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

FORM 10-Q

(Mark One)

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

For the quarterly period ended December 31, 2012

OR

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

Commission File Number 001-32502

Warner Music Group Corp.
(Exact name of Registrant as specified in its charter)

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

75 Rockefeller Plaza
New York, NY 10019
(Address of principal executive offices)

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

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

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

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒ (Do not check if a smaller reporting company)	Smaller reporting company	☐

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

There is no public market for the Registrant's common stock. As of February 14, 2013 the number of shares of the Registrant's common stock, par value $0.001 per share, outstanding was 1,055. All of the Registrant's common stock is owned by affiliates of Access Industries, Inc. The Registrant has filed all Exchange Act reports for the preceding 12 months.

WARNER MUSIC GROUP CORP.

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ITEM 1. FINANCIAL STATEMENTS

Warner Music Group Corp.

Consolidated Balance Sheets (Unaudited)

	December 31, 2012	September 30, 2012
	(in millions)	
Assets		
Current assets:		
Cash and equivalents	$ 189	$ 302
Accounts receivable, less allowances of $91 and $63 million	418	398
Inventories	27	28
Royalty advances expected to be recouped within one year	132	116
Deferred tax assets	51	51
Other current assets	52	44
Total current assets	869	939
Royalty advances expected to be recouped after one year	162	142
Property, plant and equipment, net	147	152
Goodwill	1,384	1,380
Intangible assets subject to amortization, net	2,453	2,499
Intangible assets not subject to amortization	102	102
Other assets	82	64
Total assets	$ 5,199	$ 5,278
Liabilities and Equity		
Current liabilities:		
Accounts payable	$ 149	$ 156
Accrued royalties	1,027	997
Accrued liabilities	215	258
Accrued interest	40	89
Deferred revenue	158	101
Current portion of long-term debt	30	—
Other current liabilities	22	5
Total current liabilities	1,641	1,606
Long-term debt	2,195	2,206
Deferred tax liabilities	358	375
Other noncurrent liabilities	141	147
Total liabilities	4,335	4,334
Equity:		
Common stock ($0.001 par value; 10,000 shares authorized; 1,055 shares issued and outstanding)	—	—
Additional paid-in capital	1,127	1,129
Accumulated deficit	(223)	(143)
Accumulated other comprehensive loss, net	(57)	(59)
Total Warner Music Group Corp. equity	847	927
Noncontrolling interest	17	17
Total equity	864	944
Total liabilities and equity	$ 5,199	$ 5,278

See accompanying notes

Warner Music Group Corp.

Consolidated Statements of Operations (Unaudited)

	Three Months Ended December 31, 2012	Three Months Ended December 31, 2011
	(in millions)	
Revenues	$ 769	$ 775
Costs and expenses:		
Cost of revenues	(408)	(420)
Selling, general and administrative expenses (a)	(262)	(268)
Amortization of intangible assets	(48)	(48)
Total costs and expenses	(718)	(736)
Operating income	51	39
Loss on extinguishment of debt	(83)	—
Interest expense, net	(53)	(57)
Other expense, net	(5)	(2)
Loss before income taxes	(90)	(20)
Income tax benefit (expense)	11	(6)
Net loss	(79)	(26)
Less: income attributable to noncontrolling interest	(1)	—
Net loss attributable to Warner Music Group Corp.	$ (80)	$ (26)
(a) Includes depreciation expense of:	$ (13)	$ (12)

Warner Music Group Corp.

Consolidated Statement of Comprehensive Loss (Unaudited)

	Three Months Ended December 31, 2012	Three Months Ended December 31, 2011
	(in millions)	
Net loss	$ (79)	$ (26)
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustment	2	(14)
Deferred gains on derivative financial instruments	—	—
Minimum pension liability	—	—
Other comprehensive loss, net of tax:	2	(14)
Total comprehensive loss	(77)	(40)
Less: comprehensive income attributable to noncontrolling interest	(1)	—
Comprehensive loss attributable to Warner Music Group Corp.	$ (78)	$ (40)

See accompanying notes

Warner Music Group Corp.

Consolidated Statements of Cash Flows (Unaudited)

	Three Months Ended December 31, 2012	Three Months Ended December 31, 2011
	(in millions)	
Cash flows from operating activities		
Net loss	$ (79)	$ (26)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Loss on extinguishment of debt	83	—
Depreciation and amortization	61	60
Deferred income taxes	(10)	(2)
Non-cash interest (income) expense	2	(1)
Changes in operating assets and liabilities:		
Accounts receivable	(23)	(42)
Inventories	1	—
Royalty advances	(35)	(13)
Accounts payable and accrued liabilities	(53)	(25)
Royalty payables	32	66
Accrued interest	(49)	(23)
Deferred income	55	30
Other balance sheet changes	5	1
Net cash (used in) provided by operating activities	(10)	25
Cash flows from investing activities		
Acquisition of publishing rights	(8)	(7)
Proceeds from the sale of music catalog	—	2
Capital expenditures	(7)	(6)
Net cash used in investing activities	(15)	(11)
Cash flows from financing activities		
Proceeds from draw down of the New Revolving Credit Facility	31	—
Repayment of the New Revolving Credit Facility	(31)	—
Proceeds from issuance of Acquisition Corp 6.00% Senior Secured Notes	500	—
Proceeds from issuance of Acquisition Corp 6.25% Senior Secured Notes	227	—
Proceeds from Acquisition Corp Term Loan Facility, net	594	—
Repayment of Acquisition Corp 9.5% Senior Subordinated Notes	(1,250)	—
Financing fees paid for early redemption of debt	(127)	—
Deferred financing costs paid	(30)	—
Distribution to noncontrolling interest holder	—	(1)
Net cash used in financing activities	(86)	(1)
Effect of exchange rate changes on cash and equivalents	(2)	1
Net (decrease) increase in cash and equivalents	(113)	14
Cash and equivalents at beginning of period	302	154
Cash and equivalents at end of period	$ 189	$ 168

See accompanying notes

Warner Music Group Corp.

Consolidated Statement of Equity (Unaudited)

	Common Stock Shares	Common Stock Value	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Warner Music Group Corp. Equity	Noncontrolling Interests	Total Equity
				(in millions, except per share amounts)				
Balance at September 30, 2012	**1,000**	**$0.001**	**$ 1,129**	**$ (143)**	**$ (59)**	**$ 927**	**$ 17**	**$ 944**
Net (loss) income	—	—	—	(80)	—	(80)	1	(79)
Deconsolidation of entity	—	—	(2)	—	—	(2)	—	(2)
Other comprehensive loss	—	—	—	—	2	2	—	2
Noncontrolling interests	—	—	—	—	—	—	(1)	(1)
Stock dividend	55	—	—	—	—	—	—	—
Balance at December 31, 2012	**1,055**	**$0.001**	**$ 1,127**	**$ (223)**	**$ (57)**	**$ 847**	**$ 17**	**$ 864**

See accompanying notes

Warner Music Group Corp.

Notes to Consolidated Interim Financial Statements (Unaudited)

1. Description of Business

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

Pursuant to the Agreement and Plan of Merger, dated as of May 6, 2011 (the "Merger Agreement"), by and among the Company, AI Entertainment Holdings LLC, a Delaware limited liability company ("Parent") and an affiliate of Access Industries, Inc. ("Access"), and Airplanes Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of Parent ("Merger Sub"), on July 20, 2011 (the "Merger Closing Date"), Merger Sub merged with and into the Company with the Company surviving as a wholly owned subsidiary of Parent (the "Merger").

On the Merger Closing Date, in connection with the Merger, each outstanding share of common stock of the Company (other than any shares owned by the Company or its wholly owned subsidiaries, or by Parent and its affiliates, or by any stockholders who were entitled to and who properly exercised appraisal rights under Delaware law, and shares of unvested restricted stock granted under the Company's equity plan) was cancelled and converted automatically into the right to receive $8.25 in cash, without interest and less applicable withholding taxes (collectively, the "Merger Consideration"). Parent funded the Merger Consideration through cash on hand at the Company at closing, equity financing obtained from Parent and debt financing obtained from third-party lenders.

On the Merger Closing Date, the Company notified the New York Stock Exchange, Inc. (the "NYSE") of its intent to remove the Company's common stock from listing on the NYSE and requested that the NYSE file with the SEC an application on Form 25 to report the delisting of the Company's common stock from the NYSE. On July 21, 2011, in accordance with the Company's request, the NYSE filed the Form 25 with the SEC in order to provide notification of such delisting and to effect the deregistration of the Company's common stock under Section 12(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). On August 2, 2011 the Company filed a Form 15 with the SEC in order to provide notification of a suspension of its duty to file reports under Section 15(d) of the Exchange Act. Following such suspension, the Company continued to file reports with the SEC pursuant to the Exchange Act in accordance with certain covenants contained in the instruments governing the Company's outstanding indebtedness. Additionally, the Company filed two exchange offer registration statements with the SEC in connection with the registration of the 11.50% Senior Unsecured Notes due 2018 issued by Acquisition Corp. (the "Unsecured WMG Notes") and the 13.75% Senior Notes due 2019 issued by Holdings (the "Holdings Notes") and the related guarantees by the Company, both of which became effective on March 16, 2012. As a result, the Company's obligations to file reports pursuant to Section 15(d) of the Exchange Act were reinstated until the end of our fiscal year ended September 30, 2012 and it has continued to file Exchange Act reports with the SEC in accordance with certain covenants contained in the instruments covering its outstanding indebtedness.

The Company classifies its business interests into two fundamental operations: Recorded Music and Music Publishing. A brief description of these operations is presented below.

Recorded Music Operations

The Company's Recorded Music business primarily consists of the discovery and development of artists and the related marketing, distribution and licensing of recorded music produced by such artists.

In the U.S., Recorded Music operations are conducted principally through the Company's major record labels—Warner Bros. Records and the Atlantic Records Group. The Company's Recorded Music operations also include Rhino, a division that specializes in marketing the Company's music catalog through compilations and reissuances of previously released music and video titles, as well as in the licensing of recordings to and from third parties for various uses, including film and television soundtracks. Rhino has also become the Company's primary licensing division focused on acquiring broader licensing rights from certain catalog artists. For example, the Company has a 50% interest in Frank Sinatra Enterprises, an entity that administers licenses for use of Frank Sinatra's name and likeness and manages all aspects of his music, film and stage content. The Company also conducts its Recorded Music operations through a collection of additional record labels, including, among others, Asylum, East West, Elektra, Nonesuch, Reprise, Roadrunner, Rykodisc, Sire and Word.

Outside the U.S., Recorded Music activities are conducted in more than 50 countries primarily through various subsidiaries, affiliates and non-affiliated licensees. Internationally the Company engages in the same activities as in the U.S.: discovering and signing artists and distributing, marketing and selling their recorded music. In most cases, the Company also markets and distributes the records of those artists for whom the Company's U.S. record labels have international rights. In certain smaller markets, the Company licenses to unaffiliated third-party record labels the right to distribute its records. The Company's international artist

services operations also include a network of concert promoters through which the Company provides resources to coordinate tours for the Company's artists and other artists.

Recorded Music distribution operations include WEA Corp., which markets and sells music and DVD products to retailers and wholesale distributors in the U.S., ADA, which distributes the products of independent labels to retail and wholesale distributors in the U.S.; various distribution centers and ventures operated internationally, an 80% interest in Word, which specializes in the distribution of music products in the Christian retail marketplace, and ADA Global, which provides distribution services outside of the U.S. through a network of affiliated and non-affiliated distributors.

The Company plays an integral role in virtually all aspects of the recorded music value chain from discovering and developing talent to producing albums and promoting artists and their products. After an artist has entered into a contract with one of the Company's record labels, a master recording of the artist's music is created. The recording is then replicated for sale to consumers primarily in CD and digital formats. In the U.S., WEA Corp., ADA and Word market, sell and deliver product, either directly or through sub-distributors and wholesalers, to record stores, mass merchants and other retailers. The Company's Recorded Music products are also sold in physical form to online physical retailers such as Amazon.com, barnesandnoble.com and bestbuy.com and in digital form to online digital retailers like Apple's iTunes and online subscription services like Spotify, Rhapsody and Deezer, and Internet radio services like Pandora and iHeart Radio. In the case of expanded-rights deals where the Company acquires broader rights in a recording artist's career, the Company may provide more comprehensive career support and actively develop new opportunities for an artist through touring, fan clubs, merchandising and sponsorships, among other areas. The Company believes expanded-rights deals create better partnerships with its artists, which allow the Company and its artists to work together more closely to create and sustain artistic and commercial success.

The Company has integrated the sale of digital content into all aspects of its Recorded Music and Music Publishing businesses including A&R, marketing, promotion and distribution. The Company's new media executives work closely with A&R departments to make sure that while a record is being made, digital assets are also created with all distribution channels in mind, including subscription services, social networking sites, online portals and music-centered destinations. The Company works side by side with its mobile and online partners to test new concepts. The Company believes existing and new digital businesses will be a significant source of growth for at least the next several years and will provide new opportunities to successfully monetize its assets and create new revenue streams. As a music-based content company, the Company has assets that go beyond its recorded music and music publishing catalogs, such as its music video library, which it has begun to monetize through digital channels. The proportion of digital revenues attributed to each distribution channel varies by region and since digital music is in the relatively early stages of growth, proportions may change as the roll out of new technologies continues. As an owner of musical content, the Company believes it is well positioned to take advantage of growth in digital distribution and emerging technologies to maximize the value of its assets.

The Company is also diversifying its revenues beyond its traditional businesses by entering into artist services and expanded-rights deals with recording artists in order to partner with artists in other areas of their careers. Under these agreements, the Company provides services to and participates in artists' activities outside the traditional recorded music business. The Company has developed an artist services business to exploit this broader set of music-related rights and to participate more broadly in the monetization of the artist brands it helps create. In developing the Company's artist services business, the Company has both built and expanded in-house capabilities and expertise and has acquired a number of existing artist services companies involved in artist management, merchandising, strategic marketing and brand management, ticketing, concert promotion, fan clubs, original programming and video entertainment.

The Company believes that entering into expanded-rights deals and enhancing its artist services capabilities associated with the Company's artists and other artists will permit it to diversify revenue streams to better capitalize on the growth areas of the music industry and permit it to build stronger, long-term relationships with artists and more effectively connect artists and fans.

Music Publishing Operations

Where recorded music is focused on exploiting a particular recording of a composition, music publishing is an intellectual property business focused on the exploitation of the composition itself. In return for promoting, placing, marketing and administering the creative output of a songwriter, or engaging in those activities for other rights holders, the Company's Music Publishing business garners a share of the revenues generated from use of the composition.

The Company's Music Publishing operations include Warner/Chappell, its global Music Publishing company, headquartered in Los Angeles with operations in over 50 countries through various subsidiaries, affiliates and non-affiliated licensees. The Company owns or controls rights to more than one million musical compositions, including numerous pop hits, American standards, folk songs and motion picture and theatrical compositions. Assembled over decades, its award-winning catalog includes over 65,000 songwriters and composers and a diverse range of genres including pop, rock, jazz, country, R&B, hip-hop, rap, reggae, Latin, folk, blues, symphonic, soul, Broadway, techno, alternative, gospel and other Christian music. In January 2011, the Company acquired Southside Independent Music Publishing, a leading independent music publishing company, further adding to its catalog. Warner/Chappell also administers the music and soundtracks of several third-party television and film producers and studios, including Lucasfilm, Ltd.,

Hallmark Entertainment and Disney Music Publishing. In July 2012, the Company announced that Warner/Chappell had acquired the master and publishing rights with respect to film music owned by Miramax Films, which contains the film scores and certain masters from numerous critically acclaimed films. The Company's production music library business includes Non-Stop Music, Groove Addicts Production Music Library, Carlin Recorded Music Library and 615 Music, and is collectively branded as Warner/Chappell Production Music.

2. Basis of Presentation

Interim Financial Statements

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the U.S. ("U.S. GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three month period ended December 31, 2012 are not necessarily indicative of the results that may be expected for the fiscal year ended September 30, 2013.

The consolidated balance sheet at September 30, 2012 has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by U.S. GAAP for complete financial statements.

For further information, refer to the consolidated financial statements and footnotes thereto included in our Annual Report on Form 10-K for the fiscal year ended September 30, 2012 (File No. 001-32502).

Basis of Consolidation

The accompanying financial statements present the consolidated accounts of all entities in which the Company has a controlling voting interest and/or variable interest entities required to be consolidated in accordance with U.S. GAAP. All inter-company balances and transactions have been eliminated. Certain reclassifications have been made to the prior fiscal years' consolidated financial statements to conform with the current fiscal-year presentation.

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

The Company maintains a 52-53 week fiscal year ending on the Friday nearest to each reporting date. As such, all references to December 31, 2012 and December 31, 2011 relate to the three-month periods ended December 28, 2012 and December 30, 2011, respectively. For convenience purposes, the Company continues to date its financial statements as of December 31.

The Company has performed a review of all subsequent events through the date the financial statements were issued, and has determined that other than described in Note 11, no additional disclosures are necessary.

New Accounting Pronouncements

During the first quarter of fiscal 2013, the Company adopted ASU 2011-05, Presentation of Comprehensive Income. ASU 2011-05 requires entities to present items of net income and other comprehensive income either in one continuous statement, referred to as the statement of comprehensive income, or in two separate, but consecutive, statements of operations and other comprehensive income. The Company simultaneously adopted ASU 2011-12, Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05. ASU 2011-12 defers the requirement to present components of reclassifications of comprehensive income on the statement of comprehensive income, with all other requirements of ASU 2011-05 unaffected. The adoption of these standard updates did not have a significant impact on the Company's financial statements, other than presentation.

During the first quarter of fiscal 2013, the Company adopted ASU 2011-08, Testing Goodwill for Impairment. ASU 2011-08 provides entities with an option to perform a qualitative assessment to determine whether further impairment testing is necessary. The adoption of this standard update did not have an impact on the Company's financial statements.

During the first quarter of fiscal 2013, the Company adopted ASU 2012-02, Intangibles-Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment, which provides the option to perform a qualitative assessment to determine whether it is more likely than not that the indefinite-lived intangible asset is impaired. The adoption of this standard update did not have an impact on the Company's financial statements.

In December 2011, the FASB issued ASU 2011-11, Disclosures about Offsetting Assets and Liabilities. In January 2013, the FASB issued ASU 2013-01, Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities, to clarify which financial assets and financial liabilities are included within the scope of ASU 2011-11. These ASUs require additional quantitative and qualitative disclosures over financial instruments and derivative instruments that are offset on the balance

In February 2013, the FASB issued ASU 2013-02, Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income. This ASU requires entities to disclose, in one place, information about the amounts reclassified out of accumulated other comprehensive income by component. ASU 2013-02 is effective for reporting periods beginning after December 15, 2012. The adoption of this standard is not expected to have a significant impact on the Company's financial statements, other than disclosure.

sheet or subject to master netting arrangements. Both ASUs are effective for annual and interim reporting periods for fiscal years beginning on or after January 1, 2013. The adoption of these standards is not expected to have a significant impact on the Company's financial statements, other than presentation.

3. Comprehensive (Loss) Income

Comprehensive (loss) income consists of net loss and other gains and losses affecting equity that, under U.S. GAAP, are excluded from net (loss) income. For the Company, the components of other comprehensive (loss) income primarily consist of foreign currency translation gains and losses and deferred gains and losses on financial instruments designated as hedges under FASB ASC Topic 815, *Derivatives and Hedging* ("ASC 815"), which include foreign exchange contracts. The following summary sets forth the components of accumulated other comprehensive loss, net of related taxes (in millions):

	Foreign Currency Translation Loss	Minimum Pension Liability	Deferred Gains On Derivative Financial Instruments	Accumulated Other Comprehensive (Loss)/Income
		(in millions)		
Balance at September 30, 2012	**$ (54)**	**$ (6)**	**$ 1**	**$ (59)**
Activity through December 31, 2012	2	—	—	2
Balance at December 31, 2012	**$ (52)**	**$ (6)**	**$ 1**	**$ (57)**

4. Goodwill and Intangible Assets

Goodwill

The following analysis details the changes in goodwill for each reportable segment during the three months ended December 31, 2012 (in millions):

	Recorded Music	Music Publishing	Total
		(in millions)	
Balance at September 30, 2012	**$ 916**	**$ 464**	**$1,380**
Acquisitions	—	—	—
Dispositions	—	—	—
Other adjustments	4	—	4
Balance at December 31, 2012	**$ 920**	**$ 464**	**$1,384**

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

Other Intangible Assets

Other intangible assets consist of the following (in millions):

	December 31, 2012	September 30, 2012
	(in millions)	
Intangible assets subject to amortization:		
Recorded music catalog	$ 544	$ 547
Music publishing copyrights	1,518	1,508
Artist and songwriter contracts	661	667
Trademarks	7	7
	2,730	2,729
Accumulated amortization	(277)	(230)
Total net intangible assets subject to amortization	2,453	2,499
Intangible assets not subject to amortization:		
Trademarks and brands	102	102
Total net other intangible assets	$ 2,555	$ 2,601

5. Debt

Debt Capitalization

Long-term debt, including the current portion, consisted of the following (in millions):

	December 31, 2012	September 30, 2012
	(in millions)	
Old Revolving Credit Facility (a)	$ —	$ —
New Revolving Credit Facility (b)	—	—
Term Loan Facility due 2018—Acquisition Corp (c)	594	—
9.5% Senior Secured Notes due 2016—Acquisition Corp (d)	—	1,151
9.5% Senior Secured Notes due 2016—Acquisition Corp (e)	—	156
6.00% Senior Secured Notes due 2021—Acquisition Corp	500	—
6.25% Senior Secured Notes due 2021—Acquisition Corp (f)	231	—
11.5% Senior Notes due 2018—Acquisition Corp (g)	750	749
13.75% Senior Notes due 2019—Holdings	150	150
Total debt	$ 2,225	$ 2,206
Less: current portion	30	—
Total long term debt	$ 2,195	$ 2,206

(a) Reflects $60 million of commitments under the Old Revolving Credit Facility, less letters of credit outstanding of approximately $1 million at September 30, 2012. There were no loans outstanding under the Old Revolving Credit Facility as of September 30, 2012. The Old Revolving Credit Facility was retired in connection with the 2012 Refinancing and replaced with the New Revolving Credit Facility.

(b) Reflects $150 million of commitments under the New Revolving Credit Facility, less letters of credit outstanding of approximately $1 million at December 31, 2012. There were no loans outstanding under the New Revolving Credit Facility as of December 31, 2012.

(c) face amount of $600 million less unamortized discount of $6 million. Of this amount, $30 million, representing the scheduled amortization of the Term Loans, was included in the current portion of long term debt at December 31, 2012.

(d) face amount of $1.1 billion plus unamortized premiums of $51 million at September 30, 2012. All outstanding amounts were repaid in full as part of the 2012 Refinancing.

(e) face amount of $150 million plus unamortized premiums of $6 million at September 30, 2012. All outstanding amounts were repaid in full as part of the 2012 Refinancing.

(f) face amount of €175 million. Amount above represents the dollar equivalent of such notes at December 31, 2012.

(g) face amount of $765 million less unamortized discounts of $15 million and $16 million at December 31, 2012 and September 30, 2012, respectively.

2012 Debt Refinancing

On November 1, 2012, the Company completed a refinancing of its then outstanding Senior Secured Notes due 2016 (the "2012 Refinancing"). In connection with the 2012 Refinancing, the Company issued new senior secured notes consisting of $500 million aggregate principal amount of Senior Secured Notes due 2021 and €175 million aggregate principal amount of Senior Secured Notes due 2021 (the "New Secured Notes") and entered into new senior secured credit facilities consisting of a $600 million term loan facility (the "Term Loan Facility") and a $150 million revolving credit facility (the "New Revolving Credit Facility" and, together with Term Loan Facility, the "New Senior Credit Facilities"). The proceeds from the 2012 Refinancing, together with $101 million of the Company's available cash, were used to pay the total consideration due in connection with the tender offers for all of the Company's previously outstanding $1.250 billion 9.50% senior secured notes due 2016 (the "Old Secured Notes") as well as associated fees and expenses and to redeem all of the remaining notes not tendered in the tender offers. The Company also retired its existing $60 million Revolving Credit Facility in connection with the 2012 Refinancing, replacing it with the New Revolving Credit Facility. The Company also borrowed $31 million under the New Revolving Credit Facility as part of the 2012 Refinancing, which loans were repaid in full on December 3, 2012.

