, Subtenant or Assignee is this Agreement is untrue in any material respect, or if Assignor or Assignee takes any action which would constitute a default under the Lease, then Landlord may declare the Lease to be in default and, upon expiration of applicable notice and/or cure periods (if any), avail itself of all remedies provided at law or equity or in the Lease with respect to defaults.

5. Subject to the provisions of Paragraph 6 of this Agreement, if the Lease is terminated prior to the stated expiration date provided therein, the Assignment, on the date of such termination, shall likewise terminate. In connection with such termination, Assignee, at its sole expense, shall surrender the Premises to Landlord, in the manner provided for in the Lease, including the removal of all its personal property from the Premises and from any part of the Building to which it is not otherwise entitled to occupancy and repair all resulting damage to the Premises and the Building. Except as otherwise provided in the Lease, Landlord shall have the right to retain any property and personal effects which remain in the Premises or the Building on the date of termination of the Lease, without any obligation or liability to Assignee, and to retain any net proceeds realized from the sale thereof, without waiving Landlord's rights with respect to any default by Tenant, Subtenant or Assignee under the foregoing provisions of this paragraph and the provisions of the Lease, the Sublease and the Assignment. If Assignee shall fail to vacate and surrender the Premises in accordance with the provisions of this paragraph, Landlord shall be entitled to all of the rights and remedies which are available to a landlord against a tenant holding over after the expiration of a term, and, any such holding over shall be deemed a default under the Lease. In addition, Assignee agrees that it will not seek, and it expressly waives any right to seek, any stay of the prosecution of, or the execution of any judgment awarded in, any action by Landlord to recover possession of the Premises. Assignee may not vacate the Premises on a Sunday or a holiday. If the Assignment terminates on a Sunday or a holiday, Assignee must comply with this paragraph by the end of the preceding Saturday or business day. This paragraph shall survive the earlier termination of the Lease, Sublease and the Assignment.

6. If the Lease is terminated before the stated expiration date stated therein, Assignee shall attorn to Landlord or any such party upon the then executory terms of the Lease and/or Sublease for the remainder of the stated term of the Sublease, and Landlord or such other party shall recognize Assignee's occupancy rights, provided further that such party's obligations to Assignee shall be governed by the terms of the Lease and this Agreement. The party to whom Assignee attorns shall, under such circumstances, agree not to disturb Assignee in its use and enjoyment of the Premises, provided Assignee performs all of its obligations under the Assignment. Such party shall not be required to honor or credit Assignee for (a) any payments of rent made to Tenant or Subtenant for more than one month in advance or for any other payment owing by, or on deposit with, Tenant or

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Subtenant for the credit of Assignee, (b) any obligation to perform any work or make any payment to Assignee pursuant to a work letter, the Assignment or otherwise (other than repair or maintenance work with respect to the Premises required of the Landlord under the Lease), (c) any security deposit not in Landlord's actual possession, (d) any obligation of, or liability resulting from any act or omission of Tenant or Subtenant, (e) any amendment of the Assignment not expressly consented to by Landlord, or (f) any defenses, abatements, reductions, counterclaims or offsets assertable against Tenant or Subtenant. This provision is self-operative, whether or not, as a matter of law, the Assignment may terminate upon the expiration or termination of the term of the Lease. Assignee, however, agrees to give Landlord or such other party, on request, an instrument acknowledging an attornment according to these terms. No attornment pursuant to this paragraph shall be deemed a waiver or impairment of Landlord's rights under the Lease to pursue any remedy not inconsistent with such attornment. Tenant or Subtenant shall deliver to Landlord or such other party any security deposit which Tenant or Subtenant is then holding under the Assignment and Assignee shall reimburse Landlord or such other party for any costs that may be incurred by it in connection with such attornment, including reasonable legal fees and disbursements.

7. Tenant, Subtenant and Assignee each agrees that:

(a) none of Landlord's, shareholders, partners, directors, officers, agents or employees, directly or indirectly, shall be liable for Landlord's performance under the Lease or this Agreement;

(b) Landlord's liability with respect to this Agreement shall be limited to the value of Landlord's interest in the Land and the Building (as defined in the Lease);

(c) it will not seek to satisfy any judgement against Landlord out of the assets of any person or entity other than Landlord (but only to the extent provided in clause (b) above); and

(d) the obligations of Landlord under this Agreement and those not yet accrued under the Lease shall not be binding upon Landlord after the sale, conveyance, assignment or transfer by Landlord of its interest in the Land and the Building, and Tenant, Subtenant and Assignee shall look solely to the transferee for the satisfaction of such obligations. Any such transferee shall be deemed to have assumed all Landlord's obligations under this Agreement.

8. Assignor and Assignee each represents and warrants that no rent or other consideration is being paid or is payable by Assignee for the right to use or occupy the Premises or for the use, sale or rental of any fixtures, leasehold improvements, equipment, furniture or other personal property, except as expressly provided for in the Assignment. Landlord agrees to look to Tenant for any so-called ''profit sharing" under Section 5.05 of the Lease only to the extent Tenant is entitled to any profits from the transactions contemplated by the Assignment; to the extent any so-called "profit sharing" would

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otherwise be due and payable to Landlord arising out of the Assignment and Tenant is not entitled to same, Landlord agrees to look solely to Subtenant for any such amounts.

9. Landlord represents and warrants that (i) the Lease is unmodified except as provided herein and in full force and effect, (ii) Fixed Rent and Additional Charges have been paid through the date hereof, and (iii) to the best knowledge of the undersigned, Tenant is not in default of its obligations under the Lease and no event has occurred which with the giving of notice or passage of time, or both, would constitute such a default.

10. The Lease, the Sublease Consent and this Agreement constitute the entire agreement of the parties with respect to Landlord's consent to the Assignment. This Agreement may not be changed except in writing signed by each party hereto.

11. All statements, notices and other communications given pursuant to this Agreement must be in writing and must be delivered personally with receipt acknowledged, or sent by a nationally recognized reputable overnight courier (against a receipt of delivery), or by registered mail, return receipt requested, addressed to the parties at their addresses set forth above or at such other address as any party may designate upon not less than 10 days prior notice given in accordance with this paragraph. Any such communication shall be deemed delivered when personally delivered, or on the date received or rejected as indicated by the receipt if sent by overnight courier or by the return receipt if sent by mail.

12. This Agreement will be construed and governed by New York law.

13. Landlord's rights and remedies under this Agreement shall be in addition to every other right or remedy available to it under the Lease, at law, in equity or otherwise and Landlord shall be able to assert its rights and remedies at the same time as, before, or after its assertion of any other right or remedy to which it is entitled without in any way diminishing such other rights or remedies. The invalidity or unenforceability of any provision of this Agreement shall not impair the validity and enforceability of any other provision of this Agreement.

14. This Agreement shall bind and inure to the benefit of the parties and their respective successors and assigns, except as provided in Paragraph 7(d) above and except that it shall not inure to the benefit of any successor or assign of Tenant, Subtenant or Assignee whose status was acquired in violation of the Lease, the Sublease Consent or this Agreement.

15. Each of the persons executing this Agreement on behalf of Landlord, Tenant, Subtenant and Assignee represents that he or she is duly authorized to execute and deliver this Agreement on behalf of such party, and that each of Landlord, Tenant, Subtenant and Assignee has full power and authority to enter into this Agreement.

16. Subtenant and Assignee, jointly and severally, agree to indemnify Landlord against, and hold Landlord harmless from, all costs, damages and expenses,

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including reasonable attorneys' fees and disbursements, arising out of any claims for brokerage commissions, finders fees or other compensation by reason of any person or entity claiming to have dealt with Subtenant or Assignee in connection with the Assignment or procuring possession of the Premises. Subtenant and Assignee, at their sole expense, may defend any such claim and settle any such claim at their expense, but only Landlord may approve the text of any stipulation, settlement agreement, consent order, judgment or decree entered into on its behalf unless the effect thereon is to absolve or release Landlord of or from all liability or obligation for any such claim without any payment performance or admission of liability or fault required from Landlord. The provisions of this Paragraph 16 shall survive the expiration or sooner termination of the Lease or the Sublease.

17. Assignee agrees to indemnify Landlord against, and hold it harmless from any and all losses, costs, expenses, claims and liabilities including, but not limited to, reasonable counsel fees, arising from any accident, injury or damage whatsoever caused to any person or to the property of any person and occurring during the term of the Assignment occurring in or about the Premises unless caused by Landlord's, or Landlord's employees or contractors, negligence or willful misconduct. If any proceeding is brought against Landlord by reason of any such claim, Assignee shall be responsible for Landlord's costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) incurred in connection therewith. If any action or proceeding is brought against Landlord by reason of any such claims, Assignee upon written notice from Landlord, shall, at Assignee's sole cost and expense, resist or defend such action or proceeding using counsel reasonably approved by Landlord, but may not settle any such claim without Landlord's prior written approval unless the effect thereof is to absolve or release Landlord of or from all liability or obligation for any such claim without any payment, performance or admission of liability or fault required from Landlord. The provisions of this Paragraph 17 shall survive the expiration of earlier termination of the term of the Assignment or the Lease. The indemnity and any right granted to Landlord pursuant to this paragraph shall be in addition to, and not in limitation of, Landlord's rights under the Lease. The provisions of Section 7.03 of the Lease shall apply as between Landlord and Subtenant and shall be deemed incorporated herein by reference except that reference therein to "Tenant" shall be deemed to be "Subtenant."

18. Landlord's consent to the Assignment pursuant to this Agreement does not include consent to any modification, supplement or amendment of the Assignment, or to any further subletting of the Premises, or to any additional subleasing of the Premises, each of which requires Landlord's prior written consent. If Tenant, Subtenant or Assignee desires Landlord's consent to any such other action it must specifically and separately request such consent.

19. Neither the execution and delivery of this Agreement or the Assignment, nor any acceptance of rent or other consideration from Assignee by Landlord or Landlord's agent shall operate to waive, modify, impair, release or in any manner affect Tenant's liability or obligations under the Lease or the Subtenant's liability or obligations under the Sublease.

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20. If there shall be any conflict or inconsistency between the terms, covenants and conditions of this Agreement or the Lease, the Sublease and the Assignment, then the terms, covenants and conditions of this Agreement or the Lease shall prevail. If there shall be any conflict or inconsistency between this Agreement and the Lease; such conflict or inconsistency shall be determined for the benefit of, and by, Landlord.

21. EACH OF THE PARTIES HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ITS RIGHT TO A JURY TRIAL IN ANY CAUSE OF ACTION ARISING OUT OF, OR RELATING TO, THIS AGREEMENT.

22. Assignee agrees to pay, upon demand, Landlord's reasonable out-of-pocket fees and disbursements incurred in connection with and related to the preparation and execution of this Agreement.

23. This Agreement may be executed in counterparts, each of which shall be deemed an original, and all such counterparts shall together constitute one and the same instrument.

[SIGNATURE PAGE TO FOLLOW.]

Please acknowledge your agreement to the terms and conditions of this Agreement by signing the copy of this Agreement enclosed herewith and returning it to the Landlord. You may consider Landlord's consent to be effective upon your receipt of a fully executed copy of this Agreement.

Very truly yours,

By: 1290 PARTNERS, L.P., Landlord

By: 1290 GP Corp., its general partner

By: _____
Name:
Title:

WARNER MUSIC GROUP INC.,
Tenant

By: /s/ David Johnson
Name: David H. Johnson
Title: Executive Vice President

THE EQUITABLE LIFE ASSURANCE SOCIETY OF THE UNITED STATES,
Subtenant,

By: /s/ Rodger Packer
Name: Rodger Packer
Title: Senior Vice President

THE BANK OF NEW YORK, Assignee

By: /s/ Jeanne M. Login
Name: Jeanne M. Login
Title: Vice President

"Assignee":	The Bank of New York
"Assignment":	That certain agreement, a copy of which is attached hereto as Exhibit A
"Consent to Assignment:	Consent to Assignment and Assumption of Sublease dated October 5, 2001, by and among Landlord, Tenant, Subtenant and Assignee

Ladies and Gentlemen:

You have requested our consent to the Assignment of the Sublease. Such consent is hereby granted on the terms and conditions, and in reliance upon the representations and warranties, set forth in this letter (this "Agreement").

1. Subtenant represents and warrants that (a) the Sublease is in full force and effect; (b) the Sublease has not been assigned or encumbered; (c) Subtenant knows of no defense or counterclaim to the enforcement of the Sublease; and (d) Subtenant is not entitled to any reduction, offset or abatement of the rent payable under the Sublease.

2. Subtenant and Assignee each represents and warrants that no rent or other consideration is being paid or is payable to Subtenant by Assignee, for the assignment of the Sublease, the right to use or occupy the Sublet Space or for the use, sale or rental of Subtenant's fixtures, leasehold improvements, equipment, furniture or other personal property except as disclosed in the Assignment.

3. The Sublease, the Consent, the Consent to Assignment and this Agreement constitute the entire agreement of the parties with respect to Tenant's consent to the assignment of the Sublease. This Agreement may not be changed except in writing signed by the party to be charged.

4. This Agreement shall be construed and governed by New York law.

5. Tenant's rights and remedies under this Agreement shall be in addition to every other right or remedy available to it under the Sublease, at law, in equity or otherwise and Tenant shall be able to assert its rights and remedies at the same time as, before, or after its assertion of any other right or remedy to which it is entitled without in any way diminishing such other rights or remedies. The invalidity or unenforceability of any provision of this Agreement shall not impair the validity and enforceability of any other provision of this Agreement.

6. This Agreement shall bind and inure to the benefit of the parties and their respective successors and assigns, except that it shall not inure to the benefit of any successor or assign of Subtenant or Assignee whose status was acquired in violation of the Lease, the Sublease, the Consent or this Agreement.

7. Each of the persons executing this Agreement on behalf of Tenant, Subtenant and Assignee represents that he or she is duly authorized to execute and deliver this Agreement on behalf of Tenant, Subtenant or Assignee, as the case may be, and that each of Tenant, Subtenant and Assignee has full power and authority to enter into this Agreement.

8. Subtenant and Assignee jointly and severally agree to indemnify Tenant against, and hold it harmless from, all costs, damages and expenses, including reasonable attorneys' fees and disbursements, arising out of any claims for brokerage commissions, finders fees or other compensation in connection with the assignment of the Sublease or procuring possession of the Sublet Space. Subtenant and Assignee, at their sole expense, may defend any such claim with counsel reasonably acceptable to Tenant and settle any such claim at their expense, but only Tenant may approve the text of any stipulation, settlement agreement, consent order, judgment or decree entered into on its behalf. The provisions of this paragraph shall survive the expiration or earlier termination of the Sublease.

9. Tenant's consent to the assignment of the Sublease does not include consent to any further assignment of the Sublease or sub-subletting of the Sublet Space, each of which shall be governed by the terms of the Sublease.

10. Subtenant agrees to pay and/or reimburse Tenant for any reasonable costs or expenses incurred by Tenant and/or Landlord in connection with this Agreement and the transactions consented to hereby.

11. Neither the execution and delivery of this Agreement, nor any acceptance of rent or other consideration from Subtenant or Assignee by Tenant or Tenant's agent shall operate to waive, modify, impair, release or in any manner affect the liability or obligations of Subtenant or Assignee under the Sublease.

12. This Agreement and the consent of Tenant granted hereunder is expressly subject to and conditioned upon any consent rights of Landlord under the Lease and/or the Consent.

13. [intentionally omitted.]

14. Subtenant and Assignee agree to file any New York State and/or New York City real property transfer tax returns which may be required, and to pay any taxes which may be due, in connection with the transaction consented to hereby. Subtenant and Assignee jointly and severally agree to indemnify and hold Tenant harmless from and against the failure by any of them to timely comply with the provisions of this Paragraph. The provisions of this Paragraph shall survive the expiration of the term of the Sublease.

15. If there shall be any conflict or inconsistency between the terms, covenants and conditions of this Agreement and the Sublease, then the terms, covenants and conditions of this Agreement shall prevail.

16. Each of the parties hereby irrevocably and unconditionally waives its right to a jury trial in any cause of action arising out of, or relating to, this Agreement.

17. This Agreement may be executed in counterparts, each of which shall be deemed an original, and all such counterparts shall together constitute one and the same instrument.

18. Subtenant and Assignee covenant and agree not to amend or modify the Assignment without obtaining tenant's express written consent. Assignee acknowledges and agrees that Tenant is a third party beneficiary of paragraph 6 of the Assignment.

Please acknowledge your agreement to the terms and conditions of this Agreement by signing this Agreement and returning it to Tenant. You may consider Tenant's consent to be effective upon your receipt of a fully executed copy of this Agreement.

Very truly yours,

WARNER MUSIC GROUP INC.

By: /s/ David Johnson
Name: David H. Johnson
Title: Executive Vice President

THE EQUITABLE LIFE ASSURANCE
SOCIETY OF THE UNITED STATES

By: _____
Name:
Title:

THE BANK OF NEW YORK

By: _____
Name:
Title:

Exhibit A

The Assignment

February 29, 2004

1290 Partners, L.P.
c/o Victor Capital Group, L.P.
885 Third Avenue
New York, New York 10022

Re: Lease dated as of February 1, 1996 by and between 1290 Partners, L.P., successor-in-interest to 1290 Associates, L.L.C. (the "Landlord"), and Warner Music Group Inc., successor-in-interest to Warner Communications Inc. (the "Tenant"), as amended by First Amendment of Lease dated as of August 1, 1996 (the "Lease") for premises located in the building known as 1290 Avenue of the Americas, New York, New York (the "Premises")

Ladies and Gentlemen:

Pursuant to Section 5.01(b) (iii) of the Lease, notice is hereby given that, as of the date hereof, the Lease shall be deemed assigned to the Tenant, 100% of whose stock is being simultaneously purchased by WMG Acquisition Corp. (the "Purchaser") pursuant to that certain Purchase Agreement dated as of November 24, 2003 by and between Time Warner Inc., as Seller, and Purchaser.

In accordance with the provisions of Section 5.01(b) of the Lease, said deemed assignment is for a valid business purpose and is not to avoid any obligations under the Lease, the assignee's reputation and character is consistent with the other tenants in first class midtown Manhattan office buildings, and the assignee is a Qualified Tenant, as such term is defined in the Lease.

Very truly yours,

WARNER MUSIC GROUP INC.

By: /s/ Paul Robinson
Name: Paul Robinson
Title: SVP & Deputy General Counsel

copy to:

Olympia & York Companies (U.S.A.)
237 Park Avenue
New York, New York 10017

ASSIGNMENT AND ASSUMPTION AGREEMENT

A s s i g n m e n t and Assumption of Lease, dated as of the 2nd of December, 1996 between WARNER COMMUNICATIONS INC. ("Assignor"), and Warner Music Group Inc. ("Assignee").

W I T N E S S E T H:

WHEREAS, Assignor is the tenant under that certain lease dated as of March 20, 1990 as amended by First Amendment of Lease dated as of June 1,1991; Second Amendment of Lease dated January 9, 1995; Third Amendment of Lease dated March 31, 1995; Fourth Amendment of Lease dated May 8, 1995 and Fifth Amendment of Lease dated June 19, 1995 between 1290 Partners, L.P., successor to 1290 Associates, L.L.C., as landlord and Assignor, as tenant (the "Lease"), covering a portion of the 9th floor, a portion of the concourse and a portion of the subconcourse of a building known as 1290 Avenue of the Americas located in New York, New York;

WHEREAS, Assignor desires to assign all of its interest in the Lease to Assignee and Assignee desires to assume all Assignor's obligations under the Lease, on the terms and conditions hereinafter set forth.

NOW, THEREFORE, Assignor and Assignee hereby agree as follows:

c) Assignor hereby assigns to Assignee all of Assignor's right, title and interest in, to and under the Lease, effective as of January 1, 1997 (the "Effective Date").

d) Assignee, for the benefit of Assignor and the landlord, hereby assumes, and agrees to be bound by and to perform, all of the covenants, agreements, terms, provisions and conditions on the part of the tenant under the Lease to be kept, performed and observed from and after the Effective Date.

e) This Assignment and Assumption of Lease shall be binding upon and inure to the benefit of the parties' respective successors and assigns.

IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment and Assumption of Lease of the day and year first above written.

ASSIGNOR
WARNER COMMUNICATIONS INC.

By: /s/ Spencer B. Hays
Name: Spencer B. Hays
Title: Vice President

ASSIGNEE
WARNER MUSIC GROUP INC.

By: /s/ Fred Wistow
Name: Fred Wistow
Title: Executive Vice President

FIRST AMEND TO LEASE

This FIRST AMENDMENT TO LEASE (this "Amendment"), dated as of August 1, 1996, between 1290 ASSOCIATES, L.L.C., Debtor in Possession, a New York limited liability company having an office c/o Olympia and York Companies (U.S.A.), 237 Park Avenue, New York, New York 10017 ("Landlord") and WARNER COMMUNICATIONS INC., a Delaware corporation having an office at 75 Rockefeller Plaza, New York, New York 10019 ("Tenant").

W I T N E S S E T H:

WHEREAS, Landlord and Tenant are parties to a Lease, dated as of February 1, 1996 (the "Lease"), whereby Landlord leased to Tenant and Tenant hired from Landlord certain space in the office building located at 1290 Avenue of the Americas, New York, New York (the "Building"), such space as more particularly described in the Lease; and

WHEREAS, Landlord and Tenant desire to amend the Lease as more particularly set forth in this Amendment.

NOW, THEREFORE, Landlord and Tenant agree as follows:

1. Defined Terms. All capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the Lease.

2. Commencement Date. (a) Effective on the date hereof, the definition of the terms "Delivered Blocks," "Block B Commencement Date" and "Block E Commencement Date" in the Lease shall be deleted in their entirety and the following shall be inserted in their respective places:

(i) "Delivered Blocks" shall mean all of the Block B Space and all of the Block C Space;

(ii) "Block B Commencement Date" shall mean February 1, 1996; and

(iii) "Block E Commencement Date" shall mean February I, 1996.

(b) Effective on the date hereof, the defined term "Stated Block B Commencement Date" shall be deleted in its entirety.

(c) Effective on the date hereof, the phrase "(or in the case of the Block B Space and the Block C Space, the portion thereof other than the Delivered Blocks)" is deleted in each place it appears in the Lease and replaced with the phrase "(other than the Delivered Blocks)".

(d) Effective on the date hereof, the phrase "or any space which was delivered to Tenant by Landlord on the date hereof in less than full floor units" is deleted from lines 18 and 19 of Section 4.01(a) of the Lease.

(e) Effective on the date hereof, the penultimate sentence of Section 4.01(a) of the Lease is deleted in its entirety.

(f) Landlord and Tenant confirm that:

(i) the Block D Space was delivered to Tenant on March 1, 1996 in Delivery Condition;

(ii) the Block A Space and the Block E Space was delivered to Tenant on February 1, 1996 in Delivery Condition;

(iii) The Delivered Blocks were delivered to Tenant in Delivery Condition on or prior to the Stated Second Commencement Date applicable thereto and Tenant is not entitled to any rent abatement as set forth in Section 4.01(a) of the Lease with respect to the Delivered Blocks; and

(iv) the Rent Commencement Date for the Block A Space, the Block B Space, the Block C Space, the Block D Space and the Block E Space is July 1, 1997.

3. Electricity. Tenant shall not be required to pay to landlord charges for electricity pursuant to Section 2.07 of the Lease consumed in the portion of the Block B Space which Tenant was not in possession of on the date of the Lease until the Second Commencement Date applicable thereto, which for purposes of the portion of such space on the 25th floor of the Building is June 10, 1996 and for purposes of such space on the 27th floor of the Building is August 1, 1996.

4. Holdover. Prior to February 1, 1996 ("Holdover Period"), Tenant occupied space on the 22nd, 24th, 25th and 27th floors of the Building ("Holdover Space") as a holdover tenant under existing leases between Landlord and Tenant ("Prior Leases"). Rent payable under the Prior Leases by Tenant for the Holdover Period with respect to the Holdover Space is hereby deemed paid in full.

5. No Other Changes. Except as expressly set forth in this Amendment, the Lease shall remain unmodified and in full force and effect, and the Lease as modified herein is ratified and confirmed. All references in the Lease to "this Lease" or "the Lease" shall hereafter be deemed to refer to the Lease as amended by this Amendment.

[Remainder of page left blank intentionally]

IN WITNESS WHEREOF, Landlord and Tenant have duly executed this Amendment as of the day and year first above written.

1290 ASSOCIATES, L.L.C., Debtor in
Possession, Landlord

By: O&Y Management Corp., as Agent

By: _____
Name:
Title:

WARNER COMMUNICATIONS INC.,
Tenant

By: /s/ John A. Labarca
Name: John A. Labarca
Title: Vice President & Controller

SERVICE AGREEMENT

SERVICE AGREEMENT dated as of May 1st, 2003, by **WARNER MUSIC GROUP** ("Tenant"), a Delaware corporation having an office at 1290 Avenue of the Americas, New York, New York 10104, Attention: Jean Cavanagh and **TISHMAN SPEYER PROPERTIES, L.P.**, as Agent of Jamestown 1290, LP ("Owner's Agent"), a partnership having an office at 520 Madison Avenue, New York, New York 10022.

WHEREAS, Owner is the owner of the building located at 1290 Avenue of the Americas, New York, New York 10104 (the "Building"); and

WHEREAS, Tenant is the lessee of the 23rd through 28th floors, and a portion of the 4th floor of the Building ("the Premises") pursuant to a lease, dated July 20, 1995 (as amended, the "Lease") between 1290 Partners, L.P. as successor in interest, as Owner's Agent ("Manager"), and Warner Music Group, as tenant (as amended from time to time, the "Lease"); and

WHEREAS, pursuant to the Lease, Tenant is obligated to maintain, operate and repair the supplemental HVAC systems serving the Premises and installed in the Premises by Tenant or by third parties; and

WHEREAS, Tenant desires to engage Owner for the purpose of maintaining, operating and repairing such equipment.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Owner and Tenant hereby agree as follows:

1. Term. The term (the "Term") of this Agreement shall commence on the date hereof and shall expire on April 30, 2004 (the "Expiration Date"). Notwithstanding the foregoing, this Agreement may be canceled at any time by either party by providing at least thirty (30) days prior written notice to the other party.

2. Equipment. The equipment (the "Equipment") covered under this Agreement is outlined on the list attached hereto as Exhibit A.

3. Service. (a) Owner will perform the following services and preventive maintenance in respect of the Equipment on a Monthly & Bi-Monthly basis:

Monthly:
Condenser Pumps
1. Clean Strainers
2. Rotate Lead Lag Pump

Bi-Monthly:
Condenser Pumps
1. Take and record all Amp readings
2. Grease all bearings (according to Manufacturer's Specs.)
3. Remove and clean Strainers
4. Tighten all electrical connections
5. Check and log pressures
6. Rotate Lead Lag Pump

(b) All other services or repairs ("Additional Services") provided by Owner to Tenant (which are not set forth in Section 3(a) above) shall be performed only upon Tenant's prior written approval. The Additional Services shall be performed at an hourly rate and material cost mutually agreed upon by the parties.

4. Fees. (a) The annual fee for the above-mentioned services is $25,169.08 ($2,097.43 per month), plus the cost of materials (as provided in Section 4(b) below) and applicable taxes. Owner shall bill Tenant on a monthly basis for such services, in advance, and Tenant shall pay Owner, without set-off or deduction. Any materials required for repairs will be procured by Owner, at Tenant's sole cost and expense, with prior authorization by Tenant. The cost of such materials will appear on Tenant's monthly invoice and shall be payable by Tenant as set forth above.

(b) Tenant shall pay to Owner the cost of all parts, materials, consulting fees, contractor's fees and other equipment required to be used by Owner in its sole discretion in the performance of its duties hereunder, at the current rate of 121% of the cost thereof (which rate shall be subject to increase, from time to time, as such rate is increased by Owner for the Building), payable monthly in arrears upon receipt by Tenant of Owner's invoice.

5. Hours of Service: Hours of service are Monday through Sunday, twenty-four (24) hours per day, seven (7) days per week, fifty-two (52) weeks per year. Hours of maintenance and house calls will be provided between the hours of 8am-6pm, Monday through Friday. Weekend hours will be 8am to 4pm, Saturday and Sunday. Base Building staff will cover any lapse in coverage. Plant coverage will be provided twenty-four (24) hours per day, (7) seven days per week, (52) fifty-two weeks per year. Emergency calls for tenant related systems will be provided (24) twenty-four hours per day, (7) seven days per week and (52) fifty-two weeks per year. Tenant will agree to incur any additional cost for man-power and materials above and beyond maintenance. Requests for maintenance and/or repairs to be performed outside the specified hours will be at tenant cost. Present labor cost is $80.00 per hour. Construction related issues, where additional man-power is required, shall be at Tenant's cost. (i.e. Stand-by for tenant system shutdowns, testing, and start-up.) In the event of any increase in labor rates, Owner shall be permitted to increase its fees on 10 days' prior written notice to Tenant.

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6. Asbestos. Owner's scope of work shall not include the identification, detection, abatement, encapsulation, or removal of asbestos or other hazardous substances. In the event Owner encounters any such substances in the course of performing its work, Owner shall have the right to discontinue its work until such substances, and any hazards connected therewith, are abated, encapsulated or removed, or it is determined that no hazard exists.

7. Access. Owner and Owner's agents shall have the right, from time to time throughout the Term, to enter the Premises at all reasonable times during normal business hours (and at any time in case of emergency) in order to make such repairs or perform such maintenance as set forth herein.

8. Indemnity. Each party hereby indemnifies the other party, its partners, officers, agents and employees from and against any and all loss, cost, liability, expense (including, without limitation, reasonable attorneys' fees and disbursements), damage or injury arising out of the negligence or willful misconduct of such indemnifying party in connection with the performance of its obligations under this Agreement.

9. Successors and Assigns. This Agreement shall bind and inure to the benefit of the parties and their respective successors and assigns.

10. No Personal Liability. Notwithstanding anything to the contrary contained herein, the parties hereto agree that Owner, its partners, shareholders, officers, directors, employees, agents, and contractors shall have no personal obligation or liability for any of the terms, covenants, agreements, undertakings, representations or warranties contained in this Agreement, and in the event of a default hereunder, Tenant and all persons claiming by, through or under Tenant, shall look solely to the assets of Owner. In no event and under no circumstances shall Owner be liable to Tenant for indirect, consequential, or punitive damages, including loss of profits or business opportunity, arising under or in connection with this Agreement. Without limiting the foregoing, it is further expressly understood and agreed that Owner has no liability for injury to person or property caused by, or resulting from, steam, electricity, freon, water, rain, ice, snow or any leak or flow from or into the Equipment or the Premises.

11. Notices. All bills, statements, notices or other communications given or required to be given under this Agreement shall be in writing and shall be deemed sufficiently given or rendered only if sent by hand (against an affidavit of delivery), by a nationally recognized overnight courier (against a receipt of delivery) or by registered or certified mail (return receipt requested) addressed to Tenant at its address set forth above and to Owner at its address set forth above, with a copy to Owner at 520 Madison Avenue, New York, New York 10022, attention, Chief Financial Officer. Any such bill, statement, notice or other communication shall be deemed to have been rendered or given on the date when it is hand delivered or on the date of delivery as indicated by the receipt in the case of overnight delivery or by the return receipt in the case of mailing, or on the date delivery is first attempted and is refused or cannot be made because of a change in address for which no notice was given.

12. Counterparts. This Agreement may be executed in duplicate counterparts, each of which shall be deemed an original and all of which, when taken together, shall constitute one and the same instrument.

13. Entire Agreement. This Agreement contains the entire agreement between the parties with respect to the subject matter hereof and all prior negotiations and agreements are merged into this Agreement. This Agreement may not be modified or amended, nor any of its provisions waived, except by a written instrument executed by the party against whom enforcement of the modification, amendment, or waiver is sought.

14. Binding Agreement. This Agreement is submitted in duplicate and shall become a binding contract when fully executed and unconditionally delivered by the parties.

15. Jurisdiction. This Agreement will be construed and governed by New York law. Each party hereby consents to the personal and subject matter jurisdiction of the courts of the State of New York.

16. Lease Unaffected. Notwithstanding anything to the contrary contained herein, this Agreement shall not be deemed an amendment to the Lease or a modification of Tenant's obligations thereunder.

17. Further Acts. Owner and Tenant, at all times and from time to time hereafter and upon every reasonable written request to do so, shall make, do, execute and deliver or cause to be made, done, executed and delivered all such further acts, deeds, assurances and things as may be required in order to further implement and carry out the intent and meaning of this Agreement.

18. No Waiver. The failure by either party strictly to enforce any of the terms hereof shall not be deemed a waiver thereof in the future. No provision hereof shall be deemed waived unless such waiver is in writing signed by the party alleged to have made such waiver.

19. No Partnership. Nothing in this Agreement shall be construed as or shall constitute a partnership between either Tenant or Owner and Owner shall at all times be deemed to an independent contractor.

IN WITNESS WHEREOF, Owner and Tenant have caused this Agreement to be executed as of the date first set forth above.

By: Jamestown 1290, L.P.
Tishman Speyer Properties, L.P.
("Owners Agent")

By: /s/ John D. Leary
Name: John D. Leary
Title: Director of Engineering

By: Warner Music Group

By: /s/ Jean Cavanagh
Name: Jean Cavanagh
Title: VP Facilities & Office Svcs

WARNER EQUIPMENT LIST

Exhibit "A"

NAME	MAKE	MODEL #	TONS
AC-4-1	COOL AIR	CW4GASN	5
AC-4-2	LIEBERT	FH219WVAAM	20
AC-4-3	LIEBERT	FH219WVAAM	20
AC-23-1	CLIMATE MASTER	HS030	2.5
AC-23-2	CLIMATE MASTER	VS030	2.5
AC-23-3	CLIMATE MASTER	HS030	2.5
AC-23-4	CLIMATE MASTER	HS015	1
AC-24-1	CLIMATE MASTER	HS030	2.5
AC-24-2	CLIMATE MASTER	VS030	2.5
AC-25-1	CLIMATE MASTER	VSO36	3
AC-25-2	CLIMATE MASTER	VSO36	3
AC-26-1	CLIMATE MASTER	VSO30	2.5
AC-26-2	CLIMATE MASTER	HS030	2.5
AC-26-3	CLIMATE MASTER	HS060	5
AC-26-4	CLIMATE MASTER	HS024	2
AC-26-5	CLIMATE MASTER	HS030	2.5
AC-26-6	CLIMATE MASTER	HS042	2.5
AC-26-7	CLIMATE MASTER	HS042	2
AC-26-8	CLIMATE MASTER	HS024	2
AC-26-9	CLIMATE MASTER	HS019	2.5
AC-27-1	CLIMATE MASTER	VS030	2.5
AC-27-2	CLIMATE MASTER	HS030	2.5
AC-27-3	CLIMATE MASTER	HS042	3.5
AC-27-4	CLIMATE MASTER	HS042	3.5
AC-28-1	CLIMATE MASTER	HS030	2.5
AC-28-2	CLIMATE MASTER	VS030	2.5
AC-28-3	CLIMATE MASTER	HS042	3
AC-28-4	CLIMATE MASTER	HS048	4
AC-28-5	CLIMATE MASTER	HS048	4

NAME	MAKE	MODEL #	GPM	H.P.
P-4-1	PACO	1570-5	60	10
P-4-2	PACO	1570-5	60	10
P-23-1	PACO	1270-5	26.5	3
P-23-2	PACO	1270-5	26.5	3
P-24-1	PACO	1270-5	15	3
P-24-2	PACO	1270-5	15	3
P-25-1	PACO	1270-5	19	3
P-25-2	PACO	1270-5	19	3
P-26-1	PACO	1270-5	76	3
P-26-2	PACO	1270-5	76	3
P-27-1	PACO	1270-5	37	3
P-27-2	PACO	1270-5	37	3
P-28-1	PACO	1270-5	55	3
P-28-2	PACO	1270-5	55	3

[RECEIVED STAMP]

Office of the Building
1290 Avenue of the Americas
New York, New York 10104

Direct Line: 212-681-5009
Fax: 212-397-7866

April 25, 2003

Ms. Connie Baglio
Atlantic Records
1290 Avenue of the Americas
28th Floor
New York, New York 10104

Re: Service Agreement
1290 Avenue of the Americas

Dear Ms. Baglio:

Please find attached a Service Agreement for Warner Music Groups Supplemental HVAC System. Per your request of April 23, 2003 we have made the necessary changes to the Agreement. We ask that you review, sign, and initial all three copies provided so that we can begin this agreement as soon as possible.

As always, if you have any questions, please feel free to contact the building office. We look forward to working with you and your firm together on this project.

Sincerely,

/s/ Stephen A. McGann

Stephen A. McGann, CPM, RPA
Property Manager

Cc: L. Pozzuto
D. Auriemma
File

Exhibit A

RESTRICTED STOCK AWARD AGREEMENT

THIS RESTRICTED STOCK AWARD AGREEMENT (this "Agreement"), is entered into as of this 1st day of March, 2004, by and between WMG Parent Corp., a Delaware corporation ("Parent"), and Edgar Bronfinan, Jr. (the "Executive"). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the "Employment Agreement" (as defined herein).

RECITALS:

WHEREAS, WMG Acquisition Corp., a Delaware corporation (the "Company"), an indirect majority owned subsidiary of Parent and a direct or indirect wholly owned subsidiary of WMG Holdings Corp., a Delaware corporation, and the Executive have entered into an employment agreement, dated as of March 1, 2004 (the "Employment Agreement"), pursuant to which the Executive is to purchase on the "Closing Date" (as defined in the Purchase Agreement between the Company and Time Warner Inc., dated as of November 24, 2003; the Closing Date is hereinafter referred to as the "Effective Date," and is the date hereof) the restricted stock provided for herein (the "Restricted Stock Award"); and

WHEREAS, the Board of Directors of Parent (the "Board") has determined, pursuant to the Employment Agreement, to sell to the Executive the restricted stock reflecting the Restricted Stock Award effective as of the Effective Date, such grant to be subject to the terms and conditions set forth herein.

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

1. Purchase of Restricted Stock. Subject to the terms and conditions set forth in this Agreement, Parent hereby sells to the Executive, and the Executive hereby purchases from Parent, effective as of the Effective Date (which is the date hereof), 2,883.9136 shares of Class A Common Stock of Parent (the "Restricted Shares") for an aggregate purchase price of $2,883,913.60. The Board acknowledges to the Executive that such purchase price is the fair market value of the Restricted Shares on the Effective Date (the "Initial Value"), determined without regard to any restrictions applicable thereto other than restrictions which by their terms do not lapse. The Restricted Shares shall vest in accordance with Section 2 and Section 5 hereof.

2. Vesting.

(a) Service-Based Restricted Stock. Except as otherwise provided in this Agreement, one-third of the Restricted Shares (the "Service-Based Restricted Stock"), shall vest and become non-forfeitable in four equal installments on the day prior to each of the first, second, third and fourth anniversaries of the Effective Date provided that the Executive remains employed with the Company on each such date, such that one hundred percent (100%) of the Service-Based Restricted Stock shall be vested and non-forfeitable on the day prior to the fourth anniversary of the Effective Date; provided that any unvested Service-Based Restricted Stock shall become vested and non-forfeitable upon a termination of the Executive's employment with the Company (A) due to his death, (B) by the Company due to his Disability or without Cause or (C) by the Executive for Good Reason, in each case on or after a "Change in Control" (as defined in Section 2(b)(iii)(6)) or, in the case of a termination by the Company without Cause or a termination by the Executive for Good Reason, in anticipation of a Change in Control (a termination described in the foregoing proviso being referred to hereinafter as a "CIC Termination").

(b) Performance-Based Restricted Stock. Except as otherwise provided in this Agreement, two-thirds of the Restricted Shares (the "Performance-Based Restricted Stock") shall contingently vest in equal installments on the day prior to each of the first, second, third and fourth anniversary of the Effective Date provided that the Executive remains employed with the Company on each such date (the "Service Condition"), but shall not be considered to be fully vested until and unless the condition described in Section 2(b)(i) or 2(b)(ii), as applicable, has been satisfied (each such condition, a "Performance Condition").

(i) With respect to one-half of the Performance-Based Restricted Stock, the Performance Condition shall be the occurrence of a 2X Restricted Stock Liquidity Event.

(ii) With respect to the other one-half of the Performance-Based Restricted Stock, the Performance Condition shall be the occurrence of a 3X Restricted Stock Liquidity Event.

(iii) For purposes of this Section 2(b), and also as and if used elsewhere in this Agreement, the following terms shall have the following meanings:

(1) "2X Investor Equity Value" shall mean (X) two times the Investment minus (Y) the aggregate amount of cash and "Fair Market Value" (as defined below) of readily marketable securities or other assets (determined at the time of receipt) received by the Investors in respect of the Investor Equity prior to or coincident with the time of determination.

(2) "3X Investor Equity Value" shall mean (X) three times the Investment minus (Y) the aggregate amount of cash and Fair Market Value of readily marketable securities or other assets (determined at the time of receipt) received by the Investors in respect of the Investor Equity prior to or coincident with the time of determination.

(3) "2X Restricted Stock Liquidity Event" shall mean (A) the first sale in an underwritten offering of Parent's Class A Common Stock pursuant to a registration statement on Securities and Exchange Commission ("SEC") Form S-1 or otherwise under the Securities Act of 1933, as amended (the "Securities Act") (an "IPO"), at a per share price which implies an aggregate value of the Investor Equity at the time of the IPO of at least the 2X Investor Equity Value, (B) following an IPO, or any transaction other than an IPO which causes Parent's Class A Common Stock, or all or substantially all of the securities into which such Class A Common Stock is converted or for which it is exchanged, to be listed for trading on a national securities exchange or quoted on an automated quotation system, the average closing price of Parent's Class A Common Stock, or such securities into which Class A Common Stock is converted or for which it is exchanged, on the primary exchange on which, or system over which, it is traded over any 20 consecutive trading days is such that the implied aggregate value of the Investor Equity at the end of such 20 consecutive trading days, based on such average price, is at least the 2X Investor Equity Value, determined as of the first of such 20 consecutive trading days, or (C) a Bonus Liquidity Event occurs which results in a combination of cash and readily marketable securities being paid or provided to the Investors having an aggregate value (as determined by the Board in good faith as of the time of receipt) of at least the 2X Investor Equity Value.

(4) "3X Restricted Stock Liquidity Event" has the same meaning as a 2X Restricted Stock Liquidity Event, except that the term "2X Investor Equity Value" each time it appears in Section 2(b)(iii)(3) above shall be replaced with "3X Investor Equity Value."

(5) "Bonus Liquidity Event" shall mean a Change in Control, or other event (e.g., a leveraged recapitalization in which the proceeds are paid out to the Investors as dividends and/or redemptions), in which consideration is paid to Investors in respect of the Investor Equity in the form of cash, readily marketable securities or a combination of both.

(6) "Change in Control" shall mean a "Change of Control," as defined in the certificate of incorporation of Parent, as amended from time to time.

(7) "Fair Market Value" shall mean the price at which the asset in question would change hands in an arms' length sale between a willing buyer and a willing seller, with neither being under any compunction to buy or sell and each with full knowledge of all relevant facts, as determined by, in the Executive's sole discretion, an investment bank or other valuation firm chosen by the Executive from among a list of no less than five such banks and/or firms (all of which must be experienced in the valuation of privately held companies) provided to the Executive by the Company; provided that, in determining Fair Market Value of the securities of any member of the Parent Group, the chosen investment bank or valuation firm shall be instructed to use a methodology which takes into account the free cash flow, revenue and EBITDA and such other methodologies and characteristics as may be relevant and shall be instructed (A) to adjust the Fair Market Value of the securities to take into account the illiquidity of securities which are not publicly traded and (B) to make no adjustment on account of any control premium. Notwithstanding the above, the Fair Market Value of any freely tradable security which is of a class listed for trading on an established securities market or established trading system shall be the average of the high and low trading prices of such class of securities, as reported on the primary market or trading system on which such securities are listed on the date Fair Market Value is determined.

(8) "Investment" means the aggregate investment by the Investors in the equity securities of any member of the Parent Group on and prior to the Effective Date, including expenses, which is anticipated to be approximately $1.25 billion.

(9) "Investor Equity" shall mean all equity securities of all members of the Parent Group, including common and preferred stock and warrants, options and other instruments convertible or exercisable into, or redeemable for, common or preferred stock, either (A) purchased or otherwise received by the Investors on or prior to the Effective Date or (B) received by the Investors following the Effective Date, without cost to the Investors, in respect of the equity securities described in the preceding clause (B).

(10) "Investors" shall mean all of (i) Thomas H. Lee Equity Fund V, L.P., (ii) Thomas H. Lee Parallel Fund V, L.P., (iii) Thomas H. Lee Equity (Cayman) Fund V, L.P., (iv)

Putnam Investments Holdings, LLC, (v) Putnam Investments Employees' Securities Company I LLC, (vi) Putnam Investments Employees' Securities Company II LLC, (vii) 1997 Thomas H. Lee Nominee Trust, (viii) Thomas H. Lee Investors Limited Partnership, (ix) Bain Capital Partners Integral Investors, LLC, (x) Bain Capital VII Coinvestment Fund, LLC, (xi) BCIP TCV, LLC, (xii) Providence Equity Partners IV, L.P., (xiii) Providence Equity Operating Partners IV, L.P. and (xiv) Lexa Partners LLC, or any affiliate of any of them, in each case which purchases Investor Equity on or prior to the Effective Date.

(11) "Parent Group" shall mean Parent, Midco, the Company and each direct or indirect subsidiary of any of them.

Notwithstanding anything in this Agreement to the contrary, the Service Condition applicable to each share of Performance-Based Restricted Stock shall be deemed to have been attained upon a CIC Termination.

(c) The term "Vested Restricted Shares," as used herein, shall mean (i) each share of Service-Based Restricted Stock on and following the time that the vesting condition set forth in Section 2(a) hereof has been actually or deemed satisfied as to such share, (ii) each share of Performance-Based Restricted Stock on and following the time that both the Service Condition and the Performance Condition have been actually or deemed satisfied as to such share, (iii) to the extent applicable, each share of Performance-Based Restricted Stock not described in the immediately preceding clause (ii) on and following its "Initial Call Date" (as defined in Section 5(b)(iii)) if, on such Initial Call Date and without regard to Section 5(b)(x), such share would be subject to the Call Option at a Call Price equal to the Fair Market Value of such share (as opposed to the lower of the Fair Market Value or the Initial

Value of such share) and (iv) each share of Performance-Based Restricted Stock not described in the immediately preceding clauses (ii) and (iii) on an following the day prior to the seventh anniversary of the Effective Date, so long as the Executive remains employed by the Company on such day. Restricted Shares which have not become Vested Restricted Shares are hereinafter referred to as "Unvested Restricted Shares."

3. Taxes. The Executive shall pay to the Company or Parent promptly upon request, and in any event at the time the Executive recognizes taxable income in respect of the Restricted Stock Award, an amount equal to the taxes the Company or Parent determines it is required to withhold under applicable tax laws with respect to the Restricted Shares. Such payment shall be made in the form of cash. As a condition to the effectiveness of the Restricted Stock Award, the Executive shall make a timely and valid election pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended (the "Code") to realize taxable income in respect of the grant of the Restricted Stock Award, in an amount equal to the Initial Value less the purchase price paid for the Restricted Shares. Notwithstanding the above, because the Company and the Executive acknowledge that the purchase price for the Restricted Shares is equal to the Initial Value, so long as the Executive makes a timely and valid Code Section 83(b)

election in respect of the Restricted Shares the Company and the Executive agree that no tax is due, and no withholding is necessary, upon or on account of the Executive's purchase of the Restricted Shares.

4. Certificates. Certificates evidencing the Restricted Shares shall be issued by Parent and shall be registered in the Executive's name on the stock transfer books of Parent promptly after the date hereof, but shall remain in the physical custody of Parent or its designee at all times prior to, in the case of any particular Restricted Shares, the date such Restricted Shares become Vested Restricted Shares. As a condition to the receipt of this Restricted Stock Award, the Executive shall deliver to Parent a stock power, duly endorsed in blank, relating to the Restricted Shares.

5. Effect of Termination of Employment.

(a) Upon the termination of the Executive's employment with the Company for any reason, the Restricted Shares shall be subject to the Call Option described in Section 5(b) below. Such a termination may be (i) by the Company for Cause or by the Executive without Good Reason (a "5(a)(i) Termination") or (ii) by the Company without Cause (including on account of the Executive's Disability), by the Executive for Good Reason or upon the Executive's death (a "5(a)(ii) Termination").

(b) Call Option.

(i) Other than as set forth in the second sentence of Section 5(b)(x), upon the termination of the Executive's employment with the Company for any reason (or no reason), Parent shall have the right and option (the "Call Option"), but not the obligation, to purchase, or to cause any member of the Parent Group designated by Parent (the "Call Assignee") to purchase, from the Executive, on and after the Initial Call Date any or all of the Restricted Shares. The purchase price (the "Call Price") of the Restricted Shares subject to purchase under this provision (the "Called Shares") shall be as follows:

(1) In the event of a 5(a)(i) Termination, (A) as to Unvested Restricted Shares, the lower of the Fair Market Value of the Called Shares on the date of the "Call Notice" (as defined below) or the Initial Value of the Called Shares, and (B) as to Vested Restricted Shares, the Fair Market Value of the Called Shares on the date of the Call Notice.

(2) In the event of a 5(a)(ii) Termination, as to shares of Service-Based Restricted Stock and Performance-Based Restricted Stock which are Vested Restricted Shares immediately prior to such termination, or which become Vested Restricted Shares upon such termination solely because such termination is a CIC Termination, the Fair Market Value on the date of the Call Notice of such shares which are Called Shares.

(3) In the event of a 5(a)(ii) Termination (other than a CIC Termination), as to shares of Service-Based Restricted Stock which are Unvested Restricted Shares immediately prior to such termination, and as to shares of Performance-Based Restricted Stock as to which the Service Condition has not been met at the time of such termination, the lower of the Fair Market Value on the date of the Call Notice of such shares which are Called Shares or the Initial Value of such Called Shares.

(4) In the event of a 5(a)(ii) Termination where a 2X Restricted Stock Liquidity Event, but not a 3X Restricted Stock Liquidity Event, has occurred prior to such termination, (A) if the Fair Market Value of the Investor Equity at the time of such termination is at least the 3X Investor Equity Value and the Applicable EBITDA Target is attained, then, as to shares of Performance-Based Restricted Stock for which the Performance Condition had not been met, but the Service Condition had been met (either prior to such termination or at such termination if such termination is a CIC Termination), the Call Price shall be the Fair Market Value of such shares which are Called Shares on the date of the Call Notice, and (B) if the Fair Market Value of the Investor Equity at the time of such termination is less than the 3X Investor Equity Value or the Applicable EBITDA Target is not attained then, as to shares of Performance-Based Restricted Stock for which the Performance Condition had not been met, but the Service Condition had been met (either prior to such termination or at such termination if such termination is a CIC Termination), the Call Price shall be the lower of the Fair Market Value on the date of the Call Notice of such shares which are Called Shares or the Initial Value of such Called Shares.

(5) In the event of a 5(a)(ii) Termination where neither a 2X Restricted Stock Liquidity Event nor a 3X Restricted Stock Liquidity Event has occurred prior to such termination, (A) if the Fair Market Value of the Investor Equity at the time of such termination is at least the 3X Investor Equity Value and the Applicable EBITDA Target is attained then, as to shares of Performance-Based Restricted Stock for which the Performance Condition had not been met, but the Service Condition has been met (either prior to such termination or at such termination if such termination is a CIC Termination), the Call Price shall be the Fair Market Value on the date of the Call Notice of such shares which are Called Shares, (B) if the Fair Market Value of the Investor Equity at the time of such termination is at least the 2X Investor Equity Value, but less than the 3X Investor Equity Value,

and the Applicable EBITDA Target is attained then, as to one-half of the shares of Performance-Based Restricted Stock for which the

Performance Condition had not been met, but the Service Condition had been met (either prior to such termination or at such termination if such termination is a CIC Termination), the Call Price shall be the Fair Market Value on the date of the Call Notice of such shares which are Called Shares, and as to the other one-half of the shares of Performance-Based Restricted Stock for which the Performance Condition had not been met, but the Service Condition had been met (either prior to such termination or at such termination if such termination is a CIC Termination), the Call Price shall be the lower of the Fair Market Value on the date of the Call Notice of such shares which are Called Shares or the Initial Value of such Called Shares and (C) if the Fair Market Value of the Investor Equity at the time of such termination is less than the 2X Investor Equity Value or the Applicable EBITDA Target is not attained then, as to shares of Performance-Based Restricted Stock for which the Performance Condition had not been met, but the Service Condition had been met (either prior to such termination or at such termination if such termination is a CIC Termination), the Call Price shall be the lower of the Fair Market Value on the date of the Call Notice of such shares which are Called Shares or the Initial Value of such Called Shares.

(ii) For purposes of Section 5(b)(i)(4) and (5), the "Applicable EBITDA Target" shall have been deemed attained in connection with a 5(a)(ii) Termination if, for the fiscal year (A) ending immediately prior to such termination, if such termination occurs during the first nine months of a fiscal year or (B) in which such termination occurs, if such termination occurs during the last three months of a fiscal year, the Parent Group has attained or exceeded 85% of the target earnings before interest, taxes, depreciation and amortization ("EBITDA"); provided that EBITDA shall be calculated in same manner as calculated in the Parent Group's bank plan dated November 2003 (attached hereto as Exhibit 1), including but not limited to the exclusion of non-recurring and extraordinary expenses. For this purpose, the target EBITDA for the fiscal years in 2004 through 2011 shall be $360 million, $450 million, $477 million, $506 million, $543 million, $579 million and $618 million and $655 million, respectively. The Company and the Executive acknowledge that, as of tile date hereof, the Company's fiscal year ends on November 30, and agree that if such fiscal year changes the targets set forth in the preceding sentence shall be adjusted in a mutually acceptable manner intended to make them neither more difficult nor less difficult to attain.

(iii) The "Initial Call Date" shall mean (A) with respect to shares of Performance-Based Restricted Stock as to which the Service Condition, but not the Performance Condition, has been attained at the time of a 5(a)(ii) Termination, (I) if such termination occurs within the first nine months of a fiscal year, the later of the date of such termination

or the date of delivery of the Parent Group's audited financial statements in respect of the fiscal year immediately preceding such termination and (II) if such termination occurs during the last three months of a fiscal year, the date of delivery of the Parent Group's audited financial statements in respect of such fiscal year or (B) in all other cases, the date of termination of the Executive's employment with the Company.

(iv) For purposes of Section 5(b)(i), the termination of the Executive's employment at the end of the initial Employment Period (i.e., on the day prior to the fourth anniversary of the Effective Date) in connection with either the Company or the Executive giving the other a notice of non-renewal, as described in Section 1 of the Employment Agreement, shall be deemed to be a Section 5(a)(ii) Termination.