In connection with the 2012 Refinancing, the Company made a redemption payment of $1.377 billion, which included the repayment of the Company's previously outstanding $1.250 billion Old Secured Notes, tender/call premiums of $93 million and consent fees of approximately $34 million. The Company also paid approximately $45 million in accrued interest through the closing date.

The Company recorded a loss on extinguishment of debt of approximately $83 million in the three months ended December 31, 2012, which represents the difference between the redemption payment and the carrying value of the debt at the refinancing date, which included the principal value of $1.250 billion, plus unamortized premiums of $55 million, less unamortized debt issuance costs of $11 million related to the Old Secured Notes.

Interest Rates

The loans under the Revolving Credit Agreement bear interest at Revolving Borrower's election at a rate equal to (i) the rate for deposits in the currency in which the applicable borrowing is denominated in the London interbank market (adjusted for maximum reserves) for the applicable interest period ("Revolving LIBOR Rate"), plus 3.50% per annum, or (ii) the base rate, which is the highest of (x) the corporate base rate established by the administrative agent from time to time, (y) the overnight federal funds rate plus 0.50% and (z) the one-month Revolving LIBOR Rate plus 1.0% per annum, plus, in each case, 2.50% per annum.

If there is a payment default at any time, then the interest rate applicable to overdue principal will be the rate otherwise applicable to such loan plus 2.0% per annum. Default interest will also be payable on other overdue amounts at a rate of 2.0% per annum above the amount that would apply to an alternative base rate loan.

The New Revolving Credit Facility bears a facility fee equal to 0.50%, payable quarterly in arrears, based on the daily commitments during the preceding quarter. The New Revolving Credit Facility bears customary letter of credit fees. Acquisition Corp. is also required to pay certain upfront fees to lenders and agency fees to the agent under the New Revolving Credit Facility, in the amounts and at the times agreed between the relevant parties.

The loans under the Term Loan Credit Agreement bear interest at Term Loan Borrower's election at a rate equal to (i) the rate for deposits in U.S. dollars in the London interbank market (adjusted for maximum reserves) for the applicable interest period ("Term Loan LIBOR Rate"), plus 4.00% per annum, or (ii) the base rate, which is the highest of (x) the corporate base rate established by the administrative agent from time to time, (y) the overnight federal funds rate plus 0.50% and (z) the one-month Term Loan LIBOR Rate plus 1.0% per annum, plus, in each case, 3.00% per annum. The Term Loan LIBOR Rate shall be deemed to be not less than 1.25%.

If there is a payment default at any time, then the interest rate applicable to overdue principal and interest will be the rate otherwise applicable to such loan plus 2.0% per annum. Default interest will also be payable on other overdue amounts at a rate of 2.0% per annum above the amount that would apply to an alternative base rate loan.

Customary fees will be payable in respect of the Term Loan Facility.

See also “Financial Condition and Liquidity” for a further discussion.

Scheduled Amortization of Term Loan

The Term Loans under the Term Loan Facility will amortize in equal quarterly installments in aggregate annual amounts equal to 5.00% of the original principal amount of the Term Loan Facility with the balance payable on maturity date of the Term Loans. The first quarterly installment will be due March 31, 2013. $30 million is scheduled to be repaid in each of the successive five years, in quarterly installments, with $450 million payable thereafter.

Maturities of Credit Agreements

The Term Loan Facility matures on November 1, 2018. The New Revolving Credit Facility matures on November 1, 2017.

Maturities of Senior Notes

As of December 31, 2012, there are no scheduled maturities until 2018 ($750 million). Thereafter, $881 million is scheduled to mature.

Interest Expense

Total interest expense, net was $53 million and $57 million for the three months ended December 31, 2012 and December 31, 2011, respectively. The weighted-average interest rate of the Company’s total debt was 8.2% and 10.5% for the three months ended December 31, 2012 and December 31, 2011, respectively.

6. Commitments and Contingencies

Pricing of Digital Music Downloads

On December 20, 2005 and February 3, 2006, the Attorney General of the State of New York served the Company with requests for information in connection with an industry-wide investigation as to the pricing of digital music downloads. On February 28, 2006, the Antitrust Division of the U.S. Department of Justice served us with a Civil Investigative Demand, also seeking information relating to the pricing of digitally downloaded music. Both investigations were ultimately closed, but subsequent to the announcements of the investigations, more than thirty putative class action lawsuits were filed concerning the pricing of digital music downloads. The lawsuits were consolidated in the Southern District of New York. The consolidated amended complaint, filed on April 13, 2007, alleges conspiracy among record companies to delay the release of their content for digital distribution, inflate their pricing of CDs and fix prices for digital downloads. The complaint seeks unspecified compensatory, statutory and treble damages. On October 9, 2008, the District Court issued an order dismissing the case as to all defendants, including us. However, on January 12, 2010, the Second Circuit vacated the judgment of the District Court and remanded the case for further proceedings and on January 10, 2011, the Supreme Court denied the defendants’ petition for Certiorari.

Upon remand to the District Court, all defendants, including the Company, filed a renewed motion to dismiss challenging, among other things, plaintiffs’ state law claims and standing to bring certain claims. The renewed motion was based mainly on arguments made in defendants’ original motion to dismiss, but not addressed by the District Court. On July 18, 2011, the District Court granted defendants’ motion in part, and denied it in part. Notably, all claims on behalf of the CD-purchaser class were dismissed with prejudice. However, a wide variety of state and federal claims remain, for the class of Internet Music purchasers. The parties have filed amended pleadings complying with the court’s order, and the case is currently in discovery. The Company intends to defend against these lawsuits vigorously, but is unable to predict the outcome of these suits. Regardless of the merits of the claims, this and any related litigation could continue to be costly, and divert the time and resources of management.

Music Download Putative Class Action Suits

Five putative class action lawsuits have been filed against the Company in Federal Court in the Northern District of California between February 2, 2012 and March 10, 2012. The lawsuits, which were brought by various recording artists, all allege that the Company has improperly calculated the royalties due to them for certain digital music sales under the terms of their recording contracts. The named plaintiffs purport to raise these claims on their own behalf and, as a putative class action, on behalf of other similarly situated artists. Plaintiffs base their claims on a previous ruling that held another recorded music company had breached the specific recording contracts at issue in that case through its payment of royalties for music downloads and ringtones. In the wake of that ruling, a number of recording artists have initiated suits seeking similar relief against all of the major record companies, including us. Plaintiffs seek to have the interpretation of the contracts in that prior case applied to their different and separate contracts.

On April 10, 2012, the Company filed a motion to dismiss various claims in one of the lawsuits, with the intention of filing similar motions in the remaining suits, on the various applicable response dates. Meanwhile, certain plaintiffs’ counsel moved to be appointed as interim lead counsel, and other plaintiffs’ counsel moved to consolidate the various actions. In a June 1, 2012 Order, the Court consolidated the cases and appointed interim co-lead class counsel. Plaintiffs filed a consolidated, master complaint on August 21, 2012. All deadlines have been stayed until February 28, 2013 to allow for mediation of this dispute. If a settlement has not been reached by that date and if the parties agree that further settlement discussions would be fruitful, the parties can file a joint statement/stipulation seeking additional time for further settlement negotiations. In the alternative, the parties would file a joint statement/stipulation with the Court alerting the Court to the fact that settlement could not be reached and resetting a litigation schedule. The parties participated in a mediation on January 3, 2013, and discussions are ongoing. The Company intends to defend

against these lawsuits vigorously, but is unable to predict the outcome of these suits. Regardless of the merits of the claims, this and any related litigation could continue to be costly, and divert the time and resources of management.

Other Matters

In addition to the matters discussed above, we are involved in various litigation and regulatory proceedings arising in the normal course of business. Where it is determined, in consultation with counsel based on litigation and settlement risks, that a loss is probable and estimable in a given matter, we establish an accrual. In none of the currently pending proceedings is the amount of accrual material. An estimate of the reasonably possible loss or range of loss in excess of the amounts already accrued cannot be made at this time due to various factors typical in contested proceedings, including (1) uncertain damage theories and demands; (2) a less than complete factual record; (3) uncertainty concerning legal theories and their resolution by courts or regulators; and (4) the unpredictable nature of the opposing party and its demands. However, we cannot predict with certainty the outcome of any litigation or the potential for future litigation. As such, we continuously monitor these proceedings as they develop and adjust any accrual or disclosure as needed. Regardless of the outcome, litigation could have an adverse impact on us, including our brand value, because of defense costs, diversion of management resources and other factors and it could have a material effect on our results of operations for a given reporting period.

7. Derivative Financial Instruments

The Company uses derivative financial instruments, primarily foreign currency forward exchange contracts ("FX Contracts") for the purpose of managing foreign currency exchange risk by reducing the effects of fluctuations in foreign currency exchange rates.

The Company enters into FX Contracts primarily to hedge its royalty payments and balance sheet items denominated in foreign currency, including Euro denominated debt. The Company applies hedge accounting to FX Contracts for cash flows related to royalty payments. The Company records these FX Contracts in the consolidated balance sheet at fair value and changes in fair value are recognized in Other Comprehensive Income ("OCI") for unrealized items and recognized in earnings for realized items. The Company elects to not apply hedge accounting to foreign currency exposures related to balance sheet items. The Company records these FX Contracts in the consolidated balance sheet at fair value and changes in fair value are immediately recognized in earnings. Fair value is determined by using observable market transactions of spot and forward rates (i.e., Level 2 inputs) which is discussed further in Note 10.

Netting provisions are provided for in existing International Swap and Derivative Association Inc. ("ISDA") agreements in situations where the Company executes multiple contracts with the same counterparty. As a result, net assets or liabilities resulting from foreign exchange derivatives subject to these netting agreements are classified within other current assets or other current liabilities in the Company's consolidated balance sheets.

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

Interest Rate Risk Management

The Company has $2.225 billion of debt outstanding at December 31, 2012, of which $594 million is variable rate debt. As such, the Company is exposed to changes in interest rates. The Company manages this exposure through the fixed-to-floating debt ratio; currently 73% of our debt is at a fixed rate.

In addition to the $594 million of variable rate debt, the Company also had $1.631 billion of fixed-rate debt. Based on the level of interest rates prevailing at December 31, 2012, the fair value of this fixed-rate debt was approximately $1.831 billion. Further, based on the amount of its fixed-rate debt, a 25 basis point increase or decrease in the level of interest rates would increase or decrease the fair value of the fixed-rate debt by approximately $14 million. This potential increase or decrease is based on the simplified assumption that the level of fixed-rate debt remains constant with an immediate across the board increase or decrease in the level of interest rates with no subsequent changes in rates for the remainder of the period.

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

Foreign Currency Risk Management

Historically, the Company has used, and continues to use, foreign exchange forward contracts and foreign exchange options primarily to hedge the risk that unremitted or future royalties and license fees owed to its domestic companies for the sale, or anticipated sale, of U.S.-copyrighted products abroad may be adversely affected by changes in foreign currency exchange rates. The Company focuses on managing the level of exposure to the risk of foreign currency exchange rate fluctuations on its major currencies, which include the Euro, British pound sterling, Japanese yen, Canadian dollar, Swedish krona and Australian dollar. In addition, the Company currently hedges foreign currency risk associated with financing transactions such as third-party and inter-company debt and other balance sheet items.

For royalty related hedges, the Company records foreign exchange contracts at fair value on its balance sheet and the related gains or losses on these contracts are deferred in equity (as a component of comprehensive loss). These deferred gains and losses are recognized in income in the period in which the related royalties and license fees being hedged are received and recognized in income. However, to the extent that any of these contracts are not considered to be perfectly effective in offsetting the change in the value of the royalties and license fees being hedged, any changes in fair value relating to the ineffective portion of these contracts are immediately recognized in income. For hedges of financing transactions and other balance sheet items, hedge gains and losses are taken directly to the statement of operations where there is an equal and offsetting entry related to the underlying exposure. Gains and losses on foreign exchange contracts generally are included as a component of other income (expense), net, in the Company's consolidated statement of operations.

As of December 31, 2012, the Company had outstanding hedge contracts for the sale of $357 million and the purchase of $260 million of foreign currencies at fixed rates. As of December 31, 2012, the Company had $1 million of deferred gains in comprehensive loss related to foreign exchange hedging. As of September 30, 2012, the Company had outstanding hedge contracts for the sale of $349 million and the purchase of $21 million of foreign currencies at fixed rates. As of September 30, 2012, the Company had $1 million of deferred gains in comprehensive loss related to foreign exchange hedging.

8. Segment Information

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

The accounting policies of the Company's business segments are the same as those described in the summary of significant accounting policies included in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2012. The Company accounts for intersegment sales at fair value as if the sales were to third parties. While inter-company transactions are treated like third-party transactions to determine segment performance, the revenues (and corresponding expenses recognized by the segment that is counterparty to the transaction) are eliminated in consolidation, therefore, do not themselves impact the consolidated results. Segment information consists of the following (in millions):

Three Months Ended	Recorded music	Music publishing	Corporate expenses and eliminations	Total
		(in millions)		
December 31, 2012				
Revenues	$ 657	$ 116	$ (4)	$769
OIBDA	114	16	(18)	112
Depreciation of property, plant and equipment	(7)	(2)	(4)	(13)
Amortization of intangible assets	(33)	(15)	—	(48)
Operating income (loss)	$ 74	$ (1)	$ (22)	$ 51
December 31, 2011				
Revenues	$ 659	$ 121	$ (5)	$775
OIBDA	104	16	(21)	99
Depreciation of property, plant and equipment	(8)	(1)	(3)	(12)
Amortization of intangible assets	(33)	(15)	—	(48)
Operating income (loss)	$ 63	$ —	$ (24)	$ 39

9. Additional Financial Information

Cash Interest and Taxes

The Company made interest payments of approximately $100 million and $79 million during the three months ended December 31, 2012 and December 31, 2011, respectively. The increase in cash interest is due to timing of interest payments resulting from the refinancing of debt in the current period and the financing at the time of the Merger. The Company paid approximately $5 million and $20 million of income and withholding taxes, net of refunds, during the three months ended December 31, 2012 and December 31, 2011, respectively. The $20 million of cash tax payments during the 3 months ended December 31, 2011 includes $15 million of a payment relating to the settlement of an income tax audit in Germany. This payment was fully reimbursed to the Company by Time Warner under the terms of the 2004 acquisition of

substantially all of the interests of the recorded music and music publishing businesses of Time Warner Inc. (the "2004 Acquisition Agreement").

10. Fair Value Measurements

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

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

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

In accordance with the fair value hierarchy, described above, the following table shows the fair value of the Company's financial instruments that are required to be measured at fair value as of December 31, 2012 and September 30, 2012. Balances in other current and other non-current liabilities represent purchase obligations and contingent consideration related to our various acquisitions. Derivatives not designated as hedging instruments represent the balances in other current assets and other current liabilities below and the gains and losses on these financial instruments are included as a component of other income, net in the statement of operations.

	Fair Value Measurements as of December 31, 2012			
	(Level 1)	(Level 2)	(Level 3)	Total
		(in millions)		
Other Current Assets:				
Foreign Currency Forward Exchange Contracts (a)	$ —	$ 2	$ —	$ 2
Other Current Liabilities:				
Foreign Currency Forward Exchange Contracts (a)	$ —	$ (4)	$ —	$ (4)
Other Current Liabilities:				
Contractual Obligations (b)	$ —	$ —	$ (6)	$ (6)
Other Non-Current Liabilities:				
Contractual Obligations (b)	$ —	$ —	$ (10)	$ (10)

	Fair Value Measurements as of September 30, 2012			
	(Level 1)	(Level 2)	(Level 3)	Total
		(in millions)		
Other Current Assets:				
Foreign Currency Forward Exchange Contracts (a)	$ —	$ —	$ —	$ —
Other Current Liabilities:				
Foreign Currency Forward Exchange Contracts (a)	$ —	$ (5)	$ —	$ (5)
Other Non-Current Liabilities:				
Contractual Obligations (b)	$ —	$ —	$ (11)	$ (11)

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

(b) This represents purchase obligations and contingent consideration related to our various acquisitions. This is based on a discounted cash flow ("DCF") approach and it is adjusted to fair value on a recurring basis and any adjustments are included as a component of operating income in the statement of operations. These amounts were mainly calculated using unobservable inputs such as future earnings performance of our various acquisitions and the expected timing of the payment. The change represents the increase in contingent consideration on a previous acquisition.

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

11. Subsequent Events

Acquisition of Parlophone Label Group

On February 7, 2013, the Company announced that it had signed a definitive agreement to acquire the Parlophone Label Group from Universal Music Group, a division of Vivendi, for £487 million, or approximately $765 million, in an all-cash transaction (the "Transaction"). References below to the "Transaction" include the transactions contemplated by the EMI France Agreement unless the context otherwise requires.

In connection with the Transaction, a wholly owned subsidiary, Warner Music Holdings Limited, together with certain other Company subsidiaries, as buyers, and WMG Acquisition Corp., as guarantor, entered into a Share Purchase Agreement, dated as of February 6, 2013 (the "PLG Agreement"), with certain subsidiaries of Universal Music Group, relating to the purchase of the outstanding shares of capital stock of PLG Holdco Limited and related entities composing the Parlophone Label Group. Warner Music Holdings BV also entered into a put option (the "Put Option") with EMI Music France Holdco Limited (the "EMI France Seller") in respect of the outstanding shares of EMI Music France SAS ("EMI France"). Pursuant to the terms of the Put Option, the EMI France Seller will, upon satisfaction of conditions with respect to the workers council consultation process, exercise the put option and execute the sale and purchase agreement (the "EMI France Agreement") (the form of which has been agreed) between the same parties to the Put Option to transfer the outstanding shares of EMI France to Warner Music Holdings BV (the "EMI France Transaction"). It is intended that the transactions contemplated by the EMI France Agreement shall be consummated in connection with the consummation of the transactions contemplated by the PLG Agreement.

The Transaction is being undertaken by Universal Music Group in order to comply with divestiture conditions imposed by the European Commission in connection with the acquisition by Universal Music Group of the recorded music business of EMI in 2012.

The Parlophone Label Group includes a broad range of some of the world's best-known recordings and classic and contemporary artists spanning a wide array of musical genres, as well as some of the industry's leading executive talent. The Parlophone Label Group is comprised of the historic Parlophone label and Chrysalis and Ensign labels as well as EMI's recorded music operations in Belgium, Czech Republic, Denmark, France, Norway, Poland, Portugal, Slovakia, Spain and Sweden. Its artist roster and catalog of recordings include, among many others, Air, Coldplay, Daft Punk, Danger Mouse, David Guetta, Deep Purple, Duran Duran, Edith Piaf, Gorillaz, Iron Maiden, Itzhak Perlman, Jethro Tull, Kate Bush, Kylie Minogue, Maria Callas, Pet Shop Boys, Pink Floyd, Radiohead, Shirley Bassey, Tina Turner and Tinie Tempah.

Consummation of the Transaction is subject to certain regulatory approvals and customary conditions, including, without limitation, approval of the Transaction by the European Commission pursuant to Council Regulation (EC) No. 139/2004, as amended, and the expiration or termination of any applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act. Consummation of the EMI France Transaction is subject to conclusion of the consultation process with the workers' council (comite d'entreprise) of EMI France.

The PLG Agreement provides that the buyers thereunder may assign to an entity under common control with the Company the PLG Agreement and all of their rights and obligations thereunder without the prior written consent of the seller under certain circumstances.

The Company has obtained commitments to finance the Transaction through an incremental term loan facility under its existing Term Loan Credit Agreement. The commitments are subject to customary conditions, including the execution and delivery of customary documentation.

WARNER MUSIC GROUP CORP.

Supplementary Information
Consolidating Financial Statements

The Company is the direct parent of Holdings, which is the direct parent of Acquisition Corp. Holdings has issued and outstanding the13.75% Senior Notes due 2019 (the "Holdings Notes"). In addition, Acquisition Corp. has issued and outstanding the 6.00% Senior Secured Notes due 2021, the 6.25% Senior Secured Notes due 2012, and the 11.50% Senior Notes due 2018 (together, the "Acquisition Corp. Notes").

The Holdings Notes are guaranteed by the Company. These guarantees are full, unconditional, joint and several. The following condensed consolidating financial statements are presented for the information of the holders of the Holdings Notes and present the results of operations, financial position and cash flows of (i) the Company, which is the guarantor of the Holdings Notes, (ii) Holdings, which is the issuer of the Holdings Notes, (iii) the subsidiaries of Holdings (Acquisition Corp. is the only direct subsidiary of Holdings) and (iv) the eliminations necessary to arrive at the information for the Company on a consolidated basis. Investments in consolidated or combined subsidiaries are presented under the equity method of accounting. The Company has revised its presentation for the Guarantor and Non-Guarantor Financial Information from what was filed in our Form 10-Q for December 31, 2011. The Company uses the equity method to account for its investment in its subsidiaries. The revised presentation reflects adjustments to certain equity, intercompany and investment balances primarily to properly reflect the impact of purchase accounting in the consolidating balance sheet. We have also revised the presentation of our statement of cash flows and reclassified the activity for our Parent Company from Operating Activities to Investing Activities and for our Guarantor subsidiaries from Operating Activities to Financing Activities. The principal elimination entries eliminate investments in subsidiaries and intercompany balances.

The Acquisition Corp. Notes are also guaranteed by the Company and, in addition, are guaranteed by all of Acquisition Corp.'s domestic wholly owned subsidiaries. The secured notes are guaranteed on a senior secured basis and the unsecured notes are guaranteed on an unsecured senior basis. These guarantees are full, unconditional, joint and several. The following condensed consolidating financial statements are also presented for the information of the holders of the Acquisition Corp. Notes and present the results of operations, financial position and cash flows of (i) Acquisition Corp., which is the issuer of the Acquisition Corp. Notes, (ii) the guarantor subsidiaries of Acquisition Corp., (iii) the non-guarantor subsidiaries of Acquisition Corp. and (iv) the eliminations necessary to arrive at the information for Acquisition Corp. on a consolidated basis. Investments in consolidated subsidiaries are presented under the equity method of accounting. There are no restrictions on Acquisition Corp.'s ability to obtain funds from any of its wholly owned subsidiaries through dividends, loans or advances.

The Company and Holdings are holding companies that conduct substantially all of their business operations through Acquisition Corp. Accordingly, the ability of the Company and Holdings to obtain funds from their subsidiaries is restricted by the indentures for the Acquisition Corp. Notes and the credit agreements for the Acquisition Corp. New Senior Credit Facilities, and, with respect to the Company, the indenture for the Holdings Notes.

WARNER MUSIC GROUP CORP.

Supplementary Information
Consolidating Balance Sheet (Unaudited)
December 31, 2012

	WMG Acquisition Corp. (issuer)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	WMG Acquisition Corp. Consolidated	WMG Holdings Corp. (issuer)	Warner Music Group Corp.	Eliminations	Warner Music Group Corp. Consolidated
					(in millions)				
Assets:									
Current assets:									
Cash and equivalents	$ —	$ 44	$ 145	$ —	$ 189	$ —	$ —	$ —	$ 189
Accounts receivable, net	—	171	247	—	418	—	—	—	418
Inventories	—	10	17	—	27	—	—	—	27
Royalty advances expected to be recouped within one year	—	78	54	—	132	—	—	—	132
Deferred tax assets	—	35	16	—	51	—	—	—	51
Other current assets	—	10	42	—	52	—	—	—	52
Total current assets	—	348	521	—	869	—	—	—	869
Royalty advances expected to be recouped after one year	—	96	66	—	162	—	—	—	162
Investments in and advances to (from) consolidated subsidiaries	3,066	708	—	(3,774)	—	994	847	(1,841)	—
Property, plant and equipment, net	—	103	44	—	147	—	—	—	147
Goodwill	—	1,379	5	—	1,384	—	—	—	1,384
Intangible assets subject to amortization, net	—	1,068	1,385	—	2,453	—	—	—	2,453
Intangible assets not subject to amortization	—	75	27	—	102	—	—	—	102
Due (to) from parent companies	—	112	(112)	—	—	—	—	—	—
Other assets	51	11	12	—	74	8	—	—	82
Total assets	$ 3,117	$ 3,900	$ 1,948	$ (3,774)	$ 5,191	$1,002	$ 847	$ (1,841)	$ 5,199
Liabilities and Deficit:									
Current liabilities:									
Accounts payable	$ —	$ 84	$ 65	$ —	$ 149	$ —	$ —	$ —	$ 149
Accrued royalties	—	554	473	—	1,027	—	—	—	1,027
Accrued liabilities	2	77	136	—	215	—	—	—	215
Accrued interest	35	—	—	—	35	5	—	—	40
Deferred revenue	—	103	55	—	158	—	—	—	158
Current portion of long-term debt	30	—	—	—	30	—	—	—	30
Other current liabilities	—	11	5	6	22	—	—	—	22
Total current liabilities	67	829	734	6	1,636	5	—	—	1,641
Long-term debt	2,045	—	—	—	2,045	150	—	—	2,195
Deferred tax liabilities, net	—	146	212	—	358	—	—	—	358
Other noncurrent liabilities	11	42	78	10	141	—	—	—	141
Total liabilities	2,123	1,017	1,024	16	4,180	155	—	—	4,335
Total Warner Music Group Corp. equity (deficit)	994	2,883	907	(3,790)	994	847	847	(1,841)	847
Noncontrolling interest	—	—	17	—	17	—	—	—	17
Total equity (deficit)	994	2,883	924	(3,790)	1,011	847	847	(1,841)	864
Total liabilities and equity (deficit)	$ 3,117	$ 3,900	$ 1,948	$ (3,774)	$ 5,191	$1,002	$ 847	$ (1,841)	$ 5,199

WARNER MUSIC GROUP CORP.

Supplementary Information

Consolidating Balance Sheet
September 30, 2012

	WMG Acquisition Corp. (issuer)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	WMG Acquisition Corp. Consolidated	WMG Holdings Corp. (issuer)	Warner Music Group Corp.	Eliminations	Warner Music Group Corp. Consolidated
					(in millions)				
Assets:									
Current assets:									
Cash and equivalents	$ 44	$ 105	$ 143	$ —	$ 292	$ 10	$ —	$ —	$ 302
Accounts receivable, net	—	158	240	—	398	—	—	—	398
Inventories	—	11	17	—	28	—	—	—	28
Royalty advances expected to be recouped within one year	—	67	49	—	116	—	—	—	116
Deferred tax assets	—	35	16	—	51	—	—	—	51
Other current assets	7	8	29	—	44	—	—	—	44
Total current assets	51	384	494	—	929	10	—	—	939
Royalty advances expected to be recouped after one year	—	82	60	—	142	—	—	—	142
Investments in and advances to (from) consolidated subsidiaries	3,133	621	—	(3,754)	—	1,070	926	(1,996)	—
Property, plant and equipment, net	—	108	44	—	152	—	—	—	152
Goodwill	—	1,375	5	—	1,380	—	—	—	1,380
Intangible assets subject to amortization, net	—	1,097	1,402	—	2,499	—	—	—	2,499
Intangible assets not subject to amortization	—	75	27	—	102	—	—	—	102
Due from (to) parent companies	—	176	(176)	—	—	—	—	—	—
Other assets	32	12	13	—	57	6	1	—	64
Total assets	$ 3,216	$ 3,930	$ 1,869	$ (3,754)	$ 5,261	$1,086	$927	$(1,996)	$ 5,278
Liabilities and Deficit:									
Current liabilities:									
Accounts payable	$ —	$ 81	$ 75	$ —	$ 156	$ —	$ —	$ —	$ 156
Accrued royalties	—	591	406	—	997	—	—	—	997
Accrued liabilities	—	113	145	—	258	—	—	—	258
Accrued interest	79	—	—	—	79	10	—	—	89
Deferred revenue	—	63	38	—	101	—	—	—	101
Other current liabilities	—	9	(7)	3	5	—	—	—	5
Total current liabilities	79	857	657	3	1,596	10	—	—	1,606
Long-term debt	2,056	—	—	—	2,056	150	—	—	2,206
Deferred tax liabilities, net	—	159	216	—	375	—	—	—	375
Other noncurrent liabilities	11	47	81	8	147	—	—	—	147
Total liabilities	2,146	1,063	954	11	4,174	160	—	—	4,334
Total Warner Music Group Corp. equity (deficit)	1,070	2,867	898	(3,765)	1,070	926	927	(1,996)	927
Noncontrolling interest	—	—	17	—	17	—	—	—	17
Total equity (deficit)	1,070	2,867	915	(3,765)	1,087	926	927	(1,996)	944
Total liabilities and equity (deficit)	$ 3,216	$ 3,930	$ 1,869	$ (3,754)	$ 5,261	$1,086	$927	$(1,996)	$ 5,278

WARNER MUSIC GROUP CORP.

Supplementary Information
Consolidating Statements of Operations (Unaudited)
For The Three Months Ended December 31, 2012

	WMG Acquisition Corp. (issuer)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	WMG Acquisition Corp. Consolidated	WMG Holdings Corp. (issuer)	Warner Music Group Corp.	Eliminations	Warner Music Group Corp. Consolidated
				(in millions)					
Revenues	$ —	$ 344	$ 481	$ (56)	$ 769	$ —	$ —	$ —	$ 769
Costs and expenses:									
Cost of revenues	—	(162)	(295)	49	(408)	—	—	—	(408)
Selling, general and administrative expenses	—	(123)	(154)	15	(262)	—	—	—	(262)
Amortization of intangible assets	—	(30)	(18)	—	(48)	—	—	—	(48)
Total costs and expenses	—	(315)	(467)	64	(718)	—	—	—	(718)
Operating income	—	29	14	8	51	—	—	—	51
Loss on extinguishment of debt	(83)	—	—	—	(83)	—	—	—	(83)
Interest expense, net	(43)	1	(5)	—	(47)	(6)	—	—	(53)
Equity gains (losses) from consolidated subsidiaries	41	(17)	—	(24)	—	(74)	(80)	154	—
Other expense, net	—	(5)	—	—	(5)	—	—	—	(5)
(Loss) income before income taxes	(85)	8	9	(16)	(84)	(80)	(80)	154	(90)
Income tax benefit (expense)	11	10	(1)	(9)	11	—	—	—	11
Net (loss) income	(74)	18	8	(25)	(73)	(80)	(80)	154	(79)
Less: loss attributable to noncontrolling interest	—	—	(1)	—	(1)	—	—	—	(1)
Net (loss) income attributable to Warner Music Group Corp.	$ (74)	$ 18	$ 7	$ (25)	$ (74)	$ (80)	$ (80)	$ 154	$ (80)

WARNER MUSIC GROUP CORP.

Supplementary Information
Consolidating Statements of Operations (Unaudited)
For The Three Months Ended December 31, 2011

	WMG Acquisition Corp. (issuer)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	WMG Acquisition Corp. Consolidated	WMG Holdings Corp. (issuer)	Warner Music Group Corp.	Eliminations	Warner Music Group Corp. Consolidated
				(in millions)					
Revenues	$ —	$ 333	$ 495	$ (53)	$ 775	$ —	$ —	$ —	$ 775
Costs and expenses:									
Cost of revenues	—	(165)	(303)	48	(420)	—	—	—	(420)
Selling, general and administrative expenses	—	(124)	(149)	5	(268)	—	—	—	(268)
Amortization of intangible assets	—	(15)	(33)	—	(48)	—	—	—	(48)
Total costs and expenses	—	(304)	(485)	53	(736)	—	—	—	(736)
Operating income	—	29	10	—	39	—	—	—	39
Interest expense, net	(49)	1	(3)	—	(51)	(6)	—	—	(57)
Equity gains (losses) from consolidated subsidiaries	34	(13)	—	(21)	—	(20)	(26)	46	—
Other income (expense), net	1	24	(27)	—	(2)	—	—	—	(2)
(Loss) income before income taxes	(14)	41	(20)	(21)	(14)	(26)	(26)	46	(20)
Income tax (expense) benefit	(6)	(7)	(2)	9	(6)	—	—	—	(6)
Net (loss) income	(20)	34	(22)	(12)	(20)	(26)	(26)	46	(26)
Less: loss attributable to noncontrolling interest	—	—	—	—	—	—	—	—	—
Net (loss) income attributable to Warner Music Group Corp.	$ (20)	$ 34	$ (22)	$ (12)	$ (20)	$ (26)	$ (26)	$ 46	$ (26)

WARNER MUSIC GROUP CORP.

Supplementary Information
Consolidating Statement of Comprehensive Income (Unaudited)
For The Three Months Ended December 31, 2012

	WMG Acquisition Corp. (issuer)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	WMG Acquisition Corp. Consolidated	WMG Holdings Corp. (issuer)	Warner Music Group Corp.	Eliminations	Warner Music Group Corp. Consolidated
				(in millions)					
Net (loss) income	$ (74)	$ 18	$ 8	$ (25)	$ (73)	$ (80)	$ (80)	$ 154	$ (79)
Other comprehensive income, net of tax:									
Foreign currency translation adjustment	—	—	2	—	2	—	—	—	2
Deferred gains on derivative financial instruments	—	—	—	—	—	—	—	—	—
Minimum pension liability	—	—	—	—	—	—	—	—	—
Other comprehensive income, net of tax:	—	—	2	—	2	—	—	—	2
Total comprehensive (loss) income	(74)	18	10	(25)	(71)	(80)	(80)	154	(77)
Comprehensive loss attributable to noncontrolling interest	—	—	(1)	—	(1)	—	—	—	(1)
Comprehensive (loss) income attributable to Warner Music Group Corp.	$ (74)	$ 18	$ 9	$ (25)	$ (72)	$ (80)	$ (80)	$ 154	$ (78)

WARNER MUSIC GROUP CORP.

Supplementary Information
Consolidating Statement of Comprehensive Income (Unaudited)
For The Three Months Ended December 31, 2011

	WMG Acquisition Corp. (issuer)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	WMG Acquisition Corp. Consolidated	WMG Holdings Corp. (issuer)	Warner Music Group Corp.	Eliminations	Warner Music Group Corp. Consolidated
				(in millions)					
Net (loss) income	$ (20)	$ 34	$ (22)	$ (12)	$ (20)	$ (26)	$ (26)	$ 46	$ (26)
Other comprehensive loss, net of tax:									
Foreign currency translation adjustment	—	—	(14)	—	(14)	—	—	—	(14)
Deferred gains on derivative financial instruments	—	—	—	—	—	—	—	—	—
Minimum pension liability	—	—	—	—	—	—	—	—	—
Other comprehensive loss, net of tax:	—	—	(14)	—	(14)	—	—	—	(14)
Total comprehensive (loss) income	(20)	34	(36)	(12)	(34)	(26)	(26)	46	(40)
Comprehensive income attributable to noncontrolling interest	—	—	—	—	—	—	—	—	—
Comprehensive (loss) income attributable to Warner Music Group Corp.	$ (20)	$ 34	$ (36)	$ (12)	$ (34)	$ (26)	$ (26)	$ 46	$ (40)

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WARNER MUSIC GROUP CORP.

Supplementary Information
Consolidating Statement of Cash Flows (Unaudited)
For The Three Months Ended December 31, 2012

	WMG Acquisition Corp. (issuer)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	WMG Acquisition Corp. Consolidated	WMG Holdings Corp. (issuer)	Warner Music Group Corp.	Eliminations	Warner Music Group Corp. Consolidated
				(in millions)					
Cash flows from operating activities:									
Net (loss) income	$ (74)	$ 18	$ 8	$ (25)	$ (73)	$ (80)	$ (80)	$ 154	$ (79)
Adjustments to reconcile net (loss) income to net cash used in operating activities:									
Loss on extinguishment of debt	83	—	—	—	83	—	—	—	83
Depreciation and amortization	—	39	22	—	61	—	—	—	61
Deferred income taxes	—	—	(10)	—	(10)	—	—	—	(10)
Non-cash interest expense	2	—	—	—	2	—	—	—	2
Equity (gains) losses from consolidated subsidiaries	(41)	17	—	24	—	74	80	(154)	—
Changes in operating assets and liabilities:									
Accounts receivable	—	(14)	(9)	—	(23)	—	—	—	(23)
Inventories	—	1	—	—	1	—	—	—	1
Royalty advances	—	(25)	(10)	—	(35)	—	—	—	(35)
Accounts payable and accrued liabilities	—	29	(80)	(2)	(53)	—	—	—	(53)
Royalty payables	—	(36)	68	—	32	—	—	—	32
Accrued interest	(44)	—	—	—	(44)	(5)	—	—	(49)
Deferred income	—	40	15	—	55	—	—	—	55
Other balance sheet changes	11	(14)	5	3	5	—	—	—	5
Net cash (used in) provided by operating activities	(63)	55	9	—	1	(11)	—	—	(10)
Cash flows from investing activities:									
Acquisition of publishing rights	—	(6)	(2)	—	(8)	—	—	—	(8)
Proceeds from the sale of music catalog	—	—	—	—	—	—	—	—	—
Advances to issuer	106	—	—	(106)	—	—	—	—	—
Capital expenditures	—	(4)	(3)	—	(7)	—	—	—	(7)
Net cash provided by (used in) investing activities	106	(10)	(5)	(106)	(15)	—	—	—	(15)
Cash flows from financing activities:									
Dividend by Acquisition Corp to Holdings Corp	(2)	—	—	—	(2)	2	—	—	—
Change in due (from) to issuer	—	(106)	—	106	—	—	—	—	—
Proceeds from draw down of the Revolving Credit Facility	31	—	—	—	31	—	—	—	31
Repayment of the Revolving Credit Facility	(31)	—	—	—	(31)	—	—	—	(31)
Proceeds from issuance of Acquisition Corp 6.0% Senior Secured Notes	500	—	—	—	500	—	—	—	500
Proceeds from issuance of Acquisition Corp 6.25% Senior Secured Notes	227	—	—	—	227	—	—	—	227
Proceeds from Acquisition Corp Term Loan Facility	594	—	—	—	594	—	—	—	594
Repayment of Acquisition Corp. 9.5% Senior Subordinated Notes	(1,250)	—	—	—	(1,250)	—	—	—	(1,250)
Financing fees paid for early redemption of debt	(127)	—	—	—	(127)	—	—	—	(127)
Financing costs paid	(29)	—	—	—	(29)	(1)	—	—	(30)
Net cash (used in) provided by financing activities	(87)	(106)	—	106	(87)	1	—	—	(86)
Effect of foreign currency exchange rate changes on cash	—	—	(2)	—	(2)	—	—	—	(2)
Net (decrease) increase in cash and equivalents	(44)	(61)	2	—	(103)	(10)	—	—	(113)
Cash and equivalents at beginning of period	44	105	143	—	292	10	—	—	302

Cash and equivalents at end of period	$ —	$ 44	$ 145	$ —	$ 189	$ —	$ —	$ —	$ 189

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WARNER MUSIC GROUP CORP.

Supplementary Information
Consolidating Statement of Cash Flows (Unaudited)
For The Three Months Ended December 31, 2011

	WMG Acquisition Corp. (issuer)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	WMG Acquisition Corp. Consolidated	WMG Holdings Corp. (issuer)	Warner Music Group Corp.	Eliminations	Warner Music Group Corp. Consolidated
				(in millions)					
Cash flows from operating activities:									
Net (loss) income	$ (20)	$ 34	$ (22)	$ (12)	$ (20)	$ (26)	$ (26)	$ 46	$ (26)
Adjustments to reconcile net (loss) income to net cash used in operating activities:									
Depreciation and amortization	—	23	37	—	60	—	—	—	60
Deferred income taxes	—	—	(2)	—	(2)	—	—	—	(2)
Non-cash interest expense	(1)	—	—	—	(1)	—	—	—	(1)
Equity losses (gains) from consolidated subsidiaries	(34)	13	—	21	—	20	26	(46)	—
Changes in operating assets and liabilities:									
Accounts receivable	15	5	(62)	—	(42)	—	—	—	(42)
Inventories	—	—	—	—	—	—	—	—	—
Royalty advances	—	12	(25)	—	(13)	—	—	—	(13)
Accounts payable and accrued liabilities	—	(75)	59	(9)	(25)	—	—	—	(25)
Royalty payables	—	(24)	90	—	66	—	—	—	66
Accrued interest	(23)	—	—	—	(23)	—	—	—	(23)
Deferred income	—	20	10	—	30		—	—	30
Other balance sheet changes	—	24	(25)	—	(1)	2	—	—	1
Net cash (used in) provided by operating activities	(63)	32	60	—	29	(4)	—	—	25
Cash flows from investing activities:									
Acquisition of publishing rights	—	(2)	(5)	—	(7)	—	—	—	(7)
Proceeds from the sale of music catalog	—	2	—	—	2	—	—	—	2
Advances to issuer	46	—	—	(46)	—	—	—	—	—
Capital expenditures	—	(4)	(2)	—	(6)	—	—	—	(6)
Net cash provided by (used in) investing activities	46	(4)	(7)	(46)	(11)	—	—	—	(11)
Cash flows from financing activities:									
Distribution to noncontrolling interest holder	—	—	(1)	—	(1)	—	—	—	(1)
Change in due (from) to issuer	—	(46)	—	46	—	—	—	—	—
Net cash (used in) provided by financing activities	—	(46)	(1)	46	(1)	—	—	—	(1)
Effect of foreign currency exchange rate changes on cash	—	—	1	—	1	—	—	—	1
Net (decrease) increase in cash and equivalents	(17)	(18)	53	—	18	(4)	—	—	14
Cash and equivalents at beginning of period	17	61	72	—	150	4	—	—	154
Cash and equivalents at end of period	$ —	$ 43	$ 125	$ —	$ 168	$ —	$ —	$ —	$ 168

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

You should read the following discussion of our results of operations and financial condition with the unaudited interim financial statements included elsewhere in this Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2012 (the "Quarterly Report").

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

This Quarterly Report includes "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical facts included in this Quarterly Report, including, without limitation, statements regarding our future financial position, business strategy, budgets, projected costs, cost savings, industry trends and plans and objectives of management for future operations, are forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "estimate," "anticipate," "believe" or "continue" or the negative thereof or variations thereon or similar terminology. Such statements include, among others, statements regarding the consummation of the Transaction (as defined below), including any related financing and the realization of any benefits following the consummation of the Transaction, our ability to develop talent and attract future talent, our ability to reduce future capital expenditures, our ability to monetize our music content, including through new distribution channels and formats to capitalize on the growth areas of the music industry, our ability to effectively deploy our capital, the development of digital music and the effect of digital distribution channels on our business, including whether we will be able to achieve higher margins from digital sales, the success of strategic actions we are taking to accelerate our transformation as we redefine our role in the music industry, the effectiveness of our ongoing efforts to reduce overhead expenditures and manage our variable and fixed cost structure and our ability to generate expected cost savings from such efforts, our success in limiting piracy, our ability to compete in the highly competitive markets in which we operate, the growth of the music industry and the effect of our and the music industry's efforts to combat piracy on the industry, our intention to pay dividends or repurchase our outstanding notes in open market purchases, privately or otherwise, the impact on us of potential strategic transactions, the impact on the competitive landscape of the music industry from the sale of EMI's recorded music and music publishing businesses, our ability to fund our future capital needs and the effect of litigation on us. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to have been correct.

There are a number of risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements contained in this Quarterly Report. Additionally, important factors could cause our actual results to differ materially from the forward-looking statements we make in this Quarterly Report. As stated elsewhere in this Quarterly Report, such risks, uncertainties and other important factors include, among others:

- the continued decline in the global recorded music industry and the rate of overall decline in the music industry;
- downward pressure on our pricing and our profit margins and reductions in shelf space;
- our ability to identify, sign and retain artists and songwriters and the existence or absence of superstar releases;
- threats to our business associated with home copying and Internet downloading;
- the significant threat posed to our business and the music industry by organized industrial piracy;
- the popular demand for particular recording artists and/or songwriters and albums and the timely completion of albums by major recording artists and/or songwriters;
- the diversity and quality of our portfolio of songwriters;
- the diversity and quality of our album releases;
- the impact of legitimate channels for digital distribution of our creative content;
- our dependence on a limited number of online music stores, in particular Apple's iTunes Music Store, for the online sale of our music recordings and their ability to significantly influence the pricing structure for online music stores;
- our involvement in intellectual property litigation;
- our ability to continue to enforce our intellectual property rights in digital environments;
- the ability to develop a successful business model applicable to a digital environment and to enter into artist services and expanded-rights deals with recording artists in order to broaden our revenue streams in growing segments of the music business;
- the impact of heightened and intensive competition in the recorded music and music publishing businesses and our inability to execute our business strategy;
- the failure of regulators to approve the Transaction;
- the risk that the Transaction may not be completed on the expected time table, or at all;
- failure to realize expected synergies and other benefits contemplated by the Transaction;
- disruption from the Transaction making it more difficult to maintain certain strategic relationships.

- risks relating to recent or future ratings agency actions or downgrades as a result of the announcement of the Transaction;
- risks associated with our non-U.S. operations, including limited legal protections of our intellectual property rights and restrictions on the repatriation of capital;
- significant fluctuations in our operations and cash flows from period to period;
- our inability to compete successfully in the highly competitive markets in which we operate;
- further consolidation of our industry and its impact on the competitive landscape of the music industry, specifically the acquisition of EMI's recorded music business by Universal Music Group and the acquisition of EMI's music publishing business by a consortium led by Sony Corporation of America;
- trends, developments or other events in some foreign countries in which we operate;
- local economic conditions in the countries in which we operate;
- our failure to attract and retain our executive officers and other key personnel;
- the impact of rate regulations on our Recorded Music and Music Publishing businesses;
- the impact of rates on other income streams that may be set by arbitration proceedings on our business;
- an impairment in the carrying value of goodwill or other intangible and long-lived assets;
- unfavorable currency exchange rate fluctuations;
- our failure to have full control and ability to direct the operations we conduct through joint ventures;
- legislation limiting the terms by which an individual can be bound under a "personal services" contract;
- a potential loss of catalog if it is determined that recording artists have a right to recapture rights in their recordings under the U.S. Copyright Act;
- trends that affect the end uses of our musical compositions (which include uses in broadcast radio and television, film and advertising businesses);
- the growth of other products that compete for the disposable income of consumers;
- the impact of, and risks inherent in, acquisitions or business combinations;
- risks inherent to our outsourcing of information technology infrastructure and certain finance and accounting functions;
- the fact that we have engaged in substantial restructuring activities in the past, and may need to implement further restructurings in the future and our restructuring efforts may not be successful or generate expected cost savings;
- the impact of our substantial leverage, including any increase associated with additional indebtedness to be incurred in connection with the Transaction, on our ability to raise additional capital to fund our operations, on our ability to react to changes in the economy or our industry and on our ability to meet our obligations under our indebtedness;
- the ability to generate sufficient cash to service all of our indebtedness, and the risk that we may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful;
- the fact that our debt agreements contain restrictions that limit our flexibility in operating our business;
- our indebtedness levels, and the fact that we may be able to incur substantially more indebtedness which may increase the risks created by our substantial indebtedness;
- the significant amount of cash required to service our indebtedness and the ability to generate cash or refinance indebtedness as it becomes due depends on many factors, some of which are beyond our control;
- risks of downgrade, suspension or withdrawal of the rating assigned by a rating agency to us could impact our cost of capital;
- risks relating to Access, which indirectly owns all of our outstanding capital stock, and controls our company and may have conflicts of interest with the holders of our debt or us in the future. Access may also enter into, or cause us to enter into, strategic transactions that could change the nature or structure of our business, capital structure or credit profile;
- our reliance on one company as the primary supplier for the manufacturing, packaging and physical distribution of our products in the U.S. and Canada and part of Europe;
- risks related to evolving regulations concerning data privacy which might result in increased regulation and different industry standards;
- changes in law and government regulations; and
- risks related to other factors discussed under "Risk Factors" in this Quarterly Report.

There may be other factors not presently known to us or which we currently consider to be immaterial that could cause our actual results to differ materially from those projected in any forward-looking statements we make. You should read carefully the

factors described in the "Risk Factors" section of this Quarterly Report to better understand the risks and uncertainties inherent in our business and underlying any forward-looking statements.

All forward-looking statements attributable to us or persons acting on our behalf apply only as of the date of this Quarterly Report and are expressly qualified in their entirety by the cautionary statements included in this Quarterly Report. We disclaim any duty to update or revise forward-looking statements to reflect events or circumstances after the date made or to reflect the occurrence of unanticipated events.

INTRODUCTION

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

Pursuant to the Agreement and Plan of Merger, dated as of May 6, 2011 (the "Merger Agreement"), by and among the Company, AI Entertainment Holdings LLC, a Delaware limited liability company ("Parent") and an affiliate of Access Industries, Inc. ("Access"), and Airplanes Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of Parent ("Merger Sub"), on July 20, 2011 (the "Merger Closing Date"), Merger Sub merged with and into the Company with the Company surviving as a wholly owned subsidiary of Parent (the "Merger"). Parent funded the Merger Consideration through cash on hand at the Company at closing, equity financing obtained from Parent and debt financing obtained from third party lenders.