(v) Parent or the Call Assignee, as applicable, may exercise the Call Option by delivering or mailing to the Executive (or to his estate, if applicable), in accordance with Section 15 of this Agreement, written notice of exercise (a "Call Notice") at any time following the Initial Call Date. The Call Notice shall specify the date thereof, the number of Called Shares and the Call Price.

(vi) Within ten (10) days after his receipt of the Call Notice, the Executive (or his estate) shall tender to Parent or the Call Assignee, as applicable, at its principal office the certificate or certificates representing the Called Shares, duly endorsed in blank by the Executive (or his estate) or with duly endorsed stock powers attached thereto, all in form suitable for the transfer of such shares to Parent or the Call Assignee, as applicable, (the date on which the Company receive such certificate or certificates, the "Call Date"). Upon its receipt of such shares, Parent or the Call Assignee, as applicable, shall pay to the Executive the aggregate Call Price therefore, in cash.

(vii) Parent or the Call Assignee, as applicable, will be entitled to receive customary representations and warranties from the Executive regarding the sale of the Called Shares pursuant to the exercise of the Call Option as may reasonably requested by Parent or the Call Assignee, as applicable, including but not limited to the representation that the Executive has good and marketable title to the Called Shares to be transferred free and clear of all liens, claims and other encumbrances.

(viii) If Parent or the Call Assignee, as applicable, delivers a Call Notice, then from and after the time of delivery of the Call Notice the Executive shall no longer have any rights as a holder of the Called Shares subject thereto (other than the right to receive payment of the Call Price as described above), and such Called Shares shall be deemed purchased in accordance with the applicable provisions hereof and

Parent or the Call Assignee, as applicable, shall be deemed to be the owner and holder of such Called Shares.

(ix) Any Restricted Shares as to which the Call Option is not exercised will remain subject to all terms and conditions of this Agreement, including the continuation of Parent's or the Call Assignee's, as applicable, right to exercise the Call Option.

(x) This Section 5(b) is in addition to, and not in lieu of, any rights and obligations of the Executive and Parent in respect of the Restricted Shares contained in the "Stockholders' Agreement" (as defined below). Notwithstanding the above, this Section 5(b) shall be ineffective as to each Vested Restricted Share on and following the later of (I) an IPO or any other event which causes the Class A Common Stock, or other securities for which all or substantially all of the Class A Common Stock may have been exchanged, to be or become listed for trading on or over an established securities market or established trading system and (II) the date on which such share becomes a Vested Restricted Share.

6. Rights as a Stockholder; Dividends.

(a) The Executive shall be the record owner of the Restricted Shares unless and until such shares are sold or otherwise disposed of, and as record owner shall be entitled to all rights of a common stockholder of Parent, including, without limitation, voting rights, if any, with respect to the Restricted Shares; provided that (i) any cash or in-kind dividends paid with respect to Restricted Shares which are not Vested Restricted Shares shall be withheld by Parent and shall be paid to the Executive, without interest, only when, and if, such Restricted Shares shall become Vested Restricted Shares (provided, however, that in the event of a rights offering in which the Restricted Shares are entitled to participate, the Executive shall be entitled to subscribe for and purchase any securities made available in such rights offering with respect to all Restricted Shares, whether or not such Restricted Shares are Vested Restricted Shares), and (ii) the Restricted Shares shall be subject to the limitations on transfer and encumbrance set forth in this Agreement and the Stockholders' Agreement to be executed and entered into by and between Parent, the Investors, the Executive and the other parties thereto on or about the Effective Date (the "Stockholders' Agreement"), as annexed hereto as Exhibit 2. As soon as practicable following the vesting of any Restricted Shares, certificates for such Vested Restricted Shares shall be delivered to the Executive or to the Executive's legal representative along with the stock powers relating thereto.

(b) At or promptly following an IPO or any other transaction which makes Parent eligible to use SEC Form S-8, Parent shall register all of the Restricted Shares (whether or not vested) on Form S-8 or an equivalent registration statement (including, at Parent's option, on the Form S-1 filed in connection with an IPO), and use reasonable commercial efforts to keep such registration effective so long as the Executive continues to hold any of the Restricted Shares.

7. Restrictive Legend. All certificates representing Restricted Shares shall have affixed thereto a legend in substantially the following form, in addition to any other legends that may be required under federal or state securities laws, unless and to the extent determined inapplicable or unnecessary by Parent:

THE SHARES OF STOCK REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON TRANSFER AND AN OPTION TO PURCHASE SET FORTH IN A CERTAIN RESTRICTED STOCK AWARD AGREEMENT BETWEEN WMG PARENT CORP. AND THE REGISTERED OWNER OF THIS CERTIFICATE (OR HIS PREDECESSOR IN INTEREST). AND A STOCKHOLDERS' AGREEMENT TO WHICH WMG PARENT CORP. AND THE REGISTERED OWNER OF THIS CERTIFICATE (OR HIS PREDECESSOR IN INTEREST) ARE PARTIES, WHICH AGREEMENTS ARE BINDING UPON ANY AND ALL OWNERS OF ANY INTEREST IN SAID SHARES. SAID AGREEMENTS ARE AVAILABLE FOR INSPECTION WITHOUT CHARGE AT THE PRINCIPAL OFFICE OF WMG PARENT CORP. AND COPIES THEREOF WILL BE FURNISHED WITHOUT CHARGE TO ANY OWNER OF SAID SHARES UPON REQUEST.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THESE SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO DISTRIBUTION OR RESALE, AND MAY NOT BE SOLD, MORTGAGED, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT FOR SUCH SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED AND ANY APPLICABLE STATE SECURITIES LAWS, UNLESS WMG PARENT CORP. HAS RECEIVED AN OPINION OF COUNSEL, WHICH OPINION IS REASONABLY SATISFACTORY TO IT, TO THE EFFECT THAT SUCH REGISTRATIONS ARE NOT REQUIRED.

8. Transferability.

(a) The Restricted Shares may not, at any time prior to becoming Vested Restricted Shares, be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Executive and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company; provided that the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance; and provided further that the foregoing restriction shall not apply to a sale of Restricted Shares in compliance with the obligations, if any, of the holder thereof to sell such shares pursuant to the "drag along" provisions of the Stockholders' Agreement.

(b) Prior to an IPO, neither the Executive nor any transferee of the Executive (including any beneficiary, executor or administrator) shall assign, alienate, pledge, attach, sell or otherwise transfer or encumber the Restricted Shares upon or subsequent to their vesting, except in accordance with the applicable provisions of this Agreement and the Stockholders' Agreement; provided, that, Vested Restricted Shares may be transferred (i) by will or the laws of descent, or (ii) with the Board's approval (which may be granted or withheld at its sole discretion), by the Executive without consideration to (A) any person who is a "family member" of the Executive, as such term is used in the instructions to SEC Form S-8 (collectively, the "Immediate Family Members"); (B) a trust solely for the benefit of the Executive and/or Immediate Family Members; or (C) any other transferee as may be approved by the Board in its sole discretion (collectively, the "Permitted Transferees"); provided, that, the Executive gives the Board advance written notice describing the terms and conditions of the proposed transfer and the Board notifies the Executive in writing that such a transfer is in compliance with the terms of this Agreement; provided, further, that, the restrictions upon any Vested Restricted Shares transferred in accordance with this Section 8(b) shall apply to the Permitted Transferee, such transfer shall be subject to the acceptance by the Permitted Transferee of the terms and conditions hereof, and any reference in this Agreement or the Stockholders' Agreement to the Executive shall be deemed to refer to the Permitted Transferee, except that (a) prior to an IPO, Permitted Transferees shall not be entitled to transfer any Vested Restricted Shares other than by will or the laws of descent and distribution or, with the Board's approval (which may be granted or withheld at its sole discretion), to a trust solely for the benefit of the Permitted Transferee, and (b) the

consequences of the termination of the Executive's employment with the Company under the terms of this Agreement shall continue to be applied with respect to the Permitted Transferee to the extent specified in this Agreement.

9. Securities Laws. The Executive represents, warrants and covenants as follows:

(a) The Executive is acquiring the Restricted Shares for his own account and not with a view to, or for sale in connection with, any distribution of the Restricted Shares in violation of the Securities Act or any rule or regulation under the Securities Act or in violation of any applicable state securities law.

(b) The Executive has had such opportunity as he has deemed adequate to obtain from representatives of Parent such information as is necessary to permit him to evaluate the merits and risks of his investment in the Parent.

(c) The Executive has sufficient experience in business, financial and investment matters to be able to evaluate the risks involved in acquiring of the Restricted Shares and to make an informed investment decision with respect to such investment.

(d) The Executive can afford the complete loss of the value of the Restricted Shares and is able to bear the economic risk of holding such shares for an indefinite period.

(e) The Executive understands that (i) the Restricted Shares have not been registered under the Securities Act and are "restricted securities" within the meaning of Rule 144 under the Securities Act; (ii) the Restricted Shares cannot be sold, transferred or otherwise disposed of unless they are subsequently registered under the Securities Act or an exemption from registration is then available; (iii) in any event, the exemption from registration under Rule 144 will not be available for at least one (1) year and even then will not be available unless a public market then exists for such shares, adequate information concerning Parent is then available to the public, and other terms and conditions of Rule 144 are complied with and (iv) there is now no registration statement on file with the SEC with respect to the Restricted Shares and, except as set forth in Section 6(b) hereof or in the Stockholders' Agreement, there is no commitment on the part of Parent to make any such filing.

(f) In addition, upon any Restricted Shares becoming Vested Restricted Shares, the Executive will make or enter into such other written representations, the warranties and agreements as the Board may reasonably determine are legally required in order to comply with applicable securities laws.

10. Adjustments for Stock Splits, Stock Dividends, etc.

(a) If from time to time during the term of this Agreement there is any stock split-up, stock dividend, stock distribution or other reclassification of Parent's Class A Common Stock, any and all new, substituted or additional securities to which the Executive is entitled by reason of his ownership of the Restricted Shares shall be immediately subject to the terms of this Agreement.

(b) If the Parent's Class A Common Stock is converted into or exchanged for, or stockholders of Parent receive by reason of any distribution in total or partial liquidation, securities of another corporation, or other property (including cash), pursuant to any merger of Parent or acquisition of its assets, then the rights of Parent under this Agreement shall inure to the benefit of Parent's successor and this Agreement shall apply to the securities or other property received upon such conversion, exchange or distribution in the same manner and to the same extent as the Restricted Shares.

11. Confidentiality of the Agreement. The Executive agrees to keep confidential the terms of this Agreement. This provision does not prohibit the Executive from providing this information on a confidential and privileged basis to the Executive's attorneys or accountants for purposes of obtaining legal or tax advice or as otherwise required by law, regulation or stock exchange rule.

12. Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each other provision of the Agreement shall be severable and enforceable to the extent permitted by law.

13. Waiver. Any right of Parent contained in the Agreement may be waived in writing by the Board. No waiver of any right hereunder by any party shall

operate as a waiver of any other right, or as a waiver of the same right with respect to any subsequent occasion for its exercise, or as a waiver of any right to damages. No waiver by any party of any breach of this Agreement shall be held to constitute a waiver of any other breach or a waiver of the continuation of the same breach.

14. No Rights to Employment. Nothing contained in this Agreement shall be construed as giving the Executive any right to be retained, in any position, as an employee, consultant or director of any member of the Parent Group.

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

To Parent:

WMG Parent Corp.
75 Rockefeller Plaza
New York, New York 10019

Attention: Board of Directors and General Counsel

To the Executive:

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

16. Beneficiary. The Executive may file with the Board a written designation of a beneficiary on such form as may be prescribed by the Board and may, from time to time, amend or revoke such designation. If no designated beneficiary survives the Executive, the executor or administrator of the Executive's estate shall be deemed to be the Executive's beneficiary. The Executive's beneficiary shall succeed to the rights and obligations of the Executive hereunder upon the Executive's death, except as maybe otherwise described herein.

17. Successors. The terms of this Agreement shall be binding upon and inure to the benefit of Parent, its successors and assigns, and of the Executive and the beneficiaries, executors, administrators, heirs and successors of the Executive.

18. Modifications. No change, modification or waiver of any provision of this Agreement shall be valid unless the same be in writing and signed by the parties hereto.

19. Restricted Stock Award Subject to the Stockholders' Agreement and Contingent on the Closing Date Occurring. By entering into this Agreement the Executive agrees and acknowledges that the Executive has received and read the Stockholders' Agreement. The Stockholders' Agreement as it may be amended from time to time is hereby incorporated herein by reference. In the event of a conflict between any term or provision contained herein and any terms or provisions of the Stockholders' Agreement, the applicable terms and provisions of the Stockholders' Agreement will govern and prevail except with respect to Section 5(b) hereof. Notwithstanding anything herein contained to the contrary, this Agreement shall not become effective until and unless the Closing Date occurs, at which time it shall become the binding and legal obligation of the parties hereto. If the Purchase Agreement shall be abandoned in accordance with its terms then this Agreement shall never become effective and shall be null and void.

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

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

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

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

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

WMG PARENT CORP.

By:
Title:

/s/ Edgar Bronfman, Jr.
Edgar Bronfman, Jr.

EXECUTION VERSION

Exhibit A

RESTRICTED STOCK AWARD AGREEMENT

THIS RESTRICTED STOCK AWARD AGREEMENT (this "Agreement"), is entered into as of this of , 2004, by and between WMG Parent Corp., a Delaware corporation ("Parent"), and Lyor Cohen (the "Executive"). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the "Employment Agreement" (as defined herein).

R E C I T A L S:

WHEREAS, WMG Acquisition Corp., a Delaware corporation (the "Company"), an indirect wholly owned subsidiary of Parent and a direct or indirect wholly owned subsidiary of WMG Holdings Corp., a Delaware corporation, and the Executive have entered into an employment agreement, dated as of January 25, 2004 (the "Employment Agreement"), pursuant to which the Executive is to be granted on the "Closing Date" (as defined in the Purchase Agreement between the Company and Time Warner Inc., dated as of November 24, 2003; the Closing Date is hereinafter referred to as the "Effective Date") the restricted stock award provided for herein (the "Restricted Stock Award"); and

WHEREAS, the Board of Directors of Parent (the "Board") has determined, pursuant to the Employment Agreement, to grant the Restricted Stock Award to the Executive effective as of the Effective Date, such grant to be subject to the terms and conditions set forth herein.

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

1. Grant of Restricted Stock Award. Subject to the terms and conditions set forth in this Agreement, Parent hereby grants, effective as of the Effective Date, to the Executive a Restricted Stock Award consisting of shares of Class A Common Stock of Parent (the "Restricted Shares"). The Board will advise the Executive in writing on or immediately following the Effective Date of the fair market value of one share of Class A Common Stock on the Effective Date (the "Initial Value"), determined without regard to any restrictions applicable thereto other than restrictions which by their terms do not lapse. The Restricted Shares shall vest in accordance with Section 2 and Section 5 hereof.

2. Vesting.

(a) Service-Based Restricted Stock. Except as otherwise provided in this Agreement, one-third of the Restricted Shares (the "Service-Based Restricted Stock"), shall vest and become non-forfeitable in four equal installments on the day prior to each of the first, second, third and fourth anniversaries of the Effective Date provided that the Executive remains employed with the Company on each such date, such that one hundred percent (100%) of the Service-Based Restricted Stock shall be vested and non-forfeitable on the day prior to the fourth anniversary of the Effective Date; provided that any unvested Service-Based Restricted Stock shall become vested and non-forfeitable upon a Change in Control.

(b) Performance-Based Restricted Stock. Except as otherwise provided in this Agreement, two-thirds of the Restricted Shares (the "Performance-Based Restricted Stock") shall contingently vest in equal installments on the day prior to each of the first, second, third and fourth anniversary of the Effective Date provided that the Executive remains employed with the Company on each such date (the "Service Condition"), but shall remain subject to forfeiture as described below until and unless the condition described in Section 2(b)(i) or 2(b)(ii), as applicable, has been satisfied (each such condition, a "Performance Condition").

(i) With respect to one-half of the Performance-Based Restricted Stock, the Performance Condition shall be the occurrence of a 2X Restricted Stock Liquidity Event.

(ii) With respect to the other one-half of the Performance-Based Restricted Stock, the Performance Condition shall be the occurrence of a 3X Restricted Stock Liquidity Event.

(iii) For purposes of this Section 2(b), and also as and if used elsewhere in this Agreement, the following terms shall have the following meanings:

(1) "2X Investor Equity Value" shall mean (X) two times the Investment minus (Y) the aggregate amount of cash and "Fair Market Value" (as defined below) of readily marketable securities or other assets (determined at the time of receipt) received by the Investors in respect of the Investor Equity prior to or coincident with the time of determination.

(2) "3X Investor Equity Value" shall mean (X) three times the Investment minus (Y) the aggregate amount of cash and Fair Market Value of readily marketable securities or other assets (determined at the time of receipt) received by the Investors in respect of the Investor Equity prior to or coincident with the time of determination.

(3) "2X Restricted Stock Liquidity Event" shall mean (A) the first sale in an underwritten offering of Parent's Class A Common Stock pursuant to a registration statement on Securities and Exchange Commission ("SEC") Form S-1 or otherwise under the Securities Act of 1933, as amended (the "Securities Act") (an "IPO"), at a per share price which implies an

aggregate value of the Investor Equity at the time of the IPO of at least the 2X Investor Equity Value, (B) following an IPO, or any transaction other than an IPO which causes Parent's Class A Common Stock, or all or substantially all of the securities into which such Class A Common Stock is converted or for which it is exchanged, to be listed for trading on a national securities exchange or quoted on an automated quotation system, the average closing price of Parent's Class A Common Stock, or such securities into which Class A Common Stock is converted or for which it is exchanged, on the primary exchange on which, or system over which, it is traded over any 20 consecutive trading days is such that the implied aggregate value of the Investor Equity at the end of such 20 consecutive trading days, based on such average price, is at least the 2X Investor Equity Value, determined as of the first of such 20 consecutive trading days, or (C) a Bonus Liquidity Event (provided that the consideration paid to the Investors may be in the form of cash, readily marketable securities or a combination of both) occurs which results in a combination of cash and readily marketable securities being paid or provided to the Investors having an aggregate value (as determined by the Board in good faith as of the time of receipt) of at least the 2X Investor Equity Value.

(iv) "3X Restricted Stock Liquidity Event" has the same meaning as a 2X Restricted Stock Liquidity Event, except that the term "2X Investor Equity Value" each time it appears in Section 2(b)(iii)(3) above shall be replaced with "3X Investor Equity Value."

(v) "Fair Market Value" shall mean the price at which the asset in question would change hands in an arms' length sale between a willing buyer and a willing seller, with neither being under any compunction to buy or sell and each with full knowledge of all relevant facts, as determined by, in the Executive's sole discretion, an investment bank or other valuation firm chosen by the Executive from among a list of no less than five such banks and/or firms (all of which must be experienced in the valuation of privately held companies) provided to the Executive by the Company; provided that, in determining Fair Market Value of the securities of any member of the Parent Group, the chosen investment bank or valuation firm shall be instructed to use a methodology which takes into account the free cash flow, revenue and EBITDA and such other methodologies and characteristics as may be relevant.

Notwithstanding anything in this Agreement to the contrary, the Service Condition applicable to each share of Performance-Based Restricted Stock shall be deemed to have been attained upon a Change in Control.

(c) Performance-Based Restricted Stock as to which both the Service Condition and the Performance Condition has been actually or deemed satisfied, and shares of Service-Based Restricted Stock as to which the vesting condition set forth in Section 2(a) hereof has been actually or deemed satisfied, are hereinafter referred to as "Vested Restricted Shares."

3. Taxes. The Executive shall pay to the Company or Parent promptly upon request, and in any event at the time the Executive recognizes taxable income in respect of the Restricted Stock Award, an amount equal to the taxes the Company or Parent determines it is required to withhold under applicable tax laws with respect to the Restricted Shares. Such payment shall be made in the form of cash. As a condition to the effectiveness of the Restricted Stock Award, the Executive shall make a timely and valid election pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended (the "Code") to realize taxable income in respect of the grant of the Restricted Stock Award, in an amount equal to the Initial Value.

4. Certificates. Certificates evidencing the Restricted Shares shall be issued by Parent and shall be registered in the Executive's name on the stock transfer books of Parent promptly after the date hereof, but shall remain in the physical custody of Parent or its designee at all times prior to, in the case of any particular Restricted Shares, the date such Restricted Shares become Vested Restricted Shares. As a condition to the receipt of this Restricted Stock Award, the Executive shall deliver to Parent a stock power, duly endorsed in blank, relating to the Restricted Shares.

5. Effect of Termination of Employment.

(a) For Cause or by the Executive without Good Reason. Upon the Executive's termination of employment with the Company (i) by the Company for Cause, or (ii) by the Executive without Good Reason, then all Restricted Shares which are not Vested Restricted Shares at the time of such termination shall be forfeited by the Executive.

(b) Termination by the Company without Cause, by the Executive for Good Reason or upon the Executive's death or Disability. Upon a termination of the Executive's employment with the Company (i) due to his death, (ii) by the Company due to his Disability or without Cause or (iii) by the Executive for Good Reason, then all of the vesting conditions shall be deemed satisfied as to all Restricted Shares, and all Restricted Shares shall become Vested Restricted Shares.

(c) Call Option.

(i) If the Executive's employment with the Company is terminated for any reason (or no reason), Parent shall have the right and

option (the "Call Option"), but not the obligation, to purchase, or to cause any member of the Parent Group designated by Parent (the "Call Assignee") to purchase, from the Executive any or all of the Vested Restricted Shares. The purchase price (the "Call Price") of the Vested Restricted Shares subject to purchase under this provision (the "Called Shares") shall be as follows:

(1) In the event of a termination of employment described in Section 5(a) above, the lower of the Fair Market Value of the Called Shares on the date of the "Call Notice" (as defined below) or the Initial Value of the Called Shares.

(2) In the event of a termination described in Section 5(b) above, as to shares of Service-Based Restricted Stock and Performance-Based Restricted Stock which are Vested Restricted Stock immediately prior to such termination (i.e., without taking account of the vesting acceleration described in Section 5(b)), and as to shares of Performance-Based Restricted

Stock for which the Performance Condition, but not the Service Condition, has been met prior to such termination, the Fair Market Value on the date of the Call Notice of such shares which are Called Shares.

(3) In the event of a termination described in Section 5(b) above, as to shares of Service-Based Restricted Stock which are not Vested Restricted Stock immediately prior to such termination, the lower of the Fair Market Value on the date of the Call Notice of such shares which are Called Shares or the Initial Value of such Called Shares.

(4) In the event of a termination described in Section 5(b) above where a 2X Restricted Stock Liquidity Event, but not a 3X Restricted Stock Liquidity Event, has occurred prior to such termination, (A) if the Fair Market Value of the Investor Equity at the time of such termination is at least the 3X Investor Equity Value then, as to shares of Performance-Based Restricted Stock for which the Performance Condition had not been met prior to such termination, the Call Price shall be the Fair Market Value of such shares which are Called Shares on the date of the Call Notice, and (B) if the Fair Market Value of the Investor Equity at the time of such termination is less than the 3X Investor Equity Value then, as to shares of Performance-Based Restricted Stock for which the Performance Condition had not been met prior to such termination, the Call Price shall be the lower of the Fair Market Value on the date of the Call Notice of such shares which are Called Shares or the Initial Value of such Called Shares.

(5) In the event of a termination described in Section 5(b) above where neither a 2X Restricted Stock Liquidity Event nor a 3X Restricted Stock Liquidity Event has occurred prior to such termination, (A) if the Fair Market Value of the Investor Equity at the time of such termination is at least the 3X Investor Equity Value then, as to shares of Performance-Based Restricted Stock for which the Performance Condition had not been met prior to such termination, the Call Price shall be the Fair Market Value on the date of the Call Notice of such shares which are Called Shares, (B) if the Fair Market Value of the Investor Equity at the time of such termination is at least the 2X Investor Equity Value, but less than the 3X Investor Equity Value, then, as to one-half of the shares of Performance-Based Restricted Stock for which the Performance Condition had not been met prior to such termination, the Call Price shall be the Fair Market Value on the date of the Call Notice of such shares which are Called Shares, and as to the other one-half of the shares of Performance-Based Restricted Stock for which the Performance Condition had not been met prior to such termination, the Call Price shall be the lower of the Fair Market Value on the date of the Call Notice of such shares which are Called Shares or the Initial Value of such Called Shares and (C) if the Fair Market Value of the Investor Equity at the time of such termination is less than the 2X Investor Equity Value then, as to shares of Performance-Based Restricted Stock for which the Performance Condition had not been met prior to such termination, the Call Price shall be the lower of the Fair Market Value on the date of the Call Notice of such shares which are Called Shares or the Initial Value of such Called Shares.

(ii) For purposes of Section 5(c)(i), the termination of the Executive's employment at the end of the initial Employment Period (i.e., on the day prior to the fourth anniversary of the Effective Date) in connection with either the Company or the Executive giving the other a notice of non-renewal, as described in Section 1 of the Employment Agreement, shall be deemed to be a termination described in Section 5(b) above.

(iii) Parent or the Call Assignee, as applicable, may exercise the Call Option by delivering or mailing to the Executive (or to his estate, if applicable), in accordance with Section 15 of this Agreement, written notice of exercise (a "Call Notice") at any time following the termination of the Executive's employment with the Company. The Call Notice shall specify the date thereof, the number of Called Shares and the Call Price.

(iv) Within ten (10) days after his receipt of the Call Notice, the Executive (or his estate) shall tender to Parent or the Call

Assignee, as applicable, at its principal office the certificate or certificates representing the Called Shares, duly endorsed in blank by the Executive (or his estate) or with duly endorsed stock powers attached thereto, all in form suitable for the transfer of such shares to Parent or the Call Assignee, as applicable, (the date on which the Company receive such certificate or certificates, the "Call Date"). Upon its receipt of such shares, Parent or the Call Assignee, as applicable, shall pay to the Executive the aggregate Call Price therefore, in cash.

(v) Parent or the Call Assignee, as applicable, will be entitled to receive customary representations and warranties from the Executive regarding the sale of the Called Shares pursuant to the exercise of the Call Option as may reasonably requested by Parent or the Call Assignee, as applicable, including but not limited to the representation that the Executive has good and marketable title to the Called Shares to be transferred free and clear of all liens, claims and other encumbrances.

(vi) If Parent or the Call Assignee, as applicable, delivers a Call Notice, then from and after the time of delivery of the Call Notice the Executive shall no longer have any rights as a holder of the Called Shares subject thereto (other than the right to receive payment of the Call Price as described above), and such Called Shares shall be deemed purchased in accordance with the applicable provisions hereof and Parent or the Call Assignee, as applicable, shall be deemed to be the owner and holder of such Called Shares.

(vii) Any Vested Restricted Shares as to which the Call Option is not exercised will remain subject to all terms and conditions of this Agreement, including the continuation of Parent's or the Call Assignee's, as applicable, right to exercise the Call Option.

(viii) The Section 5(c) is in addition to, and not in lieu of, any rights and obligations of the Executive and Parent in respect of the Restricted Shares contained in the "Stockholders Agreement" (as defined below). Notwithstanding the above, this Section 5(c) shall become ineffective on and following an IPO or any other event which causes the Class A Common Stock, or other securities for which all or substantially all of the Class A Common Stock may have been exchanged, to be or become listed for trading on or over an established securities market or established trading system.

6. Rights as a Stockholder; Dividends.

(a) The Executive shall be the record owner of the Restricted Shares unless and until such shares are forfeited pursuant to Sections 2 or 5 hereof or sold or otherwise disposed of, and as record owner shall be entitled to all rights of a common stockholder of Parent, including, without limitation, voting rights, if any, with respect to

the Restricted Shares; provided that (i) any cash or in-kind dividends paid with respect to Restricted Shares which are not Vested Restricted Shares shall be withheld by Parent and shall be paid to the Executive, without interest, only when, and if, such Restricted Shares shall become Vested Restricted Shares (provided, however, that in the event of a rights offering in which the Restricted Shares are entitled to participate, the Executive shall be entitled to subscribe for and purchase any securities made available in such rights offering with respect to all Restricted Shares, whether or not such Restricted Shares are Vested Restricted Shares), and (ii) the Restricted Shares shall be subject to the limitations on transfer and encumbrance set forth in this Agreement and the Stockholders' Agreement to be executed and entered into by and between Parent, the Investors, the Executive and the other parties thereto on or about the Effective Date (the "Stockholders' Agreement"), as annexed hereto as Exhibit A. As soon as practicable following the vesting of any Restricted Shares, certificates for such Vested Restricted Shares shall be delivered to the Executive or to the Executive's legal representative along with the stock powers relating thereto.

(b) At or promptly following an IPO or any other transaction which makes Parent eligible to use SEC Form S-8, Parent shall register all of the Restricted Shares (whether or not vested) on Form S-8 or an equivalent registration statement (including, at Parent's option, on the Form S-1 filed in connection with an IPO), and use reasonable commercial efforts to keep such registration effective so long as the Executive continues to hold any of the Restricted Shares.

7. Restrictive Legend. All certificates representing Restricted Shares shall have affixed thereto a legend in substantially the following form, in addition to any other legends that may be required under federal or state securities laws, unless and to the extent determined inapplicable or unnecessary by Parent:

> THE SHARES OF STOCK REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON TRANSFER AND AN OPTION TO PURCHASE SET FORTH IN A CERTAIN RESTRICTED STOCK AWARD AGREEMENT BETWEEN WMG PARENT CORP. AND THE REGISTERED OWNER OF THIS CERTIFICATE (OR HIS PREDECESSOR IN INTEREST) AND A STOCKHOLDERS' AGREEMENT TO WHICH WMG PARENT CORP. AND THE REGISTERED OWNER OF THIS CERTIFICATE (OR HIS PREDECESSOR IN INTEREST) ARE PARTIES, WHICH AGREEMENTS ARE BINDING UPON ANY AND ALL OWNERS OF ANY INTEREST IN SAID SHARES. SAID AGREEMENTS ARE AVAILABLE FOR INSPECTION WITHOUT CHARGE AT THE PRINCIPAL OFFICE OF WMG PARENT CORP. AND COPIES THEREOF WILL BE FURNISHED WITHOUT CHARGE TO ANY OWNER OF SAID SHARES UPON REQUEST.
>
> THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THESE

> SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO DISTRIBUTION OR RESALE, AND MAY NOT BE SOLD, MORTGAGED, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT FOR SUCH SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED AND ANY APPLICABLE STATE SECURITIES LAWS, UNLESS WMG PARENT CORP. HAS RECEIVED AN OPINION OF COUNSEL, WHICH OPINION IS REASONABLY SATISFACTORY TO IT, TO THE EFFECT THAT SUCH REGISTRATIONS ARE NOT REQUIRED.

8. Transferability.

(a) The Restricted Shares may not, at any time prior to becoming Vested Restricted Shares, be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Executive and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company; provided that the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance; and provided further that the foregoing restriction shall not apply to a sale of Restricted Shares in compliance with the obligations, if any, of the holder thereof to sell such shares pursuant to the "drag along" provisions of the Stockholders' Agreement.

(b) Prior to an IPO, neither the Executive nor any transferee of the Executive (including any beneficiary, executor or administrator) shall assign, alienate, pledge, attach, sell or otherwise transfer or encumber the Restricted Shares upon or subsequent to their vesting, except in accordance with the applicable provisions of this Agreement and the Stockholders' Agreement; provided, that, Vested Restricted Shares may be transferred (i) by will or the laws of descent, or (ii) with the Board's approval (which may be granted or withheld at its sole discretion), by the Executive without consideration to (A) any person who is a "family member" of the Executive, as such term is used in the instructions to SEC Form S-8 (collectively, the "Immediate Family Members"); (B) a trust solely for the benefit of the Executive and/or Immediate Family Members; or (C) any other transferee as may be approved by the Board in its sole discretion (collectively, the "Permitted Transferees"); provided, that, the Executive gives the Board advance written notice describing the terms and conditions of the proposed transfer and the Board notifies the Executive in writing that such a transfer is in compliance with the terms of this Agreement; provided, further, that, the restrictions upon any Vested Restricted Shares transferred in accordance with this Section 8(b) shall apply to the Permitted Transferee, such transfer shall be subject to the acceptance by the Permitted Transferee of the terms and conditions hereof, and any reference in this Agreement or the Stockholders' Agreement to the Executive shall be deemed to refer to the Permitted Transferee, except that (a) prior to an IPO, Permitted Transferees shall not be entitled to transfer any Vested Restricted Shares other than by will or the laws of descent and distribution or, with the Board's approval (which may be granted or withheld at its sole discretion), to a trust solely for the benefit of the Permitted Transferee, and (b) the consequences of the termination of the Executive's employment with the Company

under the terms of this Agreement shall continue to be applied with respect to the Permitted Transferee to the extent specified in this Agreement.

9. Securities Laws. The Executive represents, warrants and covenants as follows:

(a) The Executive is acquiring the Restricted Shares for his own account and not with a view to, or for sale in connection with, any distribution of the Restricted Shares in violation of the Securities Act or any rule or regulation under the Securities Act or in violation of any applicable state securities law.

(b) The Executive has had such opportunity as he has deemed adequate to obtain from representatives of Parent such information as is necessary to permit him to evaluate the merits and risks of his investment in the Parent.

(c) The Executive has sufficient experience in business, financial and investment matters to be able to evaluate the risks involved in acquiring of the Restricted Shares and to make an informed investment decision with respect to such investment.

(d) The Executive can afford the complete loss of the value of the Restricted Shares and is able to bear the economic risk of holding such shares for an indefinite period.

(e) The Executive understands that (i) the Restricted Shares have not been registered under the Securities Act and are "restricted securities" within the meaning of Rule 144 under the Securities Act; (ii) the Restricted Shares cannot be sold, transferred or otherwise disposed of unless they are subsequently registered under the Securities Act or an exemption from registration is then available; (iii) in any event, the exemption from registration under Rule 144 will not be available for at least one (1) year and even then will not be available unless a public market then exists for such shares, adequate information concerning Parent is then available to the public, and other terms and conditions of Rule 144 are complied with and (iv) there is now no registration statement on file with the SEC with respect to the Restricted Shares and, except as set forth in Section 6(b) hereof or in the Stockholders' Agreement, there is no commitment on the part of Parent to make any such filing.

(f) In addition, upon any Restricted Shares becoming Vested Restricted Shares, the Executive will make or enter into such other written representations, the warranties and agreements as the Board may reasonably determine are legally required in order to comply with applicable securities laws.

10. Adjustments for Stock Splits, Stock Dividends, etc.

(a) If from time to time during the term of this Agreement there is any stock split-up, stock dividend, stock distribution or other reclassification of Parent's Class A Common Stock, any and all new, substituted or additional securities to

which the Executive is entitled by reason of his ownership of the Restricted Shares shall be immediately subject to the terms of this Agreement.

(b) If the Parent's Class A Common Stock is converted into or exchanged for, or stockholders of Parent receive by reason of any distribution in total or partial liquidation, securities of another corporation, or other property (including cash), pursuant to any merger of Parent or acquisition of its assets, then the rights of Parent under this Agreement shall inure to the benefit of Parent's successor and this Agreement shall apply to the securities or other property received upon such conversion, exchange or distribution in the same manner and to the same extent as the Restricted Shares.

11. Confidentiality of the Agreement. The Executive agrees to keep confidential the terms of this Agreement. This provision does not prohibit the Executive from providing this information on a confidential and privileged basis to the Executive's attorneys or accountants for purposes of obtaining legal or tax advice or as otherwise required by law, regulation or stock exchange rule.

12. Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each other provision of the Agreement shall be severable and enforceable to the extent permitted by law.

13. Waiver. Any right of Parent contained in the Agreement may be waived in writing by the Board. No waiver of any right hereunder by any party shall operate as a waiver of any other right, or as a waiver of the same right with respect to any subsequent occasion for its exercise, or as a waiver of any right to damages. No waiver by any party of any breach of this Agreement shall be held to constitute a waiver of any other breach or a waiver of the continuation of the same breach.

14. No Rights to Employment. Nothing contained in this Agreement shall be construed as giving the Executive any right to be retained, in any position, as an employee, consultant or director of any member of the Parent Group.

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

To Parent:

WMG Parent Corp.
75 Rockefeller Plaza
New York, New York 10019
Attention: Chief Executive Officer and General Counsel

To the Executive:

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

16. Beneficiary. The Executive may file with the Board a written designation of a beneficiary on such form as may be prescribed by the Board and may, from time to time, amend or revoke such designation. If no designated beneficiary survives the Executive, the executor or administrator of the Executive's estate shall be deemed to be the Executive's beneficiary. The Executive's beneficiary shall succeed to the rights and obligations of the Executive hereunder upon the Executive's death, except as maybe otherwise described herein.

17. Successors. The terms of this Agreement shall be binding upon and inure to the benefit of Parent, its successors and assigns, and of the Executive and the beneficiaries, executors, administrators, heirs and successors of the Executive.

18. Modifications. No change, modification or waiver of any provision of this Agreement shall be valid unless the same be in writing and signed by the parties hereto.

19. Restricted Stock Award Subject to the Stockholders' Agreement and Contingent on the Closing Date Occurring. By entering into this Agreement the Executive agrees and acknowledges that the Executive has received and read the Stockholders' Agreement. The Stockholders' Agreement as it may be amended from time to time is hereby incorporated herein by reference. In the event of a conflict between any term or provision contained herein and any terms or provisions of the Stockholders' Agreement, the applicable terms and provisions of the Stockholders' Agreement will govern and prevail except with respect to Section 5(c) hereof. Notwithstanding anything herein contained to the contrary, this Agreement shall not become effective until and unless the Closing Date occurs, at which time it shall become the binding and legal obligation of the parties hereto. If the Purchase Agreement shall be abandoned in accordance with its terms then this Agreement shall never become effective and shall be null and void.

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

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

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

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

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

WMG PARENT CORP.

By:
Title

/s/ Lyor Cohen
Lyor Cohen

WMG PARENT CORP.
LTIP STOCK OPTION AGREEMENT

THIS LTIP STOCK OPTION AGREEMENT (this "Agreement"), is entered into as of this 1st day of October, 2004, by and between WMG Parent Corp., a Delaware corporation ("Parent"), and (the "Executive"). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the "Employment Agreement" (as defined herein).

WHEREAS, Warner Music Group Inc., a Delaware corporation (the "Company"), an indirect majority owned subsidiary of Parent, or one of Parent's direct or indirect subsidiaries, and the Executive have entered into an employment agreement, the "Employment Agreement"); and

WHEREAS, the Board of Directors of Parent (the "Board") has determined that it is in the best interests of the Company and its stockholders to grant to the Executive as of the date hereof (the "Effective Date") an option to purchase shares of Class A Common Stock of Parent ("Common Stock"), as provided for herein (the "Stock Option Award");

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

1. Grant. Parent hereby grants to the Executive an option (the "Option") to purchase shares of Common Stock (such shares of Common Stock, the "Option Shares"), on the terms and conditions set forth in this Agreement. This Option is not intended to be treated as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended. This grant is subject to the Executive having executed the Stockholders' Agreement entered into by and between Parent, the "Investors" (as defined below) and the other parties thereto prior to the Effective Date, as it may be amended from time to time (the "Stockholders' Agreement"). A copy of the Stockholders' Agreement, as in effect on the date hereof, is annexed hereto as Exhibit A. The number and type of Option Shares purchasable hereunder shall be subject to adjustment as and in the manner provided in Section 9(a) below.

2. Incorporation by Reference, Etc. Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Employment Agreement.

3. Option Price. The price at which the Executive shall be entitled to purchase the Option Shares upon the exercise of all or any portion of this Option shall be $1,179.00 per share. Such exercise price shall be subject to adjustment as and in the manner provided in Section 9(a) below.

4. Expiration Date. Subject to Section 6 hereof, the Option shall expire at the end of the period commencing on the Effective Date and ending at 11:59 p.m. Eastern Time ("ET") on the day preceding the tenth anniversary of the Effective Date (the "Option Period").

5. Exercisability of the Option.

(a) Service-Based Option. Except as may otherwise be provided herein, the Option shall become vested and exercisable as to one-third of the shares subject thereto (the "Service-Based Option") in four equal installments on the day prior to each of the first, second, third and fourth anniversaries of the Effective Date provided that the Executive remains employed with the Company on each such date, such that one hundred percent (100%) of the Service-Based Option shall be vested and exercisable on the day prior to the fourth anniversary of the Effective Date; provided that the unvested portion of the Service-Based Option shall become vested and exercisable upon a termination of the Executive's employment with the Company (A) due to his death, (B) by the Company due to his Disability or without Cause or (C) by the Executive for Good Reason, in each case on or after a "Change in Control" (as defined in Section 5(b)(iii)(6)) or, in the case of a termination by the Company without Cause or a termination by the Executive for Good Reason, in anticipation of a Change in Control (a termination described in the foregoing proviso being referred to hereinafter as a "CIC Termination").

(b) Performance-Based Option. Except as otherwise provided in this Agreement, the Option shall become contingently vested as to two-thirds of the shares subject thereto (the "Performance-Based Option") in four equal installments on the day prior to each of the first, second, third and fourth anniversaries of the Effective Date provided that the Executive remains employed with the Company on each such date (the "Service Condition"), but shall not be considered to be fully vested and exercisable until and unless the condition described in Section 5(b)(i) or 5(b)(ii), as applicable, has been satisfied (each such condition, a "Performance Condition").

(i) With respect to one-half of the Performance-Based Option, the Performance Condition shall be the actual or deemed occurrence of a 2X Option Vesting Event.

(ii) With respect to the other one-half of the Performance-Based Option, the Performance Condition shall be the actual or deemed occurrence of a 3X Option Vesting Event.

(iii) For purposes of this Section 5(b), and also as and if used elsewhere in this Agreement, the following terms shall have the following meanings:

(1) "2X Investor Equity Value" shall mean (X) two times the Investment minus (Y) the aggregate amount of cash and "Fair Market Value" (as defined below) of readily marketable securities or other assets (determined at the time of receipt) received by the Investors in respect of the Investor Equity prior to or coincident with the time of determination.

(2) "3X Investor Equity Value" shall mean (X) three times the Investment minus (Y) the aggregate amount of cash and Fair Market Value of readily marketable securities or other assets (determined at the time of receipt) received by the

Investors in respect of the Investor Equity prior to or coincident with the time of determination.

(3) "2X Option Vesting Event" shall mean (A) the first sale in an underwritten offering of Parent's Class A Common Stock pursuant to a registration statement on Securities and Exchange Commission ("SEC") Form S-1 or otherwise under the Securities Act of 1933, as amended (the "Securities Act") (an "IPO"), at a per share price which implies an aggregate value of the Investor Equity at the time of the IPO of at least the 2X Investor Equity Value, (B) following an IPO, or any transaction other than an IPO which causes Parent's Class A Common Stock, or all or substantially all of the securities into which such Class A Common Stock is converted or for which it is exchanged, to be listed for trading on a national securities exchange or quoted on an automated quotation system, the average closing price of Parent's Class A Common Stock, or such securities into which Class A Common Stock is converted or for which it is exchanged, on the primary exchange on which, or system over which, it is traded over any 20 consecutive trading days is such that the implied aggregate value of the Investor Equity at the end of such 20 consecutive trading days, based on such average price, is at least the 2X Investor Equity Value, determined as of the first of such 20 consecutive trading days, or (C) a Bonus Vesting Event occurs which results in a combination of cash and readily marketable securities being paid or provided to the Investors having an aggregate value (as determined by the Board in good faith as of the time of receipt) of at least the 2X Investor Equity Value.

(4) "3X Option Vesting Event" has the same meaning as a 2X Option Vesting Event, except that the term "2X Investor Equity Value" each time it appears in Section 5(b)(iii)(3) above shall be replaced with "3X Investor Equity Value."

(5) "Bonus Vesting Event" shall mean a Change in Control, or other event (e.g., a leveraged recapitalization in which the proceeds are paid out to the Investors as dividends and/or redemptions), in which consideration is paid to Investors in respect of the Investor Equity in the form of cash, readily marketable securities or a combination of both.

(6) "Change in Control" shall mean a "Change of Control," as defined in the certificate of incorporation of Parent, as amended from time to time.

(7) "Fair Market Value" shall mean the price at which the asset in question would change hands in an arms' length sale between

a willing buyer and a willing seller, with neither being under any compunction to buy or sell and each with full knowledge of all relevant facts, as determined by the Board in good faith; provided that, in determining Fair Market Value of the securities of any member of Parent Group, the Board shall take into account the free cash flow, revenue and EBITDA and such other methodologies and characteristics as it may determine to be relevant, and shall (A) adjust the Fair Market Value of the securities to take into account the illiquidity of securities which are not publicly traded and (B) make no adjustment on account of any control premium. Notwithstanding the above, the Fair Market Value of any freely tradable security which is of a class listed for trading on an established securities market or established trading system shall be the average of the high and low trading prices of such class of securities, as reported on the primary market or trading system on which such securities are listed on the date Fair Market Value is determined.

(8) "Investment" means $1.25 billion.

(9) "Investor Equity" shall mean all equity securities of all members of Parent Group, including common and preferred stock and warrants, options and other instruments convertible or exercisable into, or redeemable for, common or preferred stock, either (A) purchased or otherwise received by the Investors on or prior to the Effective Date or (B) received by the Investors following the Effective Date, without cost to the Investors, in respect of the equity securities described in the preceding clause (A).

(10) "Investors" shall mean all of (i) Thomas H. Lee Equity Fund V, L.P., (ii) Thomas H. Lee Parallel Fund V, L.P., (iii) Thomas H. Lee Equity (Cayman) Fund V, L.P., (iv) Putnam Investments Holdings, LLC, (v) Putnam Investments Employees' Securities Company I LLC, (vi) Putnam Investments Employees' Securities Company II LLC, (vii) 1997 Thomas H. Lee Nominee Trust, (viii) Thomas H. Lee Investors Limited Partnership, (ix) Bain Capital Partners Integral Investors, LLC, (x) Bain Capital VII Coinvestment Fund, LLC, (xi) BCIP TCV, LLC, (xii) Providence Equity Partners IV, L.P., (xiii) Providence Equity Operating Partners IV, L.P. and (xiv) Lexa Partners LLC, or any affiliate of any of them, in each case which purchases Investor Equity on or prior to the Effective Date.

(11) "Parent Group" shall mean Parent, the Company and each direct or indirect subsidiary of any of them.

Notwithstanding anything in this Agreement to the contrary, the Service Condition applicable to the Performance-Based Option shall be deemed to have been attained upon a CIC Termination.

(c) The term "Vested Option," as used herein, shall mean (i) the portion of the Service-Based Option on and following the time that the vesting condition set forth in Section 5(a) hereof has been actually or deemed satisfied as to such portion, (ii) the portion of the Performance-Based Option on and following the time that both the Service Condition and the Performance Condition have been actually or are deemed to have been satisfied as to such portion and (iii) the portion of the Performance-Based Option not described in the immediately preceding clause (ii) on and following the day prior to the seventh anniversary of the Effective Date, so long as the Executive remains employed by the Company on such day. The portion of the Option which has not become the Vested Option is hereinafter referred to as the "Unvested Option."

(d) The Option may be exercised only as to the Vested Option, and only by written notice, substantially in the form attached hereto as Exhibit B (or a successor form provided by Parent) delivered in person or by mail in accordance with Section 11(a) hereof and accompanied by payment therefor. The purchase price of the Option Shares shall be paid by the Executive to Parent (A) by certified check or wire transfer (using such wire transfer instructions as are provided by Parent or the Company), (B) by transferring to Parent shares of Common Stock, if and in the manner approved by Parent, (C) on or after an IPO, by a broker-assisted "cashless exercise" procedure if and in the manner approved by the Board or a designated committee thereof, or (D) by any other method approved in writing by the Board or a designated committee thereof. If requested by Parent, the Executive shall promptly deliver his copy of this Agreement evidencing the Option to the Secretary of Parent who shall endorse thereon a notation of such exercise and promptly return such Agreement to the Executive. Upon payment of the applicable purchase price and the issuance of the Option Shares in accordance with the terms and conditions of this Agreement, the Option Shares shall be validly issued, fully paid and nonassessable.

6. Effect of Termination of Employment on Option.

(a) For purposes of this Agreement, the Executive's employment may be terminated (i) by the Company for Cause (a "6(a)(i) Termination"), (ii) by the Executive without Good Reason, other than a Retirement (a "6(a)(ii) Termination"), (iii) by the Company without Cause (including on account of Disability), by the Executive for Good Reason or on account of the Executive's death (a "6(a)(iii) Termination") or (iv) by the Executive on account of Retirement (a "6(a)(iv) Termination"). For purposes of the preceding sentence, (A) "Retirement" shall mean the Executive's voluntary termination of employment with the Company on or after the age of 62, after no less than 10 years of employment with the Company (B) the termination of the Executive's employment at the end of the term of the Employment Agreement following the failure of the Company to offer the Executive continued employment at a base salary not less than that in effect at the end of such term shall be deemed to be a Section 6(a)(iii) Termination and (C) the termination of the Executive's employment at the end of the term of the Employment Agreement following the

Company's offering the Executive continued employment at a base salary not less than that in effect at the end of such term shall be deemed to be a 6(a)(ii) Termination.

(b) The Unvested Option, if any, shall immediately terminate upon the termination of the Executive's employment with the Company and its affiliates for any reason; provided, however, that the portion of the Unvested Option which is the portion of the Performance-Based Option as to which the Service Condition, but not the Performance Condition, has been attained at the time of a 6(a)(iii) Termination or a 6(a)(iv) Termination (the "Tail Option") shall terminate upon the six-month anniversary of the termination to the extent that the applicable Performance Condition has not been attained as of such six-month anniversary.

(c) The Vested Option shall remain exercisable by the Executive until, as applicable, (i) the date of a 6(a)(i) Termination, (ii) thirty (30) days following the date of a 6(a)(ii) Termination, (iii) one hundred and twenty (120) days following the date of a 6(a)(iii) Termination and (iv) the last day of the Option Period, in the case of a 6(a)(iv) Termination. Notwithstanding the above, the portion of the Tail Option as to which the Performance Condition is attained on or prior to the six-month anniversary of a 6(a)(iii) Termination or 6(a)(iv) Termination shall remain exercisable by the Executive until (A) one hundred and twenty (120) days following the attainment of the applicable Performance Condition, in the case of a 6(a)(iii) Termination, and (B) the last day of the Option Period, in the case of a 6(a)(iv) Termination.

(d) Any Option Shares purchased by the Executive through the exercise of the Option shall be subject to the Call Option described in this Section 6(d).

(i) Other than as set forth in the second sentence of Section 6(d)(vii), upon and following the termination of the Executive's employment with the Company for any reason (or no reason), Parent shall have the right and option (the "Call Option"), but not the obligation, to purchase, or to cause any member of Parent Group designated by Parent (the "Call Assignee") to purchase, from the Executive any or all of the Option Shares (whether purchased pursuant to the exercise of the Vested Option prior to, on or following such termination of employment). The purchase price (the "Call Price") of the Option Shares subject to purchase under this provision (the "Called Shares") shall be (i) in the case of a 6(a)(i) Termination, the lower of the purchase price of such Called Shares or the Fair Market Value of such Called Shares on the date of the applicable "Call Notice" (as defined below) and (ii) in the case of any other termination of employment, the Fair Market Value of such Called Shares on the date of the applicable Call Notice.

(ii) Parent or the Call Assignee, as applicable, may exercise the Call Option by delivering or mailing to the Executive (or to his estate, if applicable), in accordance with Section 9 of this Agreement, written notice of

exercise (a "Call Notice"). The Call Notice shall specify the date thereof, the number of Called Shares and the Call Price.

(iii) Within ten (10) days after his receipt of the Call Notice, the Executive (or his estate) shall tender to Parent or the Call Assignee, as applicable, at its principal office the certificate or certificates representing the Called Shares, duly endorsed in blank by the Executive (or his estate) or with duly endorsed stock powers attached thereto, all in form suitable for the transfer of such shares to Parent or the Call Assignee, as applicable. Upon its receipt of such shares, Parent or the Call Assignee, as applicable, shall pay to the Executive the aggregate Call Price therefor, in cash.

(iv) Parent or the Call Assignee, as applicable, will be entitled to receive customary representations and warranties from the Executive regarding the sale of the Called Shares pursuant to the exercise of the Call Option as may reasonably requested by Parent or the Call Assignee, as applicable, including but not limited to the representation that the Executive has good and marketable title to the Called Shares to be transferred free and clear of all liens, claims and other encumbrances.

(v) If Parent or the Call Assignee, as applicable, delivers a Call Notice, then from and after the time of delivery of the Call Notice the Executive shall no longer have any rights as a holder of the Called Shares subject thereto (other than the right to receive payment of the Call Price as described above), and such Called Shares shall be deemed purchased in accordance with the applicable provisions hereof and Parent or the Call Assignee, as applicable, shall be deemed to be the owner and holder of such Called Shares.

(vi) Any Option Shares as to which the Call Option is not exercised will remain subject to all terms and conditions of this Agreement, including the continuation of Parent's or the Call Assignee's, as applicable, right to exercise the Call Option.

(vii) This Section 6(d) is in addition to, and not in lieu of, any rights and obligations of the Executive and Parent in respect of the Option Shares contained in the "Stockholders' Agreement" (as defined below). Notwithstanding the above, this Section 6(d) shall be ineffective as to each Option Share on and following an IPO or any other event which causes the Class A Common Stock, or other securities for which all or substantially all of the Class A Common Stock may have been exchanged, to be or become listed for trading on or over an established securities market or established trading system.

(e) Compliance with Legal Requirements. The granting and exercising of the Option, and any other obligations of the Company under this Agreement shall be subject to all applicable federal and state laws, rules and regulations and to such approvals by any regulatory or governmental agency as may be required. Parent, in its sole discretion, may postpone the issuance or

delivery of Option Shares as Parent may consider appropriate and may require the Executive to make such representations and furnish such information as it may consider appropriate in connection with the issuance or delivery of Option Shares in compliance with applicable laws, rules and regulations.

(f) Transferability.

(i) The Option shall not be transferable by the Executive other than by will or the laws of descent and distribution, and any such purported transfer shall be void and unenforceable against Parent; provided that the designation of a beneficiary shall not constitute a transfer or encumbrance.