On the Merger Closing Date, in connection with the Merger, each outstanding share of common stock of the Company (other than any shares owned by the Company or its wholly owned subsidiaries, or by Parent and its affiliates, or by any stockholders who were entitled to and who properly exercised appraisal rights under Delaware law, and shares of unvested restricted stock granted under the Company's equity plan) was cancelled and converted automatically into the right to receive $8.25 in cash, without interest and less applicable withholding taxes (collectively, the "Merger Consideration").

On the Merger Closing Date, the Company notified the New York Stock Exchange, Inc. (the "NYSE") of its intent to remove the Company's common stock from listing on the NYSE and requested that the NYSE file with the SEC an application on Form 25 to report the delisting of the Company's common stock from the NYSE. On July 21, 2011, in accordance with the Company's request, the NYSE filed the Form 25 with the SEC in order to provide notification of such delisting and to effect the deregistration of the Company's common stock under Section 12(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). On August 2, 2011, the Company filed a Form 15 with the SEC in order to provide notification of a suspension of its duty to file reports under Section 15(d) of the Exchange Act. Following such suspension, the Company continued to file reports with the SEC pursuant to the Exchange Act in accordance with certain covenants contained in the instruments governing the Company's outstanding indebtedness. Additionally, we filed two exchange offer registration statements with the SEC in connection with the registration of our 11.50% Senior Unsecured Notes due 2018 issued by Acquisition Corp. (the "Unsecured WMG Notes") and our 13.75% Senior Notes due 2019 issued by Holdings (the "Holdings Notes") and the related guarantees by the Company, both of which became effective on March 16, 2012. As a result, our obligations to file reports pursuant to Section 15(d) of the Exchange Act were reinstated until the end of our fiscal year ended September 30, 2012 and we have continued to file Exchange Act reports with the SEC in accordance with certain covenants contained in the instruments covering our outstanding indebtedness. The Company and Holdings are holding companies that conduct substantially all of their business operations through their subsidiaries. The terms "we," "us," "our," "ours," and the "Company" refer collectively to Warner Music Group Corp. and its consolidated subsidiaries, except where otherwise indicated.

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

- *Overview.* This section provides a general description of our business, as well as recent developments that we believe are important in understanding our results of operations and financial condition and in anticipating future trends.
- *Results of operations.* This section provides an analysis of our results of operations for the three months ended December 31, 2012 and December 31, 2011. This analysis is presented on both a consolidated and segment basis.
- *Financial condition and liquidity.* This section provides an analysis of our cash flows for the three months ended December 30, 2012 and December 31, 2011 as well as a discussion of our financial condition and liquidity as of December 31, 2012. The discussion of our financial condition and liquidity includes (i) a summary of our debt agreements and (ii) a summary of the key debt compliance measures under our debt agreements.

Use of OIBDA

We evaluate our operating performance based on several factors, including our primary financial measure of operating income (loss) before non-cash depreciation of tangible assets, non-cash amortization of intangible assets and non-cash impairment charges to reduce the carrying value of goodwill and intangible assets (which we refer to as "OIBDA"). We consider OIBDA to be an important

indicator of the operational strengths and performance of our businesses, including the ability to provide cash flows to service debt. However, a limitation of the use of OIBDA as a performance measure is that it does not reflect the periodic costs of certain capitalized tangible and intangible assets used in generating revenues in our businesses. Accordingly, OIBDA should be considered in addition to, not as a substitute for, operating income, net loss attributable to Warner Music Group Corp. and other measures of financial performance reported in accordance with U.S. GAAP. In addition, our definition of OIBDA may differ from similarly titled measures used by other companies. A reconciliation of consolidated historical OIBDA to operating income and net income (loss) attributable to Warner Music Group Corp. is provided in our "Results of Operations."

Use of Constant Currency

As exchange rates are an important factor in understanding period to period comparisons, we believe the presentation of results on a constant-currency basis in addition to reported results helps improve the ability to understand our operating results and evaluate our performance in comparison to prior periods. Constant-currency information compares results between periods as if exchange rates had remained constant period over period. We use results on a constant-currency basis as one measure to evaluate our performance. We calculate constant currency by calculating prior-year results using current-year foreign currency exchange rates. However, a limitation of the use of the constant-currency results as a performance measure is that it does not reflect the impact of exchange rates on our revenue, including, for example, the $8 million, $7 million and $1 million unfavorable impact of exchange rates on our Total, Recorded Music, and Music Publishing revenue, in the three months ended December 31, 2012 compared to the prior-year quarter. We generally refer to such amounts calculated on a constant-currency basis as "excluding the impact of foreign currency exchange rates." These results should be considered in addition to, not as a substitute for, results reported in accordance with U.S. GAAP. Results on a constant-currency basis, as we present them, may not be comparable to similarly titled measures used by other companies and are not a measure of performance presented in accordance with U.S. GAAP.

OVERVIEW

We are one of the world's major music-based content companies. We classify our business interests into two fundamental operations: Recorded Music and Music Publishing. A brief description of each of those operations is presented below.

Recorded Music Operations

Our Recorded Music business primarily consists of the discovery and development of artists and the related marketing, distribution and licensing of recorded music produced by such artists.

In the U.S., our Recorded Music operations are conducted principally through our major record labels—Warner Bros. Records and the Atlantic Records Group. Our Recorded Music operations also include Rhino, a division that specializes in marketing our music catalog through compilations and reissuances of previously released music and video titles, as well as in the licensing of recordings to and from third parties for various uses, including film and television soundtracks. Rhino has also become our primary licensing division focused on acquiring broader licensing rights from certain catalog artists. For example, we have a 50% interest in Frank Sinatra Enterprises, an entity that administers licenses for use of Frank Sinatra's name and likeness and manages all aspects of his music, film and stage content. We also conduct our Recorded Music operations through a collection of additional record labels, including, among others, Asylum, East West, Elektra, Nonesuch, Reprise, Roadrunner, Rykodisc, Sire and Word.

Outside the U.S., our Recorded Music activities are conducted in more than 50 countries primarily through various subsidiaries, affiliates and non-affiliated licensees. Internationally we engage in the same activities as in the U.S.: discovering and signing artists and distributing, marketing and selling their recorded music. In most cases, we also market and distribute the records of those artists for whom our domestic record labels have international rights. In certain smaller markets, we license to unaffiliated third-party record labels the right to distribute our records. Our international artist services operations also include a network of concert promoters through which we provide resources to coordinate tours for our artists and other artists.

Our Recorded Music distribution operations include WEA Corp., which markets and sells music and DVD products to retailers and wholesale distributors in the U.S., ADA, which distributes the products of independent labels to retail and wholesale distributors in the U.S.; various distribution centers and ventures operated internationally, an 80% interest in Word, which specializes in the distribution of music products in the Christian retail marketplace, and ADA Global, which provides distribution services outside of the U.S. through a network of affiliated and non-affiliated distributors.

We play an integral role in virtually all aspects of the recorded music value chain from discovering and developing talent to producing albums and promoting artists and their products. After an artist has entered into a contract with one of our record labels, a master recording of the artist's music is created. The recording is then replicated for sale to consumers primarily in CD and digital formats. In the U.S., WEA Corp., ADA and Word market, sell and deliver product, either directly or through sub-distributors and wholesalers, to record stores, mass merchants and other retailers. Our recorded music products are also sold in physical form to online

physical retailers such as Amazon.com, barnesandnoble.com and bestbuy.com and in digital form to online digital retailers like Apple's iTunes and online subscription services like Spotify, Rhapsody and Deezer, and Internet radio services like Pandora and iHeart Radio. In the case of expanded-rights deals where we acquire broader rights in a recording artist's career, we may provide more comprehensive career support and actively develop new opportunities for an artist through touring, fan clubs, merchandising and sponsorships, among other areas. We believe expanded-rights deals create a better partnership with our artists, which allows us to work together more closely with them to create and sustain artistic and commercial success.

We have integrated the sale of digital content into all aspects of our Recorded Music and Music Publishing businesses including A&R, marketing, promotion and distribution. Our new media executives work closely with A&R departments to make sure that while a record is being made, digital assets are also created with all distribution channels in mind, including subscription services, social networking sites, online portals and music-centered destinations. We also work side by side with our mobile and online partners to test new concepts. We believe existing and new digital businesses will be a significant source of growth for at least the next several years and will provide new opportunities to successfully monetize our assets and create new revenue streams. As a music-based content company, we have assets that go beyond our recorded music and music publishing catalogs, such as our music video library, which we have begun to monetize through digital channels. The proportion of digital revenues attributed to each distribution channel varies by region and since digital music is in the relatively early stages of growth, proportions may change as the roll out of new technologies continues. As an owner of musical content, we believe we are well positioned to take advantage of growth in digital distribution and emerging technologies to maximize the value of our assets.

We are also diversifying our revenues beyond our traditional businesses by entering into artist services and expanded-rights deals with recording artists in order to partner with artists in other areas of their careers. Under these agreements, we provide services to and participate in artists' activities outside the traditional recorded music business. We have developed an artist services business to exploit this broader set of music-related rights and to participate more broadly in the monetization of the artist brands we help create. In developing our artist services business, we have both built and expanded in-house capabilities and expertise and have acquired a number of existing artist services companies involved in artist management, merchandising, strategic marketing and brand management, ticketing, concert promotion, fan clubs, original programming and video entertainment.

We believe that entering into expanded-rights deals and enhancing our artist services capabilities associated with the Company's artists and other artists will permit us to diversify revenue streams to better capitalize on the growth areas of the music industry and permit us to build stronger long-term relationships with artists and more effectively connect artists and fans.

Recorded Music revenues are derived from four main sources:

- *Physical:* the rightsholder receives revenues with respect to sales of physical products such as CDs and DVDs;
- *Digital*: the rightsholder receives revenues with respect to online and mobile downloads, mobile ringtones or ringback tones and online and mobile streaming;
- *Artist services and expanded rights*: the rightsholder receives revenues with respect to artist services businesses and our participation in expanded rights associated with our artists, including sponsorship, fan club, artist websites, merchandising, touring, concert promotion, ticketing and artist and brand management; and
- *Licensing:* the rightsholder receives royalties or fees for the right to use the sound recording in combination with visual images such as in films or television programs, television commercials and videogames.

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

- *Royalty costs and artist and repertoire costs*—the costs associated with (i) paying royalties to artists, producers, songwriters, other copyright holders and trade unions, (ii) signing and developing artists, (iii) creating master recordings in the studio and (iv) creating artwork for album covers and liner notes;
- *Product costs*—the costs to manufacture, package and distribute product to wholesale and retail distribution outlets as well as those principal costs related to our artist services businesses;
- *Selling and marketing costs*—the costs associated with the promotion and marketing of artists and recorded music products, including costs to produce music videos for promotional purposes and artist tour support; and
- *General and administrative costs*—the costs associated with general overhead and other administrative costs.

Music Publishing Operations

Where recorded music is focused on exploiting a particular recording of a composition, music publishing is an intellectual property business focused on the exploitation of the composition itself. In return for promoting, placing, marketing and administering the creative output of a songwriter, or engaging in those activities for other rightsholders, our music publishing business garners a share of the revenues generated from use of the composition.

Our music publishing operations include Warner/Chappell, our global music publishing company headquartered in Los Angeles with operations in over 50 countries through various subsidiaries, affiliates and non-affiliated licensees. We own or control rights to more than one million musical compositions, including numerous pop hits, American standards, folk songs and motion picture and theatrical compositions. Assembled over decades, our award-winning catalog includes over 65,000 songwriters and composers and a diverse range of genres including pop, rock, jazz, country, R&B, hip-hop, rap, reggae, Latin, folk, blues, symphonic, soul, Broadway, techno, alternative, gospel and other Christian music. In January 2011, we acquired Southside Independent Music Publishing, a leading independent music publishing company, further adding to its catalog. Warner/Chappell also administers the music and soundtracks of several third-party television and film producers and studios, including Lucasfilm, Ltd., Hallmark Entertainment, and Disney Music Publishing. In July 2012, we announced that Warner/Chappell had acquired the master and publishing rights with respect to film music owned by Miramax Films, which contains the film scores and certain masters from numerous critically acclaimed films. Our production music library business includes Non-Stop Music, Groove Addicts Production Music Library, Carlin Recorded Music Library and 615 Music, and is collectively branded as Warner/Chappell Production Music.

Publishing revenues are derived from five main sources:

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

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

- *Artist and repertoire costs*—the costs associated with (i) signing and developing songwriters and (ii) paying royalties to songwriters, co-publishers and other copyright holders in connection with income generated from the exploitation of their copyrighted works; and
- *General and administration costs*—the costs associated with general overhead and other administrative costs.

Factors Affecting Results of Operations and Financial Condition

Market Factors

Since 1999, the recorded music industry has been unstable and the worldwide market has contracted considerably, which has adversely affected our operating results. The industry-wide decline can be attributed primarily to digital piracy. Other drivers of this decline are the bankruptcies of record retailers and wholesalers, growing competition for consumer discretionary spending and retail shelf space, and the maturation of the CD format, which has slowed the historical growth pattern of recorded music sales. While CD sales still generate most of the recorded music revenues, CD sales continue to decline industry-wide and we expect that trend to continue. While new formats for selling recorded music product have been created, including the legal downloading of digital music using the Internet and the distribution of music on mobile devices, revenue streams from these new formats have not yet reached a level where they fully offset the declines in CD sales on a worldwide industry basis. While U.S. industry-wide track-equivalent album sales rose in 2011 for the first time since 2004, sales declined 2% on the same basis in 2012 and album sales continued to fall in other countries, such as the U.K., as a result of ongoing digital piracy and the transition from physical to digital sales in the recorded music business. Accordingly, the recorded music industry performance may continue to negatively impact our operating results. In addition, a declining recorded music industry could continue to have an adverse impact on portions of the music publishing business. This is because the music publishing business generates a significant portion of its revenues from mechanical royalties from the sale of music in CD and other physical recorded music formats.

Severance Charges

We continue to take actions to further align our cost structure with industry trends. We recorded severance charges of $7 million and $5 million for the three months ended December 31, 2011 and December 31, 2012, respectively.

Additional Targeted Savings

As of the completion of the Merger on July 20, 2011, we targeted cost savings over the next nine fiscal quarters following completion of the Merger of $50 million to $65 million based on identified cost saving initiatives and opportunities, including targeted

savings expected to be realized as a result of no longer having publicly traded equity, reduced expenses related to finance, legal and information technology and reduced expenses related to certain planned corporate restructuring initiatives. Through December 31, 2012 we had achieved a majority of the targeted cost savings that we identified at the time of the Merger.

EMI Related Costs

We incurred certain costs, primarily representing professional fees, related to our participation in a sales process which resulted in the sale of EMI's recorded music and music publishing businesses and the subsequent review of the transactions by the U.S. Federal Trade Commission, the European Commission and other regulatory bodies. These costs amounted to approximately $3 million for the three months ended December 31, 2011 and were immaterial for the three months ended December 31, 2012, and were recorded in the consolidated statements of operations within general and administrative expense.

Expanding Business Models to Offset Declines in Physical Sales

Digital Sales

A key part of our strategy to offset declines in physical sales is to expand digital sales. New digital models have enabled us to find additional ways to generate revenues from our music content. In the early stages of the transition from physical to digital sales, overall sales have decreased as the increases in digital sales have not yet met or exceeded the decrease in physical sales. Part of the reason for this gap is the shift in consumer purchasing patterns made possible from new digital models. In the digital space, consumers are now presented with the opportunity to not only purchase entire albums, but to "unbundle" albums and purchase only favorite tracks as single-track downloads. While to date, sales of online and mobile downloads have constituted the majority of our digital Recorded Music and Music Publishing revenue, that may change over time as new digital models, such as access models (models that typically bundle the purchase of a mobile device with access to music) and streaming and subscription services, continue to develop. In the aggregate, we believe that growth in revenue from new digital models has the potential to offset physical declines and drive overall future revenue growth. We believe it is reasonable to expect that digital margins will generally be higher than physical margins as a result of the elimination of certain costs associated with physical products, such as manufacturing, distribution, inventory and return costs. Partially eroding that benefit are certain digital-specific variable costs and infrastructure investments necessary to produce, market and sell music in digital formats, as well as increases in mechanical copyright royalties payable to music publishers which apply in the digital space. As consumer purchasing patterns change over time and new digital models are launched, we may see fluctuations in contribution margin depending on the overall sales mix.

Expanded-Rights Deals

We have also been seeking to expand our relationships with recording artists as another means to offset declines in physical revenues in Recorded Music. For example, we have been signing recording artists to expanded-rights deals for the last several years. Under these expanded-rights deals, we participate in the recording artist's revenue streams, other than from recorded music sales, such as live performances, merchandising and sponsorships. We believe that additional revenue from these revenue streams will help to offset declines in physical revenue over time. As we have generally signed newer artists to these deals, increased expanded-rights revenue from these deals is expected to come several years after these deals have been signed as the artists become more successful and are able to generate revenue other than from recorded music sales. While artist services and expanded rights Recorded Music revenue, which includes revenue from expanded-rights deals as well as revenue from our artist services business, represented approximately 8% of our total revenue during the three months ended December 31, 2012, we believe this revenue is likely to continue to grow and represent a larger proportion of our revenue over time. Artist services and expanded rights revenue will fluctuate from period to period depending upon touring schedules, among other things. We also believe that the strategy of entering into expanded-rights deals and continuing to develop our artist services business will contribute to Recorded Music growth over time. Margins for the various artist services and expanded rights Recorded Music revenue streams can vary significantly. The overall impact on margins will, therefore, depend on the composition of the various revenue streams in any particular period. For instance, revenue from touring under our expanded-rights deals typically flows straight through to net income with little cost. Revenue from our management business and revenue from sponsorship and touring under expanded-rights deals are all high margin, while merchandise revenue under expanded-rights deals and concert promotion revenue from our concert promotion businesses tend to be lower margin than our traditional revenue streams from recorded music and music publishing.

Management Agreement

Upon completion of the Merger, the Company and Holdings entered into a management agreement with Access, dated as of the Merger Closing Date (the "Management Agreement"), pursuant to which Access provides the Company and its subsidiaries, with financial, investment banking, management, advisory and other services. Pursuant to the Management Agreement, the Company, or one or more of its subsidiaries, pays Access a specified annual fee, plus expenses, and a specified transaction fee for certain types of transactions completed by Holdings or one or more of its subsidiaries, plus expenses. For the three months ended December 31, 2012 and December 31, 2011, such costs incurred by the Company were approximately $2 million, which includes the annual fee and reimbursement of certain expenses in connection with the Management Agreement, but excludes $1 million of expenses in each period reimbursed related to certain consultants with full time roles at the Company.

Recent Developments

Acquisition of Parlophone Label Group

On February 7, 2013, we announced that we had signed a definitive agreement to acquire the Parlophone Label Group from Universal Music Group, a division of Vivendi, for £487 million, or approximately $765 million, in an all-cash transaction (the "Transaction"). References below to the "Transaction" include the transactions contemplated by the EMI France Agreement unless the context otherwise requires.

In connection with the Transaction, our wholly owned subsidiary, Warner Music Holdings Limited, together with certain other Company subsidiaries, as buyers, and WMG Acquisition Corp., as guarantor, entered into a Share Purchase Agreement, dated as of February 6, 2013 (the "PLG Agreement"), with certain subsidiaries of Universal Music Group, relating to the purchase of the outstanding shares of capital stock of PLG Holdco Limited and related entities

composing the Parlophone Label Group. Warner Music Holdings BV also entered into a put option (the "Put Option") with EMI Music France Holdco Limited (the "EMI France Seller") in respect of the outstanding shares of EMI Music France SAS ("EMI France"). Pursuant to the terms of the Put Option, the EMI France Seller will, upon satisfaction of conditions with respect to the workers council consultation process, exercise the put option and execute the sale and purchase agreement (the "EMI France Agreement") (the form of which has been agreed) between the same parties to the Put Option to transfer the outstanding shares of EMI France to Warner Music Holdings BV (the "EMI France Transaction"). It is intended that the transactions contemplated by the EMI France Agreement shall be consummated in connection with the consummation of the transactions contemplated by the PLG Agreement.

In connection with the entry into the PLG Agreement, on February 6, 2013, EGH1 BV and Warner Music Holdings Limited entered into a separation agreement (the "Separation Agreement") and a separation plan (the "Separation Plan") setting forth the respective rights and obligations of the parties thereto with respect to the separation of Parlophone Label Group and its business from that of the Sellers (as defined in the PLG Agreement) and EMI. The Separation Agreement and the Separation Plan provide, among other things, for the cooperation of the parties thereto in the identification and allocation, both before and after the completion of the Transaction, of assets and liabilities properly attributable to the Buyers or to the Sellers, and sets forth procedures for cooperation between the parties in complying with their respective audit, tax and other reporting obligations.

The Transaction is being undertaken by Universal Music Group in order to comply with divestiture conditions imposed by the European Commission in connection with the acquisition by Universal Music Group of the recorded music business of EMI in 2012.

The Parlophone Label Group includes a broad range of some of the world's best-known recordings and classic and contemporary artists spanning a wide array of musical genres, as well as some of the industry's leading executive talent. The Parlophone Label Group is comprised of the historic Parlophone label and Chrysalis and Ensign labels as well as EMI's recorded music operations in Belgium, Czech Republic, Denmark, France, Norway, Poland, Portugal, Slovakia, Spain and Sweden. Its artist roster and catalog of recordings include, among many others, Air, Coldplay, Daft Punk, Danger Mouse, David Guetta, Deep Purple, Duran Duran, Edith Piaf, Gorillaz, Iron Maiden, Itzhak Perlman, Jethro Tull, Kate Bush, Kylie Minogue, Maria Callas, Pet Shop Boys, Pink Floyd, Radiohead, Shirley Bassey, Tina Turner and Tinie Tempah.

Consummation of the Transaction is subject to certain regulatory approvals and customary conditions, including, without limitation, approval of the Transaction by the European Commission pursuant to Council Regulation (EC) No. 139/2004, as amended, and the expiration or termination of any applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act. Consummation of the EMI France Transaction is subject to conclusion of the consultation process with the workers' council (comite d'entreprise) of EMI France.

The PLG Agreement provides that the buyers thereunder may assign to an entity under common control with the Company the PLG Agreement and all of their rights and obligations thereunder without the prior written consent of the seller under certain circumstances.

We have obtained commitments to finance the Transaction through an incremental term loan facility under our existing Term Loan Credit Agreement. The commitments are subject to customary conditions, including the execution and delivery of customary documentation.

RESULTS OF OPERATIONS

Three Months Ended December 31, 2012 Compared with Three Months Ended December 31, 2011

Consolidated Historical Results

Revenues

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

	For the Three Months Ended December 31,		2012 vs. 2011	
	2012	2011	$ Change	% Change
Revenue by Type				
Physical	$ 300	$ 341	$ (41)	-12%
Digital	237	205	32	16%
Total Physical and Digital	537	546	(9)	-2%
Artist services and expanded rights	60	60	—	—
Licensing	60	53	7	13%
Total Recorded Music	**657**	**659**	**(2)**	**—**
Performance	47	48	(1)	-2%
Mechanical	26	33	(7)	-21%
Synchronization	22	23	(1)	-4%
Digital	19	15	4	27%
Other	2	2	—	—
Total Music Publishing	**116**	**121**	(5)	-4%
Intersegment eliminations	(4)	(5)	1	-20%
Total Revenue	**$ 769**	**$ 775**	**$ (6)**	-1%
Revenue by Geographical Location				
U.S. Recorded Music	$ 259	$ 256	$ 3	1%
U.S. Music Publishing	35	39	(4)	-10%
Total U.S.	**294**	**295**	**(1)**	—
International Recorded Music	398	403	(5)	-1%
International Music Publishing	81	82	(1)	-1%
Total International	**479**	**485**	**(6)**	**-1%**
Intersegment eliminations	(4)	(5)	1	-20%
Total Revenue	**$ 769**	**$ 775**	**$ (6)**	-1%

Total Revenue

Total revenues decreased by $6 million, or 1%, to $769 million for the three months ended December 31, 2012 from $775 million for the three months ended December 31, 2011. Prior to intersegment eliminations, Recorded Music and Music Publishing revenues represented 85% and 15% of total revenues for the three months ended December 31, 2012, respectively, compared to 84% and 16% for the three months ended December 31, 2011, respectively. Prior to intersegment eliminations, U.S. and international revenues represented 38% and 62% of total revenues, respectively, for both the three months ended December 31, 2012 and the three months ended December 31, 2011. Excluding the unfavorable impact of foreign currency exchange rates, total revenues increased $2 million, or less than 1%, for the three months ended December 31, 2012.

Total digital revenues after intersegment eliminations increased by $36 million, or 16%, to $255 million for the three months ended December 31, 2012 from $219 million for the three months ended December 31, 2011. Total digital revenues represented 33% and 28% of consolidated revenues for the three months ended December 31, 2012 and December 31, 2011, respectively. Prior to intersegment eliminations, total digital revenues for the three months ended December 31, 2012 were comprised of U.S. revenues of $139 million and international revenues of $117 million, or 54% and 46% of total digital revenues, respectively. Prior to intersegment eliminations, total digital revenues for the three months ended December 31, 2011 were comprised of U.S. revenues of $122 million and international revenues of $98 million, or 55% and 45% of total digital revenues, respectively.

Recorded Music revenues decreased by $2 million to $657 million for the three months ended December 31, 2012 from $659 million for the three months ended December 31, 2011. Prior to intersegment eliminations, Recorded Music revenues represented 85% and 84% of consolidated revenues, for the three months ended December 31, 2012 and December 31, 2011, respectively. U.S. Recorded Music revenues were $259 million and $256 million, or 39% of consolidated Recorded Music revenues for the three months ended December 31, 2012 and December 31, 2011, respectively. International Recorded Music revenues were $398 million and $403

million, or 61% of consolidated Recorded Music revenues for the three months ended December 31, 2012 and December 31, 2011, respectively.

The overall decrease in Recorded Music revenue reflected the continued decline in physical sales which was largely offset by growth in digital and licensing revenue. The decrease in physical sales was primarily driven by the comparatively strong holiday release schedule in the prior year, which included the initial release of Michael Bublé's "Christmas", the second-largest-selling album of calendar 2011 in the U.S. according to SoundScan and a physical centric release. Despite the decline in physical sales, digital revenues continued to grow, up $32 million or 16% for the quarter. This increase was driven by particularly strong growth in streaming and subscription services and downloads. The increases in digital was attributable to both new releases, such as Bruno Mars' "Unorthodox Jukebox", as well as continued success from prior year releases with strong digital demand, such as releases by Flo Rida and fun. In addition, licensing revenues increased $7 million, or 13%, to $60 million for the three months ended December 31, 2012, due primarily to strong international broadcast revenues in the U.K. and Asia Pacific. Artist services and expanded rights revenue remained flat. Excluding the unfavorable impact of foreign currency exchange rates, total recorded music revenues increased by $5 million, or 1%.

Music Publishing revenues decreased by $5 million, or 4%, to $116 million for the three months ended December 31, 2012 from $121 million for the three months ended December 31, 2011. Prior to intersegment eliminations, Music Publishing revenues represented 15% and 16% of consolidated revenues, for the three months ended December 31, 2012 and December 31, 2011, respectively. U.S. Music Publishing revenues were $35 million and $39 million, or 30% and 32% of Music Publishing revenues for the three months ended December 31, 2012 and December 31, 2011, respectively. International Music Publishing revenues were $81 million and $82 million, or 70% and 68% of Music Publishing revenues for the three months ended December 31, 2012 and December 31, 2011, respectively.

The overall decrease in Music Publishing revenue was driven primarily by the continued decline in mechanical revenue, partially offset by the increase in digital revenue. The decrease in mechanical revenue reflected the ongoing impact of the transition from physical to digital sales in the music industry. The increase in digital revenue reflected continued growth in digital downloads and streaming and subscription services. Excluding the favorable impact of foreign currency exchange rates, total Music Publishing revenues decreased by $4 million, or 3%.

Revenue by Geographical Location

U.S. revenues decreased by $1 million, to $294 million for the three months ended December 31, 2012 from $295 million for the three months ended December 31, 2011. The overall decrease in U.S. revenues reflected the physical decline offset by digital growth. The decline in U.S. physical sales was due to a combination of continued decline in demand for physical product as well as the comparatively strong holiday release schedule in the prior year, with the initial release of Michael Bublé's "Christmas". U.S. digital revenues increased as a result of the continued growth in digital download, streaming and subscription service revenue, due to the increased availability and demand of digital formats including the introduction of new cloud and locker services. In addition, U.S. artist services and expanded rights revenue increased mainly due to higher merchandise revenues on managed tours.

International revenues decreased by $6 million, or 1%, to $479 million for the three months ended December 31, 2012 from $485 million for the three months ended December 31, 2011. The overall decrease in international revenues were driven primarily by a decrease in physical and artist services and expanded rights revenue offset by an increase in digital revenue. The decrease was driven by declines in our European concert promotion business which reflected the timing and composition of touring schedules in the current period as compared with the prior-year quarter and the ongoing impact of the transition from physical to digital sales in the recorded music industry. This was partially offset by an increase in digital revenue, primarily as a result of continued growth in global downloads and streaming and subscription services. Excluding the unfavorable impact of foreign currency exchange rates, total international revenues increased $2 million or less than 1%, for the three months ended December 31, 2012.

Cost of revenues

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

	For the Three Months Ended December 31,		*2012 vs. 2011*	
	2012	2011	$ Change	% Change
Artist and repertoire costs	$ 266	$ 279	$ (13)	-5%
Product costs	142	141	1	1%
Total cost of revenues	**$ 408**	**$ 420**	**$ (12)**	**-3%**

Our cost of revenues decreased by $12 million, or 3%, to $408 million for the three months ended December 31, 2012 from $420 million for the three months ended December 31, 2011. Expressed as a percentage of revenues, cost of revenues were 53% and 54% for the three months ended December 31, 2012 and December 31, 2011, respectively.

Artist and repertoire costs decreased by $13 million to $266 million for the three months ended December 31, 2012 from $279 million for the three months ended December 31, 2011. Artist and repertoire costs as a percentage of revenues decreased from 36% for three months ended December 31, 2011 to 35% for three months ended December 31, 2012 due primarily to the timing of the spend.

Product costs increased slightly by $1 million, or 1%, to $142 million for the three months ended December 31, 2012 from $141 million for the three months ended December 31, 2011. Despite the decline in physical sales, our artist services and expanded rights revenues remained flat. Costs associated with our artist services and expanded rights business are primarily recorded as a component of product costs and tend to yield lower margins than our physical and digital revenue. Product costs as a percentage of revenues remained flat at 18% for the three months ended December 31, 2011 and the three months ended December 31, 2012 due primarily to revenue mix.

Selling, general and administrative expenses

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

	For the Three Months Ended December 31,		*2012 vs. 2011*	
	2012	2011	$ Change	% Change
General and administrative expense (1)	$ 128	$ 146	$ (18)	-12%
Selling and marketing expense	117	106	11	10%
Distribution expense	17	16	1	6%
Total selling, general and administrative expense	**$ 262**	**$ 268**	**$ (6)**	**-2%**

(1) Includes depreciation expense of $13 million and $12 million for the three months ended December 31, 2012 and December 31, 2011, respectively.

Total selling, general and administrative expense decreased by $6 million, or 2%, to $262 million for the three months ended December 31, 2012 from $268 million for the three months ended December 31, 2011. Expressed as a percentage of revenues, selling, general and administrative expenses were 34% and 35% for the three months ended December 31, 2012 and December 31, 2011, respectively.

General and administrative expenses decreased by $18 million, or 12%, to $128 million for the three months ended December 31, 2012 from $146 million for the three months ended December 31, 2011. Expressed as a percentage of revenues, general and administrative expenses decreased from 19% for the three months ended December 31, 2011 to 17% for the three months ended December 31, 2012. The decrease in general and administrative expense was driven primarily by lower variable compensation expense, lower severance charges in the current period, continued cost management efforts, as well as higher professional fees incurred in the prior year in connection with the EMI sale and subsequent regulatory proceedings.

Selling and marketing expense increased by $11 million, or 10%, to $117 million for the three months ended December 31, 2012 from $106 million for the three months ended December 31, 2011, primarily related to higher variable marketing expense related to current quarter releases. Expressed as a percentage of revenues, selling and marketing expense increased from 14% for the three months ended December 31, 2011 to 15% for the three months ended December 31, 2012, primarily due to the prior year quarter release of Michael Bublé's "Christmas" album which had comparatively low marketing spend.

Distribution expense increased by $1 million, or 6%, to $17 million for the three months ended December 31, 2012 from $16 million for the three months ended December 31, 2011. Expressed as a percentage of revenues, distribution expense remained flat at 2% for the three months ended December 31, 2012 and December 31, 2011.

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

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

	For the Three Months Ended December 31,		2012 vs. 2011	
	2012	2011	$ Change	% Change
OIBDA	$ 112	$ 99	$ 13	13%
Depreciation expense	(13)	(12)	(1)	8%
Amortization expense	(48)	(48)	—	— %
Operating income	**51**	**39**	**12**	**31%**
Loss on extinguishment of debt	(83)	—	(83)	— %
Interest expense, net	(53)	(57)	4	-7%
Other expense, net	(5)	(2)	(3)	150%
Loss before income taxes	**(90)**	**(20)**	**(70)**	**350%**
Income tax benefit (expense)	11	(6)	17	-283%
Net loss	**(79)**	**(26)**	**(53)**	**204%**
Less: income attributable to noncontrolling interest	(1)	—	(1)	—
Net loss attributable to Warner Music Group Corp.	**$ (80)**	**$ (26)**	**$ (54)**	**208%**

OIBDA

Our OIBDA increased by $13 million, or 13%, to $112 million for the three months ended December 31, 2012 as compared to $99 million for the three months ended December 31, 2011. Expressed as a percentage of revenues, total OIBDA margin increased from 13% for the three months ended December 31, 2011 to 15% for the three months ended December 31, 2012. Our OIBDA increase was primarily driven by the decreased artist and repertoire costs, lower severance charges, lower variable compensation and decreased professional fees primarily related to the prior period costs incurred in connection with the sale of EMI and subsequent regulatory proceedings, offset by increases in selling and marketing expense.

See “Business Segment Results” presented hereinafter for a discussion of OIBDA by business segment.

Depreciation expense

Our depreciation expense increased by $1 million, or 8%, to $13 million for the three months ended December 31, 2012 as compared to $12 million for the three months ended December 31, 2011 primarily due to recently completed capital projects.

Amortization expense

Amortization expense remained flat at $48 million for both the three months ended December 31, 2012 and December 31, 2011.

Operating income

Our operating income increased by $12 million, or 31%, to $51 million for the three months ended December 31, 2012 as compared to operating income of $39 million for the three months ended December 31, 2011. The increase in operating income was primarily a result of the increase in OIBDA.

Loss on extinguishment of debt

On November 1, 2012, we completed a refinancing of our then outstanding Senior Secured Notes due 2016. As a result, for the three months ended December 31, 2012, we recorded an $83 million loss on extinguishment of debt representing the difference between the redemption payment and the carrying value of the debt as of the refinancing date.

Interest expense, net

Our interest expense, net, decreased by $4 million, or 7%, to $53 million for the three months ended December 31, 2012 as compared to $57 million for the three months ended December 31, 2011. The decrease was driven by the refinancing of our Senior

Secured debt on November 1, 2012. Our new debt obligations have lower comparable interest rates. See "—Financial Condition and Liquidity" for more information.

Other expense, net

Other expense, net, includes net hedging losses on foreign exchange contracts, which represent currency exchange movements associated with inter-company receivables and payables that are short term in nature, and Euro denominated debt, offset by equity in earnings on our share of net income on investments recorded in accordance with the equity method of accounting for an unconsolidated investee.

Income tax benefit (expense)

We incurred income tax benefit of $11 million for the three months ended December 31, 2012 as compared to expense of $6 million for the three months ended December 31, 2011. The decrease in income tax expense results primarily relates to the increase in pretax loss largely resulting from the loss on extinguishment of debt in the U.S. for which we were able to recognize a tax benefit.

Net loss

Our net loss increased by $54 million, to a net loss of $80 million for the three months ended December 31, 2012 as compared to a net loss of $26 million for the three months ended December 31, 2011. The increase was driven by the loss on the extinguishment of debt of $83 million, partially offset by the income tax benefit, the decrease in interest expense and the increase in operating income noted above.

Business Segment Results

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

	For the Three Months Ended December 31,		2012 vs. 2011	
	2012	2011	$ Change	% Change
Recorded Music				
Revenue	$ 657	$ 659	$ (2)	— %
OIBDA	114	104	10	10%
Operating income	$ 74	$ 63	$ 11	17%
Music Publishing				
Revenue	$ 116	$ 121	$ (5)	-4%
OIBDA	16	16	—	— %
Operating loss	$ (1)	$ —	$ (1)	— %
Corporate expenses and eliminations				
Revenue	$ (4)	$ (5)	$ 1	-20%
OIBDA	(18)	(21)	3	-14%
Operating loss	$ (22)	$ (24)	$ 2	-8%
Total				
Revenue	$ 769	$ 775	$ (6)	-1%
OIBDA	112	99	13	13%
Operating income	$ 51	$ 39	$ 12	31%

Recorded Music

Revenues

Recorded Music revenues decreased by $2 million to $657 million for the three months ended December 31, 2012 from $659 million for the three months ended December 31, 2011. Prior to intersegment eliminations, Recorded Music revenues represented 85% and 84% of consolidated revenues, for the three months ended December 31, 2012 and December 31, 2011, respectively. U.S. Recorded Music revenues were $259 million and $256 million, or 39% of consolidated Recorded Music revenues for the three months ended December 31, 2012 and December 31, 2011, respectively. International Recorded Music revenues were $398 million and $403 million, or 61% of consolidated Recorded Music revenues for the three months ended December 31, 2012 and December 31, 2011, respectively.

The overall decrease in Recorded Music revenue reflected the continued decline in physical sales which was largely offset by growth in digital and licensing revenue. The decrease in physical sales was primarily driven by the comparatively strong holiday

release schedule in the prior year, which included the initial release of Michael Bublé's "Christmas", the second-largest-selling album of calendar 2011 in the U.S. according to SoundScan and a physical centric release. Despite the decline in physical sales, digital revenues continued to grow, up $32 million or 16% for the quarter. This increase was driven by particularly strong growth in streaming and subscription services and downloads. The increases in digital was attributable to both new releases, such as Bruno Mars' "Unorthodox Jukebox", as well as continued success from prior year releases with strong digital demand, such as releases by Flo Rida and fun. In addition, licensing revenues increased $7 million, or 13%, to $60 million for the three months ended December 31, 2012, due primarily to strong international broadcast revenues in the U.K. and Asia Pacific. Artist services and expanded rights revenue remained flat. Excluding the unfavorable impact of foreign currency exchange rates, total recorded music revenues increased by $5 million, or 1%.

Cost of revenues

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

	For the Three Months Ended December 31,		*2012 vs. 2011*	
	2012	2011	$ Change	% Change
Artist and repertoire costs	$ 183	$ 196	$ (13)	-7%
Product costs	142	141	1	1%
Total cost of revenues	**$ 325**	**$ 337**	**$ (12)**	**-4%**

Recorded Music cost of revenues decreased $12 million, or 4%, to $325 million for the three months ended December 31, 2012 from $337 million for the three months ended December 31, 2011. This decrease was primarily the result of lower artist and repertoire costs due to timing of spend.

The increase in product costs was due to the decline in physical sales, offset by consistent spend on artist services and expanded rights, where revenues remained flat. Costs associated with our artist services and expanded rights business are primarily recorded as a component of product costs and tend to yield lower margins than our physical and digital revenue. Expressed as a percentage of Recorded Music revenues, cost of revenues decreased from 51% for the three months ended December 31, 2011 to 49% for the three months ended December 31, 2012.

Selling, general and administrative expense

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

	For the Three Months Ended December 31,		*2012 vs. 2011*	
	2012	2011	$ Change	% Change
General and administrative expense (1)	$ 93	$ 105	$ (12)	-11%
Selling and marketing expense	115	105	10	10%
Distribution expense	17	16	1	6%
Total selling, general and administrative expense	**$ 225**	**$ 226**	**$ (1)**	**— %**

(1) Includes depreciation expense of $7 million and $8 million for the three months ended December 31, 2012 and December 31, 2011, respectively.

Recorded Music selling, general and administrative expense decreased $1 million, to $225 million for the three months ended December 31, 2012 from $226 million for the three months ended December 31, 2011. This decrease was largely due to a decrease in general and administrative expense offset by an increase in selling and marketing expense. The increase in selling and marketing expense was primarily the result of variable marketing increases related to current quarter releases compared to the prior year quarter release of Michael Bublé's "Christmas" album which had comparatively low marketing spend. The decrease in general and administrative expense was driven primarily by lower variable compensation expense in the current period and continued cost management efforts, slightly offset by an increase in depreciation expense resulting from recently completed capital projects. Expressed as a percentage of Recorded Music revenues, selling, general and administrative expense remained flat at 34% for the three months ended December 31, 2011 and for the three months ended December 31, 2012.

OIBDA and Operating Income

Recorded Music operating income included the following (in millions):

	For the Three Months Ended December 31,		2012 vs. 2011	
	2012	2011	$ Change	% Change
OIBDA	$ 114	$ 104	$ 10	10%
Depreciation and amortization	(40)	(41)	1	-2%
Operating income	**$ 74**	**$ 63**	**$ 11**	**17%**

Recorded Music OIBDA increased by $10 million, or 10%, to $114 million for the three months ended December 31, 2012 compared to $104 million for the three months ended December 31, 2011. Expressed as a percentage of Recorded Music revenues, Recorded Music OIBDA margin increased to 17% for the three months ended December 31, 2012 from 16% for the three months ended December 31, 2011. Our Recorded Music OIBDA increase was primarily driven by the decreased artist and repertoire costs, lower severance charges and lower variable compensation.

Recorded Music operating income increased by $11 million, due primarily to the increase in OIBDA noted above.

Music Publishing

Revenues

Music Publishing revenues decreased by $5 million, or 4%, to $116 million for the three months ended December 31, 2012 from $121 million for the three months ended December 31, 2011. Prior to intersegment eliminations, Music Publishing revenues represented 15% and 16% of consolidated revenues, for the three months ended December 31, 2012 and December 31, 2011, respectively. U.S. Music Publishing revenues were $35 million and $39 million, or 30% and 32% of Music Publishing revenues for the three months ended December 31, 2012 and December 31, 2011, respectively. International Music Publishing revenues were $81 million and $82 million, or 70% and 68% of Music Publishing revenues for the three months ended December 31, 2012 and December 31, 2011, respectively.

The overall decrease in Music Publishing revenue was driven primarily by the continued decline in mechanical revenue, partially offset by the increase in digital revenue. The decrease in mechanical revenue reflected the ongoing impact of the transition from physical to digital sales in the music industry. The increase in digital revenue reflected continued growth in digital downloads and streaming and subscription services. Excluding the favorable impact of foreign currency exchange rates, total Music Publishing revenues decreased by $4 million, or 3%.

Cost of revenues

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

	For the Three Months Ended December 31,		2012 vs. 2011	
	2012	2011	$ Change	% Change
Artist and repertoire costs	$ 87	$ 88	$ (1)	-1%
Total cost of revenues	**$ 87**	**$ 88**	**$ (1)**	**-1%**

Music Publishing cost of revenues decreased $1 million, or 1%, to $87 million for the three months ended December 31, 2012, from $88 million for the three months ended December 31, 2011. Expressed as a percentage of Music Publishing revenues, Music Publishing cost of revenues increased to 75% for the three months ended December 31, 2012 from 73% for the three months ended December 31, 2011, primarily due to higher U.S. artist and repertoire overhead. Royalties expense decreased year over year as a result of the decrease in revenues.

Selling, general and administrative expense

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

	For the Three Months Ended December 31,		2012 vs. 2011	
	2012	2011	$ Change	% Change
General and administrative expense (1)	$ 15	$ 18	$ (3)	-17%

	For the Three Months Ended December 31,		2012 vs. 2011	
	2012	2011	$ Change	% Change
Total selling, general and administrative expense	**$ 15**	**$ 18**	**$ (3)**	**-17%**

(1) Includes depreciation expense of $2 million and $1 million for the three months ended December 31, 2012 and December 31, 2011, respectively.

Music Publishing selling, general and administrative expense decreased to $3 million, or 17%, to $15 million for the three months ended December 31, 2012 as compared with $18 million for the three months ended December 31, 2011. Expressed as a percentage of Music Publishing revenues, Music Publishing selling, general and administrative expense decreased to 13% from 15% for the three months ended December 31, 2012 and December 31, 2011, respectively. The decrease was mainly driven by lower variable compensation expense.

OIBDA and Operating Income

Music Publishing operating income included the following (in millions):

	For the Three Months Ended December 31,			
	2012	2011	$ Change	% Change
OIBDA	$ 16	$ 16	$ —	— %
Depreciation and amortization	(17)	(16)	(1)	6%
Operating income	**$ (1)**	**$ —**	**$ (1)**	**— %**

Music Publishing OIBDA remained flat at $16 million for the three months ended December 31, 2012 and December 31, 2011. Expressed as a percentage of Music Publishing revenues, Music Publishing OIBDA margin increased to 14% for the three months ended December 31, 2012 from 13% for the three months ended December 31, 2011, as a result of a reduction in general and administrative expense.

Music Publishing operating income decreased $1 million due to a $1 million increase in depreciation expense and flat OIBDA.

Corporate Expenses and Eliminations

Our OIBDA loss from corporate expenses and eliminations decreased from $21 million for the three months ended December 31, 2011 to $18 million for the three months ended December 31, 2012, primarily as a result of decreases in severance charges and variable compensation as compared to the prior period as well as the decrease in professional fees primarily related to the prior period costs incurred in connection with the sale of and subsequent regulatory review relating to the sale of EMI.

Our operating loss from corporate expenses and eliminations decreased from $24 million for the three months ended December 31, 2011 to $22 million for the three months ended December 31, 2012 largely due to the decrease in OIBDA noted above.

FINANCIAL CONDITION AND LIQUIDITY

Financial Condition

At December 31, 2012, we had $2.225 billion of debt, $189 million of cash and equivalents (net debt of $2.036 billion, defined as total debt less cash and equivalents and short-term investments) and $847 million in Warner Music Group Corp. equity. This compares to $2.206 billion of debt, $302 million of cash and equivalents (net debt of $1.904 billion, defined as total debt less cash and equivalents and short-term investments) and $927 million in Warner Music Group Corp. equity at September 30, 2012. Net debt increased by $132 million as a result of (i) a $113 million decrease in cash and equivalents and (ii) a $19 million increase in long-term debt.

The $80 million decrease in Warner Music Group Corp. equity during the three months ended December 31, 2012 was due to $80 million of net loss for the three months ended December 31, 2012.

Cash Flows

The following table summarizes our historical cash flows. The financial data for the three months ended December 31, 2012 and December 31, 2011 are unaudited and are derived from our interim financial statements included elsewhere herein. The cash flow is comprised of the following (in millions):

	Three Months Ended December 31, 2012	Three Months Ended December 31, 2011
Cash (used in) provided by:		
Operating activities	$ (10)	$ 25
Investing activities	(15)	(11)
Financing activities	(86)	(1)

Operating Activities

Cash used in operating activities was $10 million for the three months ended December 31, 2012 as compared with cash provided by operating activities of $25 million for the three months ended December 31, 2011. The $35 million decrease in cash provided by operations related to the variable timing of our working capital requirements, which include the timing of sales and collections in the period, the timing of artist and repertoire spend compared to the prior-year, higher variable compensation payments in the current quarter than in the prior year period; offset by a decrease in cash paid for severance and improvement in operating income and advances related to new cloud and locker services. In addition, our cash interest paid increased to $100 million for the three months ended December 31, 2012 as compared with $79 million for the three months ended December 31, 2011 due to timing of interest payments resulting from the refinancing of debt in the current period and the financing at the time of the Merger.

Investing Activities

Cash used in investing activities was $15 million for the three months ended December 31, 2012 as compared with $11 million for the three months ended December 31, 2011. The $15 million of cash used in investing consisted of $8 million to acquire music publishing rights and $7 million for capital expenditures. The $11 million of cash used in investing activities in the three months ended December 31, 2011 consisted of $7 million to acquire music publishing rights and $6 million in capital expenditures, partially offset by $2 million received for the sale of a recorded music catalog.

Financing Activities

Cash used in financing activities of $86 million for the three months ended December 31, 2012 consisted of the repayment of $1.250 billion of Existing Secured Notes due 2016, proceeds from the issuance of New Senior Secured Notes of $727 million, proceeds from the Term Loan Facility of $594 million, $127 million of consent fees and $30 million of deferred financing costs paid related to the refinancing. Cash used in financing activities of $1 million for the three months ended December 31, 2011 represented distributions to our noncontrolling interest holders.