(ii) Prior to an IPO, neither the Executive nor any transferee of the Executive (including any beneficiary, executor or administrator) shall assign, alienate, pledge, attach, sell or otherwise transfer or encumber the Option Shares, except in accordance with the applicable provisions of this Agreement; provided, that, Option Shares may be transferred (i) by will or the laws of descent, or (ii) with the Board's approval (which may be granted or withheld at its sole discretion), by the Executive without consideration to (A) any person who is a "family member" of the Executive, as such term is used in the instructions to SEC Form S-8 (collectively, the "Immediate Family Members"); (B) a trust solely for the benefit of the Executive and/or Immediate Family Members; or (C) any other transferee as may be approved by the Board in its sole discretion (collectively, the "Permitted Transferees"); provided, that, the Executive gives the Board advance written notice describing the terms and conditions of the proposed transfer and the Board notifies the Executive in writing that such a transfer is in compliance with the terms of this Agreement; provided, further, that, the restrictions upon any Option Shares transferred in accordance with this Section 6(f)(ii) shall apply to the Permitted Transferee, such transfer shall be subject to the acceptance by the Permitted Transferee of the terms and conditions hereof, and any reference in this Agreement or the Stockholders' Agreement to the Executive shall be deemed to refer to the Permitted Transferee, except that (a) prior to an IPO, Permitted Transferees shall not be entitled to transfer any Option Shares other than by will or the laws of descent and distribution or, with the Board's approval (which may be granted or withheld at its sole discretion), to a trust solely for the benefit of the Permitted Transferee, and (b) the consequences of the termination of the Executive's employment with the Company under the terms of this Agreement shall continue to be applied with respect to the Permitted Transferee to the extent specified in this Agreement.

(g) Rights as Stockholder.

(i) The Executive shall not be deemed for any purpose to be the owner of any shares of Common Stock subject to this Option unless, until and to the extent that (A) this Option shall have been exercised pursuant to its terms, (B) the Executive shall have executed the Stockholders' Agreement, (C) Parent shall have issued and delivered to the Executive the Option Shares, and (D) the

Executive's name shall have been entered as a stockholder of record with respect to such Option Shares on the books of Parent. The Executive acknowledges that the Option and the Option Shares shall be subject to the Stockholders' Agreement and, in the event of a conflict between any term or provision contained herein and any terms or provisions of the Stockholders' Agreement, the applicable terms and provisions of the Stockholders' Agreement will govern and prevail except with respect to Sections 6(d) and 9(c) hereof.

(ii) At or promptly following an IPO or any other transaction which makes Parent eligible to use SEC Form S-8, Parent shall register all of the Option Shares (whether or not vested) on Form S-8 or an equivalent registration statement (including, at Parent's option, on the Form S-1 filed in connection with an IPO), and use reasonable commercial efforts to keep such registration effective so long as the Executive continues to hold any of the Option Shares.

(h) Tax Withholding. Prior to the delivery of a certificate or certificates representing the Option Shares, the Executive must pay in the form of a certified check to Parent or the Company (as designated by Parent) any such additional amount as Parent (or the Company) determines that it is required to withhold under applicable federal, state or local tax laws in respect of the exercise or the transfer of Option Shares; provided that the Board or an authorized committee thereof may, in its sole discretion, allow such withholding obligation to be satisfied by withholding Option Shares otherwise deliverable upon exercise of the Option or by any other method.

7. Restrictive Legend. Unless otherwise determined by Parent, all certificates representing Stock shall have affixed thereto a legend in substantially the following form, in addition to any other legends that may be required under federal or state securities laws:

THE SHARES OF STOCK REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON TRANSFER AND AN OPTION TO PURCHASE SET FORTH IN A CERTAIN STOCK OPTION AGREEMENT BETWEEN WMG PARENT CORP. AND THE REGISTERED OWNER OF THIS CERTIFICATE (OR HIS PREDECESSOR IN INTEREST) AND A STOCKHOLDERS AGREEMENT TO WHICH WMG PARENT CORP. AND THE REGISTERED OWNER OF THIS CERTIFICATE (OR HIS PREDECESSOR IN INTEREST) ARE PARTIES, WHICH AGREEMENTS ARE BINDING UPON ANY AND ALL OWNERS OF ANY INTEREST IN SAID SHARES. SAID AGREEMENTS ARE AVAILABLE FOR INSPECTION WITHOUT CHARGE AT THE PRINCIPAL OFFICE OF WMG PARENT CORP. AND COPIES THEREOF WILL BE FURNISHED WITHOUT CHARGE TO ANY OWNER OF SAID SHARES UPON REQUEST.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THESE SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO DISTRIBUTION OR

RESALE, AND MAY NOT BE SOLD, MORTGAGED, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT FOR SUCH SECURITIES UNDER THE SECURITIES ACT OF 1933, AND ANY APPLICABLE STATE SECURITIES LAWS, UNLESS WMG PARENT CORP. HAS RECEIVED AN OPINION OF COUNSEL, WHICH OPINION IS SATISFACTORY TO IT, TO THE EFFECT THAT SUCH REGISTRATIONS ARE NOT REQUIRED.

8. Securities Laws. As a condition to the exercise of the Option, unless otherwise determined by Parent, the Executive will be required to represent, warrant and covenant as follows:

(a) The Executive is acquiring the Option Shares for his own account and not with a view to, or for sale in connection with, any distribution of the Option Shares in violation of the Securities Act of 1933, as amended, or any rule or regulation under the Securities Act or in violation of any applicable state securities law.

(b) The Executive has had such opportunity as he has deemed adequate to obtain from representatives of Parent such information as is necessary to permit him to evaluate the merits and risks of his investment in the Parent.

(c) The Executive has sufficient experience in business, financial and investment matters to be able to evaluate the risks involved in acquiring the Option Shares and to make an informed investment decision with respect to such investment.

(d) The Executive can afford the complete loss of the value of the Option Shares and is able to bear the economic risk of holding such Option Shares for an indefinite period.

(e) The Executive understands that (i) the Option Shares have not been registered under the Securities Act and constitute "restricted securities" within the meaning of Rule 144 under the Securities Act; (ii) the Option Shares cannot be sold, transferred or otherwise disposed of unless they are subsequently registered under the Securities Act or an exemption from registration is then available; and (iii) there is now no registration statement on file with the Securities and Exchange Commission with respect to the Option Shares and there is no commitment on the part of Parent to make any such filing.

(f) In addition, upon the exercise of any Option, and as a condition thereof, Executive will make or enter into such other written representations, warranties and agreements as Parent may reasonably request in order to comply with applicable securities laws or with this Agreement.

9. Adjustments for Stock Splits, Stock Dividends, etc.; Change in Control.

(a) The Option shall be subject to adjustment or substitution as to the number, price, kind or class of a share of stock subject thereto, the exercise price thereof and otherwise, in each case as determined by the Board to be equitable and necessary to preserve the rights of the Executive hereunder, (i) in the event of changes in the Common Stock or in the capital structure of Parent by reason of stock or extraordinary cash dividends, stock splits, reverse stock splits, recapitalizations, reorganizations, mergers, consolidations, combinations, exchanges, or other relevant changes in capitalization occurring after the Effective Date or (ii) in the event of any change in applicable laws or any change in circumstances which results in or would result in any substantial dilution or enlargement of the rights granted to, or available for, the Executive hereunder, or which otherwise warrants equitable adjustment because it interferes with the intended operation of this Agreement; provided that any such adjustment shall be made by the Board with the intent of preserving the value of the Option. The Board shall give the Executive notice of any and all adjustments hereunder and, upon notice, such adjustment shall be conclusive and binding for all purposes absent manifest error.

(b) If Parent's Class A Common Stock is converted into or exchanged for, or stockholders of Parent receive by reason of any distribution in total or partial liquidation, securities of another corporation, or other property (including cash), pursuant to any merger of Parent or acquisition of its assets, then the rights of Parent under this Agreement shall inure to the benefit of Parent's successor and this Agreement shall apply to the securities or other property received upon such conversion, exchange or distribution in the same manner and to the same extent as the Option Shares.

(c) Notwithstanding anything in this Agreement to the contrary, in the event of a Change in Control, the Board may in its discretion and upon at least 10 days' advance notice to the Executive, cancel any portion or all of the Option and pay to the Executive, in cash or stock, or any combination thereof, the value of the cancelled portion of the Option based upon the excess, if any, of the price per share of Common Stock received or to be received by other shareholders of the Company in the event over the per-share exercise price of the Option.

10. Confidentiality of the Agreement. The Executive agrees to keep confidential the terms of this Agreement. This provision does not prohibit the Executive from providing this information on a confidential and privileged basis to the Executive's attorneys or accountants for purposes of obtaining legal or tax advice or as otherwise required by law, regulation or stock exchange rule.

11. Miscellaneous.

(a) Notices. Any notice, consent, request or other communication made or given in accordance with this Agreement shall be in writing and shall be deemed to have been duly given when actually received or, if mailed, three days after mailing by registered or certified mail, return receipt requested, or one business day after mailing by a nationally recognized express mail delivery service with instructions for next-day delivery, to those persons listed below at

their following respective addresses or at such other address or person's attention as each may specify by notice to the others:

To Parent:

WMG Parent Corp.
75 Rockefeller Plaza
New York, New York 10019
Attention: General Counsel

with a copy to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, New York 10019
Attention: Michael J. Segal, Esq.

To the Executive:

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

(b) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each other provision of this Agreement shall be severable and enforceable to the extent permitted by law.

(c) No Rights to Employment. Nothing contained in this Agreement shall be construed as giving the Executive any right to be retained, in any position, as an employee, consultant or director of the Company or its affiliates or shall interfere with or restrict in any way the right of the Company or its affiliates, which are hereby expressly reserved, to remove, terminate or discharge the Executive at any time for any reason whatsoever.

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

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

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

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

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

(i) Interpretation. The headings of the Sections hereof are provided for convenience only and are not to serve as a basis for interpretation or construction, and shall not constitute a part, of this Agreement. The term "Company" as used herein with reference to the

employment of the Executive or the termination thereof shall refer to the Company and each member of the "Parent Group" (as defined in Section 2 (b) (iii) (11).

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

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

WMG PARENT CORP.

_____

By:
Title:

_____

[NAME]

Exhibit B

NOTICE OF OPTION EXERCISE

To exercise your option to purchase shares of WMG Parent Corp. ("Parent") common stock ("Shares"), please fill out this form and return it to the Corporate Secretary of Parent, together with a certified check in the amount of the exercise price due, which is the product of the number of Shares with respect to which you are exercising the Option and the per share exercise price of $1,179.00**.** At its option, Parent may provide for the exercise price to be paid in a different manner. You are not required to exercise your option with respect to all Shares thereunder. You also must include a certified check in the amount of any required payroll taxes and income tax withholding due in connection with your exercise, unless Parent specifically provides for such obligation to be satisfied in a different manner.

I hereby exercise my right to purchase Shares under the option granted to me pursuant to the LTIP Stock Option Agreement between myself and Parent, dated as of October 1, 2004. My option is vested and exercisable as to the Shares being purchased hereunder. I have enclosed either one or more certified checks covering both the exercise price of $ and the required payroll taxes and income tax withholding of $. (Please contact the office of the Chief Executive Officer of WMG Acquisition Corp. to determine the amount of any required payroll taxes and income tax withholding.) I hereby represent that, to the best of my knowledge and belief, I am legally entitled to exercise this option. I hereby represent and warrant that I have signed the Stockholders Agreement by and among Parent and the stockholders who are party thereto, as described in the Stock Option Agreement.

Signature: _____

Printed Name: _____

Social Security Number: _____

Date: _____

Exhibit 10.37

EXECUTION COPY

EMPLOYMENT AGREEMENT
by and between
WARNER MUSIC GROUP INC.
and
Michael D. Fleisher

THIS EMPLOYMENT AGREEMENT (this "Agreement'') is entered into as of this 21st day of December, 2004 by and between Warner Music Group Inc., a Delaware corporation (the "Company"), and Michael D. Fleisher (the "Executive").

RECITALS:

WHEREAS, the Company wishes to engage the Executive to serve as Executive Vice President and Chief Financial Officer of the Company on the terms and conditions contained herein and the Executive wishes to accept such engagement on the terms and conditions contained herein.

AGREEMENT:

NOW, THEREFORE, for good and valuable consideration, including the mutual covenants herein, the parties hereby agree as follows:

1. Employment Period. This Agreement and the Executive's employment with the Company hereunder (hereinafter referred to as the "Employment Period") shall be effective on the January 1, 2005 (the "Effective Date") and, unless earlier terminated pursuant to Section 4 hereof, shall expire on the fourth anniversary of the Effective Date.

2. Position, Duties and Representations.

(a) During the Employment Period, the Executive shall be employed as the Executive Vice President and Chief Financial Officer of the Company and shall report solely to the Chief Executive Officer of the Company (the "CEO"). Subject to the ultimate authority of the CEO, the Executive shall have direct management responsibility for, and authority for the operations of, the treasury, tax, accounting, investor relations, financial analysis, information technology and real estate departments of the Company. The Executive's services to the Company shall be performed primarily at the offices of the Company located in New York City, subject to travel requirements necessary to discharge the responsibilities and duties assigned to the Executive hereunder.

(b) Excluding periods of vacation, sick leave and disability to which the Executive is entitled during the Employment Period, the Executive agrees, to the extent necessary to discharge the responsibilities and duties assigned to the Executive hereunder, to use the Executive's best efforts to perform faithfully and efficiently such responsibilities. During the Employment Period, the Executive may (i) serve on corporate boards or committees with the consent of the CEO, which consent shall not be

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unreasonably withheld, (ii) serve on civic, educational, philanthropic or charitable boards or committees, (iii) passively own not more than three percent (3%) of the outstanding capital stock or any corporation whose stock is publicly traded and (iv) manage personal investments.

(c) The Executive represents and warrants to the Company that, other than prohibitions generally imposed by law, there is no "Contract" (as defined in Section 6(d)) or other restriction or agreement in effect that would prohibit or otherwise limit the Executive's ability to enter into or negotiate this Agreement, become an employee or officer of the Company or to discharge the responsibilities and duties assigned to the Executive hereunder.

3. Compensation.

(a) Base Salary. During the Employment Period, the Company shall pay to the Executive a base salary at an annual rate equal to $800,000 ("Base Salary"), payable in regular installments in accordance with the Company's usual payroll practices.

(b) Annual Bonus. The Executive shall be eligible to receive an annual cash bonus (the "Annual Bonus") in respect of each calendar year ending during the Employment Period, with a target of $800,000. The amount of each Annual Bonus shall be established by the Board or the Compensation Committee thereof in consultation with the CEO and shall be based on individual and Company performance. The Annual Bonus may be higher or lower than the target using criteria consistent with that applicable to the annual bonuses of other senior executives of the Company other than the CEO and the Chairman of United States recorded music operation of the Warner Recorded Music Business. Notwithstanding the above, the Annual Bonus in respect of the first 2005 calendar year shall be no less than $800,000. For the avoidance of doubt, if the Employment Period ends due to the expiration of the Agreement on the fourth anniversary of the Effective Date, the Executive shall nevertheless be eligible to receive an Annual Bonus in respect of the last calendar year of the Employment Term, and the amount of such Annual Bonus shall be determined using criteria consistent with those generally used in respect of prior calendar years.

(c) Equity. On the Effective Date, the Executive shall purchase from WMG Parent Corp. shares of Parent's Class A Common Stock (the "Restricted Stock Award") pursuant to the Restricted Stock Award Agreement annexed hereto as Exhibit A.

(d) Benefit Plans. During the Employment Period, the Executive shall be eligible to participate in the employee benefit plans and arrangements of the Company and its affiliates on terms and conditions no less favorable in the aggregate than those generally provided to other senior executive officers of the Company.

(e) Business Expenses. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable out-of-pocket expenses incurred by the Executive in the performance of his duties hereunder, subject to the submission of such written documentation as the Company may reasonably require in accordance with its standard expense reimbursement practices and policies. Without limiting the generality of the foregoing, the Company will reimburse the Executive for first class travel and first class hotel accommodations in connection with travel undertaken in the performance of his duties hereunder.

(f) Vacation. During the Employment Period, the Executive shall be entitled to no less paid vacation for each year commencing with the Effective Date as is made available generally to senior executives of the Company; provided that such paid vacation shall be no less than four weeks per year; and provided further that unused vacation pay in any year may not be carried forward.

4. Termination. The Employment Period and the Executive's employment with the Company shall terminate under the following circumstances:

(a) Death or Disability. The Executive's employment and the Employment Period shall terminate automatically upon the Executive's death. The Company may terminate the Executive's employment and the Employment Period after having established the Executive's Disability, by giving to the Executive a "Notice of Termination" (as defined in Section 4(d)). For purposes of this Agreement, "Disability" means personal injury, illness or other cause which has rendered the Executive unable to substantially perform his material duties and responsibilities hereunder for a period of 120 consecutive days, or 120 out of 180 consecutive days, as determined jointly by a physician selected by the Company reasonably acceptable to the Executive (or, if he is incapacitated, his legal representative) and a physician selected by the Executive (or, if he is incapacitated, his legal representative) and reasonably acceptable to the Company. If such physicians cannot agree as to whether the Executive has suffered a Disability, they shall jointly select a third physician who shall make such determination.

(b) With or Without Cause. The Company may terminate the Executive's employment and the Employment Period with or without "Cause" (as defined below) by giving to the Executive a Notice of Termination. For purposes of this Agreement, "Cause" means (i) the willful and continued failure of the Executive to perform substantially his material duties with the Company (other than any such failure resulting from the Executive's incapacity due to physical or mental illness) after a written demand for performance is delivered to the Executive by the Board which identifies the manner in which the Board believes that the Executive has not performed the Executive's duties and the Executive, after a period established by the Board and communicated in writing to the Executive (which period may be no less than 20 days), has failed to cure such failure to the reasonable satisfaction of the Board, (ii) the willful engaging by the Executive in gross misconduct which is demonstrably and materially injurious to the Company or its affiliates, (iii) the Executive's conviction of, or pleading guilty to, a felony or misdemeanor involving moral turpitude or dishonesty or (iv) a determination by the Board that any of the Executive's representations made in Section 2(c) of this

Agreement were untrue when made (provided that the Company informs the Executive within ninety (90) days of the majority of the members of the Board having actual knowledge of such breach). A termination of the Executive by the Company for Cause shall not be effective unless and until the Company has delivered to the Executive, along with the Notice of Termination, a copy of a resolution duly adopted by a majority of the Board (excluding the Executive, if he is a member of the Board) stating that the Board has determined to terminate the Executive for Cause; provided, however, that no such resolution shall be permitted to be adopted without the Company having afforded the Executive the opportunity to make a presentation to the Board and to answer any questions its members may ask him.

(c) With or Without Good Reason. The Executive may terminate his employment and the Employment Period with "Good Reason" (as defined below) or, on and after the first anniversary of the Effective Date, without Good Reason, in each case by giving to the Company a Notice of Termination. For purposes of this Agreement, "Good Reason" means, without the Executive's express written consent:

(i) (x) a change in the duties or responsibilities (including reporting responsibilities) of the Executive that is inconsistent in any material and adverse respect with the Executive's position(s), duties, responsibilities or status with the Company and its affiliates on the Effective Date, or (y) an adverse change in the Executive's title or offices;

(ii) any failure by the Company to comply with any of the provisions of Section 3 of this Agreement, including but not limited to any reduction in the target or maximum attainable Annual Bonus;

(iii) the Company requiring the Executive to be based at any office or location other than at an office commensurate with the Executive's position at the headquarters of the Company in the Borough of Manhattan, New York;

(iv) any purported termination by the Company of the Executive's employment otherwise than as permitted by this Agreement, it being understood that any such purported termination shall not be effective for any purpose of this Agreement; or

(v) a failure by the Company to cause any successor to expressly assume this Agreement pursuant to Section 8(c) hereof.

Without limiting the generality of any of the foregoing, Good Reason shall include (i) any change in reporting line such that the Executive no longer reports to the CEO, (ii) the appointment of any person other than the Executive or Lyor Cohen as the Company's President, Chief Operating Officer or the equivalent or (iii) the appointment of a Co-Chief Financial Officer.

A termination by the Executive with Good Reason shall be effective only if the Executive delivers to the Company a Notice of Termination for Good Reason within 60 days after learning of the circumstances constituting Good Reason; provided, however, that if such Notice of Termination describes, as Good Reason, only one or more of the circumstances described in clause (i), (ii), (iii) and (iv) of this Section 4(c) and, within 30 days following the delivery of such

Notice of Termination, the Company has cured such circumstances to the reasonable satisfaction of the Executive, then such Notice of Termination shall be ineffective and no Good Reason shall be deemed to exist.

(d) Notice of Termination. Any termination by the Company with or without Cause or on account of Disability, or by the Executive with or without Good Reason, shall be communicated by a Notice of Termination to the other party given in accordance with Section 9(e). For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision of this Agreement relied upon, (ii) sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) if the termination date is other than the date of receipt of such notice, specifies the proposed termination date; provided, however, that the information in clause (ii) shall not be required in the event of any termination by the Company without Cause or by the Executive without Good Reason.

5. Obligations of the Company Upon Termination.

(a) Death or Disability. lf the Executive's employment is terminated by reason of the Executive's death or on account of Disability, the Company shall:

(i) pay to the Executive or the Executive's estate, as applicable, a lump sum cash payment within ten (10) days after such termination equal to, to the extent not previously paid: (A) the Executive's Base Salary through the end of the month in which such termination occurred, (B) any earned and accrued but unpaid Annual Bonus for any Fiscal Year ending prior to such termination, (C) any accrued vacation pay, (D) any unpaid reimbursable business expenses due to the Executive in accordance with Section 3(e) (the amounts described in the preceding clauses (A) – (D), the "Accrued Amounts"), (E) the Executive's Base Salary for an additional twelve month period and (F) a pro-rated target Annual Bonus for the Fiscal Year of termination determined by multiplying (x) such target Annual Bonus by (y) a fraction, the numerator of which is the number of days in the Fiscal Year that the Executive was employed by the Company and the denominator of which is 365; and

(ii) provide those death or disability benefits to which the Executive is entitled at the date of the Executive's death or Disability under any benefit plans, policies or arrangements of the Company.

(b) Cause or Without Good Reason. If the Executive's employment shall be terminated (i) by the Company with Cause, or (ii) by the Executive without Good Reason, the Company shall pay to the Executive a lump sum cash payment within ten (10) days after such termination equal to, to the extent not previously paid, the Accrued Amounts.

(c) Without Cause or With Good Reason. If the Executive's employment shall be terminated (i) by the Company without Cause or (ii) by the Executive with Good Reason, the Executive shall be entitled to receive the following payments and benefits:

(i) to the extent not previously paid, the Accrued Amounts;

(ii) an amount equal to the sum of: (i) the Executive's Base Salary and (ii) the target Annual Bonus for the Fiscal Year of such termination, payable in substantially equal monthly installments on the first day of each of the first 12 calendar months following termination (subject to the Executive's continued compliance with the covenants contained in Section 6 during such payment period);

(iii) a pro-rated Annual Bonus for the Fiscal Year of termination determined by multiplying (x) the actual Annual Bonus which the Executive would have earned in respect of such Fiscal Year had he remained employed for the entire such Fiscal Year by (y) a fraction, the numerator of which is the number of days in such Fiscal Year that the Executive was employed by the Company and the denominator of which is 365, payable at the time bonuses are generally payable to the Company's senior executives in respect of such Fiscal Year; and

(iv) The Executive and the Executive's spouse and dependents, as applicable, shall continue to participate in the Company's group health and life insurance plans (or be provided comparable medical and life insurance coverage), at Company expense, until the earlier of the first anniversary of such termination or the date the Executive becomes eligible for coverage under the group health or life insurance plan, as applicable, of another employer.

(d) In General. The Executive shall have no rights upon his termination of employment with the Company, other than those set forth in each of Section 5(a), (b) or (c), as applicable, to any compensation or any other benefits from the Company under this Agreement, provided that amounts which the Executive is otherwise entitled to receive under any plan, program or arrangement of the Company or any of its affiliates available to employees generally (other than any severance plan or program), shall be payable in accordance with such plan, program or arrangement.

6. Restrictive Covenants. Without in any way limiting or waiving any right or remedy accorded to the Company or any limitation placed upon the Executive by law, the Executive hereby agrees as follows:

(a) Non-Solicitation. The Executive agrees that during the Employment Period and for six months after the expiration or termination thereof (the "Non-Solicitation Period"), the Executive shall not, directly or indirectly:

(i) hire or make an offer of employment to, or supervise, any employee at the level of Vice President or above (each, a "Restricted Executive") of the Company or other direct or indirect subsidiary or controlled affiliate of the Company (the Company and all such other subsidiaries or controlled affiliates being referred to hereinafter as the "Restricted Operations") on the Executive's own behalf, or on behalf or any person, firm or entity (other than a Restricted Operation);

(ii) attempt to persuade any Restricted Executive to (1) terminate his employment with a Restricted Operation, (2) refrain from extending his employment with a Restricted Operation, (3) refrain from entering into a new employment arrangement with a Restricted Operation or (4) enter into any employment arrangement with any competitor of a Restricted Operation;

(iii) hire, or make an offer of employment to, or enter into, or solicit or offer to enter into, any "Contract" (as hereinafter defined) with, any "Artist" (as hereinafter defined) on the Executive's own behalf or on behalf of any person, firm or entity, if the activities which are the subject of such hiring, employment or Contract are in any way competitive with a Restricted Operation; or

(iv) attempt to persuade any Artist to (1) terminate his or her relationship or Contract with a Restricted Operation, (2) refrain from extending his or her relationship or Contract with a Restricted Operation, (3) refrain from entering into a new Contract with a Restricted Operation or (4) enter into any relationship or Contract with any competitor of a Restricted Operation.

(b) Confidentiality. The Executive shall not at any time disclose or reveal to any person, firm or entity, or make use of (otherwise than for the benefit of the Company or its affiliates), any trade secrets or information of a secret or confidential nature, including without limitation, matters of a business nature, such as information about costs, profits, markets, leases, details of recording agreements, distribution agreements, customer Contracts, manufacturing processes, financial information, technical and production know-how, developments, inventions, processes or administrative procedures, concerning the business or affairs of a Restricted Operation, which the Executive may have acquired in the course of or incident to the Executive's employment with the Company, and the Executive confirms that all such information

("Confidential Information") is the exclusive property of the Company and/or such Restricted Operation. This paragraph shall not apply to disclosures by the Executive (i) in the proper performance of his obligations under this Agreement during the Employment Period or to officers, employees, lawyers and accountants of a Restricted Operation, (ii) to the Executive's legal counsel in connection with seeking legal advice related hereto, (iii) to the Executive's accountants in connection with seeking financial or tax advice related hereto, or (iv) as required by law, a court of competent jurisdiction or regulatory agency or other governmental authority. Nothing herein shall prevent the Executive, subsequent to the termination or expiration of his employment hereunder, from using or availing himself of general technical skills, knowledge and experience, including that pertaining to or derived from the non-confidential aspects of a Restricted Operation. The term "Confidential Information" shall not include information generally available and known to the public other than as a result of a breach of this Section 6(b) by the Executive. The Executive agrees to hold as Company property all Confidential Information and all books, papers and other data, and all copies thereof and therefrom, in any way relating to the businesses of a Restricted Operation, whether made or received by the Executive, and, on termination of employment, or upon demand by the Company, to deliver the same to the Company.

(c) Intellectual Property. Any copyrights, "Musical Compositions" (as hereinafter defined), trademarks, patents, patent applications, inventions, developments and processes which the Executive during the Employment Period may develop which may reasonably be expected to be usable by a Restricted Operation in the ordinary course of its business shall belong to Company and/or the relevant Restricted Operation. Furthermore, the Executive agrees to execute any copyright assignment or other instruments as any Restricted Operation may deem reasonably necessary (at such Restricted Operation's expense) to evidence, establish, maintain, protect, enforce, and/or defend any and all of such Restricted Operation's interests under this Section 6(c). All such interests shall vest in the relevant Restricted Operation whether or not such instrument is requested, executed or delivered. If the Executive shall not so execute and deliver any such instrument after reasonable notice and opportunity to do so, the Company shall have the right to do so in the Executive's name and the Company is hereby irrevocably appointed the Executive's attorney-in-fact for such purposes, which power is coupled with an interest.

(d) Definitions. For the purposes of Section 6 of this Agreement, the following definitions shall apply:

(i) "Artists" means (A) any singer or musician, or other person furnishing the services or works of an artist to a Restricted Operation pursuant to a Contract with a Restricted Operation pursuant to which such singer, musician or other person is required to provide exclusive services for the making or delivering of master "Recordings" (as hereinafter defined) to such Restricted Operation or (B) any writer, producer or other talent who has entered into a Contract with a Restricted Operation or who has otherwise provided services to a Restricted Operation excepting, in the case of both clauses (A) and (B) above, any

such person who is required to provide services to any person or party other than a Restricted Operation on an exclusive basis pursuant to a Contract that was not entered into in connection with any violation by the Executive of this Agreement.

(ii) "Contract" means any contract, other agreement, commitment, binding arrangement, binding understanding or binding relationship (whether written or oral and whether express or implied).

(iii) "Musical Compositions" means a musical composition or medley consisting of words and/or music, or any dramatic material and bridging passages whether in form of instrumental and/or vocal music, prose or otherwise, irrespective of length.

(iv) "Recordings" means any recording of sound, whether or not coupled with a visual image, by any method or format and on any substance or material, whether now or hereafter known, which is used or useful in the recording, production and/or manufacture of Records or for any other exploitation of sound, excluding television and movies (other than music videos or the promotion thereof), consumer electronics and electronic games.

(v) "Records" means gramophone discs, magnetic tapes, compact discs, other storage media and any other device or appliance used for emitting sounds (whether or not accompanied by visual images) incorporating the Recordings.

(e) Severability; Blue-Pencilling. Each section, subsection or part thereof under this Section 6 constitutes an entirely separate and independent restriction. If any of such covenants or such other provisions of this Agreement are found to be invalid or unenforceable by a final

determination of a court of competent jurisdiction (i) the remaining terms and provisions hereof shall be unimpaired and (ii) the invalid or unenforceable term or provision shall be deemed replaced by a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision.

(f) Necessity; Enforcement. The parties hereto have considered carefully the necessity for protection of each Restricted Operation against the Executive's disclosures of Confidential Information and other actions referred to in this Section 6, and the nature and scope of such protection. The parties agree and acknowledge that the duration and scope applicable to the covenants set forth in this Section 6 are fair, reasonable and necessary, and that the Executive has received adequate consideration for such obligations. Accordingly, the Executive agrees that, in addition to any other relief to which the Company may be entitled, the Company shall be entitled to seek injunctive relief (without the requirement of posting any bond or other security) from a court of competent jurisdiction for the purpose of restraining the Executive from any actual or threatened breach of the covenants contained in this Section 6.

7. Indemnity. To the fullest extent permitted by applicable law, the Company shall indemnify, defend and hold the Executive harmless from and against any and all claims, demands, actions, causes of action, liabilities, losses, judgments, fines, costs and expenses (including, without limitation, the reimbursement of reasonable attorneys' fees, settlement expenses, punitive damages and the advancement of legal fees and expenses, as such fees and expenses are incurred by the Executive) arising from or relating to (a) claims relating to the Company or any or direct or indirect parents or subsidiaries or (b) the Executive's service with or status as an officer, director, employee, agent or representative of the Company or any of its direct or indirect parents or subsidiaries or in any other capacity in which the Executive serves or have served at the request of the Board or the CEO for the benefit of any such entity. Without limiting the foregoing, in connection with any such claim, demand, action, cause of action, liability, loss, judgment or fine, the Executive shall have the right (i) to be represented by separate counsel reasonably acceptable to the Company, at the Company's sole cost and expense, and (ii) to have the Company pay the cost and expense of any bond that the Executive may be required to post in order to appeal an adverse decision. The Company's obligations under this Section 7 shall be in addition to, and not in derogation of, any other rights the Executive may have against the Company to indemnification or advancement of expenses, whether by statute, contract or otherwise (including, without limitation, the Executive's entitlement to indemnification and the payment or reimbursement of expenses (including attorneys' fees and expenses) to the extent provided in and/or permitted by the Certificate of Incorporation and By-Laws of the Company. The Company shall maintain directors and officers liability insurance in commercially reasonably amounts (as reasonably determined by the Board), and the Executive shall be covered under such insurance to the same extent as any other senior executive of the Company. The Executive hereby undertakes to repay any advances paid to him pursuant to this Section 7 if a final judgment adverse to the Executive establishes that he is not entitled to be indemnified under this Agreement or otherwise. The Company hereby acknowledges that the undertaking set forth in the previous sentence satisfies all requirements for any similar undertakings in the by-laws or other corporate documents of the Company. The Company shall not take any action that would impair the Executive's right to indemnification, other than in connection with a claim by the Company that the Executive is not entitled to indemnification in accordance with the standards set forth in this Section 7.

8. Successors.

(a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and, other than as set forth in Section 8(c), shall not be assignable by the Company without the prior written consent of the Executive (which shall not be unreasonable withheld).

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

9. Miscellaneous.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware applicable to contracts made and performed entirely therein. The parties hereto agree that exclusive jurisdiction of any dispute regarding this Agreement shall be the state or federal courts located in New York, New York.

(b) In the event of any termination of the Executive's employment hereunder, the Executive shall be under no obligation to seek other employment or otherwise mitigate the obligations of the Company under this Agreement, and there shall be no offset against amounts due the Executive under this Agreement on account of future earnings by the Executive. Any amounts due to the Executive under this Agreement upon termination of employment are considered to be reasonable by the Company and are not in the nature of a penalty.

(c) The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

(d) This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(e) All notices required or permitted by this Agreement to be given to any party shall be in writing and shall be delivered personally, or sent by certified mail, return receipt requested, or by Federal Express or similar overnight service, prepaid recorded delivery, addressed as follows:

If to the Executive:

If to the Company:

Warner Music Group Inc.
75 Rockefeller Plaza
New York, New York 10019
Attention: Chief Executive Officer and General Counsel

and shall be deemed to have been duly given when so delivered personally or, if mailed or sent by overnight courier, upon delivery; provided, that, a refusal by a party to accept delivery shall be deemed to constitute receipt.

(f) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(g) The Company may withhold from any amounts payable under this Agreement such Federal, state or local taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(h) This Agreement is the joint product of the Company and the Executive and each provision hereof has been subject to the mutual consultation, negotiation and agreement of the Company and the Executive and shall not be construed for or against either party hereto.

(i) Subject to any other documents which may be entered into by the Executive and the Company on or after the Effective Date (including without limitation the Restricted Stock Award Agreement), this Agreement contains the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and, upon this Agreement becoming effective, supersedes all prior communications, representations and negotiations in respect thereto, whether or not in writing.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

/s/ Michael D. Fleisher
Michael D. Fleisher

WARNER MUSIC GROUP INC.

By: [ILLEGIBLE]

Title: CEO

Exhibit 10.38

RESTRICTED STOCK AWARD AGREEMENT

THIS RESTRICTED STOCK AWARD AGREEMENT (this "Agreement"), is entered into as of this 1st day of October, 2004, by and between WMG Parent Corp., a Delaware corporation ("Parent"), and David H. Johnson (the "Executive"). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the "Employment Agreement" (as defined herein).

R E C I T A L S:

WHEREAS, Warner Music Group Inc., a Delaware corporation (the "Company") an indirect majority owned subsidiary of Parent, or one of its direct or indirect subsidiaries, and the Executive have entered into an employment agreement, dated as of December 15, 1998 (such employment agreement, as it may be amended, superceded or replaced from time to time, the "Employment Agreement"); and

WHEREAS, the Board of Directors of Parent (the ''Board") has determined to sell to the Executive on the date hereof (the "Effective Date") the restricted stock provided for herein (the "Restricted Stock Award"), such sale to be subject to the terms and conditions set forth herein.

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

1. Purchase of Restricted Stock. Subject to the terms and conditions set forth in this Agreement, Parent hereby sells to the Executive, and the Executive hereby purchases from Parent, effective as of the Effective Date (which is the date hereof), 104,9382716 shares of Class A Common Stock of Parent (the "Restricted Shares") for an aggregate purchase price of S123,722,22. The Board acknowledges to the Executive that such purchase price is the fair market value of the Restricted Shares on the Effective Date (the "Initial Value"), determined without regard to any restrictions applicable thereto other than restrictions which by their terms do not lapse. The Restricted Shares shall vest in accordance with Section 2 and Section 5 hereof.

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2. Vesting.

(a) Service-Based Restricted Stock. Except as otherwise provided in this Agreement, one-third of the Restricted Shares (the "Service-Based Restricted Stock"), shall vest and become non-forfeitable in four equal installments on the day prior to each of the first, second, third and fourth anniversaries of the Effective Date provided that the Executive remains employed with the Company on each such date, such that one hundred percent (100%) of the Service-Based Restricted Stock shall be vested and non-forfeitable on the day prior to the fourth anniversary of the Effective Date; provided that any unvested Service-Based Restricted Stock shall become vested and non-forfeitable upon a termination of the Executive's employment with the Company (A) due to his death, (B) by the Company due to his Disability or without Cause or (C) by the Executive for Good Reason, in each case on or after a "Change in Control" (as defined in Section 2(b)(iii)(6)) or, in the case of a termination by the Company without Cause or a termination by the Executive for Good Reason, in anticipation of a Change in Control (a termination described in the foregoing proviso being referred to hereinafter as a "C1C Termination").

(b) Performance-Based Restricted Stock. Except as otherwise provided in this Agreement, two-thirds of the Restricted Shares (the ''Performance-Based Restricted Stock") shall contingently vest in equal installments on the day prior to each of the first, second, third and fourth anniversary of the Effective Date provided that the Executive remains employed with the Company on each such date (the "Service Condition"), but. shall not he considered to be fully vested until and unless the condition described in Section 2(b)(i) or 2(b)(ii), as applicable, has been satisfied (each such condition, a "Performance Condition").

(i) With respect to one-half of the Performance-Based Restricted Stock, the Performance Condition shall be the occurrence of a 2X Restricted Stock Liquidity Event.

(ii) With respect to the other one-half of the Performance-Based Restricted Stock, the Performance Condition shall be the occurrence of a 3X Restricted Stock Liquidity Event.

(iii) For purposes of this Section 2(b), and also as and if used elsewhere in this Agreement, the following terms shall have the following meanings:

(1) "2X Investor Equity Value" shall mean (X) two times the Investment minus (Y) the aggregate amount of cash and "Fair Market Value" (as defined below) of readily marketable securities or other assets (determined at the time of receipt) received by the Investors in respect of the investor Equity prior to or coincident with the time of determination.

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(2) "3X Investor Equity Value" shall mean (X) three times the Investment minus (Y) the aggregate amount of cash and Fair Market Value of readily marketable securities or other assets (determined at the time of receipt) received by the Investors in respect of the Investor Equity prior to or coincident with the time of determination.

(3) "2.X Restricted Stock Liquidity Event" shall mean (A) the first sale in an underwritten offering of Parent's Class A Common Stock pursuant to a registration statement on Securities and Exchange Commission ("SEC") Form S-l or otherwise under the Securities Act of 1933, as amended (the ''Securities Act") (an "IPO"), at a per share price which implies an aggregate value of the Investor Equity at the time of the IPO of at least the 2X Investor Equity Value, (B) following an IPO, or any transaction other than an IPO which causes Parent's Class A Common Stock, or all or substantially all of the securities into which such Class A Common Stock is converted or for which it is exchanged, to be listed for trading on a national securities exchange or quoted on an automated quotation system, the average closing price of Parent's Class A Common Stock, or such securities into which Class A Common Stock is converted or for which it is exchanged, on the primary exchange on which, or system over which, it is traded over any 20 consecutive trading days is such that the implied aggregate value of the Investor Equity at the end of such

20 consecutive trading days, based on such average price, is at least the 2X Investor Equity Value, determined as of the first of such 20 consecutive trading days, or (C) a Bonus Liquidity Event occurs which results in a combination of cash and readily marketable securities being paid or provided to the Investors having an aggregate value (as determined by the Board in good faith as of the time of receipt) of at least the 2X Investor Equity Value.

(4) "3X Restricted Stock Liquidity Event" has the same meaning as a 2X Restricted Stock Liquidity Event, except that the term "2X Investor Equity Value" each time it appears in Section 2(b)(iii)(3) above shall be replaced with "3X. Investor Equity Value."

(5) "Bonus Liquidity Event" shall mean a Change in Control or other event (e.g., a leveraged recapitalization in which the proceeds are paid out to the Investors as dividends and/or redemptions), in which consideration is paid to Investors in respect of the Investor Equity in the form of cash, readily marketable securities or a combination of both.

(6) "Change in Control" shall mean a "Change of Control," as defined in the certificate of incorporation of Parent, as amended from time to time.

(7) "Fair Market Value" shall mean the price at which the closet in question would change hands in an arms' length sale between a willing buyer and a willing seller, with neither being under any compunction to buy or sell and each with full knowledge of all relevant facts, as determined by the Board in good faith; provided that, in determining Fair Market Value of the securities of any member of the Parent Group, the Board shall take into account the free cash flow, revenue and EB1TDA and such other methodologies and characteristics as it may determine to be relevant, and shall (A) adjust the Fair Market Value of the securities to take into account the illiquidity of securities which are not publicly traded and (B) make no adjustment on account of any control premium, Notwithstanding the above, the Fair Market Value of any freely tradable security which is of a class listed for trading on an established securities market or established trading system shall be the average of the high and low trading prices of such class of securities, as reported on the primary market or trading system on which such securities are listed on the date Fair Market Value is determined.

(8) "Investment" shall mean $1.25 billion.

(9) "Investor Equity" shall mean all equity securities of all members of the Parent Group, including common and preferred stock and warrants, options and other instruments convertible or exercisable into, or redeemable for, common or preferred stock, either (A) purchased or otherwise received by the Investors on or prior to the Effective Date or (B) received by the Investors following the Effective Date, without cost to the Investors, in respect of the equity securities described in the preceding clause (A).

(10) "Investors" shall mean all of (i) Thomas H. Lee Equity Fund V, L.P., (ii) Thomas H. Lee Parallel Fund V, L.P., (iii) Thomas H. Lee Equity (Cayman) Fund V, L.P., (iv) Putnam Investments Holdings, LLC, (v) Putnam Investments Employees' Securities Company 1 LLC, (vi) Putnam Investments Employees' Securities Company II LLC, (vii) 1.997 Thomas H. Lee Nominee Trust, (viii) Thomas H. Lee Investors Limited Partnership, (ix) Bain Capital Partners Integral Investors, LLC, (x) Bain Capital VII Coinvestment Fund, LLC, (xi) BCIP TCV, LLC, (xii) Providence Equity Partners FV, L.P., (xiii) Providence Equity Operating Partners IV, L.P. and (xiv) Lexa Partners LLC, or any

affiliate of any of them, in each case which purchases Investor Equity on or prior to the Effective Date.

(11) "Parent Group" shall mean Parent, the Company and each direct or indirect subsidiary of any of them.

Notwithstanding anything in this Agreement to the contrary, the Service Condition applicable to each share of Performance-Based Restricted Stock shall be deemed to have been attained upon a C1C Termination.

(c) The term "Vested Restricted Shares," as used herein, shall mean (i) each share of Service-Based Restricted Stock on and following the time that the vesting condition set faith in Section 2 (a) hereof has been actually or deemed satisfied as to such share, (ii) each share of Performance-Based Restricted Stock on and following the time that both the Service Condition and the Performance Condition have been actually or deemed satisfied as to such share and (iii) each share of Performance-Based Restricted Stock not described in the immediately preceding clause (ii) on an following the day prior to the seventh anniversary of the Effective Date, so long as the Executive remains employed by the Company on such day. Restricted Shares which have not become Vested Restricted Shares are hereinafter referred to as "Unvested Restricted Shares."

3. Taxes. The Executive shall pay to the Company or Parent promptly upon request, and in any event at the time the Executive recognizes taxable income in respect of the Restricted Stock Award, an amount equal to the taxes the Company or Parent determines it is required to withhold under applicable tax laws with respect to the Restricted Shares. Such payment shall be made in the form of cash. As a condition to the effectiveness of the Restricted Stock Award, the Executive shall make a timely and valid election pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended (the "Code") to realize taxable income in respect of the grant of the Restricted Stock Award, in an amount equal to the Initial Value less the purchase price paid for the Restricted Shares. Notwithstanding the above, because the Company and the Executive acknowledge that the purchase price for the Restricted Shares is equal to the Initial Value, so long as the Executive makes a timely and valid Code Section 83(b) election in respect of the Restricted Shares the Company and the Executive agree that no tax is due, and no withholding is necessary, upon or on account of the Executive's purchase of the Restricted Shares.

4. Certificates. Certificates evidencing the Restricted Shares shall be issued by Parent and shall be registered in the Executive's name on the stock transfer books of Parent promptly after the date hereof, but shall remain in the physical custody of Parent or its designee at all times prior to, in

the case of any particular Restricted Shares, the date such Restricted Shares become Vested Restricted Shares. As a condition to the receipt of this Restricted Stock Award, the Executive shall deliver to Parent a stock power, duly endorsed in blank, relating to the Restricted Shares.

5. Effect of Termination of Employment.

(a) Upon the termination of the Executive's employment with the Company for any reason, the Restricted Shares shall be subject to the Call Option described in Section 5(b) below. For purposes of this Agreement, such a termination may be (i) by the Company for Cause or on account of the Executive's Disability, by the Executive without Good Reason or on account of the Executive's death (a "5(a)(i) Termination") or (ii) by the Company without Cause or by the Executive for Good Reason (a "5(a)(ii) Termination").

(b) Call Option.

(i) Other than as set forth in the second sentence of Section 5(b)(ix), upon the termination of the Executive's employment with the Company for any reason (or no reason), Parent shall have the right and option (the "Call Option"), but not the obligation, to purchase, or to cause any member of the Parent Group designated by Parent (the "Call Assignee") to purchase, from the Executive, on and after the Initial Call Date any or all of the Restricted Shares, The purchase price (the "Call Price") of the Restricted Shares subject to purchase under this provision (the "Called Shares") shall be as follows:

(1) In the event of a 5(a)(i) Termination, (A) as to each Called Share which is an Unvested Restricted Share immediately prior to the Initial Call Date of such share, the lower of the Fair Market Value of such share on the date of the applicable "Call Notice"(us defined below) or the Initial Value of such share, and (B) as to each Called Share which is a Vested Restricted Share immediately prior to the Initial Call Date of such share, the Fair Market Value of such share on the date of the applicable Call Notice.

(2) In the event of a 5(a)(ii) Termination, as to each Called Share of Service-Based Restricted Stock and Performance- Based Restricted Stock which is a Vested Restricted Share immediately prior to the Initial Call Date of such share, or which becomes a Vested Restricted Share upon termination of employment solely because such termination is a CIC Termination, the Fair Market Value of such share on the date of the applicable Call Notice

(3) In the event of a 5(a)(ii) Termination, as to each Called Share of Service-Based Restricted Stock and Performance-Based Restricted Stock which is an Unvested Restricted Share immediately prior to the Initial Call Date of such share (other than such a share which becomes a Vested Restricted Share upon termination of employment solely because such termination is a

CIC Termination), the lower of the Fair Market Value of such share on the date of the applicable Call Notice or the Initial Value of such share.

(ii) The "Initial Call Date" shall mean (A) with respect to each share of Performance-Based Restricted Stock as to which the Service Condition, but not the Performance Condition, has been attained at the time of a 5(a)(ii) Termination, the earlier of (I) the date the Performance Condition is first attained with respect to such share and (II) the six-month anniversary of the 5(a)(ii) Termination, or (B) in all other cases, the date of termination of the Executive's employment with the Company.

(iii) For purposes of Section 5(b)(i), (A) the termination of the Executive's employment at the end of the term of the Employment Agreement following the failure of the Company to offer the Executive continued employment at a base salary not less than that in effect at the end of such term shall be deemed to be a 5(a)(ii) Termination and (B) the termination of the Executive's employment at the end of the term of the Employment Agreement following the Company's offering the Executive continued employment at a base salary not less than that in effect at the end of such term shall be deemed to be a 5(a)(i) Termination.

(iv) Parent or the Call Assignee, as applicable, may exercise the Call Option by delivering or mailing to the Executive (or to his estate, if applicable), in Accordance with Section 16 of this Agreement, written notice of exercise (a "Call Notice") at any time following the Initial Call Date. The Call Notice shall specify the date thereof, the number of Called Shares and the Call Price.

(v) Within ten (10) days after his receipt of the Call Notice, the Executive (or his estate) shall tender to Parent or the Call Assignee, as applicable, at its principal office the certificate or certificates representing the Called Shares, duly endorsed in blank by the Executive (or his estate) or with duly endorsed stock powers attached thereto, all in form suitable for the transfer of such shares to Parent or the Call Assignee, as applicable. Upon its receipt of such shares, Parent or the Call Assignee, as applicable, shall pay to the Executive the aggregate Call Price therefore, in cash.

(vi) Parent or the Call Assignee, as applicable, will be entitled to receive customary representations and warranties from the Executive regarding the sale of the Called Shares pursuant to the exercise of the Call Option as may reasonably requested by Parent or the Call Assignee, as applicable, including but not limited to the representation that the Executive has good and marketable title to the Called Shares to be transferred free and clear of all liens, claims and other encumbrances.

(vii) If Parent or the Call Assignee, as applicable, delivers a Call Notice, then from and after the lime of delivery of the Call Notice the Executive shall no longer have any rights as a holder of the Called Shares subject thereto (other than the right to receive payment of the Call Price as described above), and such Called Shares shall be deemed purchased in accordance with the applicable provisions hereof and Parent or the Call Assignee, as applicable, shall be deemed to be the owner and holder of such Called Shares.

(viii) Any Restricted Shares as to which the Call Option is not exercised will remain subject to all terms and conditions of this Agreement, including the continuation of Parent's or the Call Assignee's, as applicable, right to exercise the Call Option.

(ix) This Section 5(b) is in addition to, and not in lieu of, any rights and obligations of the Executive and Parent in respect of the Restricted Shares contained in the "Stockholders' Agreement" (as defined below). Notwithstanding the above, this Section 5(b) shall be ineffective as to each Vested Restricted Share on and following the later of (I) an IPO or any other event which causes the Class A Common Stock, or other securities for which all or substantially all of the Class A Common Stock may have been exchanged, to be or become listed for trading on or over an established securities market or established trading system and (II) the date on which such share becomes a Vested Restricted Share.

6. Rights as a Stockholder: Dividends.

(a) The Executive shall be the record owner of the Restricted Shares unless and until such shares are sold or otherwise disposed of, and as record owner shall be entitled to all rights of a common stockholder of Parent, including, without limitation, voting rights, if any, with respect to the Restricted Shares; provided that (i) any cash or in-kind dividends paid with respect to Restricted Shares which are not Vested Restricted Shares shall be withheld by Parent and shall be paid to the Executive, without interest, only when, and if, such Restricted Shares shall become Vested Restricted Shares (provided, however, that in the event of a rights offering in which the Restricted Shares are entitled to participate, the Executive shall be entitled to subscribe for and purchase any securities made available in such rights offering with respect to all Restricted Shares, whether or not such Restricted Shares are Vested Restricted Shares), and (ii) the Restricted Shares shall be subject to the limitations on transfer and encumbrance set forth in this Agreement and the stockholders' agreement executed and entered into by and between Parent, the Investors and the other parties thereto prior to the Effective Date (such stockholders' agreement, as it may be amended, superseded or replaced from time to time, the "Stockholders' Agreement"). A copy of the Stockholders' Agreement, as in effect on the date hereof, is annexed hereto as Exhibit A. As soon as practicable following the vesting of any Restricted Shares, certificates for such Vested Restricted Shares shall be delivered to the Executive or to the Executive's legal representative along with the stock powers relating thereto.

(b) At or promptly following an IPO or any other transaction which makes Parent eligible to use SEC Form S-8, Parent shall register all of the Restricted Shares (whether or not vested) on Form S-8 or an equivalent registration statement (including, at Parent's option, on the Form S-l filed in connection with an IPO), and use reasonable commercial efforts to keep such registration effective so long as the Executive continues to hold any of the Restricted Shares.

7. Restrictive Legend. All certificates representing Restricted Shares shall have affixed thereto a legend in substantially the following form, in addition to any other legends that may be required under federal or state securities laws, unless and to the extent determined inapplicable or unnecessary by Parent:

THE SHARES OF STOCK REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON TRANSFER AND AN OPTION TO PURCHASE SET FORTH IN A CERTAIN RESTRICTED STOCK AWARD AGREEMENT BETWEEN WMG PARENT CORP. AND THE REGISTERED OWNER OF THIS CERTIFICATE (OR HIS PREDECESSOR IN INTEREST) AND A STOCKHOLDERS' AGREEMENT TO WHICH WMG PARENT CORP. AND THE REGISTERED OWNER OF THIS CERTIFICATE (OR HIS PREDECESSOR IN INTEREST) ARE PARTIES, WHICH AGREEMENTS ARE BINDING UPON ANY AND ALL OWNERS OF ANY INTEREST IN SAID SHARES. SAID AGREEMENTS ARE AVAILABLE FOR INSPECTION WITHOUT CHARGE AT THE PRINCIPAL OFFICE OF WMG PARENT CORP. AND COPIES THEREOF WILL BE FURNISHED WITHOUT CHARGE TO ANY OWNER OF SAID SHARES UPON REQUEST.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THESE SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO DISTRIBUTION OR RESALE, AND MAY NOT BE SOLD, MORTGAGED, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT FOR SUCH SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED AND ANY APPLICABLE STATE SECURITIES LAWS, UNLESS WMG PARENT CORP. HAS RECEIVED AN OPINION OF COUNSEL, WHICH OPINION IS REASONABLY SATISFACTORY TO IT, TO THE EFFECT THAT SUCH REGISTRATIONS ARE NOT REQUIRED.

8. Transferability.

(a) The Restricted Shares may not, at any time prior to becoming Vested Restricted Shares, be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Executive and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void

and unenforceable against the Parent; provided that the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance; and provided further that the foregoing restriction shall not apply to a sale of Restricted Shares in compliance with the obligations, if any, of the holder thereof to sell such shares pursuant to the "drag along" provisions of the Stockholders' Agreement.