Liquidity

Our primary sources of liquidity are the cash flows generated from our subsidiaries' operations, available cash and equivalents and short-term investments and funds available for drawing under our Revolving Credit Facility. These sources of liquidity are needed to fund our debt service requirements, working capital requirements, capital expenditure requirements, strategic acquisitions and investments, and any dividends, prepayments of debt or repurchases of our outstanding notes in open market purchases, privately negotiated purchases or otherwise, we may elect to pay or make in the future. We believe that our existing sources of cash will be sufficient to support our existing operations over the next fiscal year.

As of December 31, 2012, our long-term debt, including the current portion, was as follows (in millions):

New Revolving Credit Facility (a)	—
Term Loan Facility due 2018—Acquisition Corp (b)	594
6.00% Senior Secured Notes due 2021—Acquisition Corp	500
6.25% Senior Secured Notes due 2021—Acquisition Corp (c)	231
11.5% Senior Notes due 2018—Acquisition Corp (d)	750
13.75% Senior Notes due 2019—Holdings	150
Total long term debt	$2,225

(a) Reflects $150 million of commitments under the New Revolving Credit Facility, less letters of credit outstanding of approximately $1 million. There were no loans outstanding under the New Revolving Credit Facility as of December 31, 2012.
(b) face amount of $600 million less unamortized discount of $6 million. Of this amount, $30 million, representing the scheduled amortization of the Term Loans, was included in the current portion of long term debt at December 31, 2012.
(c) face amount of €175 million. Amount above represents the dollar equivalent of such notes at December 31, 2012.
(d) face amount of $765 million less unamortized discount of $15 million at December 31, 2012.

New Revolving Credit Facility

On November 1, 2012 (the "2012 Refinancing Closing Date"), Acquisition Corp. entered into a credit agreement (the "Revolving Credit Agreement") for a senior secured revolving credit facility with Credit Suisse AG, as administrative agent, and the other financial institutions and lenders from time to time party thereto (the "New Revolving Credit Facility").

General

Acquisition Corp. is the borrower (the "Revolving Borrower") under the New Revolving Credit Facility. The New Revolving Credit Facility provides for a revolving credit facility in the amount of up to $150,000,000 (the "Commitments") and includes a $50,000,000 letter of credit sub-facility. Amounts are available under the New Revolving Credit Facility in U.S. dollars, euros or pounds Sterling. The New Revolving Credit Facility permits loans for general corporate purposes. The New Revolving Credit Facility may also be utilized to issue letters of credit on or after the 2012 Refinancing Closing Date.

The final maturity of the New Revolving Credit Facility will be five years from the 2012 Refinancing Closing Date.

Interest Rates and Fees

The loans under the Revolving Credit Agreement bear interest at Revolving Borrower's election at a rate equal to (i) the rate for deposits in the currency in which the applicable borrowing is denominated in the London interbank market (adjusted for maximum reserves) for the applicable interest period ("Revolving LIBOR Rate"), plus 3.50% per annum, or (ii) the base rate, which is the highest of (x) the corporate base rate established by the administrative agent from time to time, (y) the overnight federal funds rate plus 0.50% and (z) the one-month Revolving LIBOR Rate plus 1.0% per annum, plus, in each case, 2.50% per annum.

If there is a payment default at any time, then the interest rate applicable to overdue principal will be the rate otherwise applicable to such loan plus 2.0% per annum. Default interest will also be payable on other overdue amounts at a rate of 2.0% per annum above the amount that would apply to an alternative base rate loan.

The New Revolving Credit Facility bears a facility fee equal to 0.50%, payable quarterly in arrears, based on the daily commitments during the preceding quarter. The New Revolving Credit Facility bears customary letter of credit fees. Acquisition Corp. is also required to pay certain upfront fees to lenders and agency fees to the agent under the New Revolving Credit Facility, in the amounts and at the times agreed between the relevant parties.

Prepayments

If, at any time, the aggregate amount of outstanding loans (including letters of credit outstanding thereunder) exceeds the Commitments, prepayments of the loans (and after giving effect to such prepayment the cash collateralization of letters of credit) will be required in an amount equal to such excess. The application of proceeds from mandatory prepayments shall not reduce the aggregate amount of then effective commitments under the New Revolving Credit Facility and amounts prepaid may be reborrowed, subject to then effective commitments under the New Revolving Credit Facility.

Voluntary reductions of the unutilized portion of the Commitments and prepayments of borrowings under the New Revolving Credit Facility are permitted at any time, in minimum principal amounts as set forth in the New Revolving Credit Facility, without premium or penalty, subject to reimbursement of the lenders' redeployment costs actually incurred in the case of a prepayment of LIBOR-based borrowings other than on the last day of the relevant interest period.

Ranking

The indebtedness incurred under the New Revolving Credit Facility constitutes senior secured obligations of the Revolving Borrower, which are secured on an equal and ratable basis with all existing and future indebtedness secured with the same security arrangements as the New Revolving Credit Facility. Indebtedness incurred under the New Revolving Credit Facility ranks senior in right of payment to the Revolving Borrower's subordinated indebtedness; ranks equally in right of payment with all of the Revolving Borrower's existing and future senior indebtedness, including indebtedness under the Term Loan Credit Agreement (as defined

below), the New Secured Notes and any future senior secured credit facility; is effectively senior to the Revolving Borrower's unsecured senior indebtedness, including its existing unsecured notes, to the extent of the value of the collateral securing the New Revolving Credit Facility; and is structurally subordinated in right of payment to all existing and future indebtedness and other liabilities of any of the Revolving Borrower's non-guarantor subsidiaries (other than indebtedness and liabilities owed to the Revolving Borrower or one of its Subsidiary Guarantors (as defined below)).

Guarantee

Certain of the domestic subsidiaries of Acquisition Corp. entered into a Subsidiary Guaranty, dated as of the 2012 Refinancing Closing Date (the "Revolving Subsidiary Guaranty"), pursuant to which all obligations under the New Revolving Credit Facility are guaranteed by Acquisition Corp.'s existing subsidiaries that guarantee the New Secured Notes and each other direct and indirect wholly-owned U.S. subsidiary, other than certain excluded subsidiaries (collectively, the "Subsidiary Guarantors").

Covenants, Representations and Warranties

The New Revolving Credit Facility contains customary representations and warranties and customary affirmative and negative covenants. The negative covenants are limited to the following: limitations on dividends on, and redemptions and purchases of, equity interests and other restricted payments, limitations on prepayments, redemptions and repurchases of certain debt, limitations on liens, limitations on loans and investments, limitations on debt, guarantees and hedging arrangements, limitations on mergers, acquisitions and asset sales, limitations on transactions with affiliates, limitations on changes in business conducted by the Revolving Borrower and its subsidiaries, limitations on restrictions on ability of subsidiaries to pay dividends or make distributions and limitations on amendments of subordinated debt and unsecured bonds. The negative covenants are subject to customary and other specified exceptions.

There are no financial covenants included in the Revolving Credit Agreement, other than a springing leverage ratio, which will be tested only when there are loans outstanding under the Revolving Credit Facility in excess of $30,000,000 (excluding (i) letters of credit that have been cash collateralized and (ii) undrawn outstanding letters of credit that have not been cash collateralized not exceeding $20,000,000).

Events of Default

Events of default under the Revolving Credit Agreement are limited to nonpayment of principal, interest or other amounts, violation of covenants, incorrectness of representations and warranties in any material respect, cross default and cross acceleration of certain material debt, bankruptcy, material judgments, ERISA events, actual or asserted invalidities of the Revolving Credit Agreement, guarantees or security documents and a change of control, in each case subject to customary notice and grace period provisions.

Term Loan Facility

On the 2012 Refinancing Closing Date, Acquisition Corp. entered into a credit agreement (the "Term Loan Credit Agreement") for a senior secured term loan credit facility with Credit Suisse AG, as administrative agent, and the other financial institutions and lenders from time to time party thereto (the "Term Loan Facility" and, together with the New Revolving Credit Facility, the "New Senior Credit Facilities").

General

Acquisition Corp. is the borrower (the "Term Loan Borrower") under the Term Loan Facility. The Term Loan Facility provides for term loans thereunder (the "Term Loans") in an amount of up to $600,000,000. The Term Loan Facility also permits the Term Loan Borrower to add one or more incremental term loan facilities of up to $300,000,000 plus a certain amount depending on a senior secured indebtedness to EBITDA ratio included in the Term Loan Facility (subject to the conditions set forth therein).

The Term Loan Facility will mature on November 1, 2018.

Interest Rates and Fees

The loans under the Term Loan Credit Agreement bear interest at Term Loan Borrower's election at a rate equal to (i) the rate for deposits in U.S. dollars in the London interbank market (adjusted for maximum reserves) for the applicable interest period ("Term Loan LIBOR Rate"), plus 4.00% per annum, or (ii) the base rate, which is the highest of (x) the corporate base rate established by the administrative agent from time to time, (y) the overnight federal funds rate plus 0.50% and (z) the one-month Term Loan LIBOR Rate plus 1.0% per annum, plus, in each case, 3.00% per annum. The Term Loan LIBOR Rate shall be deemed to be not less than 1.25%.

If there is a payment default at any time, then the interest rate applicable to overdue principal and interest will be the rate otherwise applicable to such loan plus 2.0% per annum. Default interest will also be payable on other overdue amounts at a rate of 2.0% per annum above the amount that would apply to an alternative base rate loan.

Customary fees will be payable in respect of the Term Loan Facility.

Scheduled Amortization

The Term Loans under the Term Loan Facility will amortize in equal quarterly installments in aggregate annual amounts equal to 5.00% of the original principal amount of the Term Loan Facility with the balance payable on maturity date of the Term Loans; provided further that the individual applicable lenders may agree to extend the maturity of their Term Loans upon the Term Loan Borrower's request and without the consent of any other applicable lender. The first quarterly installment will be due March 31, 2013.

Prepayments

The Term Loans may be prepaid without premium or penalty, except that, if such Term Loans are prepaid on or prior to the first anniversary of the 2012 Refinancing Closing Date pursuant to a Repricing Transaction (as defined in the Term Loan Credit Agreement), a 1.00% prepayment premium will apply.

Subject to certain exceptions, the Term Loan Facility will be subject to mandatory prepayment in an amount equal to:

(i) 100% of the net proceeds (other than those that are used to purchase certain assets or to repay certain other indebtedness) of certain asset sales and certain insurance recovery events;

(ii) 100% of the net proceeds (other than those that are used to repay certain other indebtedness) of indebtedness for borrowed money (other than indebtedness incurred in compliance with the debt covenant of the Term Loan Facility); and

(iii) 50% of the annual excess cash flow for any fiscal year (as reduced by the repayment of certain indebtedness), such percentage to decrease to 25% and 0% depending on the attainment of certain senior secured debt to EBITDA ratio targets.

In addition, in the event of certain events that constitute a Change of Control (as defined in the Term Loan Credit Agreement), Acquisition Corp. may offer to prepay the Term Loans at a price equal to 100% of their principal amount, plus accrued and unpaid interest, if any, to the repayment date.

Ranking

The indebtedness incurred under the Term Loan Facility constitutes senior secured obligations of the Term Loan Borrower, which are secured on an equal and ratable basis with all existing and future indebtedness secured with the same security arrangements as the Term Loan Facility. Indebtedness incurred under the Term Loan Facility ranks senior in right of payment to the Term Loan Borrower's subordinated indebtedness; ranks equally in right of payment with all of the Term Loan Borrower's existing and future senior indebtedness, including indebtedness under the New Revolving Credit Agreement, the New Secured Notes and any future senior secured credit facility; is effectively senior to the Term Loan Borrower's unsecured senior indebtedness, including its existing unsecured notes, to the extent of the value of the collateral securing the Term Loan Facility; and is structurally subordinated in right of payment to all existing and future indebtedness and other liabilities of any of the Term Loan Borrower's non-guarantor subsidiaries (other than indebtedness and liabilities owed to the Term Loan Borrower or one of its Subsidiary Guarantors).

Guarantee

The Subsidiary Guarantors entered into a Guarantee Agreement, dated as of the 2012 Refinancing Closing Date (the "Term Loan Guarantee Agreement"), pursuant to which all obligations under the Term Loan Facility are guaranteed by the Subsidiary Guarantors.

Covenants, Representations and Warranties

The Term Loan Facility contains customary representations and warranties and customary affirmative and negative covenants. The Term Loan Facility contains negative covenants limiting, among other things, Acquisition Corp.'s ability and the ability of most of its subsidiaries to: incur additional indebtedness or issue certain preferred shares; pay dividends on or make distributions in respect of its capital stock or make investments or other restricted payments; create restrictions on the ability of its restricted subsidiaries to pay dividends to it or make certain other intercompany transfers; sell certain assets; create liens; consolidate, merge, sell or otherwise dispose of all or substantially all of its assets; repurchase or repay certain indebtedness following a change of control; and enter into certain transactions with its affiliates.

Events of Default

Events of default under the Term Loan Credit Agreement are limited to nonpayment of principal, interest or other amounts, violation of covenants, incorrectness of representations and warranties in any material respect, cross default and cross acceleration of certain material debt, bankruptcy, material judgments, ERISA events, actual or asserted invalidities of the security documents and a

change of control (subject to the Term Loan Borrower's ability to make an offer to prepay the Term Loans), in each case subject to customary notice and grace period provisions.

New Secured Notes

On the 2012 Refinancing Closing Date, Acquisition Corp. issued (i) $500 million in aggregate principal amount of its 6.000% Senior Secured Notes due 2021 (the "Dollar Notes") and (ii) €175 million in aggregate principal amount of its 6.250% Senior Secured Notes due 2021 (the "Euro Notes" and, together with the Dollar Notes, the "New Secured Notes" or the "Notes") under the Indenture, dated as of November 1, 2012 (the "Base Indenture"), among the Issuer, the guarantors party thereto, Credit Suisse AG, as Notes Authorized Agent and Collateral Agent and Wells Fargo Bank, National Association, as Trustee (the "Trustee"), as supplemented by the First Supplemental Indenture, dated as of November 1, 2012 (the "Euro Supplemental Indenture"), among Acquisition Corp., the guarantors party thereto and the Trustee, in the case of the Euro Notes, and the Second Supplemental Indenture, dated as of November 1, 2012, among the Issuer, the guarantors party thereto and the Trustee, in the case of the Dollar Notes (the "Dollar Supplemental Indenture" and, the Base Indenture, together with the Euro Supplemental Indenture or the Dollar Supplemental Indenture, as applicable, the "Indenture").

Interest on the Dollar Notes will accrue at the rate of 6.000% per annum and will be payable semi-annually in arrears on January 15 and July 15, commencing on July 15, 2013.

Interest on the Euro Notes will accrue at the rate of 6.250% per annum and will be payable semi-annually in arrears on January 15 and July 15, commencing on July 15, 2013.

Ranking

The Notes are Acquisition Corp.'s senior secured obligations and are secured on an equal and ratable basis with all existing and future indebtedness secured with the same security arrangements as the Notes. The Notes rank senior in right of payment to the Issuer's subordinated indebtedness; rank equally in right of payment with all of the Issuer's existing and future senior indebtedness, including indebtedness under the New Senior Credit Facilities and any future senior secured credit facility; are effectively senior to the Issuer's unsecured senior indebtedness, including its existing unsecured notes, to the extent of the value of the collateral securing the Notes; and are structurally subordinated in right of payment to all existing and future indebtedness and other liabilities of any of the Issuer's non-guarantor subsidiaries (other than indebtedness and liabilities owed to Acquisition Corp. or one of its subsidiary guarantors (as such term is defined below)).

Guarantees

The Notes are fully and unconditionally guaranteed on a senior secured basis by each of the Issuer's existing direct or indirect wholly-owned domestic restricted subsidiaries and by any such subsidiaries that guarantee obligations of the Issuer under the New Senior Credit Facilities, subject to customary exceptions. Such subsidiary guarantors are collectively referred to herein as the "subsidiary guarantors," and such subsidiary guarantees are collectively referred to herein as the "subsidiary guarantees." Each subsidiary guarantee is a senior secured obligation of such subsidiary guarantor and is secured on an equal and ratable basis with all existing and future obligations of such subsidiary guarantor that are secured with the same security arrangements as the guarantee of the Notes (including the subsidiary guarantor's guarantee of obligations under the New Senior Credit Facilities). Each subsidiary guarantee ranks senior in right of payment to all subordinated obligations of the subsidiary guarantor; is effectively senior to the subsidiary guarantor's existing unsecured obligations, including the subsidiary guarantor's guarantee of Acquisition Corp.'s existing senior unsecured notes, to the extent of the collateral securing such guarantee; ranks equally in right of payment with all of the subsidiary guarantor's existing and future senior obligations, including the subsidiary guarantor's guarantee of obligations under the New Senior Credit Facilities; and is structurally subordinated in right of payment to all existing and future indebtedness and other liabilities of any non-guarantor subsidiary of the subsidiary guarantor (other than indebtedness and liabilities owed to the Issuer or one of its subsidiary guarantors). Any subsidiary guarantee of the Notes may be released in certain circumstances.

Optional Redemption

Dollar Notes

At any time prior to January 15, 2016, Acquisition Corp. may on any one or more occasions redeem up to 40% of the aggregate principal amount of Dollar Notes (including the aggregate principal amount of any additional securities constituting Dollar Notes) issued under the Indenture, at its option, at a redemption price equal to 106.000% of the principal amount of the Dollar Notes redeemed, plus accrued and unpaid interest thereon, if any, to the date of redemption (subject to the rights of holders of Dollar Notes on the relevant record date to receive interest on the relevant interest payment date), with funds in an aggregate amount not exceeding the net cash proceeds of one or more equity offerings by Acquisition Corp. or any contribution to Acquisition Corp.'s common equity capital made with the net cash proceeds of one or more equity offerings by Acquisition Corp.'s direct or indirect parent; *provided* that:

(1) at least 50% of the aggregate principal amount of Dollar Notes originally issued under the Indenture (including the aggregate principal amount of any additional securities constituting Dollar Notes issued under the Indenture) remains outstanding immediately after the occurrence of such redemption; and

(2) the redemption occurs within 90 days of the date of, and may be conditioned upon, the closing of such equity offering.

The Dollar Notes may be redeemed, in whole or in part, at any time prior to January 15, 2016, at the option of Acquisition Corp., at a redemption price equal to 100% of the principal amount of the Dollar Notes redeemed plus the applicable make-whole premium as of, and accrued and unpaid interest thereon, 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).

On or after January 15, 2016, Acquisition Corp. may redeem all or a part of the Dollar Notes, at its option, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest thereon, if any, on the Dollar Notes to be redeemed to the applicable redemption date, if redeemed during the twelve-month period beginning on January 15 of the years indicated below:

Year	Percentage
2016	104.500%
2017	103.000%
2018	101.500%
2019 and thereafter	100.000%

In addition, during any 12-month period prior to January 15, 2016, Acquisition Corp. will be entitled to redeem up to 10% of the original aggregate principal amount of the Dollar Notes (including the principal amount of any additional securities of the same series) at a redemption price equal to 103.000% of the aggregate principal amount thereof, plus accrued and unpaid interest thereon, if any, to the 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).

Euro Notes

At any time prior to January 15, 2016, Acquisition Corp. may on any one or more occasions redeem up to 40% of the aggregate principal amount of Euro Notes (including the aggregate principal amount of any additional securities constituting Euro Notes) issued under the Indenture, at its option, at a redemption price equal to 106.250% of the principal amount of the Euro Notes redeemed, plus accrued and unpaid interest thereon, if any, to the date of redemption (subject to the rights of holders of Euro Notes on the relevant record date to receive interest on the relevant interest payment date), with funds in an aggregate amount not exceeding the net cash proceeds of one or more equity offerings by Acquisition Corp. or any contribution to Acquisition Corp.'s common equity capital made with the net cash proceeds of one or more equity offerings by Acquisition Corp.'s direct or indirect parent; *provided* that:

(1) at least 50% of the aggregate principal amount of Euro Notes originally issued under the Indenture (including the aggregate principal amount of any additional securities constituting Euro Notes) remains outstanding immediately after the occurrence of such redemption; and

(2) the redemption occurs within 90 days of the date of, and may be conditioned upon, the closing of such equity offering.

The Euro Notes may be redeemed, in whole or in part, at any time prior to January 15, 2016, at the option of the Issuer, at a redemption price equal to 100% of the principal amount of the Euro Notes redeemed plus the applicable make-whole premium as of, and accrued and unpaid interest thereon, 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).

On or after January 15, 2016, Acquisition Corp. may redeem all or a part of the Euro Notes, at its option, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest thereon, if any, on the Euro

Notes to be redeemed to the applicable redemption date, if redeemed during the twelve-month period beginning on January 15 of the years indicated below:

Year	Percentage
2016	104.688%
2017	103.125%
2018	101.563%
2019 and thereafter	100.000%

In addition, during any 12-month period prior to January 15, 2016, Acquisition Corp. will be entitled to redeem up to 10% of the original aggregate principal amount of the Euro Notes (including the principal amount of any additional securities of the same series) at a redemption price equal to 103.000% of the aggregate principal amount thereof, plus accrued and unpaid interest thereon, if any, to the 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).

Change of Control

Upon the occurrence of a change of control, which is defined in the Base Indenture, each holder of the Notes has the right to require Acquisition Corp. to repurchase some or all of such holder's Notes at a purchase price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the repurchase date.

Covenants

The Indenture contains covenants limiting, among other things, Acquisition Corp.'s ability and the ability of most of its subsidiaries to: incur additional indebtedness or issue certain preferred shares; pay dividends on or make distributions in respect of its capital stock or make investments or other restricted payments; create restrictions on the ability of its restricted subsidiaries to pay dividends to it or make certain other intercompany transfers; sell certain assets; create liens; consolidate, merge, sell or otherwise dispose of all or substantially all of its assets; and enter into certain transactions with its affiliates.

Events of Default

The Indenture also provides for events of default which, if any of them occurs, would permit or require the principal of and accrued interest on Notes to become or to be declared due and payable.

Unsecured WMG Notes

On the Merger Closing Date, the Initial OpCo Issuer issued $765 million aggregate principal amount of the Unsecured WMG Notes pursuant to the Indenture, dated as of the Merger Closing Date (as amended and supplemented, the "Unsecured WMG Notes Indenture"), between the Initial OpCo Issuer and Wells Fargo Bank, National Association as trustee (the "Trustee"). Following the completion of the OpCo Merger on the Merger Closing Date, Acquisition Corp. and certain of its domestic subsidiaries (the "Guarantors") entered into a Supplemental Indenture, dated as of the Merger Closing Date (the "Unsecured WMG Notes First Supplemental Indenture"), with the Trustee, pursuant to which (i) Acquisition Corp. became a party to the indenture and assumed the obligations of the Initial OpCo Issuer under the Unsecured WMG Notes and (ii) each Guarantor became a party to the Unsecured WMG Notes Indenture and provided an unconditional guarantee of the obligations of Acquisition Corp. under the Unsecured WMG Notes.

The Unsecured WMG Notes were issued at 97.673% of their face value for total net proceeds of $747 million, with an effective interest rate of 12%. The original issue discount (OID) was $17 million. The OID is the difference between the stated principal amount and the issue price. The OID will be amortized over the term of the Unsecured WMG Notes using the effective interest rate method and reported as non-cash interest expense. The Unsecured WMG Notes mature on October 1, 2018 and bear interest payable semi-annually on April 1 and October 1 of each year at fixed rate of 11.50% per annum.

Ranking

The Unsecured WMG Notes are Acquisition Corp.'s general unsecured senior obligations. The Unsecured WMG Notes rank senior in right of payment to Acquisition Corp.'s existing and future subordinated indebtedness; rank equally in right of payment with all of Acquisition Corp.'s existing and future senior indebtedness, including the New Secured Notes and indebtedness under the New Senior Credit Facilities are effectively subordinated to all of Acquisition Corp.'s existing and future secured indebtedness, including the New Secured Notes and indebtedness under the New Senior Credit Facilities, to the extent of the assets securing such indebtedness; and are structurally subordinated to all existing and future indebtedness and other liabilities of any of Acquisition Corp.'s non-guarantor subsidiaries (other than indebtedness and liabilities owed to Acquisition Corp. or one of its subsidiary guarantors (as such term is defined below)), to the extent of the assets of such subsidiaries.