(b) Prior to an IPO, neither the Executive nor any transferee of the Executive (including any beneficiary, executor or administrator) shall assign, alienate, pledge, attach, sell or otherwise transfer or encumber the Restricted Shares upon or subsequent to their vesting, except in accordance with the applicable provisions of this Agreement and the Stockholders' Agreement; provided, that, subject to the provisions of the Stockholders' Agreement, Vested Restricted Shares may be transferred (i) by will or the laws of descent, or (ii) with the Board's approval (which may be granted or

withheld at its sole discretion), by the Executive without consideration to (A) any person who is a "family member" of the Executive, as such term is used in the instructions to SEC Form S-8 (collectively, the "Immediate Family Members"); (B) a trust solely for the benefit of the Executive and/or Immediate Family Members; or (C) any other transferee as may be approved by the Board in its sole discretion (collectively, the "Permitted Transferees"); provided, that, the Executive gives the Board advance written notice describing the terms and conditions of the proposed transfer and the Board notifies the Executive in writing that such a transfer is in compliance with the terms of this Agreement; provided, further, that, the restrictions upon any Vested Restricted Shares transferred in accordance with this Section 8(b) shall apply to the Permitted Transferee, such transfer shall be subject to the acceptance by the Permitted Transferee of the terms and conditions hereof and of the Stockholders' Agreement, and any reference in this Agreement or the Stockholders' Agreement to the Executive shall be deemed to refer to the Permitted Transferee, except that (a) prior to an IPO, Permitted Transferees shall not be entitled to transfer any Vested Restricted Shares other than by will or the laws of descent and distribution or, with the Board's approval (which may be granted or withheld at its sole discretion), to a trust solely for the benefit of the Permitted Transferee, and (b) the consequences of the termination of the Executive's employment with the Company under the terms of this Agreement shall continue to be applied with respect to the Permitted Transferee to the extent specified in this Agreement.

9. Securities Laws. The Executive represents, warrants and covenants as follows:

(a) The Executive is acquiring the Restricted Shares for his own account and not with a view to, or for sale in connection with, any distribution of the Restricted Shares in violation of the Securities Act or any rule or regulation under the Securities Act or in violation of any applicable state securities law.

(b) The Executive has had such opportunity as he has deemed adequate to obtain from representatives of Parent such information as is necessary to permit him to evaluate the merits and risks of his investment in the Parent.

(c) The Executive has sufficient experience in business, financial and investment matters to be able to evaluate the risks involved in acquiring of the Restricted Shares and to make an informed investment decision with respect to such investment.

(d) The Executive can afford the complete loss of the value of the Restricted Shares and is able to bear the economic risk of holding such shares for an indefinite period.

(e) The Executive understands that (i) the Restricted Shares have not been registered under the Securities Act and are "restricted securities" within the meaning of Rule 144 under the Securities Act; (ii) the Restricted Shares cannot be sold, transferred or otherwise disposed of unless they are subsequently registered under the Securities Act or an exemption from registration is then available; (iii) in any event, the exemption from registration under Rule 144 will not be available for at least one (1) year and even then will not be available unless a public market then exists for such shares, adequate information concerning Parent is then available to the public, and other terms and conditions of Rule 144 are complied with and (iv) there is now no registration statement on file with the SEC with respect to the Restricted Shares and, except as set forth in Section 6(b) hereof or in the Stockholders' Agreement, there is no commitment on the part of Parent to make any such filing.

(f) In addition, upon any Restricted Shares becoming Vested Restricted Shares, the Executive will make or enter into such other written representations, the warranties and agreements as the Board may reasonably determine are legally required in order to comply with applicable securities laws.

10. Adjustments for Stock Splits, Stock Dividends, etc.

(a) If from time to time during the term of this Agreement there is any stock split-up, stock dividend, stock distribution or other reclassification of Parent's Class A Common Stock, any and all new, substituted or additional securities to which the Executive is entitled by reason of his ownership of the Restricted Shares shall be immediately subject to the terms of this Agreement.

(b) If the Parent's Class A Common Stock is converted into or exchanged for, or stockholders of Parent receive by reason of any distribution in total or partial liquidation, securities of another corporation, or other property (including cash), pursuant to any merger of Parent or acquisition of its assets, then the rights of Parent under this Agreement shall inure to the benefit of Parent's successor and this Agreement shall apply to the securities or other property received upon such conversion, exchange or distribution in the same manner and to the same extent as the Restricted Shares.

11. Confidentiality of the Agreement. The Executive agrees to keep confidential the terms of this Agreement. This provision does not prohibit the Executive from providing this information on a confidential and privileged basis to the Executive's

attorneys or accountants for purposes of obtaining legal or tax advice or as otherwise required by law, regulation or stock exchange rule.

12. Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each other provision of the Agreement shall be severable and enforceable to the extent permitted by law.

13. Waiver. Any right of Parent contained in the Agreement may be waived in writing by the Board. No waiver of any right hereunder by any party shall operate as a waiver of any other right, or as a waiver of the same right with respect to any subsequent occasion for its exercise, or as a waiver of any right to damages. No waiver by any party of any breach of this Agreement shall be held to constitute a waiver of any other breach or a waiver of the continuation of the same breach.

14. No Rights to Employment. Nothing contained in this Agreement shall be construed as giving the Executive any right to be retained, in any position, as an employee, consultant or director of the Company or its affiliates or shall interfere with or restrict in any way the right of the Company or its affiliates, which are hereby expressly reserved, to remove, terminate or discharge the Executive at any time for any reason whatsoever.

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

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

To Parent:

WMG Parent Corp.
75 Rockefeller Plaza
New York, New York 10019
Attention: General Counsel

with a copy to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, New York 10019

Attention: Michael J. Segal, Esq.

To the Executive:

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

17. Beneficiary. The Executive may file with the Board a written designation of a beneficiary on such form as may be prescribed by the Board and may, from time to time, amend or revoke such designation. If no designated beneficiary survives the Executive, the executor or administrator of the Executive's estate shall be deemed to be the Executive's beneficiary. The Executive's beneficiary shall succeed to the rights and obligations of the Executive hereunder upon the Executive's death, except as maybe otherwise described herein.

18. Successors. The terms of this Agreement shall be binding upon and inure to the benefit of Parent, its successors and assigns, and of the Executive and the beneficiaries, executors, administrators, heirs and successors of the Executive.

19. Modifications. No change, modification or waiver of any provision of this Agreement shall be valid unless the same be in writing and signed by the parties hereto.

20. Restricted Stock Award Subject to the Stockholders' Agreement. By entering into this Agreement the Executive agrees and acknowledges that the Executive has received and read the Stockholders' Agreement. The Stockholders' Agreement as it may be amended from time to time is hereby incorporated herein by reference. In the event of a conflict between any term or provision contained herein and any terms or provisions of the Stockholders' Agreement, the applicable terms and provisions of the Stockholders' Agreement will govern and prevail except with respect to Section 5(b) hereof. Notwithstanding the above, Section 4.1 of the Stockholders' Agreement ("Tag-Along") shall not apply to Unvested Restricted Shares.

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

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

23. Interpretation. The headings of the Sections hereof are provided for convenience only and are not to serve as a basis for interpretation or construction, and shall not constitute a part, of this Agreement. The term "Company" as used herein with reference to the employment of the Executive or the termination thereof shall refer to the Company and each member of the "Parent Group" (as defined in Section 2(b)(11).

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

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

WMG PARENT CORP.

/s/ Edgar Bronfman. Jr.

By: Edgar Bronfman. Jr.
Title: CEO

/s/ David H. Johnson

David H. Johnson

Exhibit 10.39

RESTRICTED STOCK AWARD AGREEMENT

THIS RESTRICTED STOCK AWARD AGREEMENT (this "Agreement"), is entered into as of this 21st day of December, 2004, by and between WMG Parent Corp., a Delaware corporation ("Parent"), and Michael Fleisher (the "Executive"). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the "Employment Agreement" (as defined herein).

R E C I T A L S:

WHEREAS, Warner Music Group Inc., a Delaware corporation (the "Company"), an indirect majority owned subsidiary of Parent, or one of its direct or indirect subsidiaries, and the Executive have entered into an employment agreement, dated as of December 21, 2004 (such employment agreement, as it may be amended, superceded or replaced from time to time, the "Employment Agreement"); and

WHEREAS, the Board of Directors of Parent (the "Board") has determined to sell to the Executive on the date hereof (the "Effective Date") the restricted stock provided for herein (the "Restricted Stock Award"), such sale to be subject to the terms and conditions set forth herein.

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

1. Purchase of Restricted Stock. Subject to the terms and conditions set forth in this Agreement, Parent hereby sells to the Executive, and the Executive hereby purchases from Parent, effective as of the Effective Date (which is the date hereof), 787.037037 shares of Class A Common Stock of Parent (the "Restricted Shares") for an aggregate purchase price of $927,916.67. The Board acknowledges to the Executive that such purchase price is the fair market value of the Restricted Shares on the Effective Date (the "Initial Value"), determined without regard to any restrictions applicable thereto other than restrictions which by their terms do not lapse. The Restricted Shares shall vest in accordance with Section 2 and Section 5 hereof.

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2. Vesting.

(a) Service-Based Restricted Stock. Except as otherwise provided in this Agreement, one-third of the Restricted Shares (the "Service-Based Restricted Stock"), shall vest and become non-forfeitable in four equal installments on the day prior to each of the first, second, third and fourth anniversaries of the Effective Date provided that the Executive remains employed with the Company on each such date, such that one hundred percent (100%) of the Service-Based Restricted Stock shall be vested and non-forfeitable on the day prior to the fourth anniversary of the Effective Date; provided that any unvested Service-Based Restricted Stock shall become vested and non-forfeitable upon a termination of the Executive's employment with the Company (A) due to his death, (B) by the Company due to his Disability or without Cause or (C) by the Executive for Good Reason, in each case on or after a "Change in Control" (as defined in Section 2(b)(iii)(6)) or, in the case of a termination by the Company without Cause or a termination by the Executive for Good Reason, in anticipation of a Change in Control (a termination described in the foregoing proviso being referred to hereinafter as a "CIC Termination").

(b) Performance-Based Restricted Stock. Except as otherwise provided in this Agreement, two-thirds of the Restricted Shares (the "Performance-Based Restricted Stock") shall contingently vest in equal installments on the day prior to each of the first, second, third and fourth anniversary of the Effective Date provided that the Executive remains employed with the Company on each such date (the "Service Condition"), but shall not be considered to be fully vested until and unless the condition described in Section 2(b)(i) or 2(b)(ii), as applicable, has been satisfied (each such condition, a "Performance Condition").

(i) With respect to one-half of the Performance-Based Restricted Stock, the Performance Condition shall be the occurrence of a 2X Restricted Stock Liquidity Event.

(ii) With respect to the other one-half of the Performance-Based Restricted Stock, the Performance Condition shall be the occurrence of a 3X Restricted Stock Liquidity Event.

(iii) For purposes of this Section 2(b), and also as and if used elsewhere in this Agreement, the following terms shall have the following meanings:

(1) "2X Investor Equity Value" shall mean (X) two times the Investment minus (Y) the aggregate amount of cash and "Fair Market Value" (as defined below) of readily marketable securities; or other assets (determined at the time of receipt) received by the Investors in respect of the Investor Equity prior to or coincident with the time of determination.

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(2) "3X Investor Equity Value" shall mean (X) three times the Investment minus (Y) the aggregate amount of cash and Fair Market Value of readily marketable securities or other assets (determined at the time of receipt) received by the Investors in respect of the Investor Equity prior to or coincident with the time of determination.

(3) "2X Restricted Stock Liquidity Event" shall mean (A) the first sale in an underwritten offering of Parent's Class A Common Stock pursuant to a registration statement on Securities and Exchange Commission ("SEC") Form S-l or otherwise under the Securities Act of 1933, as amended (the "Securities Act") (an "IPO"), at a per share price which implies an aggregate value of the Investor Equity at the time of the IPO of at least the 2X Investor Equity Value, (B) following an IPO, or any transaction other than an IPO which causes Parent's Class A Common Stock, or all or substantially all of the securities into which such Class A Common Stock is converted or for which it is exchanged, to be listed for trading on a national securities exchange or quoted on an automated quotation system, the average closing price of Parent's Class A Common Stock, or such securities into which Class A Common Stock is converted or for which it is exchanged, on the primary exchange on which, or system over which, it is traded over any 20 consecutive trading days is such that the implied aggregate value of the Investor Equity at the end of such

20 consecutive trading days, based on such average price, is at least the 2X Investor Equity Value, determined as of the first of such 20 consecutive trading days, or (C) a Bonus Liquidity Event occurs which results in a combination of cash and readily marketable securities being paid or provided to the Investors having an aggregate value (as determined by the Board in good faith as of the time of receipt) of at least the 2X Investor Equity Value.

(4) "3X Restricted Stock Liquidity Event" has the same meaning as a 2X Restricted Stock Liquidity Event, except that the term "2X Investor Equity Value" each time it appears in Section 2(b)(iii)(3) above shall be replaced with "3X Investor Equity Value."

(5) "Bonus Liquidity Event" shall mean a Change in Control, or other event (e.g., a leveraged recapitalization in which the proceeds are paid out to the Investors as dividends and/or redemptions), in which consideration is paid to Investors in respect of the Investor Equity in the form of cash, readily marketable securities or a combination of both.

(6) "Change in Control" shall mean a "Change of Control," as defined in the certificate of incorporation of Parent, as amended from time to time.

(7) "Fair Market Value" shall mean the price at which the asset in question would change hands in an arms' length sale between a willing buyer and a willing seller, with neither being under any compunction to buy or sell and each with full knowledge of all relevant facts, as determined by, in the Executive's sole discretion, an investment bank or other valuation firm chosen by the Executive from among a list of no less than five such banks and/or firms (all of which must be experienced in the valuation of privately-held companies) provided to the Executive by the Company; provided that, in determining Fair Market Value of the securities of any member of the Parent Group, the chosen investment bank or valuation firm shall be instructed to use a methodology which takes into account the free cash flow, revenue and EBITDA and such other methodologies and characteristics as it may determine to be relevant, and shall be instructed (A) to adjust the Fair Market Value of the securities to take into account the illiquidity of securities which are not publicly traded and (B) to make no adjustment on account of any control premium. Notwithstanding the above, the Fair Market Value of any freely tradable security which is of a class listed for trading on an established securities market or established trading system shall be the average of the high and low trading prices of such class of securities, as reported on the primary market or trading system on which such securities are listed on the date Fair Market Value is determined.

(8) "Investment" shall mean $1.25 billion.

(9) "Investor Equity" shall mean all equity securities of all members of the Parent Group, including common and preferred stock and warrants, options and other instruments convertible or exercisable into, or redeemable for, common or preferred stock, either (A) purchased or otherwise received by the Investors on or prior to the Effective Date or (B) received by the Investors following the Effective Date, without cost to the Investors, in respect of the equity securities described in the preceding clause (A).

(10) "Investors" shall mean all of (i) Thomas H, Lee Equity Fund V, L.P., (ii) Thomas H. Lee Parallel Fund V, L.P., (iii) Thomas H. Lee Equity (Cayman) Fund V, L.P., (iv) Putnam Investments Holdings, LLC, (v) Putnam Investments Employees' Securities Company I LLC, (vi) Putnam Investments

Employees' Securities Company II LLC, (vii) 1997 Thomas H. Lee Nominee Trust, (viii) Thomas H. Lee Investors Limited Partnership, (ix) Bain Capital Partners Integral Investors, LLC, (x) Bain Capital VII Coinvestment Fund, LLC, (xi) BCIP TCV, LLC, (xii) Providence Equity Partners IV, L.P., (xiii) Providence Equity Operating Partners IV, L.P. and (xiv) Lexa Partners LLC, or any affiliate of any of them, in each case which purchases Investor Equity on or prior to the Effective Date.

(11) "Parent Group" shall mean Parent, the Company and each direct or indirect subsidiary of any of them.

Notwithstanding anything in this Agreement to the contrary, the Service Condition applicable to each share of Performance-Based Restricted Stock shall be deemed to have been attained upon a CIC Termination.

(c) The term "Vested Restricted Shares," as used herein, shall mean (i) each share of Service-Based Restricted Stock on and following the time that the vesting condition set forth in Section 2(a) hereof has been actually or deemed satisfied as to such share, (ii) each share of Performance-Based Restricted Stock on and following the time that both the Service Condition and the Performance Condition have been actually or deemed satisfied as to such share and (iii) each share of Performance-Based Restricted Stock not described in the immediately preceding clause (ii) on an following the day prior to the seventh anniversary of the Effective Date, so long as the Executive remains employed by the Company on such day. Restricted Shares which have not become Vested Restricted Shares are hereinafter referred to as "Unvested Restricted Shares."

3. Taxes. The Executive shall pay to the Company or Parent promptly upon request, and in any event at the time the Executive recognizes taxable income in respect of the Restricted Stock Award, an amount equal to the taxes the Company or Parent determines it is required to withhold under applicable tax laws with respect to the Restricted Shares. Such payment shall be made in the form of cash. As a condition to the effectiveness of the Restricted Stock Award, the Executive shall make a timely and valid election pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended (the "Code") to realize; taxable income in respect of the grant of the Restricted Stock Award, in an amount equal to the Initial Value less the purchase price paid for the Restricted Shares. Notwithstanding the above, because the Company and the Executive acknowledge that the purchase price for the Restricted Shares is equal to the Initial Value, so long as the Executive makes a timely and valid Code Section 83(b) election in respect of the Restricted Shares the Company and the Executive agree that no tax is due, and no withholding is necessary, upon or on account of the Executive's purchase of the Restricted Shares.

4. Certificates. Certificates evidencing the Restricted Shares shall be issued by Parent and shall be registered in the Executive's name on the stock transfer books of Parent promptly after the date hereof, but shall remain in the physical custody of Parent or its designee at all times prior to, in the case of any particular Restricted Shares,

the date such Restricted Shares become Vested Restricted Shares. As a condition to the receipt of this Restricted Stock Award, the, Executive shall deliver to Parent a stock power, duly endorsed in blank, relating to the Restricted Shares.

5. Effect of Termination of Employment.

(a) Upon the termination of the Executive's employment with the Company for any reason, the Restricted Shares shall be subject to the Call Option described in Section 5(b) below. For purposes of this Agreement, such a termination may be (i) by the Company for Cause or on account of the Executive's Disability, by the Executive without Good Reason or on account of the Executive's death (a "5(a)(i) Termination") or (ii) by the Company without Cause or by the Executive for Good Reason (a "5(a)(ii) Termination").

(b) Call Option.

(i) Other than as set forth in the second sentence of Section 5(b)(ix), upon the termination of the Executive's employment with the Company For any reason (or no reason), Parent shall have the right and option (the "Call Option"), but not the obligation, to purchase, or to cause any member of the Parent Group designated by Parent (the "Call Assignee") to purchase, from the Executive, on and after the Initial Call Date any or all of the Restricted Shares. The purchase price (the "Call Price") of the Restricted Shares subject to purchase under this provision (the "Called Shares") shall be as follows:

(1) In the event of a 5(a)(i) Termination, (A) as to each Called Share which is an Unvested Restricted Share immediately prior to the Initial Call Date of such share, the lower of the Fair Market Value of such share on the date of the applicable "Call Notice" (as defined below) or the Initial Value of such share, and (B) as to each Called Share which is a Vested Restricted Share immediately prior to the Initial Call Date of such share, the Fair Market Value of such share on the date of the applicable Call Notice.

(2) In the event of a 5(a)(ii) Termination, as to each Called Share of Service-Based Restricted Stock and Performance-Based Restricted Stock which is a Vested Restricted Share immediately prior to the Initial Call Date of such share, or which becomes a Vested Restricted Share upon termination of employment solely because such termination is a CIC Termination, the Fair Market Value of such share on the date of the applicable Call Notice

(3) In the event of a 5(a)(ii) Termination, as to each Called Share of Service-Based Restricted Stock and Performance-

Based Restricted Stock which is an Unvested Restricted Share immediately prior to the Initial Call Date of such share (other than such a share which becomes a Vested Restricted Share upon termination of employment solely because such termination is a CIC Termination), the lower of the Fair Market Value of such share on the date of the applicable Call Notice or the Initial Value of such share.

(ii) The "Initial Call Date" shall mean (A) with respect to each share of Performance-Based Restricted Stock as to which the Service Condition, but not the Performance Condition, has been attained at the time of a 5(a)(ii) Termination, the earlier of (1) the date the Performance Condition is first attained with respect to such share and (II) the six-month anniversary of the 5(a)(ii) Termination, or (B) in all other cases, the date of termination of the Executive's employment with the Company.

(iii) For purposes of Section 5(b)(i), (A) the termination of the Executive's employment at the end of the term of the Employment Agreement following the failure of the Company to offer the Executive continued employment at a base salary not less than that in effect at the end of such term shall be deemed to be a 5(a)(ii) Termination and (B) the termination of the Executive's employment at the end of the term of the Employment Agreement following the Company's offering the Executive continued employment at a base salary not less than that in effect at the end of such term shall be deemed to be a 5(a)(i) Termination.

(iv) Parent or the Call Assignee, as applicable, may exercise the Call Option by delivering or mailing to the Executive (or to his estate, if applicable), in accordance with Section 16 of this Agreement, written notice of exercise (a "Call Notice") at any time following the Initial Call Date. The Call Notice shall specify the date thereof, the number of Called Shares and the Call Price.

(v) Within ten (10) days after his receipt of the Call Notice, the Executive (or his estate) shall tender to Parent or the Call Assignee, as applicable, at its principal office the certificate or certificates representing the Called Shares, duly endorsed in blank by the Executive (or his estate) or with duly endorsed stock powers attached thereto, all in form suitable for the transfer of such shares to Parent or the Call Assignee, as applicable. Upon its receipt of such shares, Parent or the Call Assignee, as applicable, shall pay to the Executive the aggregate Call Price therefore, in cash.

(vi) Parent or the Call Assignee, as applicable, will be entitled to receive customary representations and warranties from the Executive regarding the sale of the Called Shares pursuant to the exercise

of the Call Option as may reasonably requested by Parent or the Call Assignee, as applicable, including but not limited to the representation that the Executive has good and marketable title to the Called Shares to be transferred free and clear of all liens, claims and other encumbrances.

(vii) If Parent or the Call Assignee, as applicable, delivers a Call Notice, then from and after the time of delivery of the Call Notice the Executive shall no longer have any rights as a holder of the Called Shares subject thereto (other than the right to receive payment of the Call Price as described above), and such Called Shares shall be deemed purchased in accordance with the applicable provisions hereof and Parent or the Call Assignee, as applicable, shall be deemed to be the owner and holder of such Called Shares.

(viii) Any Restricted Shares as to which the Call Option is not exercised will remain subject to all terms and conditions of this Agreement, including the continuation of Parent's or the Call Assignee's, as applicable, right to exercise the Call Option.

(ix) This Section 5(b) is in addition to, and not in lieu of, any rights and obligations of the Executive and Parent in respect of the Restricted Shares contained in the "Stockholders' Agreement" (as defined below). Notwithstanding the above, this Section 5(b) shall be ineffective as to each Vested Restricted Share on and following the later of (I) an IPO or any other event which causes the Class A Common Stock, or other securities for which all or substantially all of the Class A Common Stock may have been exchanged, to be or become listed for trading on or over an established securities market or established trading system and (II) the date on which such share becomes a Vested Restricted Share.

6. Rights as a Stockholder; Dividends.

(a) The Executive shall be the record owner of the Restricted Shares unless and until such shares are sold or otherwise disposed of, and as record owner shall be entitled to all rights of a common stockholder of Parent, including, without limitation, voting rights, if any, with respect to the Restricted Shares; provided that (i) any cash or in-kind dividends paid with respect to Restricted Shares which are not Vested Restricted Shares shall be withheld by Parent and shall be paid to the Executive, without interest, only when, and if, such Restricted Shares shall become Vested Restricted Shares (provided, however, that in the event of a rights offering in which the Restricted Shares are entitled to participate, the Executive shall be entitled to subscribe for and purchase any securities made available in such rights offering with respect to all Restricted Shares, whether or not such Restricted Shares are Vested Restricted Shares), and (ii) the Restricted Shares shall be subject to the limitations on transfer and encumbrance set forth in this Agreement and the stockholders' agreement executed and entered into by and between Parent, the Investors and the other parties thereto prior to the Effective Date (such stockholders' agreement, as it may be amended, superceded or

replaced from time to time, the "Stockholders' Agreement"). A copy of the Stockholders' Agreement, as in effect on the date hereof, is annexed hereto as Exhibit A. As soon as practicable following the vesting of any Restricted Shares, certificates for such Vested Restricted Shares shall be delivered to the Executive or to the Executive's legal representative along with the stock powers relating thereto.

(b) At or promptly following an IPO or any other transaction which makes Parent eligible to use SEC Form S-8, Parent shall register all of the Restricted Shares (whether or not vested) on Form S-8 or an equivalent registration statement (including, at Parent's option, on the Form S-l filed in connection with an IPO), and use reasonable commercial efforts to keep such registration effective so long as the Executive continues to hold any of the Restricted Shares.

7. Restrictive Legend. All certificates representing Restricted Shares shall have affixed thereto a legend in substantially the following form, in addition to any other legends that may be required under federal or state securities laws, unless and to the extent determined inapplicable or unnecessary by Parent:

THE SHARES OF STOCK REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON TRANSFER AND AN OPTION TO PURCHASE SET FORTH IN A CERTAIN RESTRICTED STOCK AWARD AGREEMENT BETWEEN WMG PARENT CORP. AND THE REGISTERED OWNER OF THIS CERTIFICATE (OR HIS PREDECESSOR IN INTEREST) AND A STOCKHOLDERS' AGREEMENT TO WHICH WMG PARENT CORP. AND THE REGISTERED OWNER OF THIS CERTIFICATE (OR HIS PREDECESSOR IN INTEREST) ARE PARTIES, WHICH AGREEMENTS ARE BINDING UPON ANY AND ALL OWNERS OF ANY INTEREST IN SAID SHARES. SAID AGREEMENTS ARE AVAILABLE FOR INSPECTION WITHOUT CHARGE AT THE PRINCIPAL OFFICE OF WMG PARENT CORP. AND COPIES THEREOF WILL BE FURNISHED WITHOUT CHARGE TO ANY OWNER OF SAID SHARES UPON REQUEST.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THESE SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO DISTRIBUTION OR RESALE, AND MAY NOT BE SOLD, MORTGAGED, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT FOR SUCH SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED AND ANY APPLICABLE STATE SECURITIES LAWS, UNLESS WMG PARENT CORP. HAS RECEIVED AN OPINION OF COUNSEL, WHICH OPINION IS REASONABLY SATISFACTORY TO IT, TO THE EFFECT THAT SUCH REGISTRATIONS ARE NOT REQUIRED.

8. Transferability.

(a) The Restricted Shares may not, at any lime prior to becoming Vested Restricted Shares, be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Executive and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Parent; provided that the designation of a beneficiary shall not constitute an assignment, alienation,

pledge, attachment, sale, transfer or encumbrance; and provided further that the foregoing restriction shall not apply to a sale of Restricted Shares in compliance with the obligations, if any, of the holder thereof to sell such shares pursuant to the "drag along" provisions of the Stockholders' Agreement.

(b) Prior to an IPO, neither the Executive nor any transferee of the Executive (including any beneficiary, executor or administrator) shall assign, alienate, pledge, attach, sell or otherwise transfer or encumber the Restricted Shares upon or subsequent to their vesting, except in accordance with the applicable provisions of this Agreement and the Stockholders' Agreement; provided, that, subject to the provisions of the Stockholders' Agreement, Vested Restricted Shares may be transferred (i) by will or the laws of descent, or (ii) with the Board's approval (which may be granted or withheld at its sole discretion), by the Executive without consideration to (A) any person who is a "family member" of the Executive, as such term is used in the instructions to SEC Form S-8 (collectively, the "Immediate Family Members"); (B) a trust solely for the benefit of the Executive and/or Immediate Family Members; or (C) any other transferee as may be approved by the Board in its sole discretion (collectively, the "Permitted Transferees"); provided, that, the Executive gives the Board advance written notice describing the terms and conditions of the proposed transfer and the Board notifies the Executive in writing that such a transfer is in compliance with the terms of this Agreement; provided, further, that, the restrictions upon any Vested Restricted Shares transferred in accordance with this Section 8(b) shall apply to the Permitted Transferee, such transfer shall be subject to the acceptance by the Permitted Transferee of the terms and conditions hereof and of the Stockholders' Agreement, and any reference in this Agreement or the Stockholders' Agreement to the Executive shall be deemed to refer to the Permitted Transferee, except that (a) prior to an IPO, Permitted Transferees shall not be entitled to transfer any Vested Restricted Shares other than by will or the laws of descent and distribution or, with the Board's approval (which may be granted or withheld at its sole discretion), to a trust solely for the benefit of the Permitted Transferee, and (b) the consequences of the termination of the Executive's employment with the Company under the terms of this Agreement shall continue to be applied with respect to the Permitted Transferee to the extent specified in this Agreement.

9. Securities Laws. The Executive represents, warrants and covenants as follows:

(a) The Executive is acquiring the Restricted Shares for his own account and not with a view to, or for sale in connection with, any distribution of the Restricted Shares in violation of the Securities Act or any rule or regulation under the Securities Act or in violation of any applicable state securities law.

(b) The Executive has had such opportunity as he has deemed adequate to obtain from representatives of Parent such information as is necessary to permit him to evaluate the merits and risks of his investment in the Parent.

(c) The Executive has sufficient experience in business, financial and investment matters to be able to evaluate the risks involved in acquiring of the Restricted Shares and to make an informed investment decision with respect to such investment.

(d) The Executive can afford the complete loss of the value of the Restricted Shares and is able to bear the economic risk of holding such shares for an indefinite period.

(e) The Executive understands that (i) the Restricted Shares have not been registered under the Securities Act and are "restricted securities" within the meaning of Rule 144 under the Securities Act; (ii) the Restricted Shares cannot be sold, transferred or otherwise disposed of unless they arc subsequently registered under the Securities Act or an exemption from registration is then available; (iii) in any event, the exemption from registration under Rule 144 will not be available for at least one (1) year and even then will not be available unless a public market then exists for such shares, adequate information concerning Parent is then available to the public, and other terms and conditions of Rule 144 are complied with and (iv) there is now no registration statement on file with the SEC with respect to the Restricted Shares and, except as set forth in Section 6(b) hereof or in the Stockholders' Agreement, there is no commitment on the part of Parent to make any such filing.

(f) In addition, upon any Restricted Shares becoming Vested Restricted Shares, the Executive will make or enter into such other written representations, the warranties and agreements as the Board may reasonably determine are legally required in order to comply with applicable securities laws.

10. Adjustments for Stock Splits, Stock Dividends, etc.

(a) If from time to time during the term of this Agreement there is any stock split-up, stock dividend, stock distribution or other reclassification of Parent's Class A Common Stock, any and all new, substituted or additional securities to which the Executive is entitled by reason of his ownership of the Restricted Shares shall be immediately subject to the terms of this Agreement.

(b) If the Patent's Class A Common Stock is converted into or exchanged for, or stockholders of Parent receive by reason of any distribution in total or partial liquidation, securities of another corporation, or other property (including cash), pursuant to any merger of Parent or acquisition of its assets, then the rights of Parent under this Agreement shall inure to the benefit of Parent's successor and this Agreement shall apply to the securities or other property received upon such conversion, exchange or distribution in the same manner and to the same extent as the Restricted Shares.

11. Confidentiality of the Agreement. The Executive agrees to keep confidential the terms of this Agreement. This provision does not prohibit the Executive from providing this information on a confidential and privileged basis to the Executive's attorneys or accountants for purposes of obtaining legal or tax advice or as otherwise required by law, regulation or stock exchange rule.

12. Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each other provision of the Agreement shall be severable and enforceable to the extent permitted by law.

13. Waiver. Any right of Parent contained in the Agreement may be waived in writing by the Board. No waiver of any right hereunder by any party shall operate as a waiver of any other right, or as a waiver of the same right with respect to any subsequent occasion for its exercise, or as a waiver of any right to damages. No waiver by any party of any breach of this Agreement shall be held to constitute a waiver of any other breach or a waiver of the continuation of the same breach.

14. No Rights to Employment. Nothing contained in this Agreement shall be construed as giving the Executive any right to be retained, in any position, as an employee, consultant or director of the Company or its affiliates or shall interfere with or restrict in any way the right of the Company or its affiliates, which are hereby expressly reserved, to remove, terminate or discharge the Executive at any time for any reason whatsoever.

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

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

To Parent:

WMG Parent Corp.
75 Rockefeller Plaza
New York, New York 10019
Attention: General Counsel

To the Executive:

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

17. Beneficiary. The Executive may file with the Board a written designation of a beneficiary on such form as may be prescribed by the Board and may, from time to time, amend or revoke such designation. If no designated beneficiary survives the Executive, the executor or administrator of the Executive's estate shall be deemed to be the Executive's beneficiary. The Executive's beneficiary shall succeed to the rights and obligations of the Executive hereunder upon the Executive's death, except as maybe otherwise described herein.

18. Successors. The terms of this Agreement shall be binding upon and inure to the benefit of Parent, its successors and assigns, and of the Executive and the beneficiaries, executors, administrators, heirs and successors of the Executive.

19. Modifications. No change, modification or waiver of any provision of this Agreement shall be valid unless the same be in writing and signed by the parties hereto.

20. Restricted Stock Award Subject to the Stockholders' Agreement. By entering into this Agreement the Executive agrees and acknowledges that the Executive has received and read the Stockholders' Agreement. The Stockholders' Agreement as it may be amended from time to time is hereby incorporated herein by reference. In the event of a conflict between any term or provision contained herein and any terms or provisions of the Stockholders' Agreement, the applicable terms and provisions of the Stockholders' Agreement will govern and prevail except with respect to Section 5(b) hereof. Notwithstanding the above, Section 4.1 of the Stockholders' Agreement ("Tag-Along") shall not apply to Unvested Restricted Shares.

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

COURT IS AN INCONVENIENT FORUM FOR THE RESOLUTION OF ANY SUCH ACTION.

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

23. Interpretation. The headings of the Sections hereof are provided for convenience only and are not to serve as a basis for interpretation or construction, and shall not constitute a part, of this Agreement. The term "Company" as used herein with reference to the employment of the Executive or the termination thereof shall refer to the Company and each member of the "Parent Group" (as defined in Section 2(b)(11).

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

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

WMG PARENT CORP.

/s/ Dave Johnson

By: Dave Johnson
Title: EPP & General Counsel

/s/ Michael Fleisher
Michael Fleisher

WMG PARENT CORP.
STOCK OPTION AGREEMENT

THIS STOCK OPTION AGREEMENT (this "Agreement"), is entered into as of this 1st day of October, 2004, by and between WMG Parent Corp., a Delaware corporation ("Parent"), and Paul-Rene Albertini (the "Executive"). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the "Employment Agreement" (as defined herein).

WHEREAS, Warner Music Services Limited (the "Company"), an indirect majority owned subsidiary of Parent, or one of its direct or indirect subsidiaries, and the Executive have entered into an employment agreement, dated November 28, 2002 (as amended, superceded or replaced from time to time, the "Employment Agreement"); and

WHEREAS, the Board of Directors of Parent (the "Board") has determined that it is in the best interests of the Company and its stockholders to grant to the Executive as of the date hereof (the "Effective Date") an option to purchase shares of Class A Common Stock of Parent ("Common Stock"), as provided for herein (the "Stock Option Award");

NOW, THEREFORE, for and in consideration of the mutual covenants hereinafter set forth and supplemented by the terms set out in the Schedule A entitled "UK Resident Executive", the parties hereto agree as follows:

1. Grant. Parent hereby grants to the Executive an option (the "Option") to purchase 522.5238 shares of Common Stock (such shares of Common Stock, the "Option Shares"), on the terms and conditions set forth in this Agreement. This Option is not intended to be treated as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended. This grant is subject to the Executive having executed the Stockholders' Agreement entered into by and between Parent, the "Investors" (as defined below) and the other parties thereto prior to the Effective Date, as it may be amended from time to time (the "Stockholders' Agreement"). A copy of the Stockholders' Agreement, as in effect on the date hereof, is annexed hereto as Exhibit A. The number and type of Option Shares purchasable hereunder shall be subject to adjustment as and in the manner provided in Section 9(a) below.

2. Incorporation by Reference, Etc. Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Employment Agreement.

3. Option Price. The price at which the Executive shall be entitled to purchase the Option Shares upon the exercise of all or any portion of this Option shall be $1,179.00 per share. Such exercise price shall be subject to adjustment as and in the manner provided in Section 9(a) below.

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4. Expiration Date. Subject to Section 6 hereof, the Option shall expire at the end of the period commencing on the Effective Date and ending at 11:59 p.m. Eastern Time ("ET") on the day preceding the tenth anniversary of the Effective Date (the "Option Period").

5. Exercisability of the Option.

(a) Service-Based Option. Except as may otherwise be provided herein, the Option shall become vested and exercisable as to one-third of the shares subject thereto (the "Service-Based Option") in four equal installments on the day prior to each of the first, second, third and fourth anniversaries of the Effective Date provided that the Executive remains employed with the Company on each such date, such that one hundred percent (100%) of the Service-Based Option shall be vested and exercisable on the day prior to the fourth anniversary of the Effective Date; provided that the unvested portion of the Service-Based Option shall become vested and exercisable upon a termination of the Executive's employment with the Company (A) due to his death, (B) by the Company due to his Disability or without Cause or (C) by the Executive for Good Reason, in each case on or after a "Change in Control" (as defined in Section 5(b)(iii)(6)) or, in the case of a termination by the Company without Cause or a termination by the Executive for Good Reason, in anticipation of a Change in Control (a termination described in the foregoing proviso being referred to hereinafter as a "CIC Termination").

(b) Performance - Based Option. Except as otherwise provided in this Agreement, the Option shall become contingently vested as to two-thirds of the shares subject thereto (the "Performance-Based Option") in four equal installments on the day prior to each of the first, second, third and fourth anniversaries of the Effective Date provided that the Executive remains employed with the Company on each such date (the "Service Condition"), but shall not be considered to be fully vested and exercisable until and unless the condition described in Section 5(b)(i) or 5(b)(ii), as applicable, has been satisfied (each such condition, a "Performance Condition").

(i) With respect to one-half of the Performance-Based Option, the Performance Condition shall be the actual or deemed occurrence of a 2X Option Vesting Event.

(ii) With respect to the other one-half of the Performance-Based Option, the Performance Condition shall be the actual or deemed occurrence of a 3X Option Vesting Event.

(iii) For purposes of this Section 5(b), and also as and if used elsewhere in this Agreement, the following terms shall have the following meanings:

(1) "2X Investor Equity Value" shall mean (X) two times the Investment minus (Y) the aggregate amount of cash and "Fair Market

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Value" (as defined below) of readily marketable securities or other assets (determined at the time of receipt) received by the Investors in respect of the Investor Equity prior to or coincident with the time of determination.

(2) "3X Investor Equity Value" shall mean (X) three times the Investment minus (Y) the aggregate amount of cash and Fair Market Value of readily marketable securities or other assets (determined at the time of receipt) received by the Investors in respect of the Investor Equity prior to or coincident with the time of determination.

(3) "2X Option Vesting Event" shall mean (A) the first sale in an underwritten offering of Parent's Class A Common Stock pursuant to a registration statement on Securities and Exchange Commission ("SEC") Form S - l or otherwise under the Securities Act of 1933, as amended (the "Securities Act") (an ''IPO"), at a per share price which implies an aggregate value of the Investor Equity at the time of the IPO of at least the 2X Investor Equity Value, (B) following an IPO, or any transaction other than an IPO which causes Parent's Class A Common Stock, or all or substantially all of the securities into which such Class A Common Stock is converted or for which it is exchanged, to be listed for trading on a national securities exchange or quoted on an automated quotation system, the average closing price of Parent's Class A Common Stock, or such securities into which Class A Common Stock is converted or for which it is exchanged, on the primary exchange on which, or system over which, it is traded over any 20 consecutive trading days is such that the implied aggregate value of the Investor Equity at the end of such 20 consecutive trading days, based on such average price, is at least the 2X Investor Equity Value, determined as of the first of such 20 consecutive trading days, or (C) a Bonus Vesting Event occurs which results in a combination of cash and readily marketable securities being paid or provided to the Investors having an aggregate value (as determined by the Board in good faith as of the time of receipt) of at least the 2X Investor Equity Value.

(4) "3X Option Vesting Event" has the same meaning as a 2X Option Vesting Event, except that the term "2X Investor Equity Value" each time it appears in Section 5(b)(iii)(3) above shall be replaced with "3X Investor Equity Value."

(5) "Bonus Vesting Event" shall mean a Change in Control, or other event (e.g., a leveraged recapitalization in which the proceeds are paid out to the Investors as dividends and/or redemptions), in which consideration is paid to Investors in respect of the Investor Equity in the form of cash, readily marketable securities or a combination of both.

(6) "Change in Control" shall mean a "Change of Control," as defined in the certificate of incorporation of Parent, as amended from time to time.

(7) "Fair Market Value" shall mean the price at which the asset in question would change hands in an arms' length sale between a willing buyer and a willing seller, with neither being under any compunction to buy or sell and each with full knowledge of all relevant facts, as determined by the Board in good faith; provided that, in determining Fair Market Value of the securities of any member of Parent Group, the Board shall take into account the free cash flow, revenue and EBITDA and such other methodologies and characteristics as it may determine to be relevant, and shall (A) adjust the Fair Market Value of the securities to take into account the illiquidity of securities which are not publicly traded and (B) make no adjustment on account of any control premium. Notwithstanding the above, the Fair Market Value of any freely tradable security which is of a class listed for trading on an established securities market or established trading system shall be the average of the high and tow trading prices of such class of securities, as reported on the primary market or trading system on which such securities are listed on the date Fair Market Value is determined.

(8) "Investment" means $1.25 billion.

(9) "Investor Equity" shall mean all equity securities of all members of Parent Group, including common and preferred stock and warrants, options and other instruments convertible or exercisable into, or redeemable for, common or preferred stock, either (A) purchased or otherwise received by the Investors on or prior to March 1, 2004 or (B) received by the Investors following March 1, 2004, without cost to the Investors, in respect of the equity securities described in the preceding clause (A).

(10) "Investors" shall mean all of (i) Thomas H. Lee Equity Fund V, L.P., (ii) Thomas H. Lee Parallel Fund V, L.P., (iii) Thomas H. Lee Equity (Cayman) Fund V, L.P., (iv) Putnam Investments Holdings, LLC, (v) Putnam Investments Employees' Securities Company II LLC, (vi) Putnam Investments Employees' Securities Company II LLC, (vii) 1997 Thomas II, Lee Nominee Trust, (viii) Thomas H. Lee Investors Limited Partnership, (ix) Bain Capital Partners Integral Investors, LLC, (x) Bain Capital VII Coinvestment Fund, LLC, (xi) BCIP TCV, LLC, (xii) Providence Equity Partners IV, L.P., (xiii) Providence Equity Operating Partners IV L.P. and (xiv) Lexa Partners LLC, or any affiliate of any of them, in each case which purchases Investor Equity on or prior to March 1, 2004.

(11) "Parent Group" shall mean Parent, the Company and each direct or indirect subsidiary of any of them.

Notwithstanding anything in this Agreement to the contrary, the Service Condition applicable to the Performance-Based Option shall be deemed to have been attained upon a CIC Termination.

(c) The term "Vested Option," as used herein, shall mean (i) the portion of the Service-Based Option on and following the time that the vesting condition set forth in Section 5(a) hereof has been actually or deemed satisfied as to such portion, (ii) the portion of the Performance-Based Option on and following the time that both the Service Condition and the Performance Condition have been actually or are deemed to have been satisfied as to such portion and (iii) the portion of the Performance-Based Option not described in the immediately preceding clause (ii) on and following the day prior to the seventh anniversary of the Effective Date, so long as the Executive remains employed by the Company on such day. The portion of the Option which has not become the Vested Option is hereinafter referred to as the "Unvested Option."

(d) The Option may be exercised only as to the Vested Option, and only by written notice, substantially in the form attached hereto as Exhibit B (or a successor form provided by Parent) delivered in person or by mail in accordance with Section 11(a) hereof and accompanied by payment therefor. The purchase price of the Option Shares shall be paid by the Executive to Parent (A) by certified check or wire transfer (using such wire transfer instructions as are provided by Parent or the Company), (B) by transferring to Parent shares of Common Stock, if and in the manner approved by Parent, (C) on or after an IPO, by 3 broker-assisted "cashless exercise" procedure if and in the manner approved by the Board or a designated committee thereof, or (D) by any other method approved in writing by the Board or a designated committee thereof. If requested by Parent, the Executive shall promptly deliver his copy of this Agreement evidencing the Option to the Secretary of Parent who shall endorse thereon a notation of such exercise and promptly return such Agreement to the Executive. Upon payment of the applicable purchase price and the issuance of the Option Shares in accordance with the terms and conditions of this Agreement, the Option Shares shall be validly issued, fully paid and nonassessable.

6. Effect of Termination of Employment on Option.

(a) For purposes of this Agreement, the Executive's employment may be terminated (i) by the Company for Cause (a "6(a)(i) Termination"), (ii) by the Executive without Good Reason, other than a Retirement (a "6(a)(ii) Termination"), (iii) by the Company without Cause (including on account of Disability), by the Executive for Good Reason or on account of the Executive's death (a "6(a)(iii) Termination") or (iv) by the Executive on account of Retirement (a "6(a)(iv) Termination"). For purposes of the preceding sentence, (A) "Retirement" shall mean the Executive's voluntary termination of

employment with the Company on or after the age of 62, after no less than 10 years of employment with the Company, (B) the termination of the Executive's employment at the end of the term of the Employment Agreement following the failure of the Company to offer the Executive continued employment at a base salary not less than that in effect at the end of such term shall be deemed to be a Section 6(a)(iii) Termination and (C) the termination of the Executive's employment at the end of the term of the Employment Agreement following the Company's offering the Executive continued employment at a base salary not less than that in effect at the end of such term shall be deemed to be a 6(a)(ii) Termination.

(b) The Unvested Option, if any, shall immediately terminate upon the termination of the Executive's employment with the Company and its affiliates for any reason; provided, however, that the portion of the Unvested Option which is the portion of the Performance-Based Option as to which the Service Condition, but not the Performance Condition, has been attained at the time of a 6(a)(iii) Termination or a 6(a)(iv) Termination (the "Tail Option") shall terminate upon the six-month anniversary of the termination to the extent that the applicable Performance Condition has not been attained as of such six-month anniversary.

(c) The Vested Option shall remain exercisable by the Executive until, as applicable, (i) the date of a 6(a)(i) Termination, (ii) thirty (30) days following the date of a 6(a)(ii) Termination, (iii) one hundred and twenty (120) days following the date of a 6(a)(iii) Termination and (iv) the last day of the Option Period, in the case of a 6(a)(iv) Termination. Notwithstanding the above, the portion of the Tail Option as to which the Performance Condition is attained on or prior to the six-month anniversary of a 6(a)(iii) Termination or 6(a)(iv) Termination shall remain exercisable by the Executive until (A) one hundred and twenty (120) days following the attainment of the applicable Performance Condition, in the case of a 6(a)(iii) Termination, and (B) the last day of the Option Period, in the case of a 6(a)(iv) Termination.

(d) Any Option Shares purchased by the Executive through the exercise of the Option shall be subject to the Call Option described in this Section 6(d).

(i) Other than as set forth in the second sentence of Section 6(d)(vii), upon and following the termination of the Executive's employment with the Company for any reason (or no reason), Parent shall have the right and option (the "Call Option"), but not the obligation, to purchase, or to cause any member of Parent Group designated by Parent (the "Call Assignee") to purchase, from the Executive any or all of the Option Shares (whether purchased pursuant to the exercise of the Vested Option prior to, on or following such termination of employment). The purchase price (the "Call Price") of the Option Shares subject to purchase under this provision (the "Called Shares") shall be (i) in the case of a 6(a)(i) Termination, the lower of the purchase price of such Called Shares or the Fair Market Value of such Called Shares on the date of the applicable "Call

Notice" (as defined below) and (ii) in the case of any other termination of employment, the Fair Market Value of such Called Shares on the date of the applicable Call Notice.

(ii) Parent or the Call Assignee, as applicable, may exercise the Call Option by delivering or mailing to the Executive (or to his estate, if applicable), in accordance with Section 9 of this Agreement, written notice of exercise (a "Call Notice"). The Call Notice shall specify the date thereof, the number of Called Shares and the Call Price.

(iii) Within ten (10) days after his receipt of the Call Notice, the Executive (or his estate) shall tender to Parent or the Call Assignee, as applicable, at its principal office the certificate or certificates representing the Called Shares, duly endorsed in blank by the Executive (or his estate) or with duly endorsed stock powers attached thereto, all in form suitable for the transfer of such shares to Parent or the Call Assignee, as applicable. Upon its receipt of such shares, Parent or the Call Assignee, as applicable, shall pay to the Executive the aggregate Call Price therefor, in cash.

(iv) Parent or the Call Assignee, as applicable, will be entitled to receive customary representations and warranties from the Executive regarding the sale of the Called Shares pursuant to the exercise of the Call Option as may reasonably requested by

Parent or the Call Assignee, as applicable, including but not limited to the representation that the Executive has good and marketable title to the Called Shares to be transferred free and clear of all liens, claims and other encumbrances.

(v) If Parent or the Call Assignee, as applicable, delivers a Call Notice, then from and after the time of delivery of the Call Notice the Executive shall no longer have any rights as a holder of the Called Shares subject thereto (other than the right to receive payment of the Call Price as described above), and such Called Shares shall be deemed purchased in accordance with the applicable provisions hereof and Parent or the Call Assignee, as applicable, shall be deemed to be the owner and holder of such Called Shares.

(vi) Any Option Shares as to which the Call Option is not exercised will remain subject to all terms and conditions of this Agreement, including the continuation of Parent's or the Call Assignee's, as applicable, right to exercise the Call Option.

(vii) This Section 6(d) is in addition to, and not in lieu of, any rights and obligations of the Executive and Parent in respect of the Option Shares contained in the "Stockholders' Agreement" (as defined below). Notwithstanding the above, this Section 6(d) shall be ineffective as to each Option Share on and following an IPO or any other event which causes the Class A Common Stock, or other securities for which all or substantially all of the Class A Common Stock

may have been exchanged, to be or become listed for trading on or over an established securities market or established trading system.

(e) Compliance with Legal Requirements. The granting and exercising of the Option, and any other obligations of the Company under this Agreement shall be subject to all applicable federal and state laws, rules and regulations and to such approvals by any regulatory or governmental agency as may be required. Parent, in its sole discretion, may postpone the issuance or delivery of Option Shares as Parent may consider appropriate and may require the Executive to make such representations and furnish such information as it may consider appropriate in connection with the issuance or delivery of Option Shares in compliance with applicable laws, rules and regulations.

(f) Transferability.

(i) The Option shall not be transferable by the Executive other than by will or the laws of descent and distribution, and any such purported transfer shall be void and unenforceable against Parent; provided that the designation of a beneficiary shall not constitute a transfer or encumbrance.

(ii) Prior to an IPO, neither the Executive nor any transferee of the Executive (including any beneficiary, executor or administrator) shall assign, alienate, pledge, attach, sell or otherwise transfer or encumber the Option Shares, except in accordance with the applicable provisions of this Agreement; provided, that, Option Shares may be transferred (i) by will or the laws of descent, or (ii) with the Board's approval (which may be granted or withheld at its sole discretion), by the Executive without consideration to (A) any person who is a "family member" of the Executive, as such term is used in the instructions to SEC Form S-8 (collectively, the "Immediate Family Members"); (B) a trust solely for the benefit of the Executive and/or Immediate Family Members; or (C) any other transferee as may be approved by the Board in its sole discretion (collectively, the "Permitted Transferees"); provided, that, the Executive gives the Board advance written notice describing the terms and conditions of the proposed transfer and the Board notifies the Executive in writing that such a transfer is in compliance with the terms of this Agreement; provided, further, that, the restrictions upon any Option Shares transferred in accordance with this Section 6(f)(ii) shall apply to the Permitted Transferee, such transfer shall be subject to the acceptance by the Permitted Transferee of the terms and conditions hereof, and any reference in this Agreement or the Stockholders' Agreement to the Executive shall be deemed to refer to the Permitted Transferee, except that (a) prior to an IPO, Permitted Transferees shall not be entitled to transfer any Option Shares other than by will or the laws of descent and distribution or, with the Board's approval (which may be granted or withheld at its sole discretion), to a trust solely for the benefit of the Permitted Transferee, and (b) the consequences of the termination of the Executive's employment with the Company under the terms of this Agreement shall continue to be applied with respect to the Permitted Transferee to the extent specified in this Agreement.

(g) Rights as Stockholder.

(i) The Executive shall not be deemed for any purpose to be the owner of any shares of Common Stock subject to this Option unless, until and to the extent that (A) this Option shall have been exercised pursuant to its terms, (B) the Executive shall have executed the Stockholders' Agreement, (C) Parent shall have issued and delivered to the Executive the Option Shares, and (D) the Executive's name shall have been entered as a stockholder of record with respect to such Option Shares on the books of Parent. The Executive acknowledges that the Option and the Option Shares shall be subject to the Stockholders' Agreement and, in the event of a conflict between any term or provision contained herein and any terms or provisions of the Stockholders' Agreement, the applicable terms and provisions of the Stockholders' Agreement will govern and prevail except with respect to Sections 6(d) and 9(c) hereof.

(ii) At or promptly following an IPO or any other transaction which makes Parent eligible to use SEC Form S-8, Parent shall register all of the Option Shares (whether or not vested) on Form S-8 or an equivalent registration statement (including, at Parent's option, on the Form S-l filed in connection with an IPO), and use reasonable commercial efforts to keep such registration effective so long as the Executive continues to hold any of the Option Shares.

(h) Tax Withholding. Prior to the delivery of a certificate or certificates representing the Option Shares, the Executive must pay in the form of a certified check to Parent or the Company any such additional amount as Parent (or the Company) determines that it is required to withhold under applicable federal, state or local tax laws in respect of the exercise or the transfer of Option Shares; provided that the Board or an authorized committee thereof may, in its sole discretion, allow such withholding obligation to be satisfied by withholding Option Shares otherwise deliverable upon exercise of the Option or by any other method.

(i) Additional Terms. This Agreement shall be supplemented by the additional terms set out in Exhibit 6(i).

7. Restrictive Legend. Unless otherwise determined by Parent, all certificates representing Stock shall have affixed thereto a legend in substantially the following form, in addition to any other legends that may be required under federal or state securities laws;

THE SHARES OF STOCK REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON TRANSFER AND AN OPTION TO PURCHASE SET FORTH IN A CERTAIN STOCK OPTION AGREEMENT BETWEEN WMG PARENT CORP. AND THE REGISTERED OWNER OF THIS CERTIFICATE (OR HIS PREDECESSOR IN INTEREST) AND A STOCKHOLDERS AGREEMENT TO WHICH WMG PARENT CORP. AND THE REGISTERED OWNER OF THIS CERTIFICATE (OR HIS PREDECESSOR IN INTEREST) ARE PARTIES, WHICH AGREEMENTS

ARE BINDING UPON ANY AND ALL OWNERS OF ANY INTEREST IN SAID SHARES. SAID AGREEMENTS ARE AVAILABLE FOR INSPECTION WITHOUT CHARGE AT THE PRINCIPAL OFFICE OF WMG PARENT CORP. AND COPIES THEREOF WILL BE FURNISHED WITHOUT CHARGE TO ANY OWNER OF SAID SHARES UPON REQUEST.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THESE SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO DISTRIBUTION OR RESALE, AND MAY NOT BE SOLD, MORTGAGED, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT FOR SUCH SECURITIES UNDER THE SECURITIES ACT OF 1933, AND ANY APPLICABLE STATE SECURITIES LAWS, UNLESS WMG PARENT CORP. HAS RECEIVED AN OPINION OF COUNSEL, WHICH OPINION IS SATISFACTORY TO IT, TO THE EFFECT THAT SUCH REGISTRATIONS ARE NOT REQUIRED.