Guarantees

The Unsecured WMG Notes are fully and unconditionally guaranteed on a senior unsecured basis by each of Acquisition Corp.'s existing direct or indirect wholly owned domestic subsidiaries, except for certain excluded subsidiaries, and by any such subsidiaries that guarantee other indebtedness of Acquisition Corp. in the future. Such subsidiary guarantors are collectively referred to herein as the "subsidiary guarantors," and such subsidiary guarantees are collectively referred to herein as the "subsidiary guarantees." Each subsidiary guarantee ranks senior in right of payment to all existing and future subordinated obligations of such subsidiary guarantor; ranks equally in right of payment with all of such subsidiary guarantor's existing and future senior indebtedness, including such subsidiary guarantor's guarantee of the Existing Secured Notes, indebtedness under the Revolving Credit Facility and the Secured WMG Notes; is effectively subordinated to all of such subsidiary guarantor's existing and future secured indebtedness, including such subsidiary guarantor's guarantee of the Existing Secured Notes, indebtedness under the Revolving Credit Facility and the Secured WMG Notes, to the extent of the assets securing such indebtedness; and is structurally subordinated to all existing and future indebtedness and other liabilities of any non-guarantor subsidiary of such subsidiary guarantor (other than indebtedness and liabilities owed to Acquisition Corp. or one of its subsidiary guarantors), to the extent of the assets of such subsidiary. Any subsidiary guarantee of the Unsecured WMG Notes may be released in certain circumstances. The Unsecured WMG Notes are not guaranteed by Holdings.

Optional Redemption

Acquisition Corp. may redeem the Unsecured WMG Notes, in whole or in part, at any time prior to October 1, 2014, at a price equal to 100% of the principal amount thereof, plus the applicable make-whole premium and accrued and unpaid interest and special interest, if any, on the Unsecured WMG Notes to be redeemed to the applicable redemption date. On or after October 1, 2014, Acquisition Corp. may redeem all or a part of the Unsecured WMG Notes, at its option, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest and special interest, if any, on the Unsecured WMG Notes to be redeemed to the applicable redemption date, if redeemed during the twelve-month period beginning on October 1 of the years indicated below:

Year	Percentage
2014	108.625%
2015	105.750%
2016	102.875%
2017 and thereafter	100.000%

In addition, at any time (which may be more than once) before October 1, 2014, Acquisition Corp. may redeem up to 35% of the aggregate principal amount of the Unsecured WMG Notes with the net cash proceeds of certain equity offerings at a redemption price of 111.50%, plus accrued and unpaid interest and special interest, if any, to the applicable redemption date; provided that: (1) at least 50% of the aggregate principal amount of Unsecured WMG Notes originally issued under the Unsecured WMG Notes Indenture remains outstanding immediately after the occurrence of such redemption; and (2) the redemption occurs within 90 days of the date of, and may be conditioned upon, the closing of such equity offering.

Change of Control

Upon the occurrence of certain events constituting a change of control, Acquisition Corp. is required to make an offer to repurchase all of Unsecured WMG Notes (unless otherwise redeemed) at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest and special interest, if any to the repurchase date.

Covenants

The Unsecured WMG Notes Indenture contains covenants that, among other things, limit Acquisition Corp.'s ability and the ability of most of its subsidiaries to: incur additional debt or issue certain preferred shares; pay dividends on or make distributions in respect of its capital stock or make investments or other restricted payments; create restrictions on the ability of its restricted subsidiaries to pay dividends to Acquisition Corp. or make certain other intercompany transfers; sell certain assets; create liens securing certain debt; consolidate, merge, sell or otherwise dispose of all or substantially all of its assets.

Events of Default

Events of default under the Unsecured WMG Notes Indenture are limited to: the nonpayment of principal or interest when due, violation of covenants and other agreements contained in the Unsecured WMG Notes Indenture, cross payment default after final maturity and cross acceleration of certain material debt, certain bankruptcy and insolvency events, material judgment defaults, and actual or asserted invalidity of a guarantee of a significant subsidiary subject to customary notice and grace period provisions. The occurrence of an event of default would permit or require the principal of and accrued interest on the Unsecured WMG Notes to become or to be declared due and payable.

Consents

On October 22, 2012, we commenced consent solicitations (the "Consent Solicitation") relating to the outstanding Unsecured WMG Notes and the Holdings Notes. We entered into supplemental indentures to the indentures governing the Unsecured WMG Notes and the Holdings Notes, as applicable, after the requisite consents with respect to the applicable consent solicitations were received. The supplemental indentures amended the applicable indentures to permit us to incur additional secured indebtedness under certain circumstances.

Holdings Notes

On the Merger Closing Date, the Initial Holdings Issuer issued $150 million aggregate principal amount of the Holdings Notes pursuant to the Indenture, dated as of the Closing Date (as amended and supplemented, the "Holdings Notes Indenture"), between the Initial Holdings Issuer and Wells Fargo Bank, National Association as Trustee (the "Trustee"). Following the completion of the Holdings Merger on the Closing Date, Holdings entered into a Supplemental Indenture, dated as of the Closing Date (the "Holdings Notes First Supplemental Indenture"), with the Trustee, pursuant to which Holdings became a party to the Indenture and assumed the obligations of the Initial Holdings Issuer under the Holdings Notes.

The Holdings Notes were issued at 100% of their face value. The Holdings Notes mature on October 1, 2019 and bear interest payable semi-annually on April 1 and October 1 of each year at fixed rate of 13.75% per annum.

Ranking

The Holdings Notes are Holdings' general unsecured senior obligations. The Holdings Notes rank senior in right of payment to Holdings' existing and future subordinated indebtedness; rank equally in right of payment with all of Holdings' existing and future senior indebtedness; are effectively subordinated to the Existing Secured Notes, the indebtedness under the Revolving Credit Facility, and the Secured WMG Notes, to the extent of assets of Holdings securing such indebtedness; are effectively subordinated to all of Holdings' existing and future secured indebtedness, to the extent of the assets securing such indebtedness; and are structurally subordinated to all existing and future indebtedness and other liabilities of any of Holdings' non-guarantor subsidiaries (other than indebtedness and liabilities owed to Acquisition Corp. or one of its subsidiary guarantors (as such term is defined below)), Existing Secured Notes, the indebtedness under the Revolving Credit Facility, the Secured WMG Notes, and the Unsecured WMG Notes, to the extent of the assets of such subsidiaries.

Guarantee

The Holdings Notes are not guaranteed by any of its subsidiaries.

Optional Redemption

Holdings may redeem the Holdings Notes, in whole or in part, at any time prior to October 1, 2015, at a price equal to 100% of the principal amount thereof, plus the applicable make-whole premium and accrued and unpaid interest and special interest, if any, on the Secured WMG Notes to be redeemed to the applicable redemption date.

On or after October 1, 2015, Holdings may redeem all or a part of the Holdings Notes, at its option, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest and special interest, if any, on the Holdings Notes to be redeemed to the applicable redemption date, if redeemed during the twelve-month period beginning on October 1 of the years indicated below:

Year	Percentage
2015	106.875%
2016	103.438%
2017 and thereafter	100.000%

In addition, at any time (which may be more than once) before October 1, 2015, Holdings may redeem up to 35% of the aggregate principal amount of the Holdings Notes with the net cash proceeds of certain equity offerings at a redemption price of 113.75%, plus accrued and unpaid interest and special interest, if any, to the applicable redemption date; provided that: (1) at least 50% of the aggregate principal amount of Holdings Notes originally issued under the Holdings Notes Indenture remains outstanding immediately after the occurrence of such redemption; and (2) the redemption occurs within 90 days of the date of, and may be conditioned upon, the closing of such equity offering.

Change of Control

Upon the occurrence of certain events constituting a change of control, Holdings is required to make an offer to repurchase all of the Holdings Notes (unless otherwise redeemed) at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any to the repurchase date.

Covenants

The Holdings Notes Indenture contains covenants that, among other things, limit Holdings' ability and the ability of most of its subsidiaries to: incur additional debt or issue certain preferred shares; create liens securing certain debt; pay dividends on or make distributions in respect of its capital stock or make investments or other restricted payments; create restrictions on the ability of its restricted subsidiaries to pay dividends to Holdings or make certain other intercompany transfers; sell certain assets; consolidate, merge, sell or otherwise dispose of all or substantially all of its assets; and enter into certain transactions with affiliates.

Events of Default

Events of default under the Holdings Notes Indenture are limited to: the nonpayment of principal or interest when due, violation of covenants and other agreements contained in the Holdings Notes Indenture, cross payment default after final maturity and cross acceleration of certain material debt, certain bankruptcy and insolvency events, and material judgment defaults, subject to customary notice and grace period provisions. The occurrence of an event of default would permit or require the principal of and accrued interest on the Holdings Notes to become or to be declared due and payable.

Consents

On October 22, 2012, we commenced the Consent Solicitation. We entered into supplemental indentures to the indentures governing the Unsecured WMG Notes and the Holdings Notes, as applicable, after the requisite consents with respect to the applicable consent solicitations were received. The supplemental indentures amended the applicable indentures to permit us to incur additional secured indebtedness under certain circumstances.

Guarantees

Guarantee of Holdings Notes

On August 2, 2011, the Company issued a guarantee whereby it agreed to fully and unconditionally guarantee (the "Holdings Notes Guarantee"), on a senior unsecured basis, the payments of Holdings on the Holdings Notes.

Guarantee of Acquisition Corp. Notes

On December 8, 2011, the Company issued a guarantee whereby it agreed to fully and unconditionally guarantee (the "Acquisition Corp. Notes Guarantee"), on a senior unsecured basis, the payments of Acquisition Corp. on the Unsecured WMG Notes.

Guarantee of New Secured Notes

On November 16, 2012, the Company issued a guarantee whereby it agreed to fully and unconditionally guarantee (the "New Secured Notes Guarantee"), on a senior secured basis, the payments of Acquisition Corp. on the New Secured Notes.

Covenant Compliance

See "Liquidity" above for a description of the covenants governing our indebtedness.

Our New Revolving Credit Facility contains a springing leverage ratio that is tied to a ratio based on Consolidated EBITDA, which is defined under the Credit Agreement governing the New Revolving Credit Facility. Consolidated EBITDA differs from the term "EBITDA" as it is commonly used. For example, the definition of Consolidated EBITDA, in addition to adjusting net income to exclude interest expense, income taxes, and depreciation and amortization, also adjusts net income by excluding items or expenses not typically excluded in the calculation of "EBITDA" such as, among other items, (1) the amount of any restructuring charges or reserves; (2) any non-cash charges (including any impairment charges); (3) any net loss resulting from hedging currency exchange risks; (4) the amount of management, monitoring, consulting and advisory fees paid to Access under the management agreement (as defined in the Credit Agreement); (5) business optimization expenses (including consolidation initiatives, severance costs and other costs relating to initiatives aimed at profitability improvement) and (6) stock-based compensation expense and also includes an add-back for certain projected cost savings and synergies.

The indentures governing our notes and our Term Loan Credit Agreement use similar financial measures called "Consolidated EBITDA" or "EBITDA." However, the financial measures used in the indentures governing the notes and our Term Loan Credit Agreement may differ from Consolidated EBITDA as presented herein. Consolidated EBITDA may include differences or

additional adjustments not included in EBITDA as defined in the indentures or the Term Loan Credit Agreement, that may cause calculations under such definitions EBITDA and Consolidated EBITDA, as presented herein, to differ.

Consolidated EBITDA is presented herein because it is a material component of the leverage ratio contained in our Revolving Credit Agreement. Non-compliance with the leverage ratio could result in the inability to use our New Revolving Credit Facility which could have a material adverse effect on our results of operations, financial position and cash flow. Consolidated EBITDA does not represent net income or cash flow from operations as those terms are defined by GAAP and does not necessarily indicate whether cash flows will be sufficient to fund cash needs. While Consolidated EBITDA and similar measures are frequently used as measures of operations and the ability to meet debt service requirements, these terms are not necessarily comparable to other similarly titled captions of other companies due to the potential inconsistencies in the method of calculation. Consolidated EBITDA does not reflect the impact of earnings or charges resulting from matters that we may consider not to be indicative of our ongoing operations. In particular, the definition of Consolidated EBITDA in the Revolving Credit Agreement allows us to add back certain non-cash, extraordinary, unusual or non-recurring charges that are deducted in calculating net income. However, these are expenses that may recur, vary greatly and are difficult to predict.

Consolidated EBITDA as presented below is not a measure of the performance of our business and should not be used by investors as an indicator of performance for any future period. Further, our debt instruments require that it be calculated for the most recent four fiscal quarters. As a result, the measure can be disproportionately affected by a particularly strong or weak quarter. Further, it may not be comparable to the measure for any subsequent four-quarter period or any complete fiscal year.

The following is a reconciliation of net income (loss), which is a GAAP measure of our operating results, to Consolidated EBITDA as defined, and the calculation of the Consolidated Funded Indebtedness to Consolidated EBITDA ratio, which we refer to as the leverage ratio, under our Revolving Credit Agreement for the most recently ended four fiscal quarters ended December 31, 2012. The terms and related calculations are defined in the Revolving Credit Agreement. All amounts in the reconciliation below reflect WMG Acquisition Corp. (in millions, except ratios):

	Twelve Months Ended December 31, 2012
Net Loss	**$ (144)**
Income tax expense	(16)
Interest expense, net	197
Depreciation and amortization	244
Restructuring costs (a)	43
Net hedging and foreign exchange losses (b)	6
Management fees (c)	8
Transaction costs (d)	12
Business optimization expenses (e)	8
Proforma savings (f)	19
Loss on extinguishment of debt (g)	83
Consolidated EBITDA	**$ 460**
Consolidated Funded Indebtedness, less cash (h)	**$ 1,967**
Leverage Ratio (i)	**4.28x**

(a) Reflects severance costs and other restructuring related expenses.
(b) Reflects net losses from hedging activities and realized losses due to foreign exchange.
(c) Reflects management fees paid to Access, including an annual fee and related expenses (excludes expenses reimbursed related to certain consultants with full-time roles at the Company).
(d) Reflects costs mainly related to the Company's participation in the EMI sales process, including the subsequent regulatory review.
(e) Reflects primarily costs associated with IT systems updates.
(f) Reflects net cost savings and synergies projected to result from actions taken or expected to be taken no later than twelve (12) months after the end of such period (calculated on a pro forma basis as though such cost savings and synergies had been realized on the first day of the period for which Consolidated EBITDA is being determined), net of the amount of actual benefits realized during such period from such actions during the twelve months ended December 31, 2012. Pro forma savings reflected in the table above reflect a portion of the previously announced additional targeted savings of $50-$65 million following the Merger as well as other cost savings and synergies.
(g) Reflects loss incurred on the early extinguishment of our debt incurred as part of the November 2012 refinancing.

(h) Reflects the principal balance of external debt at Acquisition Corp of $2.1 billion, as well as the annualized daily revolver borrowings of $3 million, contractual obligations of deferred purchase price of approximately $2 million and contingent consideration related to acquisitions of approximately $16 million as of December 31, 2012 less the amount of cash and cash equivalents of the Company as of December 31, 2012 not exceeding $150 million.

(i) Reflects the ratio of Consolidated Funded Indebtedness, less the amount of cash and cash equivalents of the Company as of December 31, 2012 not exceeding $150 million, to Consolidated EBITDA as of the twelve months ended December 31, 2012. If the outstanding aggregate principal amount of borrowings under our New Revolving Credit Facility is greater than $30 million at the end of a fiscal quarter, the maximum leverage ratio permitted under our New Revolving Credit Facility is 6.00x as of the end of any fiscal quarter in fiscal 2013.

Summary

Management believes that funds generated from our operations and borrowings under our Revolving Credit Facility will be sufficient to fund our debt service requirements, working capital requirements and capital expenditure requirements for the foreseeable future. We also have additional borrowing capacity under our indentures and Term Loan Facility. However, our ability to continue to fund these items and to reduce debt may be affected by general economic, financial, competitive, legislative and regulatory factors, as well as other industry-specific factors such as the ability to control music piracy and the continued industry-wide decline of CD sales. We or any of our affiliates may also, from time to time depending on market conditions and prices, contractual restrictions, our financial liquidity and other factors, seek to prepay outstanding debt or repurchase our Holdings Notes, our New Secured Notes, or our Unsecured WMG Notes in open market purchases, privately negotiated purchases or otherwise. The amounts involved in any such transactions, individually or in the aggregate, may be material and may be funded from available cash or from additional borrowings. In addition, we may from time to time, depending on market conditions and prices, contractual restrictions, our financial liquidity and other factors, seek to refinance our New Senior Credit Facilities, Holdings Notes, New Secured Notes, or Unsecured WMG Notes with existing cash and/or with funds provided from additional borrowings.

Iran Sanctions Related Disclosure

Under the Iran Threat Reduction and Syrian Human Rights Act of 2012 (the "Act") which added Section 13(r) of the Exchange Act, we are required to include certain disclosures in our periodic reports if we or any of our "affiliates" (as defined in Rule 12b-2 under the Exchange Act) knowingly engage in certain specified activities during the period covered by the report. Because the SEC defines the term "affiliate" broadly, it includes any entity controlled by us as well as any person or entity that controls us or is under common control with us ("control" is also construed broadly by the SEC). Our affiliate and controlling stockholder, Access Industries, Inc. ("Access"), has informed us that LyondellBasell Industries N.V. ("Lyondell"), a Dutch company affiliated with Access, included the disclosure reproduced below in its Annual Report on Form 10-K as filed with the SEC on February 12, 2013 as required by Section 219 of the Act and Section 13(r) of the Exchange Act (the "Lyondell Disclosure"). We have no involvement in or control over the activities of Lyondell, any of its predecessor companies or any of its subsidiaries, and we have not independently verified or participated in the preparation of the Lyondell Disclosure.

"Certain non-U.S. subsidiaries of our predecessor, LyondellBasell AF, licensed processes to construct and operate manufacturing plants in Iran that produce polyolefin plastic material, which is used in the packaging of household and consumer goods. The subsidiaries also provided engineering support and supplied catalyst products to be used in these manufacturing operations. In 2009, the Company made the decision to suspend the pursuit of any new business dealings in Iran. As previously disclosed by the Company, in 2010, our management made the further decision to terminate all business by the Company and its direct and indirect subsidiaries with the government, entities and individuals in Iran. The termination was made in accordance with all applicable laws and with the knowledge of U.S. Government authorities. As part of the termination, we entered into negotiations with Iranian counterparties in order to exit our contractual obligations. As described below, two transactions occurred under settlement agreements in early 2012, although the agreements to cease our activities with these counterparties were entered into in 2011. In January 2012, one of our non-U.S. subsidiaries received a final payment of approximately €3.5 million for a shipment of catalyst from an entity that is 50% owned by the National Petrochemical Company of Iran. Our shipment of the catalyst was in February 2012 as part of the agreement related to our termination and cessation of all business under agreements with the counterparty. In 2012, the gross revenue from this limited activity was approximately, €4.2 million and profit attributable to it was approximately, €2.4 million. In January and February of 2012, one of the Company's non-U.S. subsidiaries provided certain engineering documents relating to a polyolefin plastic process to a licensee comprising three Iranian companies, one of which is 20% owned by the National Oil Company of Iran. The provision of documents was the Company's final act with respect to the termination and cessation of all business under agreements with the counterparties. No gross revenue or profit was attributable to this activity in 2012. The transactions disclosed in this report do not constitute violations of applicable anti-money laundering laws or sanctions laws administered by the U.S. Department of the Treasury, Office of Foreign Assets Control (OFAC), and are not the subject of any enforcement actions under the Iran sanction laws. We have not conducted, and do not intend to conduct, any further business activities in Iran or with Iranian counterparties."

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As discussed in Note 14 to our audited consolidated financial statements for the twelve months ended September 30, 2012, we are exposed to market risk arising from changes in market rates and prices, including movements in foreign currency exchange rates and interest rates. As of December 31, 2012, other than as described below, there have been no material changes to the Company's exposure to market risk since September 30, 2012.

We have transactional exposure to changes in foreign currency exchange rates relative to the U.S. dollar due to the global scope of our operations. We use foreign exchange contracts, primarily to hedge the risk that unremitted or future royalties and license fees owed to our domestic companies for the sale, or anticipated sale, of U.S.-copyrighted products abroad may be adversely affected by changes in foreign currency exchange rates. We focus on managing the level of exposure to the risk of foreign currency exchange rate fluctuations on our major currencies, which include the British pound sterling, euro, Japanese yen, Canadian dollar, Swedish krona and Australian dollar. As of December 31, 2012, the Company had outstanding hedge contracts for the sale of $357 million and the purchase of $260 million of foreign currencies at fixed rates. Subsequent to December 31, 2012, certain of our foreign exchange contracts expired and were renewed with new foreign exchange contracts with similar features.

The fair value of foreign exchange contracts is subject to changes in foreign currency exchange rates. For the purpose of assessing the specific risks, we use a sensitivity analysis to determine the effects that market risk exposures may have on the fair value of our financial instruments. For foreign exchange forward contracts outstanding at December 31, 2012, assuming a hypothetical 10% depreciation of the U.S dollar against foreign currencies from prevailing foreign currency exchange rates and assuming no change in interest rates, the fair value of the foreign exchange forward contracts would have decreased by $10 million. Because our foreign exchange contracts are entered into for hedging purposes, these losses would be largely offset by gains on the underlying transactions.

ITEM 4. CONTROLS AND PROCEDURES

Certification

The certifications of the principal executive officer and the principal financial officer (or persons performing similar functions) required by Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended (the "Certifications") are filed as exhibits to this report. This section of the report

contains the information concerning the evaluation of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) ("Disclosure Controls") and changes to internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) ("Internal Controls") referred to in the Certifications and this information should be read in conjunction with the Certifications for a more complete understanding of the topics presented.

Introduction

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

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

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

Evaluation of Disclosure Controls and Procedures

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

Changes in Internal Control over Financial Reporting

There have been no changes in our Internal Controls over financial reporting or other factors during the quarter ended December 31, 2012 that have materially affected, or are reasonably likely to materially affect, our Internal Controls.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Pricing of Digital Music Downloads

On December 20, 2005 and February 3, 2006, the Attorney General of the State of New York served us with requests for information in connection with an industry-wide investigation as to the pricing of digital music downloads. On February 28, 2006, the Antitrust Division of the U.S. Department of Justice served us with a Civil Investigative Demand, also seeking information relating to the pricing of digitally downloaded music. Both investigations were ultimately closed, but subsequent to the announcements of the investigations, more than thirty putative class action lawsuits were filed concerning the pricing of digital music downloads. The lawsuits were consolidated in the Southern District of New York. The consolidated amended complaint, filed on April 13, 2007, alleges conspiracy among record companies to delay the release of their content for digital distribution, inflate their pricing of CDs and fix prices for digital downloads. The complaint seeks unspecified compensatory, statutory and treble damages. On October 9, 2008, the District Court issued an order dismissing the case as to all defendants, including us. However, on January 12, 2010, the Second Circuit vacated the judgment of the District Court and remanded the case for further proceedings and on January 10, 2011, the Supreme Court denied the defendants' petition for Certiorari.

Upon remand to the District Court, all defendants, including the Company, filed a renewed motion to dismiss challenging, among other things, plaintiffs' state law claims and standing to bring certain claims. The renewed motion was based mainly on arguments made in defendants' original motion to dismiss, but not addressed by the District Court. On July 18, 2011, the District Court granted defendants' motion in part, and denied it in part. Notably, all claims on behalf of the CD-purchaser class were dismissed with prejudice. However, a wide variety of state and federal claims remain, for the class of Internet Music purchasers. The parties have filed amended pleadings complying with the court's order, and the case is currently in discovery. The Company intends to defend against these lawsuits vigorously, but is unable to predict the outcome of these suits. Regardless of the merits of the claims, this and any related litigation could continue to be costly, and divert the time and resources of management.

Music Download Putative Class Action Suits

Five putative class action lawsuits have been filed against the Company in Federal Court in the Northern District of California between February 2, 2012 and March 10, 2012. The lawsuits, which were brought by various recording artists, all allege that the Company has improperly calculated the royalties due to them for certain digital music sales under the terms of their recording contracts. The named plaintiffs purport to raise these claims on their own behalf and, as a putative class action, on behalf of other similarly situated artists. Plaintiffs base their claims on a previous ruling that held another recorded music company had breached the specific recording contracts at issue in that case through its payment of royalties for music downloads and ringtones. In the wake of that ruling, a number of recording artists have initiated suits seeking similar relief against all of the major record companies including us. Plaintiffs seek to have the interpretation of the contracts in that prior case applied to their different and separate contracts.