8. Securities Laws. As a condition to the exercise of the Option, unless otherwise determined by Parent, the Executive will be required to represent, warrant and covenant as follows:

(a) The Executive is acquiring the Option Shares for his own account and not with a view to, or for sale in connection with, any distribution of the Option Shares in violation of the Securities Act of 1933, as amended, or any rule or regulation under the Securities Act or in violation of any applicable state securities law.

(b) The Executive has had such opportunity as he has deemed adequate to obtain from representatives of Parent such information as is necessary to permit him to evaluate the merits and risks of his investment in Parent.

(c) The Executive has sufficient experience in business, financial and investment matters to be able to evaluate the risks involved in acquiring the Option Shares and to make an informed investment decision with respect to such investment.

(d) The Executive can afford the complete loss of the value of the Option Shares and is able to bear the economic risk of holding such Option Shares for an indefinite period.

(e) The Executive understands that (i) the Option Shares have not been registered under the Securities Act and constitute "restricted securities" within the meaning of Rule 144 under the Securities Act; (ii) the Option Shares cannot be sold, transferred or otherwise disposed of unless they are subsequently registered under the Securities Act or an exemption from registration is then available; and (iii) there is now no registration statement on file with the Securities and

Exchange Commission with respect to the Option Shares and there is no commitment on the part of Parent to make any such filing.

(f) In addition, upon the exercise of any Option, and as a condition thereof, Executive will make or enter into such other written representations, warranties and agreements as Parent may reasonably request in order to comply with applicable securities laws or with this Agreement.

9. Adjustments for Stock Splits, Stock Dividends, etc.; Change in Control.

(a) The Option shall be subject to adjustment or substitution as to the number, price, kind or class of a share of stock subject thereto, the exercise price thereof and otherwise, in each case as determined by the Board to be equitable and necessary to preserve the rights of the Executive hereunder, (i) in the event of changes in the Common Stock or in the capital structure of Parent by reason of stock or extraordinary cash dividends, stock splits, reverse stock splits, recapitalizations, reorganizations, mergers, consolidations, combinations, exchanges, or other relevant changes in capitalization occurring after the Effective Date or (ii) in the event of any change in applicable laws or any change in circumstances which results in or would result in any substantial dilution or enlargement of the rights granted to, or available for, the Executive hereunder, or which otherwise warrants equitable adjustment because it interferes with the intended operation of this Agreement; provided that any such adjustment shall be made by the Board with the intent of preserving the value of the Option. The Board shall give the Executive notice of any and all adjustments hereunder and, upon notice, such adjustment shall be conclusive and binding for all purposes absent manifest error.

(b) If Parent's Class A Common Stock is converted into or exchanged for, or stockholders of Parent receive by reason of any distribution in total or partial liquidation, securities of another corporation, or other property (including cash), pursuant to any merger of Parent or acquisition of its assets, then the rights of Parent under this Agreement shall inure to the benefit of Parent's successor and this Agreement shall apply to the securities or other property received upon such conversion, exchange or distribution in the same manner and to the same extent as the Option Shares.

(c) Notwithstanding anything in this Agreement to the contrary, in the event of a Change in Control, the Board may in its discretion and upon at least 10 days' advance notice to the Executive, cancel any portion or all of the Option and pay to the Executive, in cash or stock, or any combination thereof, the value of the cancelled portion of the Option based upon the excess, if any, of the price per share of Common Stock received or to be received by other shareholders of the Company in the event over the per-share exercise price of the Option.

10. Confidentiality of the Agreement. The Executive agrees to keep confidential the terms of this Agreement. This provision does not prohibit the Executive from providing this information on a confidential and privileged basis to the Executive's attorneys or accountants for purposes of obtaining legal or tax advice or as otherwise required by law, regulation or stock exchange rule.

11. Miscellaneous.

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

To Parent:

WMG Parent Corp.
75 Rockefeller Plaza
New York, New York 10019
Attention: General Counsel

with a copy to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, New York 10019
Attention: Michael J. Segal, Esq.

To the Executive:

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

(b) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each other provision of this Agreement shall be severable and enforceable to the extent permitted by law.

(c) No Rights to Employment. Nothing contained in this Agreement shall be construed as giving the Executive any right to be retained, in any position, as an employee, consultant or director of the Company or its affiliates or shall interfere with or restrict in any way the right of the Company or its affiliates, which are hereby expressly reserved, to remove, terminate or discharge the Executive at any time for any reason whatsoever.

(d) Beneficiary. The Executive may file with Parent a written designation of a beneficiary on such form as may be prescribed by Parent and may, from time to time, amend or revoke such designation. If no designated

beneficiary survives the Executive, the executor or administrator of the Executive's estate shall he deemed to be the Executive's beneficiary.

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

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

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

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

ANY COURT.

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

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

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

WMG PARENT CORP.

/s/ [ILLEGIBLE]
By:
Title:

/s/ Paul-Rene Albertini
PAUL-RENE ALBERTINI

Schedule A

UK Resident Executive

1. **Tax Indemnity**

Without prejudice to Section 6(h) of the Agreement ("Tax Withholding"), the Executive unconditionally and irrevocably agrees as a condition of his right to exercise the Option:

1.1 unless the directors of the Company determine otherwise in writing, to enter into a tax election under section 431(1) of Income Tax (Earnings and Pensions) Act 2003 ("ITEPA") to fully dis-apply the provisions of Chapter 2 of Part 7 of ITEPA in respect of restricted securities in such form as is approved or agreed with the Inland Revenue under the terms of paragraph 431(5) of ITEPA (a sample copy of which is attached to the Agreement as Exhibit C); and

1.2 to place the Company in funds and to indemnify the Company in respect of all liability to income tax which the Company is liable to account for on behalf of the Executive directly to any taxation authority (including, but without limitation, through the UK PAYE system) and all liability to social security which the Company is liable to account for on behalf of the Executive to any taxation authority (including, but without limitation, primary class 1 (employee's) national insurance contributions in the UK) which arises as a consequence of or in connection with the exercise of the Option, provided that (where and to the extent permissible by law) the Board or an authorised committee thereof may, in its sole discretion, allow the obligation set out in the paragraph 1.2 to be satisfied by withholding Option Shares otherwise deliverable upon exercise of the Option or by any other method; and

1.3 to sign, promptly, all documents required by the Company to effect the terms of this provision.

2. **Relevance of contract of employment**

2.1 The provisions set out in paragraph 3 of this Schedule arc without prejudice to the terms set out in Section 11(c) of the Agreement ("No Rights to Employment").

2.2 The grant of the Option will not form part of the Executive's entitlement to remuneration or benefits pursuant to his Employment Contract or any other contract of employment. The existence of a contract of employment between any person and the Company or any member of the Parent Group does not give such person any right or entitlement to have an option granted to him in respect of any number of shares of Common Stock or any expectation that such an option will or might be granted to him whether subject to any conditions or at all.

2.3 The rights and obligations of the Executive under the terms of his contract of employment with the Company or any member of the Parent Group shall not be affected by the grant of the Option.

2.4 The rights granted to the Executive upon the grant of the Option shall not afford the Executive any rights or additional rights to compensation or damages in consequence of the loss or termination of his office or employment with the Company or any member of the Parent Group for any reason whatsoever.

2.5 The Executive shall not be entitled to any compensation or damages for any loss or potential loss which he may suffer by reason of being or becoming unable to exercise the Option or the Option not vesting in consequence of the loss or termination of his office or employment with the

Company or any member of the Parent Group for any reason (including, without limitation, any breach of contract by his employer) or in any other circumstances whatsoever.

2.6 Benefits received under this Agreement are not pensionable in any circumstances.

3. **Third party rights**

3.1 Subject to paragraphs 3.2 and 3.3 below, the Company (and any other member of the Parent Group of which the Executive is an officer or employee or has a liability to pay income tax or social security in the UK by virtue of the Executive being an officer or employee of any member of the Parent Group) (the "**Third Party**") may rely upon and enforce the terms of paragraphs 1 and 2 of this schedule against the Executive.

3.2 The third party rights referred to in paragraph 3.1 may only be enforced by the relevant third subject to and in accordance with the provisions of the Contracts (Rights of Third Parties) Act 1999 (the **"1999 Act"**) and all other relevant terms of this Agreement.

3.3 Notwithstanding any other provision of this Agreement and unless the Company or the Parent (on behalf of any other Third Party which is not the Company) agree otherwise in writing, the Parent and the Executive may not rescind or vary any of the provisions of this schedule so as to extinguish or alter the Third Party's rights under this paragraph 3 without his prior written consent and accordingly section 2(l)(a) to (c) of the 1999 Act shall not apply with respect to the Third Party's rights under paragraph 3.1.

3.4 Except as provided in this paragraph, a person who is not a party to this Agreement has no right under the 1999 Act to rely upon or enforce any term of this schedule but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

4. **Governing law and jurisdiction**

4.1 Without prejudice to the terms of Section 11(g) of the Agreement, the terms of this schedule shall be governed by and construed in accordance with the law of England and

Wales (and the terms of the Agreement insofar as they relate to the enforcement of any right or obligation set out in this Schedule).

4.2 To the extent that any party seeks to enforce any right or obligation set out in this Schedule:

4.2.1 each party irrevocably submits to the exclusive jurisdiction of the courts of England and Wales over any claim, dispute or matter arising under or in connection the terms of this schedule;

4.2.2 each party irrevocably waives any objection which it may have now or later to proceedings being brought in the courts of England and Wales and any claim that proceedings have been brought in an inconvenient forum; and

4.2.3 each party further irrevocably agrees that a judgement in any proceedings brought in the courts of England and Wales shall be conclusive and binding upon each party and may be enforced in the courts of any other jurisdiction.

Exhibit B

NOTICE OF OPTION EXERCISE

To exercise your option to purchase shares of WMG Parent Corp. ("Parent") common stock ("Shares"), please fill out this form and return it to the Corporate Secretary of Parent, together with a certified check in the amount of the exercise price due, which is the product of the number of Shares with respect to which you are exercising the Option and the per share exercise price of $1,179.00. At its option, Parent may provide for the exercise price to be paid in a different manner. You are not required to exercise your option with respect to all Shares thereunder. You also must include a certified check in the amount of any required payroll taxes and income tax withholding due in connection with your exercise, unless Parent specifically provides for such obligation to be satisfied in a different manner.

I hereby exercise my right to purchase Shares under the option granted to me pursuant to the Stock Option Agreement between myself and Parent, dated as of October 1, 2004. My option is vested and exercisable as to the Shares being purchased hereunder. I have enclosed either one or more certified checks covering both the exercise price of $ and the required payroll taxes and income tax withholding of $. (Please contact the office of the Chief Executive Officer of WMG Acquisition Corp. to determine the amount of any required payroll taxes and income tax withholding.) I hereby represent that, to the best of my knowledge and belief, I am legally entitled to exercise this option. I hereby represent and warrant that I have signed the Stockholders Agreement by and among Parent and the stockholders who are party thereto, as described in the Stock Option Agreement.

Signature: _____

Printed Name: _____

Social Security Number: _____

Date: _____

Joint Election under s431 ITEPA 2003 for full or partial disapplication of Chapter 2 Income Tax (Earnings and Pensions) Act 2003

One Part Election

1. Between

the Executive	*[Insert name of Executive]*
whose National Insurance Number is	*[Insert NINO]*
and	
the Company (of which the Executive is an officer or an employee)	*[Insert name of Company that employs the Executive]*
of Company Registration Number	*[Insert number]*

2. Purpose of Election

This joint election is made pursuant to section 431(1) or 431(2) Income Tax (Earnings and Pensions) Act 2003 (ITEPA) and applies where employment-related securities, which are restricted securities by reason of section 423 ITEPA, are acquired.

The effect of an election under section 431(1) is that, for the relevant Income Tax and NIC purposes, the employment-related securities and their market value will be treated as if they were not restricted securities and that sections 425 to 430 ITEPA do not apply. An election under section 431(2) will ignore one or more of the restrictions in computing the charge on acquisition. Additional Income Tax will be payable (with PAYE and NIC where the securities are Readily Convertible Assets).

Should the value of the securities fall following the acquisition, it is possible that Income Tax/NIC that would have arisen because of any future chargeable event (in the absence of an election) would have been less than the Income Tax/NIC due by reason of this election. Should this be the case, there is no Income Tax/NIC relief available under Part 7 of ITEPA 2003; nor is it available if the securities acquired are subsequently transferred, forfeited or revert to the original owner.

3. Application

This joint election is made not later than 14 days after the date of acquisition of the securities by the employee and applies to:

Number of securities	*[Insert number of shares]*
Description of securities	[Class A Common Stock]
Name of issuer of securities	WMG PARENT CORP., a Delaware Corporation
Acquired by the Executive on	*[Insert date]*

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4. Extent of Application

This election disapplies s 431(1) ITEPA: All restrictions attaching to the securities.

5. Declaration

This election will become irrevocable upon the later of its signing or the acquisition of employment-related securities to which this election applies.

In signing this joint election, we agree to be bound by its terms as stated above.

Signature (Executive)	/ / Date
Signature (for and on behalf of the Company)	/ / Date
Position in company	

Note: Where the election is in respect of multiple acquisitions, prior to the date of any subsequent acquisition of a security it may be revoked by agreement between the employee and employer in respect of that and any later acquisition.

WMG PARENT CORP.
STOCK OPTION AGREEMENT

THIS STOCK OPTION AGREEMENT (this "Agreement"), is entered into as of this 30th day of September, 2004, by and between WMG Parent Corp., a Delaware corporation ("Parent"), and Les Bider (the "Executive"). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the "Employment Agreement" (as defined herein).

WHEREAS, Warner Music Group Inc., a Delaware corporation (the "Company"), an indirect majority owned subsidiary of Parent, or one of its direct or indirect subsidiaries, and the Executive have entered into an employment agreement, dated as of March 22, 1999, as thereafter amended, the "Employment Agreement"); and

WHEREAS, the Board of Directors of Parent (the "Board") has determined that it is in the best interests of the Company and its stockholders to grant to the Executive as of the date hereof (the "Effective Date") an option to purchase shares of Class A Common Stock of Parent ("Common Stock"), as provided for herein (the "Stock Option Award");

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

1. Grant. The Company hereby grants to the Executive an option (the "Option") to purchase 262.345679 shares of Common Stock (such shares of Common Stock, the "Option Shares"), on the terms and conditions set forth in this Agreement. This Option is not intended to be treated as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended. This grant is subject to the Executive having executed the Stockholders' Agreement entered into by and between Parent, the "Investors" (as defined below) and the other parties thereto prior to the Effective Date, as it may be amended from time to time (the "Stockholders' Agreement"). A copy of the Stockholders' Agreement, as in effect on the date hereof, is annexed hereto as Exhibit A. The number and type of Option Shares purchasable hereunder shall be subject to adjustment as and in the manner provided in Section 9(a) below.

2. Incorporation by Reference, Etc. Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Employment Agreement.

3. Option Price. The price at which the Executive shall be entitled to purchase the Option Shares upon the exercise of all or any portion of this Option shall be $1,000.00 per share. Such exercise price shall be subject to adjustment as and in the manner provided in Section 9(a) below.

4. Expiration Date. Subject to Section 6 hereof, the Option shall expire at the end of the period commencing on the Effective Date and ending at 11:59 p.m. Eastern Time ("ET") on the day preceding the tenth anniversary of the Effective Date (the "Option Period").

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5. Exercisability of the Option.

(a) Service-Based Option. Except as may otherwise be provided herein, the Option shall become vested and exercisable as to one-third of the shares subject thereto (the "Service-Based Option") in four equal installments on the day prior to each of the first, second, third and fourth anniversaries of the Effective Date provided that the Executive remains employed with the Company on each such date, such that one hundred percent (100%) of the Service-Based Option shall be vested and exercisable on the day prior to the fourth anniversary of the Effective Date; provided that the unvested portion of the Service-Based Option shall become vested and exercisable upon a termination of the Executive's employment with the Company(A) due to his death, (B) by the Company due to his Disability or without Cause of (C) by the Executive for Good Reason, in each case on or after a "Change in Control" (as defined in Section 5(b)(iii)(6)) or, in the case of termination by the Company without Cause or a termination by the Executive for Good Reason, in anticipation of a Change in Control (a termination described in the foregoing proviso being referred to hereinafter as a "CIC Termination").

(b) Performance-Based Option. Except as otherwise provided in this Agreement, the Option shall become contingently vested as to two-thirds of the shares subject thereto (the "Performance-Based Option") in four equal installments on the day prior to each of the first, second, third and fourth anniversaries of the Effective Date provided that the Executive remains employed with the Company on each such date (the "Service Condition"), but shall not be considered to be fully vested and exercisable until and unless the condition described in Section 5(b)(i) or 5(b)(ii), as applicable, has been satisfied (each such condition, a "Performance Condition").

(i) With respect to one-half of the Performance-Based Option, the Performance Condition shall be the actual or deemed occurrence of a 2X Option Vesting Event.

(ii) With respect to the other one-half of the Performance-Based Option, the Performance Condition shall be the actual or deemed occurrence of a 3X Option Vesting Event.

(iii) For purposes of this Section 5(b), and also as and if used elsewhere in this Agreement, the following terms shall have the following meanings:

(1) "2X Investor Equity Value" shall mean (X) two times the Investment minus (Y) the aggregate amount of cash and "Fair Market Value" (as defined below) of readily marketable securities or other assets (determined at the time of receipt) received by the Investors in respect of the Investor Equity prior to or coincident with the time of determination.

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(2) "3X Investor Equity Value" shall mean (X) three times the Investment minus (Y) the aggregate amount of cash and Fair Market Value of readily marketable securities or other assets (determined at the time of receipt) received by the

Investors in respect of the Investor Equity prior to or coincident with the time of determination.

(3) "2X Option Vesting Event" shall mean (A) the first sale in an underwritten offering of Parent's Class A Common Stock pursuant to a registration statement on Securities and Exchange Commission ("SEC") Form S-1 or otherwise under the Securities Act of 1933, as amended (the "Securities Act") (an "IPO"), at a per share price which implies an aggregate value of the Investor Equity at the time of the IPO of at least the 2X Investor Equity Value, (B) following an IPO, or any transaction other than an IPO which causes Parent's Class A Common Stock, or all or substantially all of the securities into which such Class A Common Stock is converted or for which it is exchanged, to be listed for trading on a national securities exchange or quoted on an automated quotation system, the average closing price of Parent's Class A Common Stock, or such securities into which Class A Coomon Stock is converted or for which it is exchanged, on the primary exchange on which, or system over which, it is traded over any 20 consecutive trading days is such that the implied aggregate value of the Investor Equity at the end of such 20 consecutive trading days, based on such average price, is at least the 2X Investor Equity Value, determined as of the first of such 20 consecutive trading days, or (C) a Bonus Vesting Event occurs which results in a combination of cash and readily marketable securities being paid or provided to the Investors having an aggregate value (as determined by the Board in good faith as of the time of receipt) of at least the 2X Investor Equity Value.

(4) "3X Option Vesting Event" has the same meaning as a 2X Option Vesting Event except that the term "2X Investor Equity Value" each time it appears in Section 5(b)(iii)(3) above shall be replaced with "3X Investor Equity Value."

(5) "Bonus Vesting Event" shall mean a Change in Control, or other event (e.g., a leveraged recapitalization in which the proceeds are paid out to the Investors as dividends and/or redemptions), in which consideration is paid to Investors in respect of the Investor Equity in the form of cash, readily marketable securities or a combination of both.

(6) "Change in Control" shall mean a "Change of Control," as defined in the certificate of incorporation of Parent, as amended from time to time.

(7) "Fair Market Value" shall mean the price at which the asset in question would change hands in an arms' length sale between

a willing buyer and a willing seller, with neither being under any compunction to buy or sell and each with full knowledge of all relevant facts, as determined by the Board in good faith; provided that, in determining Fair Market Value of the securities of any member of Parent Group, the Board shall take into account the free cash flow, revenue and EBITDA and such other methodologies and characteristics as it may determine to be relevant, and shall (A) adjust the Fair Market Value of the securities to take into account the illiquidity of securities which are not publicly traded and (B) make no adjustment on account of any control premium. Notwithstanding the above, the Fair Market Value of any freely tradable security which is of a class listed for trading on an established securities market or established trading system shall be the average of the high and low trading prices of such class of securities, as reported on the primary market on trading system on which such securities are listed on the date Fair Market Value is determined.

(8) "Investment" means the aggregate investment by the Investors in the equity securities of any member of Parent Group on the prior to the Effective Date, including expenses, which is approximately $1.25 billion.

(9) "Investor Equity" shall mean all equity securities of all members of Parent Group, including common and preferred stock and warrants, options and other instruments convertible or exercisable into, or redeemable for, common or preferred stock, either (A) purchased or otherwise received by the Investors on or prior to the Effective Date or (B) received by the Investors following the Effective Date, without cost to the Investors, in respect of the equity securities described in the preceding clause (A).

(10) "Investors" shall mean all of (i) Thomas H. Lee Equity Fund V, L P., (ii) Thomas H. Lee Parallel Fund V, L.P., (iii) Thomas H. Lee Equity (Cayman) Fund V,L P., (iv) Putnam Investments Holdings, LLC, (v) Putnam Investments Employees' Securities Company I LLC, (vi) Putnam Investments Employees' Securities Company II LLC. (vii) 1997 Thomas H. Lee Nominee Trust, (viii) Thomas H. Lee Investors Limited Partnership, (ix) Bain Capital Partners Integral Investors, LLC, (x) Bain Capital VII Coinvestment Fund, LLC (xi) BCIP TCV, LLC, (xii) Providence Equity Partners IV, L.P., (xiii) Providence Equity Operating Partners IV, L.P. and (xiv) Lexa Partners LLC, or any affiliate of any of them, in each case which purchases Investor Equity on or prior to the Effective Date.

(11) "Parent Group" shall mean Parent, the Company and each direct or indirect subsidiary of any of them.

Notwithstanding anything in this Agreement to the contrary, the Service Condition applicable to the Performance-Based Option shall be deemed to have been attained upon a CIC Termination.

(c) The term "Vested Option," as used herein, shall mean (i) the portion of the Service-Based Option on and following the time that the vesting condition set forth in Section 5(a) hereof has been actually or deemed satisfied as to such portion. (ii) the portion of the Performance-Based Option on and following the time that both the Service Condition and the Performance Condition have been actually or are deemed to have been satisfied as to such portion and (iii) the portion of the Performance-Based Option not described in the immediately preceding clause (ii) on and following the day prior to the seventh anniversary of the Effective Date, so long as the Executive remains employed by the Company on such day. The portion of the Option which has not become the Vested Option is hereinafter referred to as the "Unvested Option."

(d) The Option may be exercised only as to the Vested Option, and only by written notice, substantially in the form attached hereto as Exhibit B (or a successor form provided by Parent) delivered in person or by mail in accordance with Section 11 (a) hereof and accompanied by payment therefor. The purchase price of the Option Shares shall be paid by the Executive to the Company (A) by certified check or wire transfer (using such wire transfer instructions as are provided by Parent or the Company), (B) by transferring to Parent shares of Common Stock, if and in the manner approved by Parent, (C) on or after an IPO, by a broker-assisted "cashless exercise" procedure if and in the manner approved by the Board or a designated committee thereof, or (D) by any other method approved in writing by the Board or a designated committee thereof. If requested by Parent, the Executive shall promptly deliver his copy of this Agreement evidencing the Option to the Secretary of Parent who shall endorse thereon a notation of such exercise and promptly return such Agreement to the Executive. Upon payment of the applicable purchase price and the issuance of the Option Shares in accordance with the terms and conditions of this Agreement, the Option Shares shall be validly issued, fully paid and nonassessable.

6. Effect of Termination of Employment on Option.

(a) For purposes of this Agreement, the Executive's employment may be terminated (i) by the Company for Cause (a "6(a)(i) Termination"), (ii) by the Executive without Good Reason, other than a Retirement (a "6(a)(ii) Termination"), (iii) by the Company without Cause (including on account of Disability), by the Executive for Good Reason or on account of the Executive's death (a "6(a)(iii) Termination") or (iv) by the Executive on account of Retirement (a "6(a)(iv) Termination") For purposes of the preceding sentence. (A) "Retirement" shall mean the Executive's voluntary termination of employment with the Company and all of its affiliates on or after the age of 62, after no less than 10 years of employment with the Company and it affiliates, (B) the termination of the Executive's employment at the end of the term of the

Employment Agreement following the failure of the Company to offer the Executive continued employment at a base salary not less than that in effect at the end of such term shall be deemed to be a Section 6(a)(iii) Termination and (C) the termination of the Executive's employment at the end of the term of the Employment Agreement following the Company's offering the Executive continued employment at a base salary not less than that in effect at the end of such term shall be deemed to be a 6(a)(ii) Termination..

(b) The Unvested Option, if any, shall immediately terminate upon the termination of the Executive's employment with the Company and its affiliates for any reason; provided, however, that the portion of the Unvested Option which is the portion of the Performance Based Option as to which the Service Condition, but not the Performance Condition, has been attained at the time of a 6(a)(iii) Termination or a 6(a)(iv) Termination (the "Tail Option") shall terminate upon the six-month anniversary of the termination to the extent that the applicable Performance Condition has not been attained as of such six-month anniversary.

(c) The Vested Option shall remain exercisable by the Executive until, as applicable, (i) the date of 6(a)(i) Termination, (ii) thirty (30)days following the date of a 6(a)(ii) Termination, (iii) one hundred and twenty (120) days following the date of a 6(a)(iii) Termination and (iv) the last day of the Option Period, in the case of a 6(a)(iv) Termination. Notwithstanding the above, the portion of the Tail Option as to which the Performance Condition is attained on or prior to the six-month anniversary of a 6(a)(iii) Termination or 6(a)(iv) Termination shall remain exercisable by the Executive until (A) one hundred and twenty (120) days following the attainment of the applicable Performance Condition, in the case of a 6(a)(iii) Termination, and (B) the last day of the Option Period, in the case of a 6(a)(iv) Termination.

(d) Any Option Shares purchased by the Executive through the exercise of the Option shall be subject to the Call Option described in this Section 6(d).

(i) Other than as set forth in the second sentence of Section 6(d)(vii), upon and following the termination of the Executive's employment with the Company for any reason (or no reason), Parent shall have the right and option (the "Call Option"), but not the obligation, to purchase, or to cause any member of Parent Group designated by Parent (the "Call Assignee") to purchase, from the Executive any or all of the Option Shares (whether purchased pursuant to the exercise of the Vested Option prior to, on or following such termination of employment). The purchase price (the "Call Price") of the Option Shares subject to purchase under this provision (the "Called Shares") shall be (i) in the case of a 6(a)(i) Termination, the lower of the purchase price of such Called Shares or the Fair Market Value of such Called Shares on the date of the applicable "Call Notice" (as defined below and (ii) in the case of any other termination of employment, the Fair Market Value of such Called Shares on the date of the applicable Call Notice.

(ii) Parent or the Call Assignee, as applicable, may exercise the Call Option by delivering or mailing to the Executive (or to his estate, if applicable), in accordance with Section 9 of this Agreement, written notice of exercise (a "Call Notice"). The Call Notice shall specify the date thereof, the number of Called Shares and the Call Price.

(iii) Within ten (10) days after his receipt of the Call Notice, the Executive (or his estate) shall render to Parent or the Call Assignee, as applicable, at its principal office the certificate or certificates representing the Called Shares, duly endorsed in blank by the Executive (or his estate) or with duly endorsed stock powers attached thereto, all in form suitable for the transfer of such shares to Parent or the Call Assignee, as applicable. Upon its receipt of such shares, Parent or the Call Assignee, as applicable, shall pay to the Executive the aggregate Call Price therefor, in cash.

(iv) Parent or the Call Assignee, as applicable, will be entitled to receive customary representations and warranties from the Executive regarding the sale of the Called Shares pursuant to the exercise of the Call Option as may reasonably requested by Parent or the Call Assignee, as applicable, including but not limited to the representation that the Executive has good and marketable title to the Called Shares to be transferred free and clear of all liens, claims and other encumbrances.

(v) If Parent or the Call Assignee, as applicable, delivers a Call Notice, then from and after the time of delivery of the Call Notice the Executive shall no longer have any rights as a holder of the Called Shares subject thereto (other than the right to receive payment of the Call price as described above), and such Called Shares shall be deemed purchased in accordance with the applicable provisions hereof and Parent or the Call Assignee, as applicable, shall be deemed to be the owner and holder of such Called Shares.

(vi) Any Option Shares as to which the Call Option is not exercised will remain subject to all terms and conditions of this Agreement, including the continuation of Parent's or the Call Assignee's, as applicable, right to exercise the Call Option.

(vii) This Section 6(d) is in addition to, and not in lieu of, any rights and obligations of the Executive and Parent in respect of the Option Shares contained in the "Stockholders' Agreement" (as defined below). Notwithstanding the above, this Section 6(d) shall be ineffective as to each Option Share on and following an IPO or any other event which causes the Class A Common Stock, or other securities for which all or substantially all of the Class A Common Stock may have been exchanged, to be or become listed for trading on or over an established securities market or established trading system.

(e) Compliance with Legal Requirements. The granting and exercising of the Option, and any other obligations of the Company under this

Agreement shall be subject to all applicable federal and state laws, rules and regulations and to such approvals by any regulatory or governmental agency as may be required. Parent, in its sole discretion, may postpone the issuance or delivery of Option Shares as Parent may consider appropriate and may require the Executive to make such representations and furnish such information as it may consider appropriate in connection with the issuance or delivery of Option Shares in compliance with applicable laws, rules and regulations.

(f) Transferability.

(i) The Option shall not be transferable by the Executive other than by will or the laws of descent and distribution, and any such purported transfer shall be void and unenforceable against the Company; provided that the designation of a beneficiary shall not constitute a transfer or encumbrance.

(ii) Prior to an IPO, neither the Executive nor any transferee of the Executive (including any beneficiary, executor or administrator) shall assign, alienate, pledge, attach, sell or otherwise transfer or encumber the Option Shares, except in accordance with the applicable provisions of this Agreement; provided, that, Option Shares may be transferred (i) by will or the laws of descent, or (ii) with the Board's approval (which may be granted or withheld at its sole discretion), by the Executive without consideration to (A) any person who is a "family member" of the Executive, as such term is used in the instructions to SEC Form S-8 collectively, the "Immediate Family Members"); (B) a trust solely for the benefit to the Executive and or Immediate Family Members; or (C) any other transferee as may be approved by the Board in its sole discretion (collectively, the "Permitted Transferees"); provided, that, the Executive gives the Board advance written notice describing the terms and conditions of the proposed transfer and the Board notifies the Executive in writing that such a transfer is compliance with the terms of this Agreement; provided, further, that, the restrictions upon any Option Shares transferred in accordance with this Section 6(f)(ii) shall apply to the Permitted Transferee, such transfer shall be subject to the acceptance by the Permitted Transferee of the terms and conditions hereof, and any reference in this Agreement or the Stockholders' Agreement to the Executive shall be deemed to refer to the Permitted Transferee, except that (a) prior to an IPO, Permitted Transferees shall not be entitled to transfer any Option Shares other than by will or the laws of descent and distribution or, with the Board's approval (which may be granted or withheld at its sole discretion), to a trust solely for the benefit of the Permitted Transferee, and (b) the consequences of the termination of the Executive's employment with the Company under the terms of this Agreement shall continue to be applied with respect to the Permitted Transferee to the extent specified in this Agreement.

(g) Rights as Stockholder

(i) The Executive shall not be deemed for any purpose to be the owner of any shares of Common Stock to this Option unless, until and

to the extent that (A) this Option shall have been exercised pursuant to its terms, (B) the Executive shall have executed the Stockholders' Agreement, (C) the Company shall have issued and delivered to the Executive the Option Shares, and (D) the Executive's name shall have been entered as a stockholder of record with respect to such Option Shares on the books of the Company. The Executive acknowledges that the Option and the Option Shares shall be subject to the Stockholders' Agreement and, in the event of a conflict between any term or provision contained herein and any terms or provisions of the Stockholders' Agreement the applicable terms and provisions of the Stockholders' Agreement will govern and prevail except with respect to Sections 6(d) and 9(c) hereof.

(ii) At or promptly following a IPO or any other transaction which makes Parent eligible to use SEC Form S-8, Parent shall register all of the Option Shares (whether or not vested) on Form S-8 or an equivalent registration statement (including, at Parent's option, on the Form S-1 filed in connection with an IPO), and use reasonable commercial efforts to keep such registration effective so long as the Executive continues to hold any of the Option Shares.

(h) Tax Withholding. Prior to the delivery of a certificate or certificates representing the Option Shares, the Executive must pay in the form of a certified check to Parent any such additional amount as Parent determines that it is required to withhold under applicable federal, state or local tax laws in respect of the exercise or the transfer of Option Shares; provided that the Board or an authorized committee thereof may, in its sole discretion, allow such withholding obligation to be satisfied by withholding Option Shares otherwise deliverable upon exercise of the Option or by any other method.

7. Restrictive Legend. Unless otherwise determined by the Company, all certificates representing Stock shall have affixed thereto a legend in substantially the following form, in addition to any other legends that may be required under federal or state securities laws:

THE SHARES OF STOCK REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTION ON TRANSFER AND AN OPTION TO PURCHASE SET FORTH IN A CERTAIN STOCK OPTION AGREEMENT BETWEEN WMG PARENT CORP. AND THE REGISTERED OWNER OF THIS CERTIFICATE (OR HIS PREDECESSOR IN INTEREST) AND A STOCKHOLDERS AGREEMENT TO WHICH WMG PARENT CORP. AND THE REGISTERED OWNER OF THIS CERTIFICATE (OR HIS PREDECESSOR IN INTEREST) ARE PARTIES, WHICH AGREEMENTS ARE BINDING UPON ANY AND ALL OWNERS OF ANY INTEREST IN SAID SHARES. SAID AGREEMENTS ARE AVAILABLE FOR INSPECTION WITHOUT CHARGE AT THE PRINCIPAL OFFICE OF WMG PARENT CORP. AND COPIES THEREOF WILL BE FURNISHED WITHOUT CHARGE TO ANY OWNER OF SAID SHARES UPON REQUEST.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR

APPLICABLE STATE SECURITIES LAWS. THESE SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO DISTRIBUTION OR RESALE, AND MAY NOT BE SOLD, MORTGAGED, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT FOR SUCH SECURITIES UNDER THE SECURITIES ACT OF 1933, AND ANY APPLICABLE STATE SECURITIES LAWS, UNLESS WMG PARENT CORP. HAS RECEIVED AN OPINION OF COUNSEL, WHICH OPINION IS SATISFACTORY TO IT, TO THE EFFECT THAT SUCH REGISTRATIONS ARE NOT REQUIRED.

8. Securities Laws. As a condition to the exercise of the Option, unless otherwise determined by the Company, the Executive will be required to represent, warrant and covenant as follows:

(a) The Executive is acquiring the Option Shares for his own account and not with a view to, or for sale in connection with, any distribution of the Option Shares in violation of the Securities Act of 1933, as amended, or any rule or regulation under the Securities Act or in violation of any applicable state securities law.

(b) The Executive has had such opportunity as he has deemed adequate to obtain from representatives of the Company such information as is necessary to permit him to evaluate the merits and risks of his investment in the Company.

(c) The Executive has sufficient experience in business, financial and investment matters to be able to evaluate the risks involved in acquiring the Option Shares and to make an informed investment decision with respect to such investment.

(d) The Executive can afford the complete loss of the value of the Option Shares and is able to bear the economic risk of holding such Option Shares for an indefinite period.

(e) The Executive understands that (i) the Option Shares have not been registered under the Securities Act and constitute “restricted securities” within the meaning of Rule 144 under the Securities Act; (ii) the Option Shares cannot be sold, transferred or otherwise disposed of unless they are subsequently registered under the Securities Act or an exemption from registration is then available; and (iii) there is now no registration statement on file with the Securities and Exchange Commission with respect to the Option Shares and there is no commitment on the part of the Company to make any such filing.

(f) In addition, upon, the exercise of any Option, and as a condition thereof, Executive will make or enter into such other written representations, warranties and agreements as Parent may reasonably request in order to comply with applicable securities laws or with this Agreement.

9. Adjustments for Stock Splits, Stock Dividends, etc.; Change in Control.

(a) The Option shall be subject to adjustment or substitution as to the number, price, kind or class of a share of stock subject thereto, the exercise price thereof and otherwise, in each case as determined by the Board to be equitable and necessary to preserve the rights of the Executive hereunder, (i) in the event of changes in the Common Stock or in the capital structure of Parent by reason of stock or extraordinary cash dividends, stock splits, reverse stock splits, recapitalizations, reorganizations, mergers, consolidations, combinations, exchanges, or other relevant changes in capitalization occurring after the Effective Date or (ii) in the event of any change in applicable laws or any change in circumstances which results in or would result in any substantial dilution or enlargement of the rights granted to, or available for, the Executive hereunder, or which otherwise warrants equitable adjustment because it interferes with the intended operation of this Agreement; provided that any such adjustment shall be made by the Board with the intent of preserving the value of the Option. The Board shall give the Executive notice of any and all adjustments hereunder and, upon notice, such adjustment shall be conclusive and binding for all purposes absent manifest error.

(b) If Parent’s Class A Common Stock is converted into or exchanged for, or stockholders of Parent receive by reason of any distribution in total or partial liquidation, securities of another corporation, or other property (including cash), pursuant to any merger of Parent or acquisition of its assets, then the rights of Parent under this Agreement shall inure to the benefit of Parent’s successor and this Agreement shall apply to the securities or other property received upon such conversion, exchange or distribution in the same manner and to the same extent as the Option Shares.

(c) Notwithstanding anything in this Agreement to the contrary, in the event of a Change in Control the Board may in its discretion and upon at least 10 days’ advance notice to the Executive, cancel any portion or all of the Option and pay to the Executive, in cash or stock, or any combination thereof, the value of the cancelled portion of the Option based upon the excess, if any, of the price per share of Common Stock received or to be received by other shareholders of the Company in the event over the per share exercise price of the Option.

10. Confidentiality of the Agreement. The Executive agrees to keep confidential the terms of this Agreement. This provision does not prohibit the Executive from providing this information on a confidential and privileged basis to the Executive's attorneys or accountants for purposes of obtaining legal or tax advice or as otherwise required by law, regulation or stock exchange rule.

11. Miscellaneous

(a) Notices. Any notice, consent, request or other communication made or given in accordance with this Agreement shall be in writing and shall be deemed to have been duly given when actually received or, if mailed, three days after mailing by registered or certified mail, return receipt requested, or one business day after mailing by a nationally recognized express mail delivery service with instructions for next-day delivery, to those persons listed below at

their following respective addresses or at such other address or person's attention as each may specify by notice to the others:

To Parent:

WMG Parent Corp.
75 Rockefeller Plaza
New York, New York 10019
Attention: General Counsel

with a copy to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, New York 10019
Attention: Michael J. Segal, Esq.

To the Executive:

Les Bider
1017 North Roxbury Drive
Beverly Hills, CA 90210

with a copy to:

Don Passman
Gang, Tyre & Brown
132 South Rodeo Drive
Beverly Hills, CA 90212

(b) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each other provision of this Agreement shall be severable and enforceable to the extent permitted by law.

(c) No Rights to Employment. Nothing contained in this Agreement shall be construed as giving the Executive any right to be retained, in any position, as an employee, consultant or director of the Company or its affiliates or shall interfere with or restrict in any way the right of the Company or its affiliates, which are hereby expressly reserved, to remove, terminate or discharge the Executive at any time for any reason whatsoever.

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

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

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

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

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

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

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

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

WMG PARENT CORP.

/s/ Edgar Bronfman. Jr.

By:
Title:

/s/ LES BIDER
LES BIDER

Exhibit B

NOTICE OF OPTION EXERCISE

To exercise your option to purchase shares of WMG Parent Corp. ("Parent") common stock ("Shares"), please fill out this form and return it to the Corporate Secretary of Parent, together with a certified check in the amount of the exercise price due, which is the product of the number of Shares with respect to which you are exercising the Option and the per share exercise price of $1,000.00. At its option, Parent may provide for the exercise price to be paid in a different manner. You are not required to exercise your option with respect to all Shares thereunder. You also must include a certified check in the amount of any required payroll taxes and income tax withholding due in connection with your exercise, unless Parent specifically provides for such obligation to be satisfied in a different manner.

I hereby exercise my right to purchase Shares under the option granted to me pursuant to the Stock Option Agreement between myself and Parent, dated as of , 2004. My option is vested and exercisable as to the Shares being purchased hereunder. I have enclosed either one or more certified checks covering both the exercise price of $ and the required payroll taxes and income tax withholding of $. (Please contact the office of the Chief Executive Officer of WMG Acquisition Corp. to determine the amount of any required payroll taxes and income tax withholding.) I hereby represent that, to the best of my knowledge and belief, I am legally entitled to exercise this option. I hereby represent and warrant that I have signed the Stockholders Agreement by and among Parent and the stockholders who are party thereto, as described in the Stock Option Agreement.

Signature: _____

Printed Name: _____

Social Security Number: _____

Date: _____

EXHIBIT 12.1

Warner Music Group
(Otherwise known as WMG Acquisition Corp.)
Computation of Ratio of Earnings to Fixed Charges
(Unaudited)

	Historical							Pro Forma
	Predecessor						Successor	
	Years Ended November 30,				Ten Months Ended September 30,	Three Months Ended February 28,	Seven Months Ended September 30,	Twelve Months Ended September 30,
(Dollars in millions)	2000	2001	2002	2003	2003	2004	2004	2004
Loss before Income taxes	$ (365)	$ (1,066)	$ (1,570)	$ (1,317)	$ (268)	$ (15)	$ (74)	$ (1,161)
Add:								
Fixed charges	74	89	78	65	50	8	99	151
Income as adjusted before income taxes	$ (291)	$ (977)	$ (1,492)	$ (1,252)	$ (218)	$ (7)	$ 25	$ (1,010)
Fixed Charges								
Interest expense	$ 56	$ 71	$ 59	$ 47	$ 36	$ 4	$ 91	135
Portion of rental expense representative of interest(1)	18	18	19	18	14	4	8	16
Total fixed charges	$ 74	$ 89	$ 78	$ 65	$ 50	$ 8	$ 99	$ 151
Deficiency in earnings over fixed charges	$ (365)	$ (1,066)	$ (1,570)	$ (1,317)	$ (268)	$ (15)	$ (74)	$ (1,161)

(1) Estimated at 1/3 of total rent expense.

EMPLOYMENT AGREEMENT
by and between
WMG ACQUISITION CORP.
and
Edgar Bronfman, Jr.

THIS EMPLOYMENT AGREEMENT (this "Agreement") is entered into as of this 1st day of March, 2004 by and between WMG Acquisition Corp., a Delaware corporation (the "Company"), and Edgar Bronfman, Jr. (the "Executive").

RECITALS:

WHEREAS, the Company, which is a direct or indirect wholly owned subsidiary of WMG Holdings Corp., a Delaware corporation ("Midco"), and an indirect majority owned subsidiary of WMG-Parent Corp., a Delaware corporation ("Parent"), has entered into a Purchase Agreement (the "Purchase Agreement") with Time Warner Inc. dated as of November 24, 2003, whereby the Company will purchase the "Warner Recorded Music Business" and the "WMG Publishing Business" (as such terms are defined in the Purchase Agreement and as referred to hereafter as the "Business") from Time Warner Inc.; and

WHEREAS, the Company wishes to engage the Executive to serve as its Chairman of the Board and Chief Executive Officer on the terms and conditions contained herein and the Executive wishes to accept such engagement on the terms and conditions contained herein.

AGREEMENT:

NOW, THEREFORE, for good and valuable consideration, including the mutual covenants herein, the parties hereby agree as follows:

1. Employment Period. This Agreement and the Executive's employment with the Company hereunder (hereinafter referred to as the "Employment Period") shall be effective on the "Closing Date" (as defined in the Purchase Agreement; the Closing Date is hereinafter referred to as the "Effective Date," and is the date hereof) and, unless earlier terminated pursuant to Section 4 hereof, shall expire on the fourth anniversary of the Effective Date; provided that the Employment Period shall be automatically extended by one year upon the fourth anniversary of the Effective Date and upon each subsequent anniversary of the Effective Date unless, no less than ninety (90) days prior to the fourth anniversary of the Effective Date or any such subsequent anniversary either the Company or the Executive gives the other party written notice of non-renewal in accordance with Section 10(f) hereof, in which case the Employment Period shall end on the anniversary of the Effective Date immediately following the receipt of such notice.

2. Position, Duties and Representations.

(a) During the Employment Period, the Executive shall be employed as the Chairman of the Board and Chief Executive Officer of the Company and shall report solely to the Board of Directors of the Company (the "Board"). The Executive shall be responsible for oversight and management of all operations and activities of the Company, Parent, Midco and the direct or indirect subsidiaries and controlled affiliates of each of them (the "Company Group"), and all employees of any member of the Company Group shall report, directly or indirectly, to the Executive. The Executive's services to the Company shall be performed primarily at the offices of the Company located in New York City, subject to travel requirements necessary to discharge the responsibilities and duties assigned to the Executive hereunder.

(b) Excluding periods of vacation, sick leave and disability to which the Executive is entitled during the Employment Period, the Executive agrees, to the extent necessary to discharge the responsibilities and duties assigned to the Executive hereunder, to use the Executive's best efforts to perform faithfully and efficiently such responsibilities. During the Employment Period and the "Non-Competition Period" (as defined in Section 6(a)), the Executive may (i) serve on corporate, civic, educational, philanthropic or charitable boards or committees, (ii) passively own not more than three percent (3%) of the outstanding capital stock of any corporation whose stock is publicly traded, or (iii) manage personal investments. In addition, during the Employment Period, the Executive may engage in any other activity (other than as an employee) which is not competitive with any activity of the Company Group (other than a de minimis activity of the Company Group) at the time the Executive commences engaging in such activity, so long as such activity does not interfere with the performance of the Executive's responsibilities and duties hereunder, and the amount of time the Executive spends on all such activities is insignificant.

(c) The Executive represents and warrants to the Company that, other than prohibitions generally imposed by law, there is no "Contract" (as defined in Section 6(d)) or other restriction or agreement in effect that would prohibit or otherwise limit the Executive's ability to enter into or negotiate this Agreement, become an employee or officer of the Company or to discharge the responsibilities and duties assigned to the Executive hereunder.

3. Compensation.

(a) Base Salary. During the Employment Period, the Company shall pay to the Executive a base salary at an annual rate equal to $1,000,000 ("Base Salary"), payable in regular installments in accordance with the Company's usual payroll practices; provided, however, that Base Salary shall be reviewed for discretionary increases by the Board or the Compensation Committee thereof no less often than annually commencing no later than the first anniversary of the Effective Date.

(b) Annual Bonus. During the Employment Period, the Executive shall be eligible to receive an annual cash bonus (the "Annual Bonus") in

respect of each full or partial fiscal year of the Company (a "Fiscal Year" which, as of the Effective Date, is the period December 1 through November 30) ending during the Employment Period, with a target of 300% of Base Salary, a minimum of $0 and a maximum of 600% of Base Salary (pro rated for partial Fiscal Years of employment), based on the attainment of Company, individual, Company Group or other performance targets established by the Board or the Compensation Committee thereof in consultation with the Executive.

(c) Special Bonus. The Company expects to implement a special bonus plan or arrangement (the "Special Bonus Plan") for senior management based upon costs savings attained in respect of the Company Group and/or members or operations thereof, in amounts and in accordance with criteria established by the Board or Compensation Committee thereof. The Executive shall be eligible to participate in the Special Bonus Plan, if so established, on terms and conditions substantially the same as those applicable to other senior executives of the Company determined by the Board or the Compensation Committee; provided that the Executive acknowledges that the amount awarded to any particular executive may depend, wholly or in part, on the cost savings within the such executive's area of responsibility.

(d) Equity. On the Effective Date, the Executive shall purchase from the Company, and the Company shall sell to the Executive, shares of Parent's Class A Common Stock (the "Restricted Stock Award") representing as of the Effective Date 3.02% of the fully diluted Class A Common Stock of Parent (2.75% of the fully diluted Common Stock of the Parent, including both Class A and Class L Common Stock of Parent), which award shall be governed by the Restricted Stock Award Agreement annexed hereto as Exhibit A.

(e) Benefit Plans. During the Employment Period, the Executive shall be eligible to participate in the employee benefit plans and arrangements of the Company and its affiliates on terms and conditions no less favorable in the aggregate than those generally provided to other senior executive officers of the Company.

(f) Business Expenses. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable out-of-pocket expenses incurred by the Executive in the performance of his duties hereunder, subject to the submission of such written documentation as the Company may reasonably require in accordance with its standard expense reimbursement practices and policies. Without limiting the generality of the foregoing, the Company will reimburse the Executive for first class travel and first class hotel accommodations in connection with travel undertaken in the performance of his duties hereunder.

(g) Vacation. During the Employment Period, the Executive shall be entitled to no less paid vacation for each year commencing with the Effective Date as is made available generally to senior executives of the Company; provided that such paid vacation shall be no less than four weeks per year; and provided further that unused vacation pay in any year may not be carried forward.

4. Termination. The Employment Period and the Executive's employment with the Company shall terminate under the following circumstances:

(a) Death or Disability. The Executive's employment and the Employment Period shall terminate automatically upon the Executive's death. The Company may terminate the Executive's employment and the Employment Period after having established the Executive's Disability, by giving to the Executive a "Notice of Termination" (as defined in Section 4(d)). For purposes of this Agreement, "Disability" means personal injury, illness or other cause which has rendered the Executive unable to substantially perform his material duties and responsibilities hereunder for a period of 120 consecutive days, or 120 out of 180 consecutive days, as determined jointly by a physician selected by the Company reasonably acceptable to the Executive (or, if he is incapacitated, his legal representative) and a physician selected by the Executive (or, if he is incapacitated, his legal representative) and reasonably acceptable to the Company. If such physicians cannot agree as to whether the Executive has suffered a Disability, they shall jointly select a third physician who shall make such determination.

(b) With or Without Cause. The Company may terminate the Executive's employment and the Employment Period with or without "Cause" (as defined below) by giving to the Executive a Notice of Termination. For purposes of this Agreement, "Cause" means (i) the willful and continued failure of the Executive to perform substantially his material duties with the Company (other than any such failure resulting from the Executive's incapacity due to physical or mental illness) after a written demand for performance is delivered to the Executive by the Board which identifies the manner in which the Board believes that the Executive has not performed the Executive's duties and the Executive, after a period established by the Board and communicated in writing to the Executive (which period may be no less than 20 days), has failed to cure such failure to the reasonable satisfaction of the Board, (ii) the willful engaging by the Executive in gross misconduct which is demonstrably and materially injurious to the Company or its affiliates, (iii) the Executive's conviction of, or pleading guilty to, a felony involving moral turpitude or dishonesty or (iv) a determination by the Board that any of the Executive's representations made in Section 2(c) of this Agreement were untrue when made. A termination of the Executive by the Company for Cause shall not be effective unless and until the Company has delivered to the Executive, along with the Notice of Termination, a copy of a resolution duly adopted by a majority of the Board (excluding the Executive, if he is a member of the Board) stating that the Board has determined to terminate the Executive for Cause; provided, however, that no such resolution shall be permitted to be adopted without the Company having afforded the Executive the opportunity to make a presentation to the Board and to answer any questions its members may ask him.

(c) With or Without Good Reason. The Executive may terminate his employment and the Employment Period with or without "Good Reason" (as defined below) by giving to the Company a Notice of Termination. For purposes of this Agreement, "Good Reason" means, without the Executive's express written consent:

(i) (x) a change in the duties or responsibilities (including reporting responsibilities) of the Executive that is inconsistent in any material and adverse respect with the Executive's position(s), duties, responsibilities or status with the Company and its affiliates on the Effective Date, or (y) an adverse change in the Executive's title or offices, including but not limited to the Executive no longer serving as Chief Executive Officer of the Company;

(ii) any failure by the Company to comply with any of the provisions of Section 3 of this Agreement, including but not limited to any reduction in the target or maximum attainable Annual Bonus;

(iii) any willful breach by the Company of any other material obligation of the Company under this Agreement;

(iv) the Company requiring the Executive to be based at any office or location other than at an office commensurate with the Executive's position at the headquarters of the Company in the Borough of Manhattan, New York;

(v) any purported termination by the Company of the Executive's employment otherwise than as permitted by this Agreement, it being understood that any such purported termination shall not be effective for any purpose of this Agreement;

(vi) a failure of Executive to be elected or reelected to the Board, or as Chairman thereof; or

(vii) a failure by the Company to cause any successor to expressly assume this Agreement pursuant to Section 8(c) hereof.

A termination by the Executive with Good Reason shall be effective only if the Executive delivers to the Company a Notice of Termination for Good Reason within 60 days after learning of the circumstances constituting Good Reason. Notwithstanding the above, if (A) such Notice of Termination describes, as Good Reason, only one or more of the circumstances described in clause (i), (ii), (iii), (iv) and (vi) of this Section 4(c) and (B) within 30 days following the delivery of such Notice of Termination, the Company has cured such circumstances to the reasonable satisfaction of the Executive, then such Notice of Termination shall be ineffective and no Good Reason shall be deemed to exist. The parties agree and acknowledge that, solely for purposes of this Agreement, the cessation of the Executive's employment with the Company at the end of the Employment Period (or such other time as the Company and the Executive may agree) following Executive's provision to the Company of a written notice of non-renewal of the Employment Period, as provided in Section 1 of this Agreement, shall be deemed to be a termination by the Executive without Good Reason.

(d) Notice of Termination. Any termination by the Company with or without Cause or on account of Disability, or by the Executive with or without

Good Reason, shall be communicated by a Notice of Termination to the other party given in accordance with Section 10(f). For purposes of this Agreement, a "Notice of Termination " means a written notice which (i) indicates the specific termination provision of this Agreement relied upon, (ii) sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) if the termination date is other than the date of receipt of such notice, specifies the proposed termination date; provided, however, that the information in clause (ii) shall not be required in the event of any termination by the Company without Cause or by the Executive without Good Reason.

5. Obligations of the Company Upon Termination.

(a) Death or Disability. If the Executive's employment is terminated by reason of the Executive's death or on account of Disability, the Company shall:

(i) pay to the Executive or the Executive's estate, as applicable, a lump sum cash payment within ten (10) days after such termination equal to, to the extent not previously paid: (A) the Executive's Base Salary through the end of the month in which such termination occurred, (B) any earned and accrued but unpaid Annual Bonus for any Fiscal Year ending prior to such termination, (C) any earned and accrued but unpaid Special Bonus, (D) any accrued vacation pay, (E) any unpaid reimbursable business expenses due to the Executive in accordance with Section 3(h) (the amounts described in the preceding clauses (A) - (E), the "Accrued Amounts"), (F) the Executive's Base Salary for an additional twelve month period and (G) a pro-rated target Annual Bonus for the Fiscal Year of termination determined by multiplying (x) such target Annual Bonus by (y) a fraction, the numerator of which is the number of days in the Fiscal Year that the Executive was employed by the Company and the denominator of which is 365;

(ii) provide those death or disability benefits to which the Executive is entitled at the date of the Executive's death or Disability under any benefit plans, policies or arrangements of the Company; and

(iii) in the case of a termination on account of Disability, provide to the Executive and the Executive's spouse and dependents, as applicable, at the Company's expense, continued participation in the Company's group health plan (or comparable medical coverage) until the earlier of the date the Executive attains age 65 or the date the Executive becomes eligible for coverage under the group health plan of another employer.

(b) Cause or Without Good Reason. If the Executive's employment shall be terminated (i) by the Company with Cause, or (ii) by the Executive without Good Reason, the Company shall pay to the Executive a lump sum cash payment

within ten (10) days after such termination equal to, to the extent not previously paid, the Accrued Amounts.

(c) Without Cause or With Good Reason. If the Executive's employment shall be terminated (i) by the Company without Cause or (ii) by the Executive with Good Reason, the Executive shall be entitled to receive the following payments and benefits:Amounts;

(i) to the extent not previously paid, the Accrued

(ii) an amount equal to the sum of: (i) the Executive's Base Salary and (ii) the target Annual Bonus for the Fiscal Year of such termination, payable in substantially equal monthly installments on the first day of each of the first 12 calendar months following termination (subject to the Executive's continued compliance with the covenants contained in Section 6 during such payment period);

(iii) a pro-rated Annual Bonus for the Fiscal Year of termination determined by multiplying (x) the actual Annual Bonus which the Executive would have earned in respect of such Fiscal Year had he remained employed for the entire such Fiscal Year by (y) a fraction, the numerator of which is the number of days in such Fiscal Year that the Executive was employed by the Company and the denominator of which is 365, payable at the time bonuses are generally payable to the Company's senior executives in respect of such Fiscal Year; and

(iv) The Executive and the Executive's spouse and dependents, as applicable, shall continue to participate in the Company's group health and life insurance plans (or be provided comparable medical and life insurance coverage), at Company expense, until the earlier of the first anniversary of such termination or the date the Executive becomes eligible for coverage under the group health or life insurance plan, as applicable, of another employer.

(d) In General. The Executive shall have no rights upon his termination of employment with the Company, other than those set forth in each of Section 5(a), (b) or (c), as applicable, to any compensation or any other benefits from the Company under this Agreement, provided that amounts which the Executive is otherwise entitled to receive under any plan, program or arrangement of the Company or any of its affiliates available to employees generally (other than any severance plan or program), shall be payable in accordance with such plan, program or arrangement.

6. Restrictive Covenants. Without in any way limiting or waiving any right or remedy accorded to the Company or any limitation placed upon the Executive by law, the Executive hereby agrees as follows:

(a) Non-Solicitation; Non-Competition. The Executive agrees that during the Employment Period and for 12 months after the expiration or termination thereof (the "Non-Competition Period"), the Executive shall not, directly or indirectly:

(i) hire, make an offer of employment to, attempt to hire or assist in the hiring of, or supervise, any employee at the level of Vice President or above, or any employee whose primary responsibility is A&R or promotion irrespective of level (each, a "Restricted Employee"), of any member of the Company Group on the Executive's own behalf, or on behalf or any person, firm or entity (other than a member of the Company Group);

(ii) attempt to persuade or encourage any Restricted Employee to (1) terminate his employment with any member of the Company Group, (2) refrain from extending his employment with any member of the Company Group, (3) refrain from entering into a new employment arrangement with any member of the Company Group or (4) enter into any employment arrangement with any competitor of any member of the Company Group;

(iii) hire, make an offer of employment to, attempt to hire or assist in the hiring of, or enter into, or solicit or offer to enter into, any "Contract" (as hereinafter defined) with, any vendor or customer of the Company Group, including any "Artist" (as hereinafter defined), on the Executive's own behalf or on behalf of any person, firm or entity, if the activities which are the subject of such hiring, employment or Contract are in any way competitive with any member of the Company Group; or

(iv) attempt to persuade or encourage any vendor or customer of the Company Group, including any Artist, to (1) terminate his or her relationship or Contract with any member of the Company Group, (2) refrain from extending his or her relationship or Contract with any member of the Company Group, (3) refrain from entering into a new Contract with any member of the Company Group or (4) enter into any relationship or Contract with any competitor of any member of the Company Group; or

(v) whether as owner, partner, investor, consultant, agent, employee, co-venturer or otherwise, compete with any member of the Company Group or take active steps with others to plan for any business competitive with any member of the Company Group. Specifically, but without limiting the foregoing, the Executive agrees not to engage in any manner in any activity that is directly or indirectly competitive with the business of any member of the Company Group as conducted or under consideration (as represented by a written proposal) at the time of the termination of the Executive's employment.

(b) Confidentiality. The Executive shall not at any time disclose or reveal to any person, firm or entity, or make use of (otherwise than for the benefit of the Company or its affiliates), any trade secrets or information of a secret or confidential nature, including without limitation, matters of a business nature, such as information about costs, profits, markets, leases, details of recording agreements, distribution agreements, customer Contracts, manufacturing processes, financial information, technical and production know-how, developments, inventions, processes or administrative procedures, concerning the business or affairs of any member of the Company Group, which the Executive may have acquired in the course of or incident to the Executive's employment with the Company, and the Executive confirms that all such information ("Confidential Information") is the exclusive property of the Company and/or such member of the Company Group. This paragraph shall not apply to disclosures by the Executive (i) in the proper performance of his obligations under this Agreement during the Employment Period or to officers, employees, lawyers and accountants of any member of the Company Group, (ii) to the Executive's legal counsel in connection with seeking legal advice related hereto, (iii) to the Executive's accountants in connection with seeking financial or tax advice related hereto, or (iv) as required by law, a court of competent jurisdiction or regulatory agency or other governmental authority. Nothing herein shall prevent the Executive, subsequent to the termination or expiration of his employment hereunder, from using or availing himself of general technical skills, knowledge and experience, including that pertaining to or derived from the non-confidential aspects of any member of the Company Group. The term "Confidential Information" shall not include information generally available and known to the public other than as a result of a breach of this Section 6(b) by the Executive. The Executive agrees to hold as Company property all Confidential Information and all books, papers and other data, and all copies thereof and therefrom, in any way relating to the businesses of any member of the Company Group, whether made or received by the Executive, and, on termination of employment, or upon demand by the Company, to deliver the same to the Company.

(c) Intellectual Property. Any copyrights, "Musical Compositions" (as hereinafter defined), trademarks, patents, patent applications, inventions, developments and processes which the Executive during the Employment Period may develop which may reasonably be expected to be usable by any member of the Company Group in the ordinary course of its business shall belong to Company and/or the relevant member of the Company Group. Furthermore, the Executive agrees to execute any copyright assignment or other instruments as any member of the Company Group may deem reasonably necessary (at such member's expense) to evidence, establish, maintain, protect, enforce, and/or defend any and all of member of the Company Group's interests under this Section 6(c). All such interests shall vest in the relevant member of the Company Group whether or not such instrument is requested, executed or delivered. If the Executive shall not so execute and deliver any such instrument after reasonable notice and opportunity to do so, the Company shall have the right to do so in the Executive's name and the Company is hereby irrevocably appointed the Executive's attorney-in-fact for such purposes, which power is coupled with an interest.

(d) Definitions. For the purposes of Section 6 of this Agreement, the following definitions shall apply:

(i) "Artists" means (A) any singer or musician, or other person furnishing the services or works of an artist to any member of the Company Group pursuant to a Contract with any member of the Company Group pursuant to which such singer, musician or other person is required to provide exclusive services for the making or delivering of master "Recordings" (as hereinafter defined) to such Restricted Operation or (B) any writer, producer or other talent who has entered into a Contract with any member of the Company Group or who has otherwise provided services to any member of the Company Group excepting, in the case of both clauses (A) and (B) above, any such person who is required to provide services to any person or party other than any member of the Company Group on an exclusive basis pursuant to a Contract that was not entered into in connection with any violation by the Executive of this Agreement.

(ii) "Contract" means any contract, other agreement, commitment; binding arrangement, binding understanding or binding relationship (whether written or oral and whether express or implied).

(iii) "Musical Compositions" means a musical composition or medley consisting of words and/or music, or any dramatic material and bridging passages whether in form of instrumental and/or vocal music, prose or otherwise, irrespective of length.

(iv) "Recordings" means any recording of sound, whether or not coupled with a visual image, by any method or format and on any substance or material, whether now or hereafter known, which is used or useful in the recording, production and/or manufacture of Records or for any other exploitation of sound, excluding television and movies (other than music videos or the promotion thereof), consumer electronics and electronic games.

(v) "Records" means gramophone discs, magnetic tapes, compact discs, other storage media and any other device or appliance used for emitting sounds (whether or not accompanied by visual images) incorporating the Recordings.

(e) Severability; Blue-Pencilling. Each section, subsection or part thereof under this Section 6 constitutes an entirely separate and independent restriction. If any of such covenants or such other provisions of this Agreement are found to be invalid or unenforceable by a final determination of a court of competent jurisdiction (i) the remaining terms and provisions hereof shall be unimpaired and (ii) the invalid or unenforceable term or provision shall be deemed replaced by a term or

provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision.

(f) Necessity; Enforcement. The parties hereto have considered carefully the necessity for protection of each member of the Company Group against the Executive's disclosures of Confidential Information and other actions referred to in this Section 6, and the nature and scope of such protection. The parties agree and acknowledge that the duration and scope applicable to the covenants set forth in this Section 6 are fair, reasonable and necessary, and that the Executive has received adequate consideration for such obligations. Accordingly, the Executive agrees that, in addition to any other relief to which the Company maybe entitled, the Company shall be entitled to seek injunctive relief (without the requirement of posting any bond or other security) from a court of competent jurisdiction for the purpose of restraining the Executive from any actual or threatened breach of the covenants contained in this Section 6.

7. Indemnity. To the fullest extent permitted by applicable law, the Company shall indemnify, defend and hold the Executive harmless from and against any and all claims, demands, actions, causes of action, liabilities, losses, judgments, fines, costs and expenses (including, without limitation, the reimbursement of reasonable attorneys' fees, settlement expenses, punitive damages and the advancement of legal fees and expenses, as such fees and expenses are incurred by the Executive) arising from or relating to (a) claims relating to any member of the Company Group (other than claims by a member of the Company Group) or (b) the Executive's service with or status as an officer, director, employee, agent or representative of any member of the Company Group or in any other capacity in which the Executive serves or have served at the request of the Board or the CEO for the benefit of any member of the Company Group. Without limiting the foregoing, in connection with any such claim, demand, action, cause of action, liability, loss, judgment or fine, the Executive shall have the right (i) to be represented by separate counsel reasonably acceptable to the Company, at the Company's sole cost and expense, and (ii) to have the Company pay the cost and expense of any bond that the Executive may be required to post in order to appeal an adverse decision. The Company's obligations under this Section 7 shall be in addition to, and not in derogation of, any other rights the Executive may have against the Company to indemnification or advancement of expenses, whether by statute, contract or otherwise (including, without limitation, the Executive's entitlement to indemnification and the payment or reimbursement of expenses (including attorneys' fees and expenses) to the extent provided in and/or permitted by the Certificate of Incorporation and By-Laws of the Company. The Company shall maintain directors and officers liability insurance in commercially reasonably amounts (as reasonably determined by the Board), and the Executive shall be covered under such insurance to the same extent as any other senior executive of the Company. The Executive hereby undertakes to repay any advances paid to him pursuant to this Section 7 if a final judgment adverse to the Executive establishes that he is not entitled to be indemnified under this Agreement or otherwise. The Company hereby acknowledges that the undertaking set forth in the previous sentence satisfies all requirements for any similar undertakings in the by-laws or other corporate documents of the Company. The Company shall not take any action that would impair the Executive's right to indemnification, other than in connection with a claim by the

Company that the Executive is not entitled to indemnification in accordance with the standards set forth in this Section 7.

8. Successors.

(a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and, other than as set forth in Section 8(c), shall not be assignable by the Company without the prior written consent of the Executive (which shall not be unreasonable withheld).

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

9. [Deleted]

10. Miscellaneous.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware applicable to contracts made and performed entirely therein. The parties hereto agree that exclusive jurisdiction of any dispute regarding this Agreement shall be the state or federal courts located in New York, New York.

(b) Each party hereto shall be responsible for its own fees and costs incurred in connection with any action brought to enforce or avoid this Agreement or any provision hereof.

(c) In the event of any termination of the Executive's employment hereunder, the Executive shall be under no obligation to seek other employment or otherwise mitigate the obligations of the Company under this Agreement, and there shall be no offset against amounts due the Executive under this Agreement on account of future earnings by the Executive. Any amounts due to the Executive under this Agreement upon termination of employment are considered to be reasonable by the Company and are not in the nature of a penalty.

(d) The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

(e) This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(f) All notices required or permitted by this Agreement to be given to any party shall be in writing and shall be delivered personally, or sent by certified mail, return receipt requested, or by Federal Express or similar overnight service, prepaid recorded delivery, addressed as follows:

If to the Executive:

c/o Lexa Partners LLC 390 Park Avenue
New York, New York 10022

If to the Company:

WMG Acquisition Corp.
75 Rockefeller Plaza
New York, New York 10019
Attention: Board of Directors and General Counsel

and shall be deemed to have been duly given when so delivered personally or, if mailed or sent by overnight courier, upon delivery; provided, that, a refusal by a party to accept delivery shall be deemed to constitute receipt.

(g) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(h) The Company may withhold from any amounts payable under this Agreement such Federal, state or local taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(i) This Agreement is the joint product of the Company and the Executive and each provision hereof has been subject to the mutual consultation, negotiation and agreement of the Company and the Executive and shall not be construed for or against either party hereto.

(j) Subject to any other documents which may be entered into by the Executive and the Company on or after the Effective Date (including without limitation the Restricted Stock Award Agreement), this Agreement contains the entire agreement and understanding of the parties

hereto with respect to the subject matter contained herein and, upon this Agreement becoming effective, supersedes all prior communications, representations and negotiations in respect thereto, whether or not in writing.

(k) Notwithstanding anything herein contained to the contrary, this Agreement shall not become effective until and unless the Closing Date occurs, at which time it shall become the binding and legal obligation of the parties hereto. If the Purchase Agreement shall be abandoned in accordance with its terms then this Agreement shall never become effective and shall be null and void.

(1) This Agreement has been approved by the shareholders of Parent in an effort to satisfy the shareholder approval requirements of Section 280G of the Internal Revenue Code of 1986, as amended. Neither the Company nor the Executive makes any representation or warranty as to whether such approval does in fact satisfy such requirements.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

_____
Edgar Bronfinan, Jr.

WMG ACQUISITION CORP.

By: _____

Title: _____

EMPLOYMENT AGREEMENTS—DAVID JOHNSON

Warner Music Group Inc.
75 Rockefeller Plaza
New York, New York 10019

February 14, 2003

David H. Johnson
Warner Music Group Inc.
75 Rockefeller Plaza
New York, NY 10019

Re: Employment

Dear Mr. Johnson,

Reference is made to the Employment Agreement between you and Warner Music Group Inc. (the "Company") dated December 15, 1998 (the "Agreement"). This letter will confirm that you and the Company have agreed that the Agreement shall be modified, as follows:

Notwithstanding any more restrictive provisions in any applicable stock option plan or stock option agreement, if your employment with the Company is terminated by the Company without cause or if you shall terminate your employment with the Company due to a material breach of the Agreement by the Company, then, except if you shall otherwise qualify for retirement under the terms of the applicable stock option agreement, (i) all stock options to purchase shares of AOL Time Warner Inc. ("AOLTW") Common Stock granted to you by AOLTW or the Company shall continue to vest, and any vested stock options will remain exercisable (but not beyond the term of such stock options), while you remain on the payroll of the Company, (ii) all such stock options granted to you by AOLTW or the Company on or after January 10, 2000 (the "Term Options") that would have vested on or before the end of the term of the Agreement (or the comparable date under an employment agreement that amends, replaces or supersedes the Agreement) shall vest and become immediately exercisable at the time you go off the payroll of the Company, (iii) all vested Term Options shall remain exercisable for a period of three years after the date you leave the payroll of the Company (but not beyond the term of such options), and (iv) the Company shall not be permitted to determine that your employment was terminated for "unsatisfactory performance" within the meaning of any stock option agreement between you and the Company. At the time you leave the payroll of the Company, all stock options to purchase shares of AOLTW Common Stock granted to you prior to January 10, 2000 shall be governed by the terms of the applicable stock option agreements and stock option plans.

Except as provided herein, all other terms and conditions of your employment with the Company remain in full force and effect. Please execute and return this letter at your earliest convenience.

Sincerely,

/s/ Helen Murphy

Helen Murphy
Executive Vice President and
Chief Financial Officer

Acknowledged and agreed,

/s/ David Johnson
Name: David Johnson
Date: February 14, 2003

May 13, 2003

David H. Johnson
Warner Music Group Inc.
75 Rockefeller Plaza
New York, NY 10019

Re: Employment Agreement

Dear David:

Reference is made to the Employment Agreement between Warner Music Group Inc. (the "Company") and you dated December 15, 1998 (the "Agreement"). Capitalized terms used but not defined in this letter shall have the meanings given such terms in the Agreement. You and the Company desire to amend the Agreement as follows:

1. Paragraph 2 of the Agreement is amended to extend the Terra through June 29, 2007 ("Term Date"), subject however, to earlier termination as set forth in the Agreement.

2. Paragraph 3.1 of the Agreement is amended to provide that from the period January 1, 2003 through the Term Date, the Company shall pay you a base salary of not less than $700,000 ("Base Salary"). The Company may increase, but not decrease, your Base Salary during the period January 1, 2003 through *the Term Date*. Base Salary shall be paid in accordance with the Company's customary payroll practices.

3. In addition to any other rights you may have under the Agreement, and unless previously terminated pursuant to any other provision of this Agreement, you have the right to terminate the Term (subject to the notice and cure provisions of Paragraph 13 of the Agreement) if any of the following events occur:

(a) there is any material reduction of your duties and responsibilities during the Term or any extension thereof. The sale, transfer or other disposition of the manufacturing and/or the music publishing operations of the Company shall not constitute a material reduction in your duties or responsibilities. The sale or transfer or other disposition (including by way of a joint venture formation) of all or substantially all of the Company's assets (or all or substantially all of the recorded music business of AOL Time Warner) shall not constitute a material reduction of your duties and responsibilities provided that (i) the Company assigns its rights and obligations under the Agreement to the entity acquiring all or substantially all of the assets of the Company (or all or

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substantially all of the assets of the recorded music business of AOL Time Warner) (the "successor entity") as provided in Paragraph 18(e) of the Agreement; (ii) you shall continue to have substantially the same duties, responsibilities and authority with respect to Company's businesses that you had as of the date of this Amendment and that you may have with respect to businesses added hereafter, and (iii) you shall report solely and directly to the individual holding the office within the successor entity that is substantially equivalent to the position within the Company to whom you reported under the Agreement; or

(b) any failure by the Company to obtain the assumption and agreement to perform this Agreement by a successor entity as contemplated by Paragraph 4 of this Amendment.

In the event of a termination under this Paragraph, the Term of this Agreement shall terminate and your sole remedy shall be that set forth in Paragraph 13 of the Agreement (Termination for Material Breach by Company and Wrongful Termination by Company).

4. Paragraph 18(e) of the Agreement is amended in its entirety to read as follows:

The provisions of this Agreement shall inure to the benefit of the parties hereto, their heirs, legal representatives, successors and permitted assigns. This Agreement, and your rights and obligations hereunder, may not be assigned by you. The Company may assign its rights, together with its obligations, hereunder in connection with any sale, transfer or other disposition (including by way of a joint venture formation) of all or a substantial portion of the stock or assets of Company, WCI, AOL Time Warner or the recorded music business of AOL Time Warner. The Company shall use reasonable efforts to cause any successor entity acquiring all or substantially all of the business and/or assets of the Company (or all or substantially all of the recorded music business of the Company), whether direct or indirect, by purchase, merger, consolidation, acquisition of stock, formation of a joint venture, or otherwise, expressly to assume and agree to perform this Agreement in the same manner and to the same extent as the Company would be required to perform, and to specifically agree to the following terms and conditions:

(a) The successor entity shall pay you annual compensation as follows: (i) Base Salary at a rate that is no less than the rate you received from Company as of the effective date of the sale or transfer ("Minimum Base Salary') and (ii) either the Target Bonus or the average of the bonus paid you for the two calendar years immediately preceding the effective date of the sale or transfer, whichever is higher ("Minimum Bonus"). For example, if the effective date of the sale or transfer was March 31, 2003, your Minimum Base Salary would be $700,000 and

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your Minimum Bonus would be $925,000 (two-year average bonus rather than the Target Bonus of $750,000 at 100%).

(b) Notwithstanding any other provision of the Agreement, in the event that the Term of Employment is terminated for reasons other than Cause, Disability or Death (as set forth in Paragraphs 11 and 12 of the Agreement), the successor entity shall provide you a lump sum severance payment in a minimum amount equal to 2 years' Base Pay and two years' target bonus.

As amended, the Agreement shall remain in full force and effect.

Please indicate your agreement with the terms of this letter by signing and returning the enclosed copy.

Warner Music Group Inc.

By: /s/ Helen Murphy

Confirmed and Agreed

/s/ David H. Johnson

WARNER MUSIC GROUP INC.
75 ROCKEFELLER PLAZA
NEW YORK, NEW YORK 10019

December 15, 1998

PERSONAL AND CONFIDENTIAL

Mr. David H. Johnson
35 East 20th Street
New York, New York 10003

Dear David:

This letter, when signed by you, shall constitute our agreement with respect to your employment with us ("Company").

1. Position. Executive Vice President and General Counsel of Company.

2. Term. The term of your employment with Company hereunder shall commence on January 1, 1999 (the "Commencement Date") and shall end December 31, 2003 (the "Term"), subject to earlier termination as herein below set forth.

3. Compensation.

a. Salary. Company shall pay to you salary ("Base Salary") at the rate of $600,000 per annum commencing on the Commencement Date through December 31, 2000. Your Base Salary will be increased to the rate of $650,000 for the years 2001 and 2002 and to $700,000 for the year 2003. Salary accruing to you during the

Term shall be payable in accordance with the regular payroll practices of Company for employees at your level.

b. Signing Bonus. Promptly following the Commencement Date, you shall be entitled to receive a one-time signing bonus in the amount of $500,000 less applicable withholdings.

c. Relocation Expenses. You shall be reimbursed your actual reasonable moving expenses relating to relocating your family and your personal effects to the Los Angeles metropolitan area in accordance with Company policy for employees at your level upon presentation of such evidence of such expenditures as Company shall reasonably require.

d. Guaranteed and Discretionary Bonus. With respect to the period of your employment commencing on the Commencement Date through December 31, 1999, you shall be entitled to a bonus of not less than $750,000. With respect to each subsequent calendar year of the Term, Company may grant to you, in recognition of services rendered by you during such year, an annual bonus, the amount of which, if any, shall be determined by Company in its discretion.

4. Exclusivity. During the Term and during any period you remain on the payroll of Company pursuant to Paragraph 13b(iii) or otherwise, your employment with Company shall be full-time and exclusive and you will not render any services for others, or for your own account, in the field of entertainment or otherwise. You may manage your passive investments and be involved in charitable interests so long as they do not interfere with the performance of your duties hereunder and

otherwise are in compliance with Company's conflict of interest and other policies of general application.

5. Stock Options. As a separate and added inducement to your entering into this Agreement, on November 23, 1998 Time Warner Inc. ("Time Warner") granted you options to purchase 60,000 shares of the Common Stock of Time Warner at an exercise price of $104.78 per share, conditioned on your execution of this Agreement. As a result of the pending two-for-one stock split for stockholders of record on December 1, 1998, these options shall be adjusted to 120,000 options at an exercise price of $52.39 per share. In addition, during the Term in the first quarter of each of 2000, 2001, 2002 and 2003 the Company shall use its best efforts to cause Time Warner to grant you options to purchase an additional 20,000 shares of Time Warner Common Stock. The number of shares covered by such options shall be appropriately adjusted as contemplated in Time Warner's stock option plans generally in the event of any subsequent changes in Time Warner's stock capitalization after the pending stock split. Such options shall be exercisable as set forth in stock option agreements in the standard form for such agreements in effect as of the date of grant to be executed by you and delivered to Time Warner promptly following each such grant.

6. Reporting. You shall serve as the senior legal officer of Company reporting to the Chairman and Chief Executive Officer (or the Co-Chairmen and Co-Chief Executive Officers, if applicable) and the President or other Chief Operating Officer, if any, of Company and you shall perform such duties (consistent with your position) as you shall reasonably be directed to perform by any such officer.

7. Place of Employment. Prior to June 30, 1999 you shall render services at Company's offices in the Los Angeles metropolitan area and in New York City,

as required, and you understand that it shall be necessary for you to spend substantial periods of time in Company's offices in the Los Angeles metropolitan area. On or prior to June 30, 1999 you shall relocate such that your services thereafter shall be rendered primarily at the offices of Company in the Los Angeles metropolitan area. You also agree to travel on temporary trips to such other place or places as may be reasonably required from time to time to perform your duties hereunder.

8. Travel and Entertainment Expenses. Company shall pay or reimburse you for reasonable expenses actually incurred or paid by you during the Term in the performance of your services hereunder in accordance with Company's policy for employees at your level upon presentation of expense statements or vouchers or such other supporting information as Company may customarily require.

9. Benefits. During the Term, you shall be entitled to all fringe benefits generally accorded to employees of Company at your level from time to time, including, but not limited to, pension, profit-sharing, medical health and accident, group insurance and similar benefits, provided that you are eligible under the general. provisions of any applicable plan or program and Company continues to maintain such plan or program during the Term. In addition, during the Term you shall be entitled to receive an automobile allowance of $24,000 per annum and a financial advisory services allowance of $18,000 per annum, each payable in accordance with the regular payroll practices of Company for employees at your level.

10. Life Insurance. Company will obtain and maintain $1 million of term life insurance on your life during the Term, provided that you cooperate with Company in completing any application(s) to obtain such insurance and shall submit to, and satisfactorily complete, any medical examinations required with

respect thereto. The provisions of this Paragraph 10 shall be in addition to any other insurance provided by Company, Warner Communications Inc. ("WCI") or Time Warner on your life under any group policy.

11. Disability and Death.

a. If during the Term you shall become physically or mentally disabled, whether totally or partially, so that you are substantially prevented from performing your usual duties for a period of six consecutive months, or for shorter periods aggregating six months in any twelve-month period, Company shall, nevertheless, continue to pay you your full compensation through the last day of the sixth consecutive month of disability or the date on which the shorter periods of disability shall have equaled a total of six months in any twelve-month period (such last day or date being referred to herein as the "Disability Date"). If you have not resumed your usual duties on or prior to the Disability Date, Company may terminate your employment hereunder and, in such event, shall pay you the Base Salary to the last day of the month in which such termination occurs plus a pro rata share of (i) your guaranteed bonus for the year 1999, if such termination occurs in such year, and (ii) your automobile and financial services allowances contemplated in Paragraph 9.

b. Upon your death, this Agreement and all benefits hereunder shall terminate except that your estate (or a designated beneficiary thereof) shall be entitled to receive the Base Salary to the last day of the month in which your death occurs plus a pro rata share of (i) your guaranteed bonus for the year 1999, if such termination

occurs in such year, and (ii) your automobile and financial services allowances contemplated in Paragraph 9.

c. Any termination pursuant to this Paragraph 11 shall not affect any vested rights which you may have at the time of such termination pursuant to any insurance or other benefit plans or arrangements of Company or any of its affiliated companies or to the benefit plans described in Paragraph 9, which vested rights shall continue to be governed by the provisions of such plans.

12. Termination by Company for Cause. Company may at any time during the Term, by written notice, terminate your employment and all of Company's obligations hereunder (other than its obligations set forth in this Paragraph 12) only for "cause". The following acts shall constitute "cause" hereunder: (i) any willful or intentional act or omission having the effect of injuring the reputation, business or business relationships of Company or its affiliates; (ii) conviction of, or plea of nolo contendere to, a misdemeanor involving moral turpitude or a felony; (iii) breach of

material covenants contained in this Agreement; and (iv) repeated or continuous failure, neglect or refusal to perform your duties hereunder. Such termination shall be effected by notice thereof delivered by Company to you and shall be effective as of the date of such notice; provided, however, that if (a) such termination is by reason of events described in clause (iii) or (iv) of the preceding sentence, (b) such notice is the first such notice of termination for any reason delivered by Company to you hereunder, and (c) within 15 days following the date of such notice, you shall cease your refusal and shall use your best efforts to perform such obligations, termination shall not be effective. In the event of termination by Company for cause in accordance with the foregoing procedures, without prejudice to any other rights or remedies that Company may have at law

or equity, Company shall have no further obligations to you other than (i) to pay your salary accrued through the effective date of termination, (ii) to pay any annual bonus in respect of any year prior to the year in which such termination is effective which has been determined and not yet paid as of such termination and (iii) with respect to any of your rights under Paragraphs 9 or 10 through the effective date of termination (except as may be otherwise specifically provided in any such plan or program) or pursuant to any insurance or other benefit plans or arrangements of Company maintained for the benefit of its executives.

13. Termination for Material Breach by Company and Wrongful Termination by Company.

a. You shall have the right, exercisable by written notice to Company specifying the facts, events or circumstances constituting any alleged breach of this Agreement, to terminate the Term effective 15 days after the giving of such notice, if, at the time of such notice. Company shall be in material breach of its obligations hereunder, provided that, with the exception of clause(i) below, the Term Shall not so terminate if within such 15-day period Company shall have cured all such material breaches of its obligations hereunder. The parties acknowledge and agree that a material breach by Company shall include, but not be limited to, (i) Company's failing to cause you to serve during the Term in the capacities set forth in Paragraph l; and (ii) unless you otherwise consent, Company's requiring your primary services to be rendered in an area other than as contemplated in Paragraph 7.

b. In the event of a termination by you pursuant to this Paragraph 13, or in the event of a termination of this Agreement or the term of employment by Company without cause or in the event Company does not enter into a renewal employment agreement with you at the end of the original Term of this Agreement, you shall

be entitled to elect by delivery of written notice to Company within 30 days after written notice of such termination is given pursuant to Paragraph 13(a) or the expiration of the original Term without execution of a renewal employment agreement, as the case may be, either (x) to cease being an employee of Company and receive a lump sum payment as provided in Paragraph 13(b)(ii) or (y) to remain an employee of Company as provided in Paragraph 13(b)(iii). After you make such election, the following provisions shall apply:

(i) Regardless of the election you make, (x) following the effective date of such termination, you shall have no further obligations or liabilities to Company whatsoever (except for your obligations under Paragraphs 14, 15 and 16, which shall survive such termination in accordance with their terms) and (y) you shall be entitled to receive any earned and unpaid Base Salary and your automobile and financial services allowances contemplated in Paragraph 9 accrued through the effective date of such termination, plus, your guaranteed bonus for the year 1999, if not previously paid to you.

(ii) If you make the election provided in clause (x) of Paragraph 13(b), within 30 days following such election, Company shall pay to you as damages in a lump sum an amount (discounted as provided in the following sentence) equal to your Base Salary otherwise payable pursuant to Paragraph 3 and your automobile and financial services allowances contemplated in Paragraph 9 for the period ending the later of (a) the end of the original Term or (b) two years following the effective date of such termination. Any payments required to be made to you pursuant to this Paragraph 13(b)(ii) in excess of the amount equal to the first two years of Base Salary otherwise payable following the effective date of such termination (which shall be paid in a lump sum without discounting) shall be discounted to present value from the times at which such amounts would have been paid

absent such termination at an annual discount rate for the relevant periods equal to 120% of the "applicable Federal rate" (within the meaning of Section 1274(d) of the Internal Revenue Code of 1986 (the "Code") in effect on the date of such termination, compounded semi-annually, the use of which rate is hereby elected by Company and you pursuant to Treas. Reg. § 1.280G-l Q/A 32 (provided that, in the event such election is not permitted under Section 280G and the regulations thereunder, such other rate determined as of such other date as is applicable for determining present value under Section 280G of the Code shall be used).

(iii) If you make the election provided in clause (y) of Paragraph 13(b), the term of employment shall continue and you shall remain an employee of Company for the period ending the later of (a) the end of the original Term or (b) two years following the effective date of such termination, and during such period you shall be entitled to receive, whether or not you become disabled during such period but subject to Paragraph 11(b), your Base Salary otherwise payable pursuant to Paragraph 3 and your automobile and financial services allowances contemplated in Paragraph 9. Except as provided in the following sentence, if you accept full-time employment with any other entity during such period or notify Company in writing of your intention to terminate your status as an employee during such period, then the term of employment shall cease and you shall cease to be an employee of Company effective upon the commencement of such employment or the effective date of such termination as specified by you in such notice, whichever is applicable (the "Termination Date"), and, within 30 days following such Termination Date, Company shall pay to you as damages in a lump sum an amount determined in accordance with Paragraph 13(b)(ii) (treating the Termination Date as the effective date of such termination for purposes thereof). Notwithstanding the preceding

sentence, if you accept employment with any not-for-profit entity, then you shall be entitled to remain an employee of Company and receive the payments as provided in the first sentence of this Paragraph 13(b)(iii); and if you accept full-time employment with any affiliate of Company, then the payments provided for in this Paragraph 13(b)(iii) and the term of employment shall cease and you shall not be entitled to any such lump sum payment. For purposes of this Agreement, the term "affiliate" shall mean any entity that, directly or indirectly, controls, is controlled by, or is under common control with, the Company.

c. The termination of this Agreement or the Term pursuant to Paragraph 13 shall not affect the obligations of Company under the last sentence of Paragraph 9 or under Paragraph 10. In addition, if following a termination by you pursuant to Paragraph 13 or a termination of this Agreement by Company without cause or at the end of the original Term of this Agreement, you make the election provided in clause (y) of Paragraph 13(b), then during the period you remain on the payroll of Company after such termination (i) you shall continue to be eligible to receive the other benefits required to be provided under Paragraphs 9 and 10 to the extent such benefits are maintained in effect by Company for its senior executives and (ii) you shall continue to be an employee of Company for purposes of any stock option agreements, including the obligation to use Company's best efforts to cause Time Warner to grant stock options pursuant to Paragraph 5. In the event you leave the payroll of Company or such best efforts are not successful such that any such options are not granted (whether or not you leave the payroll of Company, unless your termination is for cause pursuant to Paragraph 12), Company shall be obligated to pay you the fair value of such options, less applicable withholdings, the amount of which shall be determined in good faith using the Black Scholes valuation model. Upon the later of the time your term of employment with Company terminates and the time you leave the payroll of

Company pursuant to the provisions of Paragraph 13(b), your rights to benefits and payments under any benefit plans or any insurance or other death benefit plans or arrangements of Company or under any stock, restricted stock, stock appreciation right, bonus unit, management incentive or other plan of Company shall be determined, subject to the other terms and provisions of this Agreement, in accordance with the terms and provisions of such plans and any agreements under which such stock options, restricted stock or other awards were granted. Notwithstanding the foregoing or any more restrictive provisions of any such plan or agreement, upon a termination of this Agreement or the Term pursuant to Paragraph 13 or a termination of this Agreement by Company without cause all stock options granted to you by Company shall become immediately exercisable and shall remain exercisable (but not beyond the term thereof) during the remainder of the Term.

d. In partial consideration for Company's obligation to make the payments described in Paragraph 13, you shall execute and deliver to Company a release in substantially the form attached hereto as Annex A. Company shall deliver such release to you and to your counsel specified in Paragraph 17 hereof within 10 days after the written notice of termination is delivered pursuant to Paragraph 13(b) and you shall execute and deliver such release to Company within 21 days after receipt thereof. If you shall fail to execute and deliver such release to Company within such 21 day period, or if you shall revoke your consent to such release as provided therein, your term of employment shall terminate as provided in Paragraph 13(b), but you shall receive, in lieu of the payments provided for in Paragraph 13, a lump sum cash payment in an amount determined in accordance with the personnel policies of Company relating to notice and severance then generally applicable to employees with a length of service and compensation level comparable to yours.

14. Mitigation. In the event of the termination of this Agreement by you as a result of

a material breach by Company of any of its obligations hereunder, or in the event of the termination of this Agreement or the term of employment by Company in breach of this Agreement or at the end of the original Term of this Agreement, you shall not be required to seek other employment in order to mitigate your damages hereunder; provided, however, that, notwithstanding the foregoing, (i) if there are any damages hereunder by reason of the events of termination described above which are "contingent on a change" (within the meaning of Section 280G(b)(2)(A)(i) of the Code), you shall be required to mitigate such damages hereunder, including any such damages theretofore paid, but not in excess of the extent, if any, necessary to prevent Company from losing any tax deductions to which it otherwise would be entitled in connection with such damages if they were not so "contingent on a change," and (ii) in addition to any obligation under the preceding clause (i), and without duplication of any amounts required to be paid to Company thereunder, if any such termination occurs and you, whether or not required to mitigate your damages under clause (i) above, thereafter obtain any compensation from any employment or consulting arrangements other than with a not-for-profit entity, such compensation, whether paid to you or deferred for your benefit, shall reduce, pro tanto, any amount which Company would otherwise be required to pay you as a result of such termination and, to the extent amounts have theretofore been paid to you as a result of such termination, such compensation shall be paid over to Company as received. Notwithstanding anything to the contrary in this Paragraph 14, you shall not be required to mitigate your damages hereunder with respect to the first two years of Base Salary otherwise payable after such termination which shall be paid to you without discount or offset.

15. Confidential Matters. Except as may be required by law, you shall keep secret all confidential matters of Company and its affiliates (for purposes of this Paragraph

15 only, "Company"), and shall not disclose them to anyone outside of Company, either during or after your employment with Company, except with Company's written consent. You shall deliver promptly to Company upon termination of your employment, or at any time Company may request, all confidential memoranda, notes, records, reports and other documents (and all copies thereof) relating to the business of Company which you may then possess or have under your control. Notwithstanding anything to the contrary in this Paragraph 15, you shall be entitled to disclose the terms of

this Agreement and any other arrangements concerning your employment hereunder to members of your immediate family and your attorneys and financial advisors.

16. Results and Proceeds of Employment. You acknowledge that Company shall own all rights of every kind and character throughout the world in perpetuity in and to any material and/or ideas written, suggested or in any way created by you hereunder and all other results and proceeds of your services hereunder, including, but not limited to, all copyrightable material created by you within the scope of your employment. You agree to execute and deliver to Company such assignments or other instruments as Company may require from time to time to evidence Company's ownership of the results and proceeds of your services.

17. Notices. All notices, requests, consents and other communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given if delivered personally or sent by prepaid telegram, courier, or mailed first-class, postage prepaid, by registered or certified mail, return receipt requested, as follows:

TO YOU:
Mr. David H. Johnson
35 East 20th Street
New York, New York 10003

WITH A COPY TO:
Nicholas Gordon, Esq.
Franklin, Weinrib, Rudell & Vassallo, P.C.
488 Madison Avenue
New York, New York 10022

TO COMPANY:
Warner Music Group Inc.
4000 Warner Boulevard - Bldg 2
Burbank, CA 91522
Attn: Chief Executive Officer

WITH A COPY TO:
Time Warner Inc.
75 Rockefeller Plaza
New York, NY 10019
Attn: General Counsel

Either you or Company may change the address to which notices are to be sent by giving written notice of such change of address to the other in the manner herein provided for giving notice.

18. Miscellaneous.

a. You represent and warrant to Company that you are free to enter into this Agreement and, as of the commencement of the Term hereof, are not subject to any conflicting obligation or any disability which will prevent you from or interfere with your executing and performing your obligations hereunder or could be the basis of any valid claim against Company. Prior to entering into this Agreement you have obtained release from Sony Music Entertainment Inc. ("Sony") of any claims relating to this Agreement, a true, correct and complete copy of which has been delivered to Company.

b. You acknowledge that during the Term you will comply with Company's conflict of interest policy and other corporate policies (including without limitation, the policies contained in Time Warner's Compliance Program Manual, a copy of which has been furnished to you), as in effect from time to time, of which you are made aware. You have accurately completed the attached Conflict of Interest Questionnaire as of the date hereof.

c. You acknowledge that services to be rendered by you under this Agreement are of a special, unique and intellectual character which gives them peculiar value, and that a breach or threatened breach of any provision of this Agreement (particularly, but not limited to, the provisions of Paragraphs 4 and 15 hereof), will cause Company immediate irreparable injury and damage which cannot be reasonably or adequately compensated in damages in an action at law. Accordingly, without limiting any right or remedy which Company may have in the premises, you specifically agree that Company shall be entitled to injunctive relief to enforce and protect its rights under this Agreement. The provisions of this Paragraph 18(c) shall not be construed as a waiver by Company of any rights which Company may have to damages or any other remedy.

d. This Agreement sets forth the entire agreement and understanding of the parties hereto, and supersedes and terminates any and all prior agreements, arrangements and understandings. No representation, promise or inducement has been made by either party that is not embodied in this Agreement, and neither party

shall be bound by or liable for any alleged representation, promise or inducement not herein set forth.

e. The provisions of this Agreement shall inure to the benefit of the parties hereto, their heirs, legal representatives, successors and permitted assigns. This Agreement, and your rights and obligations hereunder, may not be assigned by you. Company may assign its rights, together with its obligations, hereunder in connection with any sale, transfer or other disposition of all or a substantial portion of the stock or assets of Company, WCI, Time Warner or the recorded music business of Time Warner.

f. This Agreement may be amended, modified, superseded, canceled, renewed or extended, and the terms or covenants hereof may be waived, only by a written instrument executed by both of the parties hereto, or in the case of a waiver, by the party waiving compliance. The failure of either party at anytime or times to require performance of any provision hereof shall in no manner affect the right at a later time to enforce the same. No waiver by either party of the breach of any term or covenant contained in this Agreement, whether by conduct or otherwise, in any one or more instances shall be deemed to be, or construed as, a further or continuing waiver of any such breach, or a waiver of the breach of any other term or covenant contained in this Agreement.

g. This Agreement shall be governed by and construed according to the laws of the State of New York as applicable to agreements to be wholly performed therein. Any dispute or controversy arising

with respect to this Agreement shall, at the election of either Company or you, be submitted to JAMS/ENDISPUTE for resolution in arbitration in accordance with the rules and procedures of JAMS/ENDISPUTE. Either party shall make such election by delivering written notice thereof to the other party at any time (but not later than 45 days after such party receives notice of the commencement of any administrative or regulatory proceeding or the filing of any lawsuit relating to any such dispute or controversy) and thereupon any such dispute or controversy shall be resolved only in accordance with the provisions of this Paragraph 18(g). Any such proceedings shall take place in New York City before a single arbitrator (rather than a panel of arbitrators), pursuant to any streamlined or expedited (rather than a comprehensive) arbitration process, before a nonjudicial (rather than a judicial) arbitrator, and in accordance with an arbitration process which, in the judgment of such arbitrator, shall have the effect of reasonably limiting or reducing the cost of such arbitration. The resolution of any such dispute or controversy by the arbitrator appointed in accordance with the procedures of JAMS/ENDISPUTE shall be final and binding. Judgment upon the award rendered by such arbitrator may be entered in any court having jurisdiction thereof, and the parties consent to the jurisdiction of the New York courts for this purpose. The prevailing party shall be entitled to recover the costs of arbitration (including reasonable attorneys' fees and the fees of experts) from the losing party. If at the time any dispute or controversy arises with respect to this Agreement, JAMS/ENDISPUTE is not in business or is no longer providing arbitration services, then the

American Arbitration Association shall be substituted for JAMS/ENDISPUTE for the purposes of the foregoing provisions in this Paragraph 18(g). If you shall be the prevailing party in such arbitration, Company shall promptly pay, upon your demand, all· legal fees, court costs and other costs and expenses incurred by you in any legal action seeking to enforce the award in any court.

h. You shall be entitled throughout the period of employment under this Agreement in your capacity as an officer or director of Company or any of its subsidiaries or an officer or member of the board of representatives or other governing body of any partnership or joint venture in which Company has an equity interest (and after the termination of the period of employment hereunder, to the extent relating to your service as such officer, director or member) to the benefit of the indemnification provisions contained on the date hereof in the Certificate of Incorporation and By-Laws of Company (not including any amendments or additions after the date of execution hereof that limit or narrow, but including any that add to or broaden, the protection afforded to you by those provisions), to the extent not prohibited by applicable law at the time of the assertion of any liability against you, and provided that no such indemnity will apply to any claim arising out of the release understanding between you and Sony referred to in Paragraph 18(a).

If the foregoing correctly sets forth our understanding, please sign and return the duplicate copy of the letter enclosed herewith.

Very truly yours,

WARNER MUSIC GROUP INC.

By [ILLEGIBLE]

Accepted and Agreed:

/s/ David H. Johnson
David H. Johnson

QuickLinks -- Click here to rapidly navigate through this document

Exhibit 99.1

LETTER OF TRANSMITTAL

for

Tender of All Outstanding
$7^{3}/_{8}$% Senior Subordinated Notes due 2014
in Exchange for
New $7^{3}/_{8}$% Senior Subordinated Notes due 2014

of

WMG ACQUISITION CORP.

THE DOLLAR EXCHANGE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT MIDNIGHT, NEW YORK CITY TIME, ON , 2005 (THE "EXPIRATION DATE") UNLESS EXTENDED BY WMG ACQUISITION CORP.

The Exchange Agent is:

WELLS FARGO BANK, NATIONAL ASSOCIATION

By Registered or Certified Mail:	*By Overnight Courier or Mail:*	*By Hand:*
Wells Fargo Bank, N.A. Corporate Trust Operations MAC N9303-121 P.O. Box 1517 Minneapolis, MN 55480 Attn: Reorg	Wells Fargo Bank, N.A. Corporate Trust Operations MAC N9303-121 6th & Marquette Avenue Minneapolis, MN 55479 Attn: Reorg	Wells Fargo Bank, N.A. Corporate Trust Services Northstar East Bldg. - 12th Floor 608 2nd Avenue South Minneapolis, MN 55402 Attn: Reorg
To Confirm by Telephone:	*By Facsimile:*	*For Information:*
(800) 344-5128; or (612) 677-9764 Attn: Bondholder Communications	(612) 667-6282 Attn: Bondholder Communications	(612) 667-0337

Delivery of this Dollar Notes Letter of Transmittal (as defined below) to an address other than as set forth above or transmission via a facsimile transmission to a number other than as set forth above will not constitute a valid delivery.

The undersigned acknowledges receipt of the Prospectus dated , 2005 (the "Prospectus") of WMG Acquisition Corp. (the "Company"), and this Letter of Transmittal for the Dollar Notes (the "Dollar Notes Letter of Transmittal"), which together describe the Company's offer (the "Dollar Notes Exchange Offer") to exchange its $7^{3}/_{8}$% Senior Subordinated Notes due 2014 which have been registered under the Securities Act of 1933, as amended (the "Securities Act") (the "Dollar Exchange Notes") for each of its outstanding $7^{3}/_{8}$% Senior Subordinated Notes due 2014 (the "Dollar Outstanding Notes" and, together with the Dollar Exchange Notes, the "Dollar Notes") from the holders thereof.

The terms of the Dollar Exchange Notes are identical in all material respects (including principal amount, interest rate and maturity) to the terms of the Dollar Outstanding Notes for which they may be exchanged pursuant to the Dollar Notes Exchange Offer, except that the Dollar Exchange Notes are freely transferable by holders thereof (except as provided herein or in the Prospectus).

Capitalized terms used but not defined herein shall have the same meaning given them in the Prospectus.

YOUR BANK OR BROKER CAN ASSIST YOU IN COMPLETING THIS FORM. THE INSTRUCTIONS INCLUDED WITH THIS DOLLAR NOTES LETTER OF TRANSMITTAL MUST BE FOLLOWED. QUESTIONS AND REQUESTS FOR ASSISTANCE OR FOR ADDITIONAL COPIES OF THE PROSPECTUS AND THIS DOLLAR NOTES LETTER OF TRANSMITTAL MAY BE DIRECTED TO THE EXCHANGE AGENT.

The undersigned has checked the appropriate boxes below and signed this Dollar Notes Letter of Transmittal to indicate the action the undersigned desires to take with respect to the Dollar Notes Exchange Offer.

PLEASE READ THE ENTIRE
DOLLAR NOTES LETTER OF TRANSMITTAL
AND THE PROSPECTUS
CAREFULLY BEFORE CHECKING ANY BOX BELOW.

List below the Dollar Outstanding Notes to which this Dollar Notes Letter of Transmittal relates. If the space provided below is inadequate, the certificate numbers and aggregate principal amounts should be listed on a separate signed schedule affixed hereto.

DESCRIPTION OF DOLLAR OUTSTANDING NOTES TENDERED HEREWITH

Name(s) and Addresses of Registered Holder(s) (Please fill-in)	Certificate Number(s)*	Aggregate Principal Amount Represented By Dollar Outstanding Notes*	Principal Amount Tendered**
Total:			

* Need not be completed by book-entry holders.

** Unless otherwise indicated, the holder will be deemed to have tendered the full aggregate principal amount represented by such Dollar Outstanding Notes. See Instruction 2.

Holders of Dollar Outstanding Notes whose Dollar Outstanding Notes are not immediately available or who cannot deliver all other required documents to the Exchange Agent on or prior to the Expiration Date or who cannot complete the procedures for book-entry transfer on a timely basis, must tender their Dollar Outstanding Notes according to the guaranteed delivery procedures set forth in the Prospectus.

Unless the context otherwise requires, the term "holder" for purposes of this Letter of Transmittal for the Dollar Outstanding Notes means any person in whose name Dollar Outstanding Notes are registered or any other person who has obtained a properly completed bond power from the registered holder or any person whose Dollar Outstanding Notes are held of record by The Depository Trust Company ("DTC").

o **CHECK HERE IF TENDERED DOLLAR OUTSTANDING NOTES ARE BEING DELIVERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY AND COMPLETE THE FOLLOWING:**

Name of Registered Holder(s) _____

Name of Eligible Guarantor Institution that Guaranteed Delivery for the Dollar Notes _____

Date of Execution of Notice of Guaranteed Delivery for the Dollar Notes _____

If Delivered by Book-Entry Transfer: _____

Name of Tendering Institution _____

Account Number _____

Transaction Code Number _____

o CHECK HERE IF DOLLAR EXCHANGE NOTES ARE TO BE DELIVERED TO PERSON OTHER THAN PERSON SIGNING THIS DOLLAR NOTES LETTER OF TRANSMITTAL:

Name: _____

Address: _____

o CHECK HERE IF DOLLAR EXCHANGE NOTES ARE TO BE DELIVERED TO ADDRESS DIFFERENT FROM THAT LISTED ELSEWHERE IN THIS DOLLAR NOTES LETTER OF TRANSMITTAL:

Name: _____

Address: _____

o CHECK HERE IF YOU ARE A BROKER-DEALER WHO ACQUIRED DOLLAR OUTSTANDING NOTES FOR ITS OWN ACCOUNT AS A RESULT OF MARKET MAKING OR OTHER TRADING ACTIVITIES AND WISH TO RECEIVE 10 ADDITIONAL COPIES OF THE PROSPECTUS AND 10 COPIES OF ANY AMENDMENTS OR SUPPLEMENTS THERETO.

Name: _____

Address: _____

If the undersigned is not a broker-dealer, the undersigned represents that it is not engaged in, and does not intend to engage in, a distribution of Dollar Exchange Notes. If the undersigned is a broker-dealer that will receive Dollar Exchange Notes for its own account in exchange for Dollar Outstanding Notes that were acquired as a result of market-making activities or other trading activities, it acknowledges that it will deliver a prospectus in connection with any resale of such Dollar Exchange Notes; however, by so acknowledging and by delivering a prospectus, the undersigned will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. A broker-dealer may not participate in the Dollar Notes Exchange Offer with respect to Dollar Outstanding Notes acquired other than as a result of market-making activities or other trading activities. Any holder who is an "affiliate" of the Company or who has an arrangement or understanding with respect to the

distribution of the Dollar Exchange Notes to be acquired pursuant to the Dollar Notes Exchange Offer, or any broker-dealer who purchased Dollar Outstanding Notes from the Company to resell pursuant to Rule 144A under the Securities Act or any other available exemption under the Securities Act must comply with the registration and prospectus delivery requirements under the Securities Act.

PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY

Ladies and Gentlemen:

Upon the terms and subject to the conditions of the Dollar Notes Exchange Offer, the undersigned hereby tenders to the Company the principal amount of the Dollar Outstanding Notes indicated above. Subject to, and effective upon, the acceptance for exchange of all or any portion of the Dollar Outstanding Notes tendered herewith in accordance with the terms and conditions of the Dollar Exchange Offer (including, if the Dollar Notes Exchange Offer is extended or amended, the terms and conditions of any such extension or amendment), the undersigned hereby exchanges, assigns and transfers to, or upon the order of, the Company all right, title and interest in and to such Dollar Outstanding Notes as are being tendered herewith. The undersigned hereby irrevocably constitutes and appoints the Exchange Agent as its true and lawful agent and attorney-in-fact of the undersigned (with full knowledge that the Exchange Agent also acts as the agent of the Company, in connection with the Dollar Notes Exchange Offer) to cause the Dollar Outstanding Notes to be assigned, transferred and exchanged.

The undersigned represents and warrants that it has full power and authority to tender, exchange, assign and transfer the Dollar Outstanding Notes and to acquire Dollar Exchange Notes issuable upon the exchange of such tendered Dollar Outstanding Notes, and that, when the same are accepted for exchange, the Company will acquire good and unencumbered title to the tendered Dollar Outstanding Notes, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claim. The undersigned also warrants that it will, upon request, execute and deliver any additional documents deemed by the Exchange Agent or the Company to be necessary or desirable to complete the exchange, assignment and transfer of the tendered Dollar Outstanding Notes or transfer ownership of such Dollar Outstanding Notes on the account books maintained by the book-entry transfer facility. The undersigned further agrees that acceptance of any and all validly tendered Dollar Outstanding Notes by the Company and the issuance of Dollar Exchange Notes in exchange therefor shall constitute performance in full by the Company of its obligations under the Registration Rights Agreement dated April 8, 2004, among the Company, the Guarantors named therein, and Deutsche Bank Securities Inc., Banc of America Securities LLC, Lehman Brothers Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated and the other initial purchasers named therein (the "Registration Rights Agreement"), and that the Company shall have no further obligations or liabilities thereunder except as provided in Section 2(c) of such agreement. The undersigned will comply with its obligations under the Registration Rights Agreement. The undersigned agrees to all terms of the Dollar Notes Exchange Offer.

The Dollar Notes Exchange Offer is subject to certain conditions as set forth in the Prospectus under the caption "The Exchange Offers—Conditions to the Exchange Offers." The undersigned recognizes that as a result of these conditions (which may be waived, in whole or in part, by the Company), as more particularly set forth in the Prospectus, the Company may not be required to exchange any of the Dollar Outstanding Notes tendered hereby and, in such event, the Dollar Outstanding Notes not exchanged will be returned to the undersigned at the address shown above, promptly following the expiration or termination of the Dollar Notes Exchange Offer. In addition, the Company may amend the Dollar Notes Exchange Offer at any time prior to the Expiration Date if any of the conditions set forth under "The Exchange Offers—Conditions to the Exchange Offers" occur.

The undersigned understands that tenders of Dollar Outstanding Notes pursuant to any one of the procedures described in the Prospectus and in the instructions attached hereto will, upon the Company's acceptance for exchange of such tendered Dollar Outstanding Notes, constitute a binding

agreement between the undersigned and the Company upon the terms and subject to the conditions of the Dollar Notes Exchange Offer. The undersigned recognizes that, under circumstances set forth in the Prospectus, the Company may not be required to accept for exchange any of the Dollar Outstanding Notes.

By tendering shares of Dollar Outstanding Notes and executing this Dollar Notes Letter of Transmittal, the undersigned represents that Dollar Exchange Notes acquired in the exchange will be obtained in the ordinary course of business of the undersigned, that the undersigned has no arrangement or understanding with any person to participate in a distribution (within the meaning of the Securities Act) of such Dollar Exchange Notes, that the undersigned is not an "affiliate" of the Company within the meaning of Rule 405 under the Securities Act and that if the undersigned or the person receiving such Dollar Exchange Notes, whether or not such person is the undersigned, is not a broker-dealer, the undersigned represents that it is not engaged in, and does not intend to engage in, a distribution of Dollar Exchange Notes. If the undersigned or the person receiving such Dollar Exchange Notes, whether or not such person is the undersigned, is a broker-dealer that will receive Dollar Exchange Notes for its own account in exchange for Dollar Outstanding Notes that were acquired as a result of market-making activities or other trading activities, it acknowledges that it will deliver a prospectus in connection with any resale of such Dollar Exchange Notes; however, by so acknowledging and by delivering a prospectus, the undersigned will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. If the undersigned is a person in the United Kingdom, the undersigned represents that its ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business.

Any holder of Dollar Outstanding Notes using the Dollar Notes Exchange Offer to participate in a distribution of the Dollar Exchange Notes (i) cannot rely on the position of the staff of the Securities and Exchange Commission enunciated in its interpretive letter with respect to Exxon Capital Holdings Corporation (available April 13, 1989) or similar interpretive letters and (ii) must comply with the registration and prospectus requirements of the Securities Act in connection with a secondary resale transaction.

All authority herein conferred or agreed to be conferred shall survive the death or incapacity of the undersigned and every obligation of the undersigned hereunder shall be binding upon the heirs, personal representatives, successors and assigns of the undersigned. Tendered Dollar Outstanding Notes may be withdrawn at any time prior to the Expiration Date in accordance with the terms of this Dollar Notes Letter of Transmittal. Except as stated in the Prospectus, this tender is irrevocable.

Certificates for all Dollar Exchange Notes delivered in exchange for tendered Dollar Outstanding Notes and any Dollar Outstanding Notes delivered herewith but not exchanged, and registered in the name of the undersigned, shall be delivered to the undersigned at the address shown below the signature of the undersigned.

The undersigned, by completing the box entitled "Description of Dollar Outstanding Notes Tendered Herewith" above and signing this letter, will be deemed to have tendered the Dollar Outstanding Notes as set forth in such box.

TENDERING HOLDER(S) SIGN HERE
(Complete accompanying substitute Form W-9)

Must be signed by registered holder(s) exactly as name(s) appear(s) on certificate(s) for Dollar Outstanding Notes hereby tendered or in whose name Dollar Outstanding Notes are registered on the books of DTC or one of its participants, or by any person(s) authorized to become the registered holder(s) by endorsements and documents transmitted herewith. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, please set forth the full title of such person. See Instruction 3.

H S

_____

_____

(Signature(s) of Holder(s))

Date _____

Name(s) _____

(Please Print)

Capacity (full title) _____

Address _____

(Including Zip Code)

Daytime Area Code and Telephone No. _____

Taxpayer Identification No. _____

(Including Zip Code)

GUARANTEE OF SIGNATURE(S)
(If Required—See Instruction 3)

H Authorized Signature S

_____

Dated _____

Name _____

Title _____

Name of Firm _____

Address of Firm _____

_____

(Include Zip Code)

Area Code and Telephone No. _____

SPECIAL ISSUANCE INSTRUCTIONS
(See Instructions 3 and 4)

To be completed ONLY if Dollar Exchange Notes or Dollar Outstanding Notes not tendered are to be issued in the name of someone other than the registered holder of the Dollar Outstanding Notes whose name(s) appear(s) above.

Issue: o Dollar Outstanding Notes not tendered to:
o Dollar Exchange Notes to:

Name(s)

Address

(Include Zip Code)

Daytime Area Code and Telephone No.

Tax Identification No.

SPECIAL DELIVERY INSTRUCTIONS
(See Instructions 3 and 4)

To be completed ONLY if Dollar Exchange Notes or Dollar Outstanding Notes not tendered are to be sent to someone other than the registered holder of the Dollar Outstanding Notes whose name(s) appear(s) above, or such registered holder(s) at an address other than that shown above.

Mail: o Dollar Outstanding Notes not tendered to:
o Dollar Exchange Notes to:

Name(s)

Address

(Include Zip Code)

Area Code and Telephone No.

INSTRUCTIONS

FORMING PART OF THE TERMS AND CONDITIONS OF THE DOLLAR NOTES EXCHANGE OFFER

1. *Delivery of this Letter of Transmittal for the Dollar Outstanding Notes and Certificates; Guaranteed Delivery Procedures.*

A holder of Dollar Outstanding Notes may tender the same by (i) properly completing and signing this Dollar Notes Letter of Transmittal or a facsimile hereof (all references in the Prospectus to the Dollar Notes Letter of Transmittal shall be deemed to include a facsimile thereof) and delivering the same, together with the certificate or certificates, if applicable, representing the Dollar Outstanding Notes being tendered and any required signature guarantees and any other documents required by this Dollar Notes Letter of Transmittal, to the Exchange Agent at its address set forth above on or prior to the Expiration Date, or (ii) complying with the procedure for book-entry transfer described below, or (iii) complying with the guaranteed delivery procedures described below.

Holders of Dollar Outstanding Notes may tender Dollar Outstanding Notes by book-entry transfer by crediting the Dollar Outstanding Notes to the Exchange Agent's account at DTC in accordance with DTC's Automated Tender Offer Program ("ATOP") and by complying with applicable ATOP procedures with respect to the Dollar Notes Exchange Offer. DTC participants that are accepting the Dollar Notes Exchange Offer should transmit their acceptance to DTC, which will edit and verify the acceptance and execute a book-entry delivery to the Exchange Agent's account at DTC. DTC will then send a computer-generated message (an "Agent's Message") to the Exchange Agent for its acceptance in which the holder of the Dollar Outstanding Notes acknowledges and agrees to be bound by the terms of, and makes the representations and warranties contained in, this Dollar Notes Letter of Transmittal, the DTC participant confirms on behalf of itself and the beneficial owners of such Dollar Outstanding Notes all provisions of this Dollar Notes Letter of Transmittal (including any representations and warranties) applicable to it and such beneficial owner as fully as if it had completed the information required herein and executed and transmitted this Dollar Notes Letter of Transmittal to the Exchange Agent. Delivery of the Agent's Message by DTC will satisfy the terms of the Dollar Notes Exchange Offer as to execution and delivery of a Dollar Notes Letter of Transmittal by the participant identified in the Agent's Message. DTC participants may also accept the Dollar Notes Exchange Offer by submitting a Notice of Guaranteed Delivery through ATOP.

The method of delivery of this Dollar Notes Letter of Transmittal, the Dollar Outstanding Notes and any other required documents is at the election and risk of the holder, and except as otherwise provided below, the delivery will be deemed made only when actually received or confirmed by the Exchange Agent. If such delivery is by mail, it is suggested that registered mail with return receipt requested, properly insured, be used. In all cases sufficient time should be allowed to permit timely delivery. No Dollar Outstanding Notes or Dollar Notes Letters of Transmittal should be sent to the Company.

Holders whose Dollar Outstanding Notes are not immediately available or who cannot deliver their Dollar Outstanding Notes and all other required documents to the Exchange Agent on or prior to the Expiration Date or comply with book-entry transfer procedures on a timely basis must tender their Dollar Outstanding Notes pursuant to the guaranteed delivery procedure set forth in the Prospectus. Pursuant to such procedure: (i) such tender must be made by or through an Eligible Guarantor Institution (as defined below); (ii) prior to the Expiration Date, the Exchange Agent must have received from such Eligible Guarantor Institution a letter, telegram or facsimile transmission (receipt confirmed by telephone and an original delivered by guaranteed overnight courier) setting forth the name and address of the tendering holder, the names in which such Dollar Outstanding Notes are registered, and, if applicable, the certificate numbers of the Dollar Outstanding Notes to be tendered; and (iii) all tendered Dollar Outstanding Notes (or a confirmation of any book-entry transfer of such

Dollar Outstanding Notes into the Exchange Agent's account at a book-entry transfer facility) as well as this Dollar Notes Letter of Transmittal and all other documents required by this Dollar Notes Letter of Transmittal, must be received by the Exchange Agent within three New York Stock Exchange trading days after the date of execution of such letter, telegram or facsimile transmission, all as provided in the Prospectus.

No alternative, conditional, irregular or contingent tenders will be accepted. All tendering holders, by execution of this Dollar Notes Letter of Transmittal (or facsimile thereof), shall waive any right to receive notice of the acceptance of the Dollar Outstanding Notes for exchange.

2. *Partial Tenders; Withdrawals.*

If less than the entire principal amount of Dollar Outstanding Notes evidenced by a submitted certificate is tendered, the tendering holder must fill in the aggregate principal amount of Dollar Outstanding Notes tendered in the box entitled "Description of Dollar Outstanding Notes Tendered Herewith." A newly issued certificate for the Dollar Outstanding Notes submitted but not tendered will be sent to such holder promptly after the Expiration Date. All Dollar Outstanding Notes delivered to the Exchange Agent will be deemed to have been tendered unless otherwise clearly indicated.

If not yet accepted due to failure to meet any condition of the Dollar Notes Exchange Offer, a tender pursuant to the Dollar Notes Exchange Offer may be withdrawn prior to the Expiration Date.

To be effective with respect to the tender of Dollar Outstanding Notes, a written notice of withdrawal must: (i) be received by the Exchange Agent at the address for the Exchange Agent set forth above before the Company notifies the Exchange Agent that it has accepted the tender of Dollar Outstanding Notes pursuant to the Dollar Notes Exchange Offer; (ii) specify the name of the person who tendered the Dollar Outstanding Notes to be withdrawn; (iii) identify the Dollar Outstanding Notes to be withdrawn (including the principal amount of such Dollar Outstanding Notes, or, if applicable, the certificate numbers shown on the particular certificates evidencing such Dollar Outstanding Notes and the principal amount of Dollar Outstanding Notes represented by such certificates); (iv) include a statement that such holder is withdrawing its election to have such Dollar Outstanding Notes exchanged; and (v) be signed by the holder in the same manner as the original signature on this Dollar Notes Letter of Transmittal (including any required signature guarantee). The Exchange Agent will return the properly withdrawn Dollar Outstanding Notes promptly following receipt of notice of withdrawal. If Dollar Outstanding Notes have been tendered pursuant to the procedure for book-entry transfer, any notice of withdrawal must specify the name and number of the account at the book-entry transfer facility to be credited with the withdrawn Dollar Outstanding Notes or otherwise comply with the book-entry transfer facility's procedures. All questions as to the validity of notices of withdrawals, including time of receipt, will be determined by the Company, and such determination will be final and binding on all parties.

Any Dollar Outstanding Notes so withdrawn will be deemed not to have been validly tendered for exchange for purposes of the Dollar Notes Exchange Offer. Any Dollar Outstanding Notes which have been tendered for exchange but which are not exchanged for any reason will be returned to the holder thereof without cost to such holder (or, in the case of Dollar Outstanding Notes tendered by book-entry transfer into the Exchange Agent's account at the book entry transfer facility pursuant to the book-entry transfer procedures described above, such Dollar Outstanding Notes will be credited to an account with such book-entry transfer facility specified by the holder) promptly after withdrawal, rejection of tender or termination of the Dollar Notes Exchange Offer. Properly withdrawn Dollar Outstanding Notes may be retendered by following one of the procedures described under the caption "The Exchange Offers—Procedures for Tendering" in the Prospectus at any time prior to the Expiration Date.

3. *Signature on this Dollar Notes Letter of Transmittal; Written Instruments and Endorsements; Guarantee of Signatures.*

If this Dollar Notes Letter of Transmittal is signed by the registered holder(s) of the Dollar Outstanding Notes tendered hereby, the signature must correspond with the name(s) as written on the face of the certificates without alteration, enlargement or any change whatsoever.

If any of the Dollar Outstanding Notes tendered hereby are owned of record by two or more joint owners, all such owners must sign this Dollar Notes Letter of Transmittal.

If a number of Dollar Outstanding Notes registered in different names are tendered, it will be necessary to complete, sign and submit as many separate copies of this Dollar Notes Letter of Transmittal as there are different registrations of Dollar Outstanding Notes.

When this Dollar Notes Letter of Transmittal is signed by the registered holder or holders (which term, for the purposes described herein, shall include the book-entry transfer facility whose name appears on a security listing as the owner of the Dollar Outstanding Notes) of Dollar Outstanding Notes listed and tendered hereby, no endorsements of certificates or separate written instruments of transfer or exchange are required.

If this Dollar Notes Letter of Transmittal is signed by a person other than the registered holder or holders of the Dollar Outstanding Notes listed, such Dollar Outstanding Notes must be endorsed or accompanied by separate written instruments of transfer or exchange in form satisfactory to the Company and duly executed by the registered holder, in either case signed exactly as the name or names of the registered holder or holders appear(s) on the Dollar Outstanding Notes.

If this Dollar Notes Letter of Transmittal, any certificates or separate written instruments of transfer or exchange are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and, unless waived by the Company, proper evidence satisfactory to the Company of their authority so to act must be submitted.

Endorsements on certificates or signatures on separate written instruments of transfer or exchange required by this Instruction 3 must be guaranteed by an Eligible Guarantor Institution.

Signatures on this Dollar Notes Letter of Transmittal must be guaranteed by an Eligible Guarantor Institution, unless Dollar Outstanding Notes are tendered: (i) by a holder who has not completed the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on this Dollar Notes Letter of Transmittal; or (ii) for the account of an Eligible Guarantor Institution (as defined below). In the event that the signatures in this Dollar Notes Letter of Transmittal or a notice of withdrawal, as the case may be, are required to be guaranteed, such guarantees must be by an eligible guarantor institution which is a member of a firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc., a commercial bank or trust company having an office or correspondent in the United States or another "eligible guarantor institution" within the meaning of Rule 17Ad-15 under the Securities Exchange Act of 1934, as amended (an "Eligible Guarantor Institution"). If Dollar Outstanding Notes are registered in the name of a person other than the signer of this Dollar Notes Letter of Transmittal, the Dollar Outstanding Notes surrendered for exchange must be endorsed by, or be accompanied by a written instrument or instruments of transfer or exchange, in satisfactory form as determined by the Company, in its sole discretion, duly executed by the registered holder with the signature thereon guaranteed by an Eligible Guarantor Institution.

4. *Special Issuance and Delivery Instructions.*

Tendering holders should indicate, as applicable, the name and address to which the Dollar Exchange Notes or certificates for Dollar Outstanding Notes not exchanged are to be issued or sent, if different from the name and address of the person signing this Dollar Notes Letter of Transmittal. In

the case of issuance in a different name, the tax identification number of the person named must also be indicated. Holders tendering Dollar Outstanding Notes by book-entry transfer may request that Dollar Outstanding Notes not exchanged be credited to such account maintained at the book-entry transfer facility as such holder may designate.

5. *Transfer Taxes.*

The Company shall pay all transfer taxes, if any, applicable to the transfer and exchange of Dollar Outstanding Notes to it or its order pursuant to the Dollar Notes Exchange Offer. If a transfer tax is imposed for any reason other than the transfer and exchange of Dollar Outstanding Notes to the Company or its order pursuant to the Dollar Notes Exchange Offer, the amount of any such transfer taxes (whether imposed on the registered holder or any other person) will be payable by the tendering holder. If satisfactory evidence of payment of such taxes or exception therefrom is not submitted herewith the amount of such transfer taxes will be billed directly to such tendering holder.

6. *Waiver of Conditions.*

The Company reserves the absolute right to waive, in whole or in part, any of the conditions to the Dollar Notes Exchange Offer set forth in the Prospectus.

7. *Mutilated, Lost, Stolen or Destroyed Securities.*

Any holder whose Dollar Outstanding Notes have been mutilated, lost, stolen or destroyed, should contact the Exchange Agent at the address indicated below for further instructions.

8. *Substitute Form W-9*

Each holder of Dollar Outstanding Notes whose Dollar Outstanding Notes are accepted for exchange (or other payee) is generally required to provide a correct taxpayer identification number ("TIN") (e.g., the holder's Social Security or federal employer identification number) and certain other information, on Substitute Form W-9, which is provided under "Important Tax Information" below, and to certify that the holder (or other payee) is not subject to backup withholding. Failure to provide the information on the Substitute Form W-9 may subject the holder (or other payee) to a $50 penalty imposed by the Internal Revenue Service and 28% federal income tax backup withholding on payments made in connection with the Dollar Outstanding Notes. The box in Part 3 of the Substitute Form W-9 may be checked if the holder (or other payee) has not been issued a TIN and has applied for a TIN or intends to apply for a TIN in the near future. If the box in Part 3 is checked and a TIN is not provided by the time any payment is made in connection with the Dollar Outstanding Notes, 28% of all such payments will be withheld until a TIN is provided and, if a TIN is not provided within 60 days, such withheld amounts will be paid over to the Internal Revenue Service.

9. *Requests for Assistance or Additional Copies.*

Questions relating to the procedure for tendering, as well as requests for additional copies of the Prospectus and this Dollar Notes Letter of Transmittal, may be directed to the Exchange Agent at the address and telephone number set forth above. In addition, all questions relating to the Dollar Notes Exchange Offer, as well as requests for assistance or additional copies of the Prospectus and this Dollar Notes Letter of Transmittal, may be directed to the Exchange Agent at the address and telephone number indicated above.

IMPORTANT: This Dollar Notes Letter of Transmittal or a facsimile or copy thereof (together with certificates of Dollar Outstanding Notes or confirmation of book-entry transfer and all other required documents) or a Notice of Guaranteed Delivery for the Dollar Notes must be received by the Exchange Agent on or prior to the Expiration Date.

IMPORTANT TAX INFORMATION

Under U.S. federal income tax law, a holder of Dollar Outstanding Notes whose Dollar Outstanding Notes are accepted for exchange may be subject to backup withholding unless the holder provides Wells Fargo, N.A., as Paying Agent (the "Paying Agent"), through the Exchange Agent, with either (i) such holder's correct taxpayer identification number ("TIN") on Substitute Form W-9 attached hereto, certifying (A) that the TIN provided on Substitute Form W-9 is correct (or that such holder of Dollar Outstanding Notes is awaiting a TIN), (B) that the holder of Dollar Outstanding Notes is not subject to backup withholding because (x) such holder of Dollar Outstanding Notes is exempt from backup withholding, (y) such holder of Dollar Outstanding Notes has not been notified by the Internal Revenue Service that he or she is subject to backup withholding as a result of a failure to report all interest or dividends or (z) the Internal Revenue Service has notified the holder of Dollar Outstanding Notes that he or she is no longer subject to backup withholding and (C) that the holder of Dollar Outstanding Notes is a U.S. person (including a U.S. resident alien); or (ii) an adequate basis for exemption from backup withholding. If such holder of Dollar Outstanding Notes is an individual, the TIN is such holder's social security number. If the Paying Agent is not provided with the correct TIN, the holder of Dollar Outstanding Notes may also be subject to certain penalties imposed by the Internal Revenue Service.

Certain holders of Dollar Outstanding Notes (including, among others, all corporations and certain foreign individuals) are not subject to these backup withholding and reporting requirements. However, exempt holders of Dollar Outstanding Notes should indicate their exempt status on Substitute Form W-9. For example, a corporation should complete the Substitute Form W-9, providing its TIN and indicating that it is exempt from backup withholding. In order for a foreign individual to qualify as an exempt recipient, the holder must submit a Form W-8BEN, signed under penalties of perjury, attesting to that individual's exempt status. A Form W-8BEN can be obtained from the Paying Agent. See the enclosed "Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9" for more instructions.

If backup withholding applies, the Paying Agent is required to withhold 28% of any payments made to the holder of Dollar Outstanding Notes or other payee. Backup withholding is not an additional tax. Rather, the tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund may be obtained from the Internal Revenue Service, provided the required information is furnished.

The box in Part 3 of the Substitute Form W-9 may be checked if the surrendering holder of Dollar Outstanding Notes has not been issued a TIN and has applied for a TIN or intends to apply for a TIN in the near future. If the box in Part 3 is checked, the holder of Dollar Outstanding Notes or other payee must also complete the Certificate of Awaiting Taxpayer Identification Number below in order to avoid backup withholding. Notwithstanding that the box in Part 3 is checked and the Certificate of Awaiting Taxpayer Identification Number is completed, the Paying Agent will withhold 28% of all payments made prior to the time a properly certified TIN is provided to the Paying Agent and, if the Paying Agent is not provided with a TIN within 60 days, such amounts will be paid over to the Internal Revenue Service.

The holder of Dollar Outstanding Notes is required to give the Paying Agent the TIN (e.g., social security number or employer identification number) of the record owner of the Dollar Outstanding Notes. If the Dollar Outstanding Notes are in more than one name or are not in the name of the actual owner, consult the enclosed "Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9" for additional guidance on which number to report.

GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9

Guidelines for Determining the Proper Identification Number for the Payee (You) to Give the Payer.—Social security numbers have nine digits separated by two hyphens: i.e., 000-00-0000. Employee identification numbers have nine digits separated by only one hyphen: i.e., 00-0000000. The table below will help determine the number to give the payer. All "Section" references are to the Internal Revenue Code of 1986, as amended. "IRS" is the Internal Revenue Service.

For this type of account:	Give the SOCIAL SECURITY number of—
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined fund, the first individual on the account(1)
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor(2)
4. a. The usual revocable savings trust account (grantor is also trustee)	The grantor-trustee(1)
b. So-called trust that is not a legal or valid trust under state law	The actual owner(1)
5. Sole proprietorship	The owner(3)

For this type of account:	Give the SOCIAL SECURITY number of—
6. A valid trust, estate, or pension trust	The legal entity(4)
7. Corporate	The corporation
8. Association, club, religious, charitable, educational, or other tax-exempt organization account	The organization
9. Partnership	The partnership
10. A broker or registered nominee	The broker or nominee
11. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity

(1) List first and circle the name of the person whose number you furnish. If only one person on a joint account has a social security number, that person's number must be furnished.
(2) Circle the minor's name and furnish the minor's social security number.
(3) You must show your individual name, but you may also enter your business or "doing business as" name. You may use either your social security number or your employer identification number (if you have one).
(4) List first and circle the name of the legal trust, estate, or pension trust. (Do not furnish the taxpayer identification number of the personal representative or trustee unless the legal entity itself is not designated in the account title.)

NOTE: If no name is circled when there is more than one name, the number will be considered to be that of the first name listed.

Obtaining a Number

If you don't have a taxpayer identification number or you don't know your number, obtain Form SS-5, Application for a Social Security Card, at the local Social Administration office, or Form SS-4, Application for Employer Identification Number, by calling 1 (800) TAX-FORM, and apply for a number.

Payees Exempt from Backup Withholding

Payees specifically exempted from withholding include:

- An organization exempt from tax under Section 501(a), an individual retirement account (IRA), or a custodial account under Section 403(b)(7), if the account satisfies the requirements of Section 401(f)(2).
- The United States or a state thereof, the District of Columbia, a possession of the United States, or a political subdivision or wholly-owned agency or instrumentality of any one or more of the foregoing.
- An international organization or any agency or instrumentality thereof.
- A foreign government and any political subdivision, agency or instrumentality thereof.

Payees that may be exempt from backup withholding include:

- A corporation.
- A financial institution.
- A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States.
- A real estate investment trust.
- A common trust fund operated by a bank under Section 584(a).
- An entity registered at all times during the tax year under the Investment Company Act of 1940.
- A middleman known in the investment community as a nominee or custodian.
- A futures commission merchant registered with the Commodity Futures Trading Commission.
- A foreign central bank of issue.

Payments of dividends and patronage dividends generally exempt from backup withholding include:

- Payments to nonresident aliens subject to withholding under Section 1441.
- Payments to partnerships not engaged in a trade or business in the United States and that have at least one nonresident alien partner.
- Payments of patronage dividends not paid in money.
- Payments made by certain foreign organizations.
- Section 404(k) payments made by an ESOP.

Payments of interest generally exempt from backup withholding include:

- Payments of interest on obligations issued by individuals. Note: You may be subject to backup withholding if this interest is $600 or more and you have not provided your correct taxpayer identification number to the payer.
- Payments of tax-exempt interest (including exempt-interest dividends under Section 852).
- Payments described in Section 6049(b)(5) to nonresident aliens.
- Payments on tax-free covenant bonds under Section 1451.
- Payments made by certain foreign organizations.
- Mortgage interest paid to you.

Certain payments, other than payments of interest, dividends, and patronage dividends, that are exempt from information reporting are also exempt from backup withholding. For details, see the regulations under sections 6041, 6041A, 6042, 6044, 6045, 6049, 6050A and 6050N.

Exempt payees described above must file Form W-9 or a substitute Form W-9 to avoid possible erroneous backup withholding. FILE THIS FORM WITH THE PAYER, FURNISH YOUR TAXPAYER IDENTIFICATION NUMBER, WRITE "EXEMPT" IN PART 2 OF THE FORM, SIGN AND DATE THE FORM AND RETURN IT TO THE PAYER.

Privacy Act Notice.—Section 6109 requires you to provide your correct taxpayer identification number to payers, who must report the payments to the IRS. The IRS uses the number for identification purposes and may also provide this information to various government agencies for tax enforcement or litigation purposes. Payers must be given the numbers whether or not recipients are required to file tax returns. Payers must generally withhold 28% of taxable interest, dividend, and certain other payments to a payee who does not furnish a taxpayer identification number to payer. Certain penalties may also apply.

Penalties

(1) Failure to Furnish Taxpayer Identification Number.—If you fail to furnish your taxpayer identification number to a payer, you are subject to a penalty of $50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

(2) Civil Penalty for False Information With Respect to Withholding.—If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a $500 penalty.

(3) Criminal Penalty for Falsifying Information.—Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

FOR ADDITIONAL INFORMATION CONTACT YOUR TAX CONSULTANT OR THE INTERNAL REVENUE SERVICE.

PAYER'S NAME: WMG Acquisition Corp.

SUBSTITUTE
FORM W-9
Department of the Treasury
Internal Revenue Service

Part 1—PLEASE PROVIDE YOUR TIN IN THE BOX AT RIGHT AND CERTIFY BY SIGNING AND DATING BELOW.

Name

Social Security Number
OR

Employer Identification Number

Payer's Request for Taxpayer Identification Number (TIN)

Part 3—
Awaiting TIN o

Part 2—Certification—Under the penalties of perjury, I certify that:
(1) The number shown on this form is my correct Taxpayer Identification Number (or I am waiting for a number to be issued to me),
(2) I am not subject to backup withholding because (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (the "IRS") that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
(3) I am a U.S. person (including a U.S. resident alien).

CERTIFICATE INSTRUCTIONS—You must cross out item (2) above if you have been notified by the IRS that you are currently subject to backup withholding because of under-reporting interest or dividends on your tax return. However, if after being notified by the IRS that you were subject to backup withholding you received another notification from the IRS that you are no longer subject to backup withholding, do not cross out such item (2).

The Internal Revenue Service does not require your consent to any provision of this document other than the certifications required to avoid backup withholding.
Sign Here
SIGNATURE _____

DATE _____

NOTE: **FAILURE TO COMPLETE AND RETURN THIS FORM MAY RESULT IN BACKUP WITHHOLDING OF 28% OF ANY PAYMENTS MADE TO YOU PURSUANT TO THE OFFER. PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9 FOR ADDITIONAL DETAILS.**

YOU MUST COMPLETE THE FOLLOWING CERTIFICATE IF YOU CHECKED THE BOX IN PART 3 OF THE SUBSTITUTE FORM W-9.

CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER

I certify under penalties of perjury that a taxpayer identification number has not been issued to me, and either (1) I have mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security Administration Office, or (2) I intend to mail or deliver an application in the near future. I understand that if I do not provide a taxpayer identification number by the time of payment, 28% of all reportable payments made to me will be withheld.

SIGNATURE _____ DATE _____ ,

QuickLinks

QuickLinks -- Click here to rapidly navigate through this document

EXHIBIT 99.2

LETTER OF TRANSMITTAL

for

Tender of All Outstanding
$8^1/_8$% Senior Subordinated Notes due 2014
in Exchange for
New $8^1/_8$% Senior Subordinated Notes due 2014
of

WMG ACQUISITION CORP.

THE EXCHANGE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT MIDNIGHT, NEW YORK CITY TIME, ON , 2005 (THE "EXPIRATION DATE") UNLESS EXTENDED BY WMG ACQUISITION CORP.

The Exchange Agent is:

HSBC Bank plc

For Delivery by Registered or Certified Mail; Hand or Overnight Delivery:

HSBC Bank plc
8 Canada Square
London E14 5HQ
United Kingdom
Attn: Manager, Bond Paying Agency
Corporate Trust and Loan Agency

By Facsimile:

(44) (0) 0207 260 8932

Attn:

Manager, Bond Paying Agency
Corporate Trust and Loan Agency

For Information or Confirmation by Telephone:

(44) (20) 7991 3688

Delivery of this Sterling Notes Letter of Transmittal (as defined below) to an address other than as set forth above or transmission via a facsimile transmission to a number other than as set forth above will not constitute a valid delivery.

The undersigned acknowledges receipt of the Prospectus dated , 2005 (the "Prospectus") of WMG Acquisition Corp. (the "Company"), and this Letter of Transmittal for the Sterling Notes (the "Sterling Notes Letter of Transmittal"), which together describe the Company's offer (the "Sterling Notes Exchange Offer") to exchange its $8^1/_8$% Senior Subordinated Notes due 2014 which have been registered under the Securities Act of 1933, as amended (the "Securities Act") (the "Sterling Exchange Notes") for each of its outstanding $8^1/_8$% Senior Subordinated Notes due 2014 (the "Sterling Outstanding Notes" and, together with the Sterling Exchange Notes, the "Sterling Notes") from the holders thereof.

The terms of the Sterling Exchange Notes are identical in all material respects (including principal amount, interest rate and maturity) to the terms of the Sterling Outstanding Notes for which they may be exchanged pursuant to the Sterling Notes Exchange Offer, except that the Sterling Exchange Notes are freely transferable by holders thereof (except as provided herein or in the Prospectus).

Capitalized terms used but not defined herein shall have the same meaning given them in the Prospectus.

YOUR BANK OR BROKER CAN ASSIST YOU IN COMPLETING THIS FORM. THE INSTRUCTIONS INCLUDED WITH THIS STERLING NOTES LETTER OF TRANSMITTAL MUST BE FOLLOWED. QUESTIONS AND REQUESTS FOR ASSISTANCE OR FOR ADDITIONAL COPIES OF THE PROSPECTUS AND THIS LETTER OF TRANSMITTAL MAY BE DIRECTED TO THE EXCHANGE AGENT.

The undersigned has checked the appropriate boxes below and signed this Letter of Transmittal for the Sterling Outstanding Notes to indicate the action the undersigned desires to take with respect to the Sterling Notes Exchange Offer.

PLEASE READ THE ENTIRE
STERLING NOTES LETTER OF TRANSMITTAL AND THE PROSPECTUS CAREFULLY BEFORE CHECKING ANY BOX BELOW.

List below the Sterling Outstanding Notes to which this Sterling Notes Letter of Transmittal relates. If the space provided below is inadequate, the certificate numbers and aggregate principal amounts should be listed on a separate signed schedule affixed hereto.

DESCRIPTION OF STERLING OUTSTANDING NOTES TENDERED HEREWITH

Name(s) and Addresses of Registered Holder(s) (Please fill-in)	Certificate Number(s)*	Aggregate Principal Amount Represented By Sterling Outstanding Notes*	Principal Amount Tendered**
Total:			

* Need not be completed by book-entry holders.
** Unless otherwise indicated, the holder will be deemed to have tendered the full aggregate principal amount represented by such Sterling Outstanding Notes. See instruction 2.

Holders of Sterling Outstanding Notes whose Sterling Outstanding Notes are not immediately available or who cannot deliver all other required documents to the Exchange Agent on or prior to the Expiration Date or who cannot complete the procedures for book-entry transfer on a timely basis, must tender their Sterling Outstanding Notes according to the guaranteed delivery procedures set forth in the Prospectus.

Unless the context otherwise requires, the term "holder" for purposes of this Sterling Notes Letter of Transmittal for the Sterling Outstanding Notes means any person in whose name Sterling Outstanding Notes are registered or any other person who has obtained a properly completed bond power from the registered holder or any person whose Sterling Outstanding Notes are held of record by The Depository Trust Company ("DTC").

o **CHECK HERE IF TENDERED STERLING OUTSTANDING NOTES ARE BEING DELIVERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY FOR STERLING NOTES AND COMPLETE THE FOLLOWING:**

Name of Registered Holder(s) _____

Name of Eligible Guarantor Institution
that Guaranteed Delivery for Sterling Notes _____

Date of Execution of Notice
of Guaranteed Delivery for Sterling Notes _____

If Delivered by Book-Entry Transfer:
Name of Tendering Institution _____

Account Number _____

Transaction Code Number _____

o **CHECK HERE IF STERLING EXCHANGE NOTES ARE TO BE DELIVERED TO PERSON OTHER THAN PERSON SIGNING THIS STERLING NOTES LETTER OF TRANSMITTAL:**

Name _____

Address _____

o **CHECK HERE IF STERLING EXCHANGE NOTES ARE TO BE DELIVERED TO ADDRESS DIFFERENT FROM THAT LISTED ELSEWHERE IN THIS STERLING NOTES LETTER OF TRANSMITTAL:**

Name _____

Address _____

o **CHECK HERE IF YOU ARE A BROKER-DEALER WHO ACQUIRED STERLING OUTSTANDING NOTES FOR ITS OWN ACCOUNT AS A RESULT OF MARKET MAKING OR OTHER TRADING ACTIVITIES AND WISH TO RECEIVE 10 ADDITIONAL COPIES OF THE PROSPECTUS AND 10 COPIES OF ANY AMENDMENTS OR SUPPLEMENTS THERETO.**

Name _____

Address _____

If the undersigned is not a broker-dealer, the undersigned represents that it is not engaged in, and does not intend to engage in, a distribution of Sterling Exchange Notes. If the undersigned is a broker-dealer that will receive Sterling Exchange Notes for its own account in exchange for Sterling Outstanding Notes that were acquired as a result of market-making activities or other trading activities, it acknowledges that it will deliver a prospectus in connection with any resale of such Sterling Exchange Notes; however, by so acknowledging and by delivering a prospectus, the undersigned will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. A broker-dealer may not participate in the Sterling Notes Exchange Offer with respect to Sterling Outstanding Notes acquired other than as a result of market-making activities or other trading activities. Any holder who is an "affiliate" of the Company or who has an arrangement or understanding with respect to the distribution of the Sterling Exchange Notes to be acquired pursuant to the Sterling Notes Exchange Offer, or any broker-dealer who purchased Sterling Outstanding Notes from the Company to resell pursuant to Rule 144A under the Securities Act or any other available exemption under the Securities Act must comply with the registration and prospectus delivery requirements under the Securities Act.

PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY

Ladies and Gentlemen:

Upon the terms and subject to the conditions of the Sterling Notes Exchange Offer, the undersigned hereby tenders to the Company the principal amount of the Sterling Outstanding Notes indicated above. Subject to, and effective upon, the acceptance for exchange of all or any portion of the Sterling Outstanding Notes tendered herewith in accordance with the terms and conditions of the Sterling Notes Exchange Offer (including, if the Sterling Notes Exchange Offer is extended or amended, the terms and conditions of any such extension or amendment), the undersigned hereby exchanges, assigns and transfers to, or upon the order of, the Company all right, title and interest in and to such Sterling Outstanding Notes as are being tendered herewith. The undersigned hereby irrevocably constitutes and appoints the Exchange Agent as its true and lawful agent and attorney-in-fact of the undersigned (with full knowledge that the Exchange Agent also acts as the agent

of the Company, in connection with the Sterling Notes Exchange Offer) to cause the Sterling Outstanding Notes to be assigned, transferred and exchanged.

The undersigned represents and warrants that it has full power and authority to tender, exchange, assign and transfer the Sterling Outstanding Notes and to acquire Sterling Exchange Notes issuable upon the exchange of such tendered Sterling Outstanding Notes, and that, when the same are accepted for exchange, the Company will acquire good and unencumbered title to the tendered Sterling Outstanding Notes, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claim. The undersigned also warrants that it will, upon request, execute and deliver any additional documents deemed by the Exchange Agent or the Company to be necessary or desirable to complete the exchange, assignment and transfer of the tendered Sterling Outstanding Notes or transfer ownership of such Sterling Outstanding Notes on the account books maintained by the book-entry transfer facility. The undersigned further agrees that acceptance of any and all validly tendered Sterling Outstanding Notes by the Company and the issuance of Sterling Exchange Notes in exchange therefor shall constitute performance in full by the Company of its obligations under the Registration Rights Agreement dated April 8, 2004, among the Company, the Guarantors named therein, and Deutsche Bank AG London, Banc of America Securities Limited, Lehman Brothers International, Merrill Lynch International and the other initial purchasers named therein (the "Registration Rights Agreement"), and that the Company shall have no further obligations or liabilities thereunder except as provided in Section 2(c) of such agreement. The undersigned will comply with its obligations under the Registration Rights Agreement. The undersigned agrees to all terms of the Sterling Notes Exchange Offer.

The Sterling Notes Exchange Offer is subject to certain conditions as set forth in the Prospectus under the caption "The Exchange Offers—Conditions to the Exchange Offers." The undersigned recognizes that as a result of these conditions (which may be waived, in whole or in part, by the Company), as more particularly set forth in the Prospectus, the Company may not be required to exchange any of the Sterling Outstanding Notes tendered hereby and, in such event, the Sterling Outstanding Notes not exchanged will be returned to the undersigned at the address shown above, promptly following the expiration or termination of the Sterling Notes Exchange Offer. In addition, the Company may amend the Sterling Notes Exchange Offer at any time prior to the Expiration Date if any of the conditions set forth under "The Exchange Offers—Conditions to the Exchange Offers" occur.

The undersigned understands that tenders of Sterling Outstanding Notes pursuant to any one of the procedures described in the Prospectus and in the instructions attached hereto will, upon the Company's acceptance for exchange of such tendered Sterling Outstanding Notes, constitute a binding agreement between the undersigned and the Company upon the terms and subject to the conditions of the Sterling Notes Exchange Offer. The undersigned recognizes that, under circumstances set forth in the Prospectus, the Company may not be required to accept for exchange any of the Sterling Outstanding Notes.

By tendering shares of Sterling Outstanding Notes and executing this Sterling Notes Letter of Transmittal, the undersigned represents that Sterling Exchange Notes acquired in the exchange will be obtained in the ordinary course of business of the undersigned, that the undersigned has no arrangement or understanding with any person to participate in a distribution (within the meaning of the Securities Act) of such Sterling Exchange Notes, that the undersigned is not an "affiliate" of the Company within the meaning of Rule 405 under the Securities Act and that if the undersigned or the person receiving such Sterling Exchange Notes, whether or not such person is the undersigned, is not a broker-dealer, the undersigned represents that it is not engaged in, and does not intend to engage in, a distribution of Sterling Exchange Notes. If the undersigned or the person receiving such Sterling Exchange Notes, whether or not such person is the undersigned, is a broker-dealer that will receive Sterling Exchange Notes for its own account in exchange for Sterling Outstanding Notes that were acquired as a result of market-making activities or other trading activities, it acknowledges that it will deliver a prospectus in connection with any resale of such Sterling Exchange Notes; however, by so

acknowledging and by delivering a prospectus, the undersigned will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. If the undersigned is a person in the United Kingdom, the undersigned represents that its ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business.

Any holder of Sterling Outstanding Notes using the Sterling Notes Exchange Offer to participate in a distribution of the Sterling Exchange Notes (i) cannot rely on the position of the staff of the Securities and Exchange Commission enunciated in its interpretive letter with respect to Exxon Capital Holdings Corporation (available April 13, 1989) or similar interpretive letters and (ii) must comply with the registration and prospectus requirements of the Securities Act in connection with a secondary resale transaction.

All authority herein conferred or agreed to be conferred shall survive the death or incapacity of the undersigned and every obligation of the undersigned hereunder shall be binding upon the heirs, personal representatives, successors and assigns of the undersigned. Tendered Sterling Outstanding Notes may be withdrawn at any time prior to the Expiration Date in accordance with the terms of this Sterling Notes Letter of Transmittal. Except as stated in the Prospectus, this tender is irrevocable.

Certificates for all Sterling Exchange Notes delivered in exchange for tendered Sterling Outstanding Notes and any Sterling Outstanding Notes delivered herewith but not exchanged, and registered in the name of the undersigned, shall be delivered to the undersigned at the address shown below the signature of the undersigned.

The undersigned, by completing the box entitled "Description of Sterling Outstanding Notes Tendered Herewith" above and signing this letter, will be deemed to have tendered the Sterling Outstanding Notes as set forth in such box.

TENDERING HOLDER(S) SIGN HERE
(Complete accompanying substitute Form W-9)

Must be signed by registered holder(s) exactly as name(s) appear(s) on certificate(s) for Sterling Outstanding Notes hereby tendered or in whose name Sterling Outstanding Notes are registered on the books of DTC or one of its participants, or by any person(s) authorized to become the registered holder(s) by endorsements and documents transmitted herewith. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, please set forth the full title of such person. See Instruction 3.

H S

_____

_____

(Signature(s) of Holder(s))

Date _____

Name(s) _____

(Please Print)

Capacity (full title) _____

Address _____

(Including Zip Code)

Daytime Area Code and Telephone No. _____

Taxpayer Identification No. _____

GUARANTEE OF SIGNATURE(S)
(If Required—See Instruction 3)

H Authorized Signature S

_____

Dated _____

Name _____

Title _____

Name of Firm _____

Address of Firm _____

_____

(Include Zip Code)

Area Code and Telephone No. _____

SPECIAL ISSUANCE INSTRUCTIONS
(See Instructions 3 and 4)

To be completed ONLY if Sterling Exchange Notes or Sterling Outstanding Notes not tendered are to be issued in the name of someone other than the registered holder of the Sterling Outstanding Notes whose name(s) appear(s) above.

Issue: o Sterling Outstanding Notes not tendered to:
o Sterling Exchange Notes to:

Name(s)

Address

(Include Zip Code)

Daytime Area Code and Telephone No.

Tax Identification No.

SPECIAL DELIVERY INSTRUCTIONS
(See Instructions 3 and 4)

To be completed ONLY if Sterling Exchange Notes or Sterling Outstanding Notes not tendered are to be sent to someone other than the registered holder of the Sterling Outstanding Notes whose name(s) appear(s) above, or such registered holder(s) at an address other than that shown above.

Mail: o Sterling Outstanding Notes not tendered to:
o Sterling Exchange Notes to:

Name(s)

Address

(Include Zip Code)

Area Code and Telephone No.

INSTRUCTIONS

FORMING PART OF THE TERMS AND CONDITIONS OF THE STERLING EXCHANGE OFFER

1. *Delivery of this Sterling Notes Letter of Transmittal and Certificates; Guaranteed Delivery Procedures.*

A holder of Sterling Outstanding Notes may tender the same by (i) properly completing and signing this Sterling Notes Letter of Transmittal or a facsimile hereof (all references in the Prospectus to the Sterling Notes Letter of Transmittal shall be deemed to include a facsimile thereof) and delivering the same, together with the certificate or certificates, if applicable, representing the Sterling Outstanding Notes being tendered and any required signature guarantees and any other documents required by this Sterling Notes Letter of Transmittal, to the Exchange Agent at its address set forth above on or prior to the Expiration Date, or (ii) complying with the procedure for book-entry transfer described below, or (iii) complying with the guaranteed delivery procedures described below.

Holders of Sterling Outstanding Notes may tender Sterling Outstanding Notes by book-entry transfer by crediting the Sterling Outstanding Notes to the Exchange Agent's account at DTC in accordance with DTC's Automated Tender Offer Program ("ATOP") and by complying with applicable ATOP procedures with respect to the Sterling Notes Exchange Offer. DTC participants that are accepting the Sterling Notes Exchange Offer should transmit their acceptance to DTC, which will edit and verify the acceptance and execute a book-entry delivery to the Exchange Agent's account at DTC. DTC will then send a computer-generated message (an "Agent's Message") to the Exchange Agent for its acceptance in which the holder of the Sterling Outstanding Notes acknowledges and agrees to be bound by the terms of, and makes the representations and warranties contained in, this Sterling Notes Letter of Transmittal, the DTC participant confirms on behalf of itself and the beneficial owners of such Sterling Outstanding Notes all provisions of this Sterling Notes Letter of Transmittal (including any representations and warranties) applicable to it and such beneficial owner as fully as if it had completed the information required herein and executed and transmitted this Sterling Notes Letter of Transmittal to the Exchange Agent. Delivery of the Agent's Message by DTC will satisfy the terms of the Sterling Notes Exchange Offer as to execution and delivery of a Sterling Notes Letter of Transmittal by the participant identified in the Agent's Message. DTC participants may also accept the Sterling Notes Exchange Offer by submitting a Notice of Guaranteed Delivery through ATOP.

The method of delivery of this Sterling Notes Letter of Transmittal, the Sterling Outstanding Notes and any other required documents is at the election and risk of the holder, and except as otherwise provided below, the delivery will be deemed made only when actually received or confirmed by the Exchange Agent. If such delivery is by mail, it is suggested that registered mail with return receipt requested, properly insured, be used. In all cases sufficient time should be allowed to permit timely delivery. No Sterling Outstanding Notes or Sterling Notes Letters of Transmittal should be sent to the Company.

Holders whose Sterling Outstanding Notes are not immediately available or who cannot deliver their Sterling Outstanding Notes and all other required documents to the Exchange Agent on or prior to the Expiration Date or comply with book-entry transfer procedures on a timely basis must tender their Sterling Outstanding Notes pursuant to the guaranteed delivery procedure set forth in the Prospectus. Pursuant to such procedure: (i) such tender must be made by or through an Eligible Guarantor Institution (as defined below); (ii) prior to the Expiration Date, the Exchange Agent must have received from such Eligible Guarantor Institution a letter, telegram or facsimile transmission (receipt confirmed by telephone and an original delivered by guaranteed overnight courier) setting forth the name and address of the tendering holder, the names in which such Sterling Outstanding Notes are registered, and, if applicable, the certificate numbers of the Sterling Outstanding Notes to be tendered; and (iii) all tendered Sterling Outstanding Notes (or a confirmation of any book-entry transfer of such Sterling Outstanding Notes into the Exchange Agent's account at a book-entry transfer

facility) as well as this Letter of Transmittal for the Sterling Outstanding Notes and all other documents required by this Letter of Transmittal for the Sterling Outstanding Notes, must be received by the Exchange Agent within three New York Stock Exchange trading days after the date of execution of such letter, telegram or facsimile transmission, all as provided in the Prospectus.

No alternative, conditional, irregular or contingent tenders will be accepted. All tendering holders, by execution of this Sterling Notes Letter of Transmittal (or facsimile thereof), shall waive any right to receive notice of the acceptance of the Sterling Outstanding Notes for exchange.

2. *Partial Tenders; Withdrawals.*

If less than the entire principal amount of Sterling Outstanding Notes evidenced by a submitted certificate is tendered, the tendering holder must fill in the aggregate principal amount of Sterling Outstanding Notes tendered in the box entitled "Description of Sterling Outstanding Notes Tendered Herewith." A newly issued certificate for the Sterling Outstanding Notes submitted but not tendered will be sent to such holder promptly after the Expiration Date. All Sterling Outstanding Notes delivered to the Exchange Agent will be deemed to have been tendered unless otherwise clearly indicated.

If not yet accepted due to failure to meet any condition of the Sterling Notes Exchange Offer, a tender pursuant to the Sterling Notes Exchange Offer may be withdrawn prior to the Expiration Date.

To be effective with respect to the tender of Sterling Outstanding Notes, a written notice of withdrawal must: (i) be received by the Exchange Agent at the address for the Exchange Agent set forth above before the Company notifies the Exchange Agent that it has accepted the tender of Sterling Outstanding Notes pursuant to the Sterling Notes Exchange Offer; (ii) specify the name of the person who tendered the Sterling Outstanding Notes to be withdrawn; (iii) identify the Sterling Outstanding Notes to be withdrawn (including the principal amount of such Sterling Outstanding Notes, or, if applicable, the certificate numbers shown on the particular certificates evidencing such Sterling Outstanding Notes and the principal amount of Sterling Outstanding Notes represented by such certificates); (iv) include a statement that such holder is withdrawing its election to have such Sterling Outstanding Notes exchanged; and (v) be signed by the holder in the same manner as the original signature on this Sterling Notes Letter of Transmittal (including any required signature guarantee). The Exchange Agent will return the properly withdrawn Sterling Outstanding Notes promptly following receipt of notice of withdrawal. If Sterling Outstanding Notes have been tendered pursuant to the procedure for book-entry transfer, any notice of withdrawal must specify the name and number of the account at the book-entry transfer facility to be credited with the withdrawn Sterling Outstanding Notes or otherwise comply with the book-entry transfer facility's procedures. All questions as to the validity of notices of withdrawals, including time of receipt, will be determined by the Company, and such determination will be final and binding on all parties.

Any Sterling Outstanding Notes so withdrawn will be deemed not to have been validly tendered for exchange for purposes of the Sterling Notes Exchange Offer. Any Sterling Outstanding Notes which have been tendered for exchange but which are not exchanged for any reason will be returned to the holder thereof without cost to such holder (or, in the case of Sterling Outstanding Notes tendered by book-entry transfer into the Exchange Agent's account at the book entry transfer facility pursuant to the book-entry transfer procedures described above, such Sterling Outstanding Notes will be credited to an account with such book-entry transfer facility specified by the holder) promptly after withdrawal, rejection of tender or termination of the Sterling Notes Exchange Offer. Properly withdrawn Sterling Outstanding Notes may be retendered by following one of the procedures described under the caption "The Exchange Offers—Procedures for Tendering" in the Prospectus at any time prior to the Expiration Date.

3. *Signature on this Sterling Notes Letter of Transmittal; Written Instruments and Endorsements; Guarantee of Signatures.*

If this Sterling Notes Letter of Transmittal is signed by the registered holder(s) of the Sterling Outstanding Notes tendered hereby, the signature must correspond with the name(s) as written on the face of the certificates without alteration, enlargement or any change whatsoever.

If any of the Sterling Outstanding Notes tendered hereby are owned of record by two or more joint owners, all such owners must sign this Sterling Notes Letter of Transmittal.

If a number of Sterling Outstanding Notes registered in different names are tendered, it will be necessary to complete, sign and submit as many separate copies of this Sterling Notes Letter of Transmittal as there are different registrations of Sterling Outstanding Notes.

When this Sterling Notes Letter of Transmittal is signed by the registered holder or holders (which term, for the purposes described herein, shall include the book-entry transfer facility whose name appears on a security listing as the owner of the Sterling Outstanding Notes) of Sterling Outstanding Notes listed and tendered hereby, no endorsements of certificates or separate written instruments of transfer or exchange are required.

If this Sterling Notes Letter of Transmittal is signed by a person other than the registered holder or holders of the Sterling Outstanding Notes listed, such Sterling Outstanding Notes must be endorsed or accompanied by separate written instruments of transfer or exchange in form satisfactory to the Company and duly executed by the registered holder, in either case signed exactly as the name or names of the registered holder or holders appear(s) on the Sterling Outstanding Notes.

If this Sterling Notes Letter of Transmittal, any certificates or separate written instruments of transfer or exchange are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and, unless waived by the Company, proper evidence satisfactory to the Company of their authority so to act must be submitted.

Endorsements on certificates or signatures on separate written instruments of transfer or exchange required by this Instruction 3 must be guaranteed by an Eligible Guarantor Institution.

Signatures on this Sterling Notes Letter of Transmittal must be guaranteed by an Eligible Guarantor Institution, unless Sterling Outstanding Notes are tendered: (i) by a holder who has not completed the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on this Sterling Notes Letter of Transmittal; or (ii) for the account of an Eligible Guarantor Institution (as defined below). In the event that the signatures in this Sterling Notes Letter of Transmittal or a notice of withdrawal, as the case may be, are required to be guaranteed, such guarantees must be by an eligible guarantor institution which is a member of a firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc., a commercial bank or trust company having an office or correspondent in the United States or another "eligible guarantor institution" within the meaning of Rule 17Ad-15 under the Securities Exchange Act of 1934, as amended (an "Eligible Guarantor Institution"). If Sterling Outstanding Notes are registered in the name of a person other than the signer of this Sterling Notes Letter of Transmittal, the Sterling Outstanding Notes surrendered for exchange must be endorsed by, or be accompanied by a written instrument or instruments of transfer or exchange, in satisfactory form as determined by the Company, in its sole discretion, duly executed by the registered holder with the signature thereon guaranteed by an Eligible Guarantor Institution.

4. *Special Issuance and Delivery Instructions.*

Tendering holders should indicate, as applicable, the name and address to which the Sterling Exchange Notes or certificates for Sterling Outstanding Notes not exchanged are to be issued or sent, if different from the name and address of the person signing this Sterling Notes Letter of Transmittal. In the case of issuance in a different name, the tax identification number of the person named must also be indicated. Holders tendering Sterling Outstanding Notes by book-entry transfer may request that Sterling Outstanding Notes not exchanged be credited to such account maintained at the book-entry transfer facility as such holder may designate.

5. *Transfer Taxes.*

The Company shall pay all transfer taxes, if any, applicable to the transfer and exchange of Sterling Outstanding Notes to it or its order pursuant to the Sterling Notes Exchange Offer. If a transfer tax is imposed for any reason other than the transfer and exchange of Sterling Outstanding Notes to the Company or its order pursuant to the Sterling Notes Exchange Offer, the amount of any such transfer taxes (whether imposed on the registered holder or any other person) will be payable by the tendering holder. If satisfactory evidence of payment of such taxes or exception therefrom is not submitted herewith the amount of such transfer taxes will be billed directly to such tendering holder.

6. *Waiver of Conditions.*

The Company reserves the absolute right to waive, in whole or in part, any of the conditions to the Sterling Notes Exchange Offer set forth in the Prospectus.

7. *Mutilated, Lost, Stolen or Destroyed Securities.*

Any holder whose Sterling Outstanding Notes have been mutilated, lost, stolen or destroyed, should contact the Exchange Agent at the address indicated below for further instructions.

8. *Substitute Form W-9*

Each holder of Sterling Outstanding Notes whose Sterling Outstanding Notes are accepted for exchange (or other payee) is generally required to provide a correct taxpayer identification number ("TIN") (e.g., the holder's Social Security or federal employer identification number) and certain other information, on Substitute Form W-9, which is provided under "Important Tax Information" below, and to certify that the holder (or other payee) is not subject to backup withholding. Failure to provide the information on the Substitute Form W-9 may subject the holder (or other payee) to a $50 penalty imposed by the Internal Revenue Service and 28% federal income tax backup withholding on payments made in connection with the Sterling Outstanding Notes. The box in Part 3 of the Substitute Form W-9 may be checked if the holder (or other payee) has not been issued a TIN and has applied for a TIN or intends to apply for a TIN in the near future. If the box in Part 3 is checked and a TIN is not provided by the time any payment is made in connection with the Sterling Outstanding Notes, 28% of all such payments will be withheld until a TIN is provided and, if a TIN is not provided within 60 days, such withheld amounts will be paid over to the Internal Revenue Service.

9. *Requests for Assistance or Additional Copies.*

Questions relating to the procedure for tendering, as well as requests for additional copies of the Prospectus and this Sterling Notes Letter of Transmittal, may be directed to the Exchange Agent at the address and telephone number set forth above. In addition, all questions relating to the Sterling Notes Exchange Offer, as well as requests for assistance or additional copies of the Prospectus and this Sterling Notes Letter of Transmittal, may be directed to the Exchange Agent at the address and telephone number indicated above.

IMPORTANT: This Sterling Notes Letter of Transmittal or a facsimile or copy thereof (together with certificates of Sterling Outstanding Notes or confirmation of book-entry transfer and all other required documents) or a Notice of Guaranteed Delivery for the Sterling Notes must be received by the Exchange Agent on or prior to the Expiration Date.

IMPORTANT TAX INFORMATION

Under U.S. federal income tax law, a holder of Sterling Outstanding Notes whose Sterling Outstanding Notes are accepted for exchange may be subject to backup withholding unless the holder provides Wells Fargo, N.A., as Paying Agent (the "Paying Agent"), through the Exchange Agent, with either (i) such holder's correct taxpayer identification number ("TIN") on Substitute Form W-9 attached hereto, certifying (A) that the TIN provided on Substitute Form W-9 is correct (or that such holder of Sterling Outstanding Notes is awaiting a TIN), (B) that the holder of Sterling Outstanding Notes is not subject to backup withholding because (x) such holder of Sterling Outstanding Notes is exempt from backup withholding, (y) such holder of Sterling Outstanding Notes has not been notified by the Internal Revenue Service that he or she is subject to backup withholding as a result of a failure to report all interest or dividends or (z) the Internal Revenue Service has notified the holder of Sterling Outstanding Notes that he or she is no longer subject to backup withholding and (C) that the holder of Sterling Outstanding Notes is a U.S. person (including a U.S. resident alien); or (ii) an adequate basis for exemption from backup withholding. If such holder of Sterling Outstanding Notes is an individual, the TIN is such holder's social security number. If the Paying Agent is not provided with the correct TIN, the holder of Sterling Outstanding Notes may also be subject to certain penalties imposed by the Internal Revenue Service.

Certain holders of Sterling Outstanding Notes (including, among others, all corporations and certain foreign individuals) are not subject to these backup withholding and reporting requirements. However, exempt holders of Sterling Outstanding Notes should indicate their exempt status on Substitute Form W-9. For example, a corporation should complete the Substitute Form W-9, providing its TIN and indicating that it is exempt from backup withholding. In order for a foreign individual to qualify as an exempt recipient, the holder must submit a Form W-8BEN, signed under penalties of perjury, attesting to that individual's exempt status. A Form W-8BEN can be obtained from the Paying Agent. See the enclosed "Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9" for more instructions.

If backup withholding applies, the Paying Agent is required to withhold 28% of any payments made to the holder of Sterling Outstanding Notes or other payee. Backup withholding is not an additional tax. Rather, the tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund may be obtained from the Internal Revenue Service, provided the required information is furnished.

The box in Part 3 of the Substitute Form W-9 may be checked if the surrendering holder of Sterling Outstanding Notes has not been issued a TIN and has applied for a TIN or intends to apply for a TIN in the near future. If the box in Part 3 is checked, the holder of Sterling Outstanding Notes or other payee must also complete the Certificate of Awaiting Taxpayer Identification Number below in order to avoid backup withholding. Notwithstanding that the box in Part 3 is checked and the Certificate of Awaiting Taxpayer Identification Number is completed, the Paying Agent will withhold 28% of all payments made prior to the time a properly certified TIN is provided to the Paying Agent and, if the Paying Agent is not provided with a TIN within 60 days, such amounts will be paid over to the Internal Revenue Service.

The holder of Sterling Outstanding Notes is required to give the Paying Agent the TIN (e.g., social security number or employer identification number) of the record owner of the Sterling Outstanding Notes. If the Sterling Outstanding Notes are in more than one name or are not in the name of the actual owner, consult the enclosed "Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9" for additional guidance on which number to report.

GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9

Guidelines for Determining the Proper Identification Number for the Payee (You) to Give the Payer.—Social security numbers have nine digits separated by two hyphens: i.e., 000-00-0000. Employee identification numbers have nine digits separated by only one hyphen: i.e., 00-0000000. The table below will help determine the number to give the payer. All "Section" references are to the Internal Revenue Code of 1986, as amended. "IRS" is the Internal Revenue Service.

For this type of account:	**Give the SOCIAL SECURITY number of—**
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined fund, the first individual on the account(1)
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor(2)
4. a. The usual revocable savings trust account (grantor is also trustee)	The grantor-trustee(1)
b. So-called trust that is not a legal or valid trust under state law	The actual owner(1)
5. Sole proprietorship	The owner(3)

For this type of account:	**Give the SOCIAL SECURITY number of—**
6. A valid trust, estate, or pension trust	The legal entity(4)
7. Corporate	The corporation
8. Association, club, religious, charitable, educational, or other tax-exempt organization account	The organization
9. Partnership	The partnership
10. A broker or registered nominee	The broker or nominee
11. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity

(1) List first and circle the name of the person whose number you furnish. If only one person on a joint account has a social security number, that person's number must be furnished.
(2) Circle the minor's name and furnish the minor's social security number.
(3) You must show your individual name, but you may also enter your business or "doing business as" name. You may use either your social security number or your employer identification number (if you have one).
(4) List first and circle the name of the legal trust, estate, or pension trust. (Do not furnish the taxpayer identification number of the personal representative or trustee unless the legal entity itself is not designated in the account title.)

NOTE: If no name is circled when there is more than one name, the number will be considered to be that of the first name listed.

Obtaining a Number

If you don't have a taxpayer identification number or you don't know your number, obtain Form SS-5, Application for a Social Security Card, at the local Social Administration office, or Form SS-4, Application for Employer Identification Number, by calling 1 (800) TAX-FORM, and apply for a number.

Payees Exempt from Backup Withholding

Payees specifically exempted from withholding include:

- An organization exempt from tax under Section 501(a), an individual retirement account (IRA), or a custodial account under Section 403(b)(7), if the account satisfies the requirements of Section 401(f)(2).
- The United States or a state thereof, the District of Columbia, a possession of the United States, or a political subdivision or wholly-owned agency or instrumentality of any one or more of the foregoing.
- An international organization or any agency or instrumentality thereof.
- A foreign government and any political subdivision, agency or instrumentality thereof.

Payees that may be exempt from backup withholding include:

- A corporation.
- A financial institution.
- A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States.
- A real estate investment trust.
- A common trust fund operated by a bank under Section 584(a).
- An entity registered at all times during the tax year under the Investment Company Act of 1940.
- A middleman known in the investment community as a nominee or custodian.
- A futures commission merchant registered with the Commodity Futures Trading Commission.
- A foreign central bank of issue.

Payments of dividends and patronage dividends generally exempt from backup withholding include:

- Payments to nonresident aliens subject to withholding under Section 1441.
- Payments to partnerships not engaged in a trade or business in the United States and that have at least one nonresident alien partner.
- Payments of patronage dividends not paid in money.
- Payments made by certain foreign organizations.
- Section 404(k) payments made by an ESOP.

Payments of interest generally exempt from backup withholding include:

- Payments of interest on obligations issued by individuals. Note: You may be subject to backup withholding if this interest is $600 or more and you have not provided your correct taxpayer identification number to the payer.
- Payments of tax-exempt interest (including exempt-interest dividends under Section 852).
- Payments described in Section 6049(b)(5) to nonresident aliens.
- Payments on tax-free covenant bonds under Section 1451.
- Payments made by certain foreign organizations.
- Mortgage interest paid to you.

Certain payments, other than payments of interest, dividends, and patronage dividends, that are exempt from information reporting are also exempt from backup withholding. For details, see the regulations under sections 6041, 6041A, 6042, 6044, 6045, 6049, 6050A and 6050N.

Exempt payees described above must file Form W-9 or a substitute Form W-9 to avoid possible erroneous backup withholding. FILE THIS FORM WITH THE PAYER, FURNISH YOUR TAXPAYER IDENTIFICATION NUMBER, WRITE "EXEMPT" IN PART 2 OF THE FORM, SIGN AND DATE THE FORM AND RETURN IT TO THE PAYER.

Privacy Act Notice.—Section 6109 requires you to provide your correct taxpayer identification number to payers, who must report the payments to the IRS. The IRS uses the number for identification purposes and may also provide this information to various government agencies for tax enforcement or litigation purposes. Payers must be given the numbers whether or not recipients are required to file tax returns. Payers must generally withhold 28% of taxable interest, dividend, and certain other payments to a payee who does not furnish a taxpayer identification number to payer. Certain penalties may also apply.

Penalties

(1) **Failure to Furnish Taxpayer Identification Number.**—If you fail to furnish your taxpayer identification number to a payer, you are subject to a penalty of $50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

(2) **Civil Penalty for False Information With Respect to Withholding.**—If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a $500 penalty.

(3) **Criminal Penalty for Falsifying Information.**—Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

FOR ADDITIONAL INFORMATION CONTACT YOUR TAX CONSULTANT OR THE INTERNAL REVENUE SERVICE.

PAYER'S NAME: WMG Acquisition Corp.

SUBSTITUTE
FORM W-9
Department of the Treasury
Internal Revenue Service

Payer's Request for Taxpayer Identification Number (TIN)

Part 1—PLEASE PROVIDE YOUR TIN IN THE BOX AT RIGHT AND CERTIFY BY SIGNING AND DATING BELOW

Name

Social Security Number
OR

Employer Identification Number

Part 3—
Awaiting TIN o

Part 2—Certification—Under the penalties of perjury, I certify that:

(1) The number shown on this form is my correct Taxpayer Identification Number (or I am waiting for a number to be issued to me),

(2) I am not subject to backup withholding because (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (the "IRS") that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and

(3) I am a U.S. person (including a U.S. resident alien).

CERTIFICATE INSTRUCTIONS—You must cross out item (2) in Part 2 above if you have been notified by the IRS that you are subject to backup withholding because of underreporting interest or dividends on your tax return. However, if after being notified by the IRS that you are subject to backup withholding you receive another notification from the IRS stating that you are no longer subject to backup withholding, do not cross out item (2).

The Internal Revenue Service does not require your consent to any provision of this document other than the certifications required to avoid backup withholding.

Sign Here

SIGNATURE

DATE

NOTE: **FAILURE TO COMPLETE AND RETURN THIS FORM MAY RESULT IN BACKUP WITHHOLDING OF 28% OF ANY PAYMENTS MADE TO YOU PURSUANT TO THE OFFER. PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9 FOR ADDITIONAL DETAILS.**

YOU MUST COMPLETE THE FOLLOWING CERTIFICATION IF YOU CHECKED THE BOX IN PART 3 OF SUBSTITUTE FORM W-9.

CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER

I certify under penalties of perjury that a taxpayer identification number has not been issued to me, and either (1) I have mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security Administration Office, or (2) I intend to mail or deliver an application in the near future. I understand that if I do not provide a taxpayer identification number by the time of payment, 28% of all reportable payments made to me will be withheld.

SIGNATURE _____ DATE _____ ,

QuickLinks

Exhibit 99.3

WMG ACQUISITION CORP.

OFFER TO EXCHANGE

ALL OUTSTANDING PRIVATELY PLACED 7 3/8% SENIOR SUBORDINATED NOTES DUE 2014

FOR AN EQUAL AMOUNT OF ITS 7 3/8% SENIOR SUBORDINATED NOTES DUE 2014
WHICH HAVE BEEN REGISTERED
UNDER THE SECURITIES ACT OF 1933, AS AMENDED

, 2005

To Brokers, Dealers, Commercial Banks,
Trust Companies and other Nominees:

As described in the enclosed Prospectus, dated , 2005 (as the same may be amended or supplemented from time to time, the "Prospectus"), and Letter of Transmittal for the Dollar Notes (the "Dollar Notes Letter of Transmittal"), WMG Acquisition Corp. (the "Company") and certain subsidiaries of the Company (the "Guarantors") are offering to exchange (the "Dollar Notes Exchange Offer") its 7 3/8% Senior Subordinated Notes due 2014 which have been registered under the Securities Act of 1933, as amended (the "Securities Act") (the "Dollar Exchange Notes") for each of its outstanding 7 3/8% Senior Subordinated Notes due 2014 (the "Dollar Outstanding Notes" and, together with the Dollar Exchange Notes, the "Dollar Notes") upon the terms and subject to the conditions of the enclosed Prospectus and related Dollar Notes Letter of Transmittal. The terms of the Dollar Exchange Notes are identical in all material respects (including principal amount, interest rate and maturity) to the terms of the Dollar Outstanding Notes for which they may be exchanged pursuant to the Dollar Notes Exchange Offer, except that the Dollar Exchange Notes are freely transferable by holders thereof. The Dollar Outstanding Notes are unconditionally guaranteed (the "Old Guarantees") by the Guarantors, and the Dollar Exchange Notes will be unconditionally guaranteed (the "New Guarantees") by the Guarantors. Upon the terms and subject to the conditions set forth in the Prospectus and the Letter of Transmittal, the Guarantors offer to issue the New Guarantees with respect to all Dollar Exchange Notes issued in the Dollar Exchange Offer in exchange for the Old Guarantees of the Dollar Outstanding Notes for which such Dollar Exchange Notes are issued in the Dollar Notes Exchange Offer. Throughout this letter, unless the context otherwise requires and whether so expressed or not, references to the "Dollar Notes Exchange Offer" include the Guarantors' offer to exchange the New Guarantees for the Old Guarantees, references to the "Dollar Exchange Notes" include the related New Guarantees and references to the "Dollar Outstanding Notes" include the related Old Guarantees. The Company will accept for exchange any and all Dollar Outstanding Notes properly tendered according to the terms of the Prospectus and the Letter of Transmittal for the Dollar Outstanding Note. Consummation of the Dollar Notes Exchange Offer is subject to certain conditions described in the Prospectus.

WE URGE YOU TO PROMPTLY CONTACT YOUR CLIENTS FOR WHOM YOU HOLD DOLLAR OUTSTANDING NOTES REGISTERED IN YOUR NAME OR IN THE NAME OF YOUR NOMINEE. PLEASE BRING THE DOLLAR NOTES EXCHANGE OFFER TO THEIR ATTENTION AS PROMPTLY AS POSSIBLE.

Enclosed are copies of the following documents:

1. The Prospectus;

2. The Dollar Notes Letter of Transmittal for your use in connection with the tender of Dollar Outstanding Notes and for the information of your clients, including a Substitute Form W-9 and Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 (providing information relating to U.S. federal income tax backup withholding);

3. A form of Notice of Guaranteed Delivery for the Dollar Notes; and

4. A form of letter, including a Letter of Instructions, which you may use to correspond with your clients for whose accounts you hold Dollar Outstanding Notes held registered in your name or the name of your nominee, with space provided for obtaining such clients' instructions regarding the Dollar Notes Exchange Offer.

Your prompt action is requested. Please note that the Dollar Notes Exchange Offer will expire at 12:00 a.m. midnight, New York City time, on , 2005 (the "Expiration Date"), unless the Company otherwise extends the Dollar Notes Exchange Offer.

To participate in the Dollar Exchange Offer, certificates for Dollar Outstanding Notes, together with a duly executed and properly completed Dollar Notes Letter of Transmittal or facsimile thereof, or a timely confirmation of a book-entry transfer of such Dollar Outstanding Notes into the account of Wells Fargo Bank, National Association (the "Exchange Agent"), at the book-entry transfer facility, with any required signature guarantees, and any other required documents, must be received by the Exchange Agent by the Expiration Date as indicated in the Prospectus and the Dollar Notes Letter of Transmittal.

The Company will not pay any fees or commissions to any broker or dealer or to any other persons (other than the Exchange Agent) in connection with the solicitation of tenders of the Dollar Outstanding Notes pursuant to the Dollar Notes Exchange Offer. However, the Company will pay or cause to be paid any transfer taxes, if any, applicable to the tender of the Dollar Outstanding Notes to it or its order, except as otherwise provided in the Prospectus and Dollar Notes Letter of Transmittal.

If holders of the Dollar Outstanding Notes wish to tender, but it is impracticable for them to forward their Dollar Outstanding Notes prior to the Expiration Date or to comply with the book-entry transfer procedures on a timely basis, a tender may be effected by following the guaranteed delivery procedures described in the Prospectus and in the Dollar Notes Letter of Transmittal.

Any inquiries you may have with respect to the Dollar Exchange Offer should be addressed to the Exchange Agent its address and telephone number set forth in the enclosed Prospectus and Dollar Notes Letter of Transmittal. Additional copies of the enclosed materials may be obtained from the Exchange Agent.

Very truly yours,

WMG ACQUISITION CORP.

NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL CONSTITUTE YOU OR ANY OTHER PERSON AS AN AGENT OF THE COMPANY OR THE EXCHANGE AGENT, OR AUTHORIZE YOU OR ANY OTHER PERSON TO USE ANY DOCUMENT OR MAKE ANY STATEMENTS ON BEHALF OF EITHER OF THEM IN CONNECTION WITH THE DOLLAR EXCHANGE OFFER, OTHER THAN THE DOCUMENTS ENCLOSED HEREWITH AND THE STATEMENTS EXPRESSLY CONTAINED THEREIN.

Exhibit 99.4

WMG ACQUISITION CORP.

OFFER TO EXCHANGE

ALL OUTSTANDING PRIVATELY PLACED 8 1/8% SENIOR SUBORDINATED NOTES DUE 2014

FOR AN EQUAL AMOUNT OF ITS 8 1/8% SENIOR SUBORDINATED NOTES DUE 2014

WHICH HAVE BEEN REGISTERED

UNDER THE SECURITIES ACT OF 1933, AS AMENDED

, 2005

To Brokers, Dealers, Commercial Banks,
Trust Companies and other Nominees:

As described in the enclosed Prospectus, dated , 2005 (as the same may be amended or supplemented from time to time, the "Prospectus"), and Letter of Transmittal for the Sterling Notes (the "Sterling Notes Letter of Transmittal"), WMG Acquisition Corp. (the "Company") and certain subsidiaries of the Company (the "Guarantors") are offering to exchange (the "Sterling Notes Exchange Offer") its 8 1/8% Senior Subordinated Notes due 2014 which have been registered under the Securities Act of 1933, as amended (the "Securities Act") (the "Sterling Exchange Notes") for each of its outstanding 8 1/8% Senior Subordinated Notes due 2014 (the "Sterling Outstanding Notes" and, together with the Sterling Exchange Notes, the "Sterling Notes") upon the terms and subject to the conditions of the enclosed Prospectus and related Sterling Notes Letter of Transmittal. The terms of the Sterling Exchange Notes are identical in all material respects (including principal amount, interest rate and maturity) to the terms of the Sterling Outstanding Notes for which they may be exchanged pursuant to the Sterling Exchange Offer, except that the Sterling Exchange Notes are freely transferable by holders thereof. The Sterling Outstanding Notes are unconditionally guaranteed (the "Old Guarantees") by the Guarantors, and the Sterling Exchange Notes will be unconditionally guaranteed (the "New Guarantees") by the Guarantors. Upon the terms and subject to the conditions set forth in the Prospectus and the Sterling Notes Letter of Transmittal, the Guarantors offer to issue the New Guarantees with respect to all Sterling Notes Exchange Notes issued in the Sterling Notes Exchange Offer in exchange for the Old Guarantees of the Sterling Outstanding Notes for which such Sterling Exchange Notes are issued in the Sterling Notes Exchange Offer. Throughout this letter, unless the context otherwise requires and whether so expressed or not, references to the "Sterling Exchange Offer" include the Guarantors' offer to exchange the New Guarantees for the Old Guarantees, references to the "Sterling Exchange Notes" include the related New Guarantees and references to the "Sterling Outstanding Notes" include the related Old Guarantees. The Company will accept for exchange any and all Sterling Outstanding Notes properly tendered according to the terms of the Prospectus and the Sterling Notes Letter of Transmittal. Consummation of the Sterling Notes Exchange Offer is subject to certain conditions described in the Prospectus.

WE URGE YOU TO PROMPTLY CONTACT YOUR CLIENTS FOR WHOM YOU HOLD OUTSTANDING NOTES REGISTERED IN YOUR NAME OR IN THE NAME OF YOUR NOMINEE. PLEASE BRING THE STERLING EXCHANGE OFFER TO THEIR ATTENTION AS PROMPTLY AS POSSIBLE.

Enclosed are copies of the following documents:

1. The Prospectus;

2. The Sterling Notes Letter of Transmittal for the Sterling Outstanding Notes for your use in connection with the tender of Sterling Outstanding Notes and for the information of your clients, including a Substitute Form W-9 and Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 (providing information relating to U.S. federal income tax backup withholding);

3. A form of Notice of Guaranteed Delivery for the Sterling Notes; and

4. A form of letter, including a Letter of Instructions, which you may use to correspond with your clients for whose accounts you hold Sterling Outstanding Notes held registered in your name or the name of your nominee, with space provided for obtaining such clients' instructions regarding the Sterling Notes Exchange Offer.

Your prompt action is requested. Please note that the Sterling Notes Exchange Offer will expire at 12:00 a.m. midnight, New York City time, on , 2005 (the "Expiration Date"), unless the Company otherwise extends the Sterling Notes Exchange Offer.

To participate in the Sterling Notes Exchange Offer, certificates for Sterling Outstanding Notes, together with a duly executed and properly completed Sterling Notes Letter of Transmittal or facsimile thereof, or a timely confirmation of a book-entry transfer of such Sterling Outstanding Notes into the account of HSBC Bank plc (the "Exchange Agent"), at the book-entry transfer facility, with any required signature guarantees, and any other required documents, must be received by the Exchange Agent by the Expiration Date as indicated in the Prospectus and the Sterling Notes Letter of Transmittal.

The Company will not pay any fees or commissions to any broker or dealer or to any other persons (other than the Exchange Agent) in connection with the solicitation of tenders of the Sterling Outstanding Notes pursuant to the Sterling Notes Exchange Offer. However, the Company will pay or cause to be paid any transfer taxes, if any, applicable to the tender of the Sterling Outstanding Notes to it or its order, except as otherwise provided in the Prospectus and Sterling Notes Letter of Transmittal.

If holders of the Sterling Outstanding Notes wish to tender, but it is impracticable for them to forward their Sterling Outstanding Notes prior to the Expiration Date or to comply with the book-entry transfer procedures on a timely basis, a tender may be effected by following the guaranteed delivery procedures described in the Prospectus and in the Sterling Notes Letter of Transmittal.

Any inquiries you may have with respect to the Sterling Notes Exchange Offer should be addressed to the Exchange Agent its address and telephone number set forth in the enclosed Prospectus and Sterling Notes Letter of Transmittal. Additional copies of the enclosed materials may be obtained from the Exchange Agent.

Very truly yours,
WMG ACQUISITION CORP.

NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL CONSTITUTE YOU OR ANY OTHER PERSON AS AN AGENT OF THE COMPANY OR THE EXCHANGE AGENT, OR AUTHORIZE YOU OR ANY OTHER PERSON TO USE ANY DOCUMENT OR MAKE ANY STATEMENTS ON BEHALF OF EITHER OF THEM IN CONNECTION WITH THE STERLING NOTES EXCHANGE OFFER, OTHER THAN THE DOCUMENTS ENCLOSED HEREWITH AND THE STATEMENTS EXPRESSLY CONTAINED THEREIN.

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Exhibit 99.5

WMG ACQUISITION CORP.

OFFER TO EXCHANGE

ALL OUTSTANDING PRIVATELY PLACED 7 3/8% SENIOR SUBORDINATED NOTES DUE 2014

FOR AN EQUAL AMOUNT OF ITS 7 3/8% SENIOR SUBORDINATED NOTES DUE 2014

WHICH HAVE BEEN REGISTERED

UNDER THE SECURITIES ACT OF 1933, AS AMENDED

, 2005

To Our Clients:

Enclosed for your consideration are a Prospectus, dated , 2005 (as the same may be amended or supplemented from time to time, the "Prospectus"), and a Letter of Transmittal for the Dollar Notes (the "Dollar Notes Letter of Transmittal"), relating to the offer (the "Dollar Notes Exchange Offer") by WMG Acquisition Corp. (the "Company") and certain subsidiaries of the Company (the "Guarantors") to exchange its 7 3/8% Senior Subordinated Notes due 2014 which have been registered under the Securities Act of 1933, as amended (the "Securities Act") (the "Dollar Exchange Notes") for each of its outstanding 7 3/8% Senior Subordinated Notes due 2014 (the "Dollar Outstanding Notes" and together with the Dollar Outstanding Notes, the "Dollar Notes") upon the terms and subject to the conditions of the enclosed Prospectus and the enclosed Dollar Notes Letter of Transmittal. The terms of the Dollar Notes Exchange Notes are identical in all material respects (including principal amount, interest rate and maturity) to the terms of the Dollar Outstanding Notes for which they may be exchanged pursuant to the Dollar Exchange Offer, except that the Dollar Exchange Notes are freely transferable by holders thereof, upon the terms and subject to the conditions of the enclosed Prospectus and the related Dollar Notes Letter of Transmittal. The Dollar Outstanding Notes are unconditionally guaranteed (the "Old Guarantees") by the Guarantors, and the Dollar Exchange Notes will be unconditionally guaranteed (the "New Guarantees") by the Guarantors. Upon the terms and subject to the conditions set forth in the Prospectus and the Dollar Notes Letter of Transmittal, the Guarantors offer to issue the New Guarantees with respect to all Dollar Exchange Notes issued in the Dollar Notes Exchange Offer in exchange for the Old Guarantees of the Dollar Outstanding Notes for which such Dollar Notes Exchange Notes are issued in the Dollar Notes Exchange Offer. Throughout this letter, unless the context otherwise requires and whether so expressed or not, references to the "Dollar Notes Exchange Offer" include the Guarantors' offer to exchange the New Guarantees for the Old Guarantees, references to the "Dollar Exchange Notes" include the related New Guarantees and references to the "Dollar Outstanding Notes" include the related Old Guarantees. The Company will accept for exchange any and all Dollar Outstanding Notes properly tendered according to the terms of the Prospectus and the Dollar Notes Letter of Transmittal. Consummation of the Dollar Notes Exchange Offer is subject to certain conditions described in the Prospectus.

PLEASE NOTE THAT THE DOLLAR NOTES EXCHANGE OFFER WILL EXPIRE AT 12:00 A.M. MIDNIGHT, NEW YORK CITY TIME, ON , 2005 (THE "EXPIRATION DATE"), UNLESS THE COMPANY EXTENDS THE DOLLAR NOTES EXCHANGE OFFER.

The enclosed materials are being forwarded to you as the beneficial owner of the Dollar Outstanding Notes held by us for your account but not registered in your name. A tender of such Dollar Outstanding Notes may only be made by us as the registered holder and pursuant to your instructions. Therefore, the Company urges beneficial owners of Dollar Outstanding Notes registered in the name of a broker, dealer, commercial bank, trust company or other nominee to contact such registered holder promptly if such beneficial owners wish to tender their Dollar Outstanding Notes in the Dollar Notes Exchange Offer.

Accordingly, we request instructions as to whether you wish to tender any or all such Dollar Outstanding Notes held by us for your account, pursuant to the terms and conditions set forth in the enclosed Prospectus and Dollar Notes Letter of Transmittal. If you wish to have us tender any or all of your Dollar Outstanding Notes, please so instruct us by completing, signing and returning to us the "Instructions to Registered Holder from Beneficial Owner" form that appears below. We urge you to read the Prospectus and the Dollar Notes Letter of Transmittal carefully before instructing us as to whether or not to tender your Dollar Outstanding Notes.

The accompanying Dollar Notes Letter of Transmittal is furnished to you for your information only and may not be used by you to tender Dollar Outstanding Notes held by us and registered in our name for your account or benefit.

If we do not receive written instructions in accordance with the below and the procedures presented in the Prospectus and the Dollar Notes Letter of Transmittal, we will not tender any of the Dollar Outstanding Notes on your account.

INSTRUCTIONS TO REGISTERED HOLDER FROM BENEFICIAL OWNER

The undersigned beneficial owner acknowledges receipt of your letter and the accompanying Prospectus dated , 2005 (as the same may be amended or supplemented from time to time, the "Prospectus"), and a Letter of Transmittal for the Dollar Notes (the "Dollar Notes Letter of Transmittal"), relating to the offer (the "Dollar Notes Exchange Offer") by WMG Acquisition Corp. (the "Company") and certain subsidiaries of the Company (the "Guarantors") to exchange its $7^3/_8$% Senior Subordinated Notes due 2014 which have been registered under the Securities Act of 1933, as amended (the "Securities Act") (the "Dollar Exchange Notes") for each of its outstanding $7^3/_8$% Senior Subordinated Notes due 2014 (the "Dollar Outstanding Notes" and together with the Dollar Exchange Notes, the "Dollar Notes"), upon the terms and subject to the conditions set forth in the Prospectus and the Dollar Notes Letter of Transmittal. Capitalized terms used by not defined herein have the meanings ascribed to them in the Prospectus.

This will instruct you, the registered holder, to tender the principal amount of the Dollar Outstanding Notes indicated below held by you for the account of the undersigned, upon the terms and subject to the conditions set forth in the Prospectus and the Dollar Notes Letter of Transmittal.

Principal Amount Held for Account Holder(s)	Principal Amount to be Tendered*

* Unless otherwise indicated, the entire principal amount held for the account of the undersigned will be tendered.

If the undersigned instructs you to tender the Dollar Outstanding Notes held by you for the account of the undersigned, it is understood that you are authorized (a) to make, on behalf of the undersigned (and the undersigned, by its signature below, hereby makes to you), the representations and warranties contained in the Dollar Notes Letter of Transmittal that are to be made with respect to the undersigned as a beneficial owner of the Dollar Outstanding Notes, including but not limited to the representations that the undersigned (i) is not an "affiliate," as defined in Rule 405 under the Securities Act, of the Company or the Guarantors, (ii) is not engaged in, and does not intend to engage in, and has no arrangement or understanding with any person to participate in, a distribution of Dollar Exchange Notes, (iii) is acquiring the Dollar Exchange Notes in the ordinary course of its business and (iv) is not a broker-dealer tendering Dollar Outstanding Notes acquired for its own account directly from the Company. If a holder of the Dollar Outstanding Notes is an affiliate of the Company or the Guarantors, is not acquiring the Dollar Exchange Notes in the ordinary course of its business, is engaged in or intends to engage in a distribution of the Dollar Exchange Notes or has any arrangement or understanding with respect to the distribution of the Dollar Exchange Notes to be acquired pursuant to the Dollar Notes Exchange Offer, such holder may not rely on the applicable interpretations of the staff of the Securities and Exchange Commission relating to exemptions from the registration and prospectus delivery requirements of the Securities Act and must comply with such requirements in connection with any secondary resale transaction.

SIGN HERE

Dated: , 2005

Signature(s):

Print Name(s):

Address:

(Please include Zip Code)

Telephone Number

(Please include Area Code)

Tax Identification Number or Social Security Number:

My Account Number With You:

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Exhibit 99.6

WMG ACQUISITION CORP.

OFFER TO EXCHANGE
ALL OUTSTANDING PRIVATELY PLACED 8 1/8% SENIOR SUBORDINATED NOTES DUE 2014
FOR AN EQUAL AMOUNT OF ITS 8 1/8% SENIOR SUBORDINATED NOTES DUE 2014
WHICH HAVE BEEN REGISTERED
UNDER THE SECURITIES ACT OF 1933, AS AMENDED

, 2005

To Our Clients:

Enclosed for your consideration are a Prospectus, dated , 2005 (as the same may be amended or supplemented from time to time, the "Prospectus"), and a Letter of Transmittal for the Sterling Notes (the "Sterling Notes Letter of Transmittal"), relating to the offer (the "Sterling Notes Exchange Offer") by WMG Acquisition Corp. (the "Company") and certain subsidiaries of the Company (the "Guarantors") to exchange its 8 1/8% Senior Subordinated Notes due 2014 which have been registered under the Securities Act of 1933, as amended (the "Securities Act") (the "Sterling Exchange Notes") for each of its outstanding 8 1/8% Senior Subordinated Notes due 2014 (the "Sterling Outstanding Notes") upon the terms and subject to the conditions of the enclosed Prospectus and the enclosed Sterling Notes Letter of Transmittal. The terms of the Sterling Exchange Notes are identical in all material respects (including principal amount, interest rate and maturity) to the terms of the Sterling Outstanding Notes for which they may be exchanged pursuant to the Sterling Notes Exchange Offer, except that the Sterling Exchange Notes are freely transferable by holders thereof, upon the terms and subject to the conditions of the enclosed Prospectus and the related Sterling Notes Letter of Transmittal. The Sterling Outstanding Notes are unconditionally guaranteed (the "Old Guarantees") by the Guarantors, and the Sterling Exchange Notes will be unconditionally guaranteed (the "New Guarantees") by the Guarantors. Upon the terms and subject to the conditions set forth in the Prospectus and the Sterling Notes Letter of Transmittal, the Guarantors offer to issue the New Guarantees with respect to all Sterling Exchange Notes issued in the Sterling Notes Exchange Offer in exchange for the Old Guarantees of the Sterling Outstanding Notes for which such Sterling Exchange Notes are issued in the Sterling Notes Exchange Offer. Throughout this letter, unless the context otherwise requires and whether so expressed or not, references to the "Sterling Notes Exchange Offer" include the Guarantors' offer to exchange the New Guarantees for the Old Guarantees, references to the "Sterling Exchange Notes" include the related New Guarantees and references to the "Sterling Outstanding Notes" include the related Old Guarantees. The Company will accept for exchange any and all Sterling Outstanding Notes properly tendered according to the terms of the Prospectus and the Letter of Transmittal for the Sterling Outstanding Notes. Consummation of the Sterling Notes Exchange Offer is subject to certain conditions described in the Prospectus.

PLEASE NOTE THAT THE STERLING NOTES EXCHANGE OFFER WILL EXPIRE AT 12:00 A.M. MIDNIGHT, NEW YORK CITY TIME, ON , 2005 (THE "EXPIRATION DATE"), UNLESS THE COMPANY EXTENDS THE STERLING NOTES EXCHANGE OFFER.

The enclosed materials are being forwarded to you as the beneficial owner of the Sterling Outstanding Notes held by us for your account but not registered in your name. A tender of such Sterling Outstanding Notes may only be made by us as the registered holder and pursuant to your instructions. Therefore, the Company urges beneficial owners of Sterling Outstanding Notes registered in the name of a broker, dealer, commercial bank, trust company or other nominee to contact such registered holder promptly if such beneficial owners wish to tender their Sterling Outstanding Notes in the Sterling Notes Exchange Offer.

Accordingly, we request instructions as to whether you wish to tender any or all such Sterling Outstanding Notes held by us for your account, pursuant to the terms and conditions set forth in the enclosed Prospectus and Letter of Transmittal for the Sterling Outstanding Notes. If you wish to have us tender any or all of your Sterling Outstanding Notes, please so instruct us by completing, signing and returning to us the "Instructions to Registered Holder from Beneficial Owner" form that appears below. We urge you to read the Prospectus and the Letter of Transmittal for the Sterling Outstanding Notes carefully before instructing us as to whether or not to tender your Sterling Outstanding Notes.

The accompanying Sterling Notes Letter of Transmittal is furnished to you for your information only and may not be used by you to tender Sterling Outstanding Notes held by us and registered in our name for your account or benefit.

If we do not receive written instructions in accordance with the below and the procedures presented in the Prospectus and the Sterling Notes Letter of Transmittal, we will not tender any of the Sterling Outstanding Notes on your account.

INSTRUCTIONS TO REGISTERED HOLDER FROM BENEFICIAL OWNER

The undersigned beneficial owner acknowledges receipt of your letter and the accompanying Prospectus dated , 2005 (as the same may be amended or supplemented from time to time, the "Prospectus"), and a Letter of Transmittal for the Sterling Notes (the "Sterling Notes Letter of Transmittal for the Sterling Outstanding Notes"), relating to the offer (the "Sterling Notes Exchange Offer") by WMG Acquisition Corp. (the "Company") and certain subsidiaries of the Company (the "Guarantors") to exchange its $8^1/8$% Senior Subordinated Notes due 2014 which have been registered under the Securities Act of 1933, as amended (the "Securities Act") (the "Sterling Exchange Notes") for each of its outstanding $8^1/8$% Senior Subordinated Notes due 2014 (the "Sterling Outstanding Notes"), upon the terms and subject to the conditions set forth in the Prospectus and the Sterling Notes Letter of Transmittal. Capitalized terms used by not defined herein have the meanings ascribed to them in the Prospectus.

This will instruct you, the registered holder, to tender the principal amount of the Sterling Outstanding Notes indicated below held by you for the account of the undersigned, upon the terms and subject to the conditions set forth in the Prospectus and the Sterling Notes Letter of Transmittal.

Principal Amount Held for Account Holder(s)	**Principal Amount to be Tendered***

* Unless otherwise indicated, the entire principal amount held for the account of the undersigned will be tendered.

If the undersigned instructs you to tender the Sterling Outstanding Notes held by you for the account of the undersigned, it is understood that you are authorized (a) to make, on behalf of the undersigned (and the undersigned, by its signature below, hereby makes to you), the representations and warranties contained in the Sterling Notes Letter of Transmittal that are to be made with respect to the undersigned as a beneficial owner of the Sterling Outstanding Notes, including but not limited to the representations that the undersigned (i) is not an "affiliate," as defined in Rule 405 under the Securities Act, of the Company or the Guarantors, (ii) is not engaged in, and does not intend to engage in, and has no arrangement or understanding with any person to participate in, a distribution of Sterling Exchange Notes, (iii) is acquiring the Sterling Exchange Notes in the ordinary course of its business and (iv) is not a broker-dealer tendering Sterling Outstanding Notes acquired for its own account directly from the Company. If a holder of the Sterling Outstanding Notes is an affiliate of the Company or the Guarantors, is not acquiring the Sterling Exchange Notes in the ordinary course of its business, is engaged in or intends to engage in a distribution of the Sterling Exchange Notes or has any arrangement or understanding with respect to the distribution of the Sterling Exchange Notes to be acquired pursuant to the Sterling Notes Exchange Offer, such holder may not rely on the applicable interpretations of the staff of the Securities and Exchange Commission relating to exemptions from the registration and prospectus delivery requirements of the Securities Act and must comply with such requirements in connection with any secondary resale transaction.

SIGN HERE

Dated: _____ , 2005

Signature(s): _____

Print Name(s): _____

Address: _____

_____

(Please include Zip Code)

Telephone Number: _____

(Please include Area Code)

Tax Identification Number or Social Security Number: _____

My Account Number With You: _____

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Exhibit 99.7

WMG ACQUISITION CORP.

NOTICE OF GUARANTEED DELIVERY
OFFER TO EXCHANGE
ALL OUTSTANDING PRIVATELY PLACED 7 3/8% SENIOR SUBORDINATED NOTES DUE 2014
FOR AN EQUAL AMOUNT OF ITS 7 3/8% SENIOR SUBORDINATED NOTES DUE 2014
WHICH HAVE BEEN REGISTERED
UNDER THE SECURITIES ACT OF 1933, AS AMENDED

This form, or one substantially equivalent hereto, must be used to accept the Dollar Notes Exchange Offer made by WMG Acquisition Corp., a Delaware corporation (the "Company") and the Guarantors, pursuant to its Prospectus, dated , 2005 (the "Prospectus"), and the enclosed Letter of Transmittal for the Dollar Notes (the "Dollar Notes Letter of Transmittal") if the certificates for the Dollar Outstanding Notes are not immediately available or if the procedure for book-entry transfer cannot be completed on a timely basis or time will not permit all required documents to reach the Exchange Agent prior to 5:00 p.m., New York City time, on the Expiration Date of the Dollar Notes Exchange Offer. Such form may be delivered or transmitted by facsimile transmission, mail or hand delivery to Wells Fargo Bank, National Association (the "Exchange Agent") as set forth below. In addition, in order to utilize the guaranteed delivery procedure to tender the Dollar Outstanding Notes pursuant to the Dollar Notes Exchange Offer, a completed, signed and dated Dollar Notes Letter of Transmittal (or facsimile thereof) must also be received by the Exchange Agent prior to 12:00 a.m. midnight, New York City time, on the Expiration Date of the Dollar Notes Exchange Offer. Capitalized terms not defined herein have the meanings ascribed to them in the Dollar Notes Letter of Transmittal.

The Exchange Agent is:

WELLS FARGO BANK, NATIONAL ASSOCIATION

By Registered or Certified Mail:	By Overnight Courier or Mail:	By Hand:
Wells Fargo Bank, N.A. Corporate Trust Operations MAC N9303-121 P.O. Box 1517 Minneapolis, MN 55480 Attn: Reorg	Wells Fargo Bank, N.A. Corporate Trust Operations MAC N9303-121 6th & Marquette Avenue Minneapolis, MN 55479 Attn: Reorg	Wells Fargo Bank, N.A. Corporate Trust Services Northstar East Bldg.—12th Floor 608 2nd Avenue South Minneapolis, MN 55402 Attn: Reorg
To Confirm by Telephone:	By Facsimile:	For Information:
(800) 344-5128; or (612) 667-9764 Attn: Bondholder Communications	(612) 667-6882 Attn: Bondholder Communications	(612) 667-0337

DELIVERY OF THIS NOTICE OF GUARANTEED DELIVERY FOR DOLLAR NOTES TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE OR TRANSMISSION VIA FACSIMILE TO A NUMBER OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY.

This Notice of Guaranteed Delivery for Dollar Notes is not to be used to guarantee signatures. If a signature on a Dollar Notes Letter of Transmittal is required to be guaranteed by an eligible guarantor institution (as defined in the Prospectus), such signature guarantee must appear in the applicable space provided on the Dollar Notes Letter of Transmittal for Guarantee of Signatures.

Ladies and Gentlemen:

Upon the terms and subject to the conditions set forth in the Prospectus and the accompanying Dollar Notes Letter of Transmittal, the undersigned hereby tenders to the Company the principal amount of Dollar Outstanding Notes indicated below, pursuant to the guaranteed delivery procedures described in "The Exchange Offers—Guaranteed Delivery Procedures" section of the Prospectus.

Certificate Number(s) (if known) of Dollar Outstanding Notes or Account Number at Book-Entry Transfer Facility	Aggregate Principal Amount Represented by Dollar Outstanding Notes	Aggregate Principal Amount of Dollar Outstanding Notes Being Tendered

PLEASE COMPLETE AND SIGN

(Signature(s) of Record Holder(s))

(Please Type or Print Name(s) of Record Holder(s))

Dated: _____, 2005

Address: _____

(Zip Code)

(Daytime Area Code and Telephone No.)

o Check this Box if the Dollar Outstanding Notes will be delivered by book-entry transfer to The Depository Trust Company.

Account Number: _____

THE ACCOMPANYING GUARANTEE MUST BE COMPLETED.

GUARANTEE OF DELIVERY
(Not to be used for signature guarantee)

The undersigned, a member of a recognized signature medallion program or an "eligible guarantor institution," as such term is defined in Rule 17Ad-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), hereby (a) represents that the above person(s) "own(s)" the Dollar Outstanding Notes tendered hereby within the meaning of Rule 14e-4(b)(2) under the Exchange Act, (b) represents that the tender of those Dollar Outstanding Notes complies with Rule 14e-4, and (c) guarantees to deliver to the Exchange Agent, at its address set forth in the Notice of Guaranteed Delivery for Dollar Notes, the certificates representing all tendered Dollar Outstanding Notes, in proper form for transfer, or a book-entry confirmation (a confirmation of a book-entry transfer of the Dollar Outstanding Notes into the Exchange Agent's account at The Depository Trust Company), together with a properly completed and duly executed Dollar Notes Letter of Transmittal (or facsimile thereof), with any required signature guarantees, and any other documents required by the Dollar Notes Letter of Transmittal within three (3) New York Stock Exchange trading days after the Expiration Date.

Name of Firm:

(Authorized Signature)

Address:

(Zip Code)

Area Code and Tel. No.:

Name:

(Please Type or Print)

Title:

Dated: _____, 2005

NOTE: **DO NOT SEND DOLLAR OUTSTANDING NOTES WITH THIS NOTICE OF GUARANTEED DELIVERY FOR DOLLAR NOTES. DOLLAR OUTSTANDING NOTES SHOULD BE SENT WITH YOUR DOLLAR NOTES LETTER OF TRANSMITTAL.**

INSTRUCTIONS FOR NOTICE OF GUARANTEED DELIVERY

1. Delivery of this Notice of Guaranteed Delivery for Dollar Notes.

A properly completed and duly executed copy of this Notice of Guaranteed Delivery for Dollar Notes and any other documents required by this Notice of Guaranteed Delivery for Dollar Notes must be received by the Exchange Agent at its address set forth on the cover page hereof prior to the Expiration Date of the Dollar Exchange Offer. The method of delivery of this Notice of Guaranteed Delivery and any other required documents to the Exchange Agent is at the election and risk of the holders and the delivery will be deemed made only when actually received by the Exchange Agent. Instead of delivery by mail, it is recommended that the holders use an overnight or hand delivery service, properly insured. If such delivery is by mail, it is recommended that the holders use properly insured, registered mail with return receipt requested. In all cases, sufficient time should be allowed to assure timely delivery. For a description of the guaranteed delivery procedure, see Instruction 1 of the Dollar Notes Letter of Transmittal. No Notice of Guaranteed Delivery for Dollar Notes should be sent to the Company.

2. Signatures on this Notice of Guaranteed Delivery.

If this Notice of Guaranteed Delivery for Dollar Notes is signed by the registered holder(s) of the Dollar Outstanding Notes referred to herein, the signatures must correspond with the name(s) written on the face of the Dollar Outstanding Notes without alteration, addition, enlargement or any change whatsoever. If this Notice of Guaranteed Delivery for Dollar Notes is signed by a person other than the registered holder(s) of any Dollar Outstanding Notes listed, this Notice of Guaranteed Delivery for Dollar Notes must be accompanied by appropriate bond powers, signed as the name of the registered holder(s) appear(s) on the Dollar Outstanding Notes without alteration, addition, enlargement or any change whatsoever. If this Notice of Guaranteed Delivery for Dollar Notes is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, such person should so indicate when signing and, unless waived by the Company, evidence satisfactory to the Company of their authority so to act must be submitted with this Notice of Guaranteed Delivery for Dollar Notes.

3. Questions and Requests for Assistance or Additional Copies.

Questions and requests for assistance and requests for additional copies of the Prospectus may be directed to the Exchange Agent at the address set forth on the cover hereof. Holders may also contact their broker, dealer, commercial bank, trust company, or other nominee for assistance concerning the Dollar Notes Exchange Offer.

QuickLinks

Exhibit 99.8

WMG ACQUISITION CORP.

NOTICE OF GUARANTEED DELIVERY
OFFER TO EXCHANGE
ALL OUTSTANDING PRIVATELY PLACED 8 1/8% SENIOR SUBORDINATED NOTES DUE 2014
FOR AN EQUAL AMOUNT OF ITS 8 1/8% SENIOR SUBORDINATED NOTES DUE 2014
WHICH HAVE BEEN REGISTERED
UNDER THE SECURITIES ACT OF 1933, AS AMENDED

This form, or one substantially equivalent hereto, must be used to accept the Sterling Notes Exchange Offer made by WMG Acquisition Corp., a Delaware corporation (the "Company") and the Guarantors, pursuant to its Prospectus, dated , 2005 (the "Prospectus"), and the enclosed Letter of Transmittal for the Sterling Notes (the "Sterling Notes Letter of Transmittal") if the certificates for the Sterling Outstanding Notes are not immediately available or if the procedure for book-entry transfer cannot be completed on a timely basis or time will not permit all required documents to reach the Exchange Agent prior to 5:00 p.m., New York City time, on the Expiration Date of the Sterling Notes Exchange Offer. Such form may be delivered or transmitted by facsimile transmission, mail or hand delivery to HSBC Bank plc (the "Exchange Agent") as set forth below. In addition, in order to utilize the guaranteed delivery procedure to tender the Sterling Outstanding Notes pursuant to the Sterling Notes Exchange Offer, a completed, signed and dated Sterling Notes Letter of Transmittal (or facsimile thereof) must also be received by the Exchange Agent prior to 12:00 a.m. midnight, New York City time, on the Expiration Date of the Sterling Notes Exchange Offer. Capitalized terms not defined herein have the meanings ascribed to them in the Sterling Notes Letter of Transmittal.

The Exchange Agent is:

HSBC BANK PLC

By Registered or Certified Mail:	By Facsimile:	By Overnight Courier or Hand:
HSBC Bank plc 8 Canada Square London E14 5HQ United Kingdom Attn: Manager, Bond Paying Agency Corporate Trust and Loan Agency	(44) (0) 0207 0260 8932	HSBC Bank plc 8 Canada Square London E14 5HQ United Kingdom Attn: Manager, Bond Paying Agency Corporate Trust and Loan Agency

For Information or Confirmation by Telephone:
(44) (20) 7991 3688

DELIVERY OF THIS NOTICE OF GUARANTEED DELIVERY FOR DOLLAR NOTES TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE OR TRANSMISSION VIA FACSIMILE TO A NUMBER OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY.

This Notice of Guaranteed Delivery for Dollar Notes is not to be used to guarantee signatures. If a signature on a Sterling Notes Letter of Transmittal is required to be guaranteed by an eligible guarantor institution (as defined in the Prospectus), such signature guarantee must appear in the applicable space provided on the Sterling Notes Letter of Transmittal for Guarantee of Signatures.

Ladies and Gentlemen:

Upon the terms and subject to the conditions set forth in the Prospectus and the accompanying Sterling Notes Letter of Transmittal, the undersigned hereby tenders to the Company the principal amount of Sterling Outstanding Notes indicated below, pursuant to the guaranteed delivery procedures described in "The Exchange Offers—Guaranteed Delivery Procedures" section of the Prospectus.

Certificate Number(s) (if known) of Sterling Outstanding Notes or Account Number at Book-Entry Transfer Facility	Aggregate Principal Amount Represented by Sterling Outstanding Notes	Aggregate Principal Amount of Sterling Outstanding Notes Being Tendered

PLEASE COMPLETE AND SIGN

(Signature(s) of Record Holder(s))

(Please Type or Print Name(s) of Record Holder(s))
Dated: _____, 2005
Address: _____

(Zip Code)

(Daytime Area Code and Telephone No.)

o Check this Box if the Sterling Outstanding Notes will be delivered by book-entry transfer to The Depository Trust Company.

Account Number: _____

THE ACCOMPANYING GUARANTEE MUST BE COMPLETED.

GUARANTEE OF DELIVERY
(Not to be used for signature guarantee)

The undersigned, a member of a recognized signature medallion program or an "eligible guarantor institution," as such term is defined in Rule 17Ad-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), hereby (a) represents that the above person(s) "own(s)" the Sterling Outstanding Notes tendered hereby within the meaning of Rule 14e-4(b)(2) under the Exchange Act, (b) represents that the tender of those Sterling Outstanding Notes complies with Rule 14e-4, and (c) guarantees to deliver to the Exchange Agent, at its address set forth in the Notice of Guaranteed Delivery for Sterling Notes, the certificates representing all tendered Sterling Outstanding Notes, in proper form for transfer, or a book-entry confirmation (a confirmation of a book-entry transfer of the Sterling Outstanding Notes into the Exchange Agent's account at The Depository Trust Company), together with a properly completed and duly executed Sterling Notes Letter of Transmittal (or facsimile thereof), with any required signature guarantees, and any other documents required by the Sterling Notes Letter of Transmittal within three (3) New York Stock Exchange trading days after the Expiration Date.

Name of Firm: _____

(Authorized Signature)
Address: _____

(Zip Code)
Area Code and Tel. No.: _____
Name: _____
(Please Type or Print)
Title: _____
Dated: _____, 2005

NOTE: DO NOT SEND STERLING OUTSTANDING NOTES WITH THIS NOTICE OF GUARANTEED DELIVERY FOR STERLING NOTES. STERLING OUTSTANDING NOTES SHOULD BE SENT WITH YOUR STERLING NOTES LETTER OF TRANSMITTAL.

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