On April 10, 2012, the Company filed a motion to dismiss various claims in one of the lawsuits, with the intention of filing similar motions in the remaining suits, on the various applicable response dates. Meanwhile, certain plaintiffs' counsel moved to be appointed as interim lead counsel, and other plaintiffs' counsel moved to consolidate the various actions. In a June 1, 2012 Order, the Court consolidated the cases and appointed interim co-lead class counsel. Plaintiffs filed a consolidated, master complaint on August 21, 2012. All deadlines have been stayed until February 28, 2013 to allow for mediation of this dispute. If a settlement has not been reached by that date and if the parties agree that further settlement discussions would be fruitful, the parties can file a joint statement/stipulation seeking additional time for further settlement negotiations. In the alternative, the parties would file a joint statement/stipulation with the Court alerting the Court to the fact that settlement could not be reached and resetting a litigation schedule. The parties participated in a mediation on January 3, 2013, and discussions are ongoing. The Company intends to defend against these lawsuits vigorously, but is unable to predict the outcome of these suits. Regardless of the merits of the claims, this and any related litigation could continue to be costly, and divert the time and resources of management.

Other Matters

In addition to the matters discussed above, we are involved in various litigation and regulatory proceedings arising in the normal course of business. Where it is determined, in consultation with counsel based on litigation and settlement risks, that a loss is probable and estimable in a given matter, we establish an accrual. In none of the currently pending proceedings is the amount of accrual material. An estimate of the reasonably possible loss or range of loss in excess of the amounts already accrued cannot be made at this time due to various factors typical in contested proceedings, including (1) uncertain damage theories and demands; (2) a less than complete factual record; (3) uncertainty concerning legal theories and their resolution by courts or regulators; and (4) the unpredictable nature of the opposing party and its demands. However, we cannot predict with certainty the outcome of any litigation or the potential for future litigation. As such, we continuously monitor these proceedings as they develop and adjust any accrual or disclosure as needed. Regardless of the outcome, litigation could have an adverse impact on us, including our brand value, because of defense costs, diversion of management resources and other factors and it could have a material effect on our results of operations for a given reporting period.

ITEM 1A. RISK FACTORS

In addition to the other information contained in this Quarterly Report on Form 10-Q, certain risk factors should be considered carefully in evaluating our business. The risks and uncertainties described below may not be the only ones facing us. Additional risks and uncertainties that we do not currently know about or that we currently believe are immaterial may also adversely impact our business operations. If any of the following risks actually occur, our business, financial condition or results of operations would likely suffer.

Risks Related to our Business

The recorded music industry has been declining and may continue to decline, which may adversely affect our prospects and our results of operations.

The industry began experiencing negative growth rates in 1999 on a global basis and the worldwide recorded music market has contracted considerably since then. Illegal downloading of music, CD-R piracy, industrial piracy, economic recession, bankruptcies of record wholesalers and retailers, and growing competition for consumer discretionary spending and retail shelf space may have all contributed to the decline in the recorded music industry. Additionally, the period of growth in recorded music sales driven by the introduction and penetration of the CD format has ended. While CD sales still generate a significant portion of the recorded music revenues, CD sales continue to decline industry-wide and we expect that trend to continue. However, new formats for selling recorded music product have been created, including the legal downloading of digital music and the distribution of music on mobile devices and revenue streams from these new channels have emerged. These new digital revenue streams are important as they are beginning to offset declines in physical sales and represent a growing area of our Recorded Music business. In addition, we are also taking steps to broaden our revenue mix into growing areas of the music business, including sponsorship, fan clubs, artist websites, merchandising,

touring, ticketing and artist management. As our expansion into these new areas is recent, we cannot determine how our expansion into these new areas will impact our business. Despite the increase in digital sales, artist services revenues and expanded-rights revenues, revenues from these sources have yet to fully offset declining physical sales on a worldwide industry basis and it is too soon to determine the impact that sales of music through new channels might have on the industry or when the decline in physical sales might be offset by the increase in digital sales and Artist Services and Expanded Rights Recorded Music revenue. While U.S. industry-wide track-equivalent album sales rose in 2011 for the first time since 2004, sales declined 2% on the same basis in 2012 and album sales continued to fall in other countries, such as the U.K., as a result of ongoing digital piracy and the transition from physical to digital sales in the recorded music business. Accordingly, the recorded music industry performance may continue to negatively impact our operating results. While it is believed within the recorded music industry that growth in digital sales will re-establish a growth pattern for recorded music sales, the timing of the recovery cannot be established with accuracy nor can it be determined how these changes will affect individual markets. A declining recorded music industry is likely to lead to reduced levels of revenue and operating income generated by our Recorded Music business. Additionally, a declining recorded music industry is also likely to have a negative impact on our Music Publishing business, which generates a significant portion of its revenues from mechanical royalties attributable to the sale of music in CD and other physical recorded music formats.

There may be downward pressure on our pricing and our profit margins and reductions in shelf space.

There are a variety of factors that could cause us to reduce our prices and reduce our profit margins. They are, among others, price competition from the sale of motion pictures in Blu-Ray/DVD-Video format and videogames, the negotiating leverage of mass merchandisers, big-box retailers and distributors of digital music, the increased costs of doing business with mass merchandisers and big-box retailers as a result of complying with operating procedures that are unique to their needs and any changes in costs associated with new digital formats. In addition, we are currently dependent on a small number of leading online music stores, which allows them to significantly influence the prices we can charge in connection with the distribution of digital music. Over the course of the last decade, U.S. mass-market and other stores' share of U.S. physical music sales has continued to grow. While we cannot predict how future competition will impact music retailers, as the music industry continues to transform it is possible that the share of music sales by mass-market retailers such as Wal-Mart and Target and online music stores such as Apple's iTunes will continue to grow as a result of the decline of specialty music retailers, which could further increase their negotiating leverage. During the past several years, many specialty music retailers have gone out of business. The declining number of specialty music retailers may not only put pressure on profit margins, but could also impact catalog sales as mass-market retailers generally sell top chart albums only, with a limited range of back catalog. See "—We are substantially dependent on a limited number of online music stores, in particular Apple's iTunes Music Store, for the online sale of our music recordings and they are able to significantly influence the pricing structure for online music stores."

Our prospects and financial results may be adversely affected if we fail to identify, sign and retain artists and songwriters and by the existence or absence of superstar releases and by local economic conditions in the countries in which we operate.

We are dependent on identifying, signing and retaining recording artists with long-term potential, whose debut albums are well received on release, whose subsequent albums are anticipated by consumers and whose music will continue to generate sales as part of our catalog for years to come. The competition among record companies for such talent is intense. Competition among record companies to sell records is also intense and the marketing expenditures necessary to compete have increased as well. We are also dependent on signing and retaining songwriters who will write the hit songs of today and the classics of tomorrow. Our competitive position is dependent on our continuing ability to attract and develop artists whose work can achieve a high degree of public acceptance. Our financial results may be adversely affected if we are unable to identify, sign and retain such artists under terms that are economically attractive to us. Our financial results may also be affected by the existence or absence of superstar artist releases during a particular period. Some music industry observers believe that the number of superstar acts with long-term appeal, both in terms of catalog sales and future releases, has declined in recent years. Additionally, our financial results are generally affected by the worldwide economic and retail environment, as well as the appeal of our Recorded Music catalog and our Music Publishing library.

We may have difficulty addressing the threats to our business associated with home copying and Internet downloading.

The combined effect of the decreasing cost of electronic and computer equipment and related technology such as CD burners and the conversion of music into digital formats have made it easier for consumers to obtain and create unauthorized copies of our recordings in the form of, for example, "burned" CDs and MP3 files. For example, about 95% of the music downloaded in 2008, or more than 40 billion files, were illegal and not paid for, according to the IFPI's 2009 Digital Music Report. Separately, research reported by IFPI/Nielsen in IFPI's Digital Music Report 2012 indicates that more than a quarter of Internet users globally (28%) access unauthorized digital services on a monthly basis. In addition, while growth of music-enabled mobile consumers offers distinct opportunities for music companies such as ours, it also opens the market up to certain risks from behaviors such as "sideloading" of unauthorized content and illegitimate user-created ringtones. A substantial portion of our revenue comes from the sale of audio products that are potentially subject to unauthorized consumer copying and widespread digital dissemination without an economic return to us. The impact of digital piracy on legitimate music sales is hard to quantify but we believe that illegal filesharing

has a substantial negative impact on music sales. We are working to control this problem in a variety of ways including further litigation, by lobbying governments for new, stronger copyright protection laws and more stringent enforcement of current laws, through graduated response programs achieved through cooperation with ISPs and legislation being advanced or considered in many countries, through technological measures and by establishing legitimate new media business models. We cannot give any assurances that such measures will be effective. If we fail to obtain appropriate relief through the judicial process or the complete enforcement of judicial decisions issued in our favor (or if judicial decisions are not in our favor), if we are unsuccessful in our efforts to lobby governments to enact and enforce stronger legal penalties for copyright infringement or if we fail to develop effective means of protecting our intellectual property (whether copyrights or other rights such as patents, trademarks and trade secrets) or our entertainment-related products or services, our results of operations, financial position and prospects may suffer.

Organized industrial piracy may lead to decreased sales.

The global organized commercial pirate trade is a significant threat to content industries, including the music sector. A study by Frontier Economics cited by IFPI, estimates that digitally pirated music, movies and software is valued at $30 billion to $75 billion. In addition, an economic study conducted by Tera Consultants in Europe found that if left unabated, digital piracy could result in an estimated loss of 240 billion Euros in retail revenues for the creative industries—including music—in Europe over the period from 2008 to 2015. Unauthorized copies and piracy have contributed to the decrease in the volume of legitimate sales and put pressure on the price of legitimate sales. They have had, and may continue to have, an adverse effect on our business.

Legitimate channels for digital distribution of our creative content are a recent development, and their impact on our business is unclear and may be adverse.

We have positioned ourselves to take advantage of online and mobile technology as a sales distribution channel and believe that the continued development of legitimate channels for digital music distribution holds promise for us in the future. Digital revenue streams of all kinds are important to offset continued declining revenue from physical CD sales industry-wide over time. However, legitimate channels for digital distribution are a fairly recent development and we cannot predict their impact on our business. In digital formats, certain costs associated with physical products such as manufacturing, distribution, inventory and return costs do not apply. Partially eroding that benefit are increases in mechanical copyright royalties payable to music publishers that only apply in the digital space. While there are some digital-specific variable costs and infrastructure investments necessary to produce, market and sell music in digital formats, we believe it is reasonable to expect that we will generally derive a higher contribution margin from digital sales than physical sales. However, we cannot be sure that we will generally continue to achieve higher margins from digital sales. Any legitimate digital distribution channel that does develop may result in lower or less profitable sales for us than comparable physical sales. In addition, the transition to greater sales through digital channels introduces uncertainty regarding the potential impact of the "unbundling" of the album on our business. It remains unclear how consumer behavior will continue to change when customers are faced with more opportunities to purchase only favorite tracks from a given album rather than the entire album. In addition, if piracy continues unabated and legitimate digital distribution channels fail to gain consumer acceptance, our results of operations could be harmed. Furthermore, as new distribution channels continue to develop, we may have to implement systems to process royalties on new revenue streams for potential future distribution channels that are not currently known. These new distribution channels could also result in increases in the number of transactions that we need to process. If we are not able to successfully expand our processing capability or introduce technology to allow us to determine and pay royalty amounts due on these new types of transactions in a timely manner, we may experience processing delays or reduced accuracy as we increase the volume of our digital sales, which could have a negative effect on our relationships with artists and brand identity.

We are substantially dependent on a limited number of online music stores, in particular Apple's iTunes Music Store, for the online sale of our music recordings and they are able to significantly influence the pricing structure for online music stores.

We derive an increasing portion of our revenues from sales of music through digital distribution channels. We are currently dependent on a small number of leading online music stores that sell consumers digital music. Currently, the largest U.S. online music store, iTunes, typically charges U.S. consumers prices ranging from $0.69 to $1.29 per single-track download. We have limited ability to increase our wholesale prices to digital service providers for digital downloads as Apple's iTunes controls 65%—75% of the legitimate digital music track download business in the U.S. according to third-party estimates. If Apple's iTunes were to adopt a lower pricing model or if there were structural change to other download pricing models, we may receive substantially less per download for our music, which could cause a material reduction in our revenues, unless it is offset by a corresponding increase in the number of downloads. Additionally, Apple's iTunes and other online music stores at present accept and make available for sale all the recordings that we and other distributors deliver to them. However, if online stores in the future decide to limit the types or amount of music they will accept from music-based content owners like us, our revenues could be significantly reduced.

Our involvement in intellectual property litigation could adversely affect our business.

Our business is highly dependent upon intellectual property, an area that has encountered increased litigation in recent years. If we are alleged to infringe the intellectual property rights of a third party, any litigation to defend the claim could be costly and would divert the time and resources of management, regardless of the merits of the claim. There can be no assurance that we would prevail in any such litigation. If we were to lose a litigation relating to intellectual property, we could be forced to pay monetary damages and to cease the sale of certain products or the use of certain technology. Any of the foregoing may adversely affect our business.

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

Our net sales, operating income and profitability, like those of other companies in the music business, are largely affected by the number and quality of albums that we release or that include musical compositions published by us, timing of our release schedule and, more importantly, the consumer demand for these releases. We also make advance payments to recording artists and songwriters, which impact our operating cash flows. The timing of album releases and advance payments is largely based on business and other considerations and is made without regard to the impact of the timing of the release on our financial results. We report results of operations quarterly and our results of operations and cash flows in any reporting period may be materially affected by the timing of releases and advance payments, which may result in significant fluctuations from period to period.

We may be unable to compete successfully in the highly competitive markets in which we operate and we may suffer reduced profits as a result.

The industries in which we operate are highly competitive, have experienced ongoing consolidation among major music companies, and are based on consumer preferences and are rapidly changing. Additionally, they require substantial human and capital resources. We compete with other recorded music companies and music publishers to identify and sign new recording artists and songwriters who subsequently achieve long-term success and to renew agreements with established artists and songwriters. In addition, our competitors may from time to time reduce their prices in an effort to expand market share and introduce new services, or improve the quality of their products or services. We may lose business if we are unable to sign successful recording artists or songwriters or to match the prices or the quality of products and services, offered by our competitors. Our Recorded Music business competes not only with other recorded music companies, but also with the recorded music efforts of live events companies and recording artists who may choose to distribute their own works. Our Music Publishing business competes not only with other music publishing companies, but also with songwriters who publish their own works. Our Recorded Music business is to a large extent dependent on technological developments, including access to and selection and viability of new technologies, and is subject to potential pressure from competitors as a result of their technological developments. For example, our Recorded Music business may be further adversely affected by technological developments that facilitate the piracy of music, such as Internet peer-to-peer filesharing and CD-R activity, by an inability to enforce our intellectual property rights in digital environments and by a failure to develop successful business models applicable to a digital environment. The Recorded Music business also faces competition from other forms of entertainment and leisure activities, such as cable and satellite television, pre-recorded films on DVD, the Internet and computer and videogames.

Consolidation in our industry may materially and adversely affect our ability to compete.

On September 28, 2012, Universal announced that it had closed its acquisition of EMI's recorded music division following clearance of the deal by the U.S. Federal Trade Commission and the European Commission. The acquisition combined the first- and fourth-largest record companies to increase the size of Universal, which was already the world's largest record company.

On June 29, 2012 Sony Corporation of America (an affiliate of Sony/ATV), in conjunction with the Estate of Michael Jackson, Mubadala Development Company PJSC, Jynwel Capital Limited, the Blackstone Group's GSO Capital Partners LP and David Geffen announced that it had closed its acquisition of EMI's music publishing division following clearance of the deal by the U.S. Federal Trade Commission and the European Commission. The acquisition combined the second- and fourth-largest music publishing companies to create the world's largest music publishing company.

There are currently pending, and may in the future be additional, mergers and acquisitions and changes in our industry, including those in which we are currently participating and may in the future participate and those that may be undertaken by others. Universal's acquisition of the recorded music division of EMI and Sony's acquisition of the music publishing division of EMI, as well as any further industry consolidation, have and will continue to substantially alter the competitive landscape, and could materially and adversely affecting our ability to compete, our business and results of operations, and result in changes to our corporate or business strategy. We regularly assess and explore our strategic position and ways to enhance our

competitiveness, including the possibilities for our acquisition of strategic assets sold by competitors in our industry, or our participation in merger activity with other industry participants.

Our business operations in some foreign countries subject us to trends, developments or other events which may affect us adversely.

We are a global company with strong local presences, which have become increasingly important as the popularity of music originating from a country's own language and culture has increased in recent years. Our mix of national and international recording artists and songwriters provides a significant degree of diversification for our music portfolio. However, our creative content does not necessarily enjoy universal appeal. As a result, our results can be affected not only by general industry trends, but also by trends, developments or other events in individual countries, including:

- limited legal protection and enforcement of intellectual property rights;
- restrictions on the repatriation of capital;
- fluctuations in interest and foreign exchange rates;
- differences and unexpected changes in regulatory environment, including environmental, health and safety, local planning, zoning and labor laws, rules and regulations;
- varying tax regimes which could adversely affect our results of operations or cash flows, including regulations relating to transfer pricing and withholding taxes on remittances and other payments by subsidiaries and joint ventures;
- exposure to different legal standards and enforcement mechanisms and the associated cost of compliance;
- difficulties in attracting and retaining qualified management and employees or rationalizing our workforce;
- tariffs, duties, export controls and other trade barriers;
- longer accounts receivable settlement cycles and difficulties in collecting accounts receivable;
- recessionary trends, inflation and instability of the financial markets;
- higher interest rates; and
- political instability.

We may not be able to insure or hedge against these risks, and we may not be able to ensure compliance with all of the applicable regulations without incurring additional costs. Furthermore, financing may not be available in countries with less than investment-grade sovereign credit ratings. As a result, it may be difficult to create or maintain profit-making operations in developing countries.

In addition, our results can be affected by trends, developments and other events in individual countries. There can be no assurance that in the future other country-specific trends, developments or other events will not have such a significant adverse effect on our business, results of operations or financial condition. Unfavorable conditions can depress sales in any given market and prompt promotional or other actions that affect our margins.

Our business may be adversely affected by competitive market conditions and we may not be able to execute our business strategy.

We expect to increase revenues and cash flow through a business strategy which requires us, among other things, to continue to maximize the value of our music assets, to significantly reduce costs to maximize flexibility and adjust to new realities of the market, to continue to act to contain digital piracy and to diversify our revenue streams into growing segments of the music business by entering into expanded-rights deals with recording artists and by operating our artist services businesses and to capitalize on digital distribution and emerging technologies.

Each of these initiatives requires sustained management focus, organization and coordination over significant periods of time. Each of these initiatives also requires success in building relationships with third parties and in anticipating and keeping up with technological developments and consumer preferences and may involve the implementation of new business models or distribution platforms. The results of our strategy and the success of our implementation of this strategy will not be known for some time in the future. If we are unable to implement our strategy successfully or properly react to changes in market conditions, our financial condition, results of operations and cash flows could be adversely affected.

Our ability to operate effectively could be impaired if we fail to attract and retain our executive officers.

Our success depends, in part, upon the continuing contributions of our executive officers, however, there is no guarantee that they will not leave. Some of our executive officers have employments agreements. We do not have an employment agreement with our CEO and certain of our other executive officers have at-will employment letters. Our CEO and each of our executive officers who have at-will employment letters have elected to participate in the Warner Music Group Corp. Senior Management Cash Flow Plan, and the at-will employment letters were a condition to their participation in the Plan. The loss of the services of any of our executive officers or the failure to attract other executive officers could have a material adverse effect on our business or our business prospects.

A significant portion of our Music Publishing revenues is subject to rate regulation either by government entities or by local third-party collection societies throughout the world and rates on other income streams may be set by governmental proceedings, which may limit our profitability.

Mechanical royalties and performance royalties are the two largest sources of income to our Music Publishing business and mechanical royalties are a significant expense to our Recorded Music business. In the U.S., mechanical royalty rates are set pursuant to an administrative rate-setting process under the U.S. Copyright Act unless rates are determined through voluntary industry negotiations and performance royalty rates are set by performing rights societies and subject to challenge by performing rights licensees. Outside the U.S., mechanical and performance royalty rates are typically negotiated on an industry-wide basis. The mechanical and performance royalty rates set pursuant to such processes may adversely affect us by limiting our ability to increase the profitability of our Music Publishing business. If the mechanical royalty rates are set too high it may also adversely affect us by limiting our ability to increase the profitability of our Recorded Music business. In addition, rates our Recorded Music business receives in the U.S. for, among other sources of income and potential income, webcasting and satellite radio are set by an administrative process under the U.S. Copyright Act unless rates are determined through voluntary industry negotiations. It is important as sales shift from physical to diversified distribution channels that we receive fair value for all of the uses of our intellectual property as our business model now depends upon multiple revenue streams from multiple sources. If the rates for Recorded Music income sources that are established through legally prescribed rate-setting processes are set too low, it could have a material adverse impact on our Recorded Music business or our business prospects.

An impairment in the carrying value of goodwill or other intangible and long-lived assets could negatively affect our operating results and equity.

On December 31, 2012, we had $1.384 billion of goodwill and $102 million of indefinite-lived intangible assets. Financial Accounting Standards Codification ("ASC") Topic 350, Intangibles—Goodwill and other ("ASC 350") requires that we test these assets for impairment annually (or more frequently should indications of impairment arise) by first assessing qualitative factors and then by quantitatively estimating the fair value of each of our reporting units (calculated using a discounted cash flow method) and comparing that value to the reporting units' carrying value if necessary. If the carrying value exceeds the fair value, there is a potential impairment and additional testing must be performed. In performing our annual tests and determining whether indications of impairment exist, we consider numerous factors including actual and projected operating results of each reporting unit, external market factors such as market prices for similar assets, and trends in the music industry. The Company performed an annual assessment of the recoverability of its goodwill and indefinite-lived intangibles at September 30, 2012, noting no instances of impairment. However, future events may occur that could adversely affect the estimated fair value of our reporting units. Such events may include, but are not limited to, strategic decisions made in response to changes in economic and competitive conditions and the impact of the economic environment on our operating results. Failure to achieve sufficient levels of cash flow at our reporting units could also result in impairment charges on goodwill and indefinite-lived intangible assets. If the value of the acquired goodwill or acquired indefinite-lived intangible assets is impaired, our operating results and shareholders' equity could be adversely affected.

We also had $2.453 billion of definite-lived intangible assets as of December 31, 2012. Financial Accounting Standards Board ("FASB") ASC Topic 360-10-35, ("ASC 360-10-35") requires companies to review these assets for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. If similar events occur as enumerated above such that we believe indicators of impairment are present, we would test for recoverability by comparing the carrying value of the asset to the net undiscounted cash flows expected to be generated from the asset. If those net undiscounted cash flows do not exceed the carrying amount, we would perform the next step, which is to determine the fair value of the asset, which could result in an impairment charge. Any impairment charge recorded would negatively affect our operating results and shareholders' equity.

Unfavorable currency exchange rate fluctuations could adversely affect our results of operations.

The reporting currency for our financial statements is the U.S. dollar. We have substantial assets, liabilities, revenues and costs denominated in currencies other than U.S. dollars. To prepare our consolidated financial statements, we must translate those assets, liabilities, revenues and expenses into U.S. dollars at then-applicable exchange rates. Consequently, increases and decreases in the value of the U.S. dollar versus other currencies will affect the amount of these items in our consolidated financial statements, even if their value has not changed in their original currency. These translations could result in significant changes to our results of operations from period to period. Prior to intersegment eliminations, approximately 62% of our revenues related to operations in foreign territories for the three months ended December 31, 2012. From time to time, we enter into foreign exchange contracts to hedge the risk of unfavorable foreign currency exchange rate movements. As of December 31, 2012, we have hedged a portion of our material foreign currency exposures related to royalty payments remitted between our foreign affiliates and our U.S. affiliates through the end of the current fiscal year.

We may not have full control and ability to direct the operations we conduct through joint ventures.

We currently have interests in a number of joint ventures and may in the future enter into further joint ventures as a means of conducting our business. In addition, we structure certain of our relationships with recording artists and songwriters as joint ventures. We may not be able to fully control the operations and the assets of our joint ventures, and we may not be able to make major decisions or may not be able to take timely actions with respect to our joint ventures unless our joint venture partners agree.

The enactment of legislation limiting the terms by which an individual can be bound under a "personal services" contract could impair our ability to retain the services of key artists.

California Labor Code Section 2855 ("Section 2855") limits the duration of time any individual can be bound under a contract for "personal services" to a maximum of seven years. In 1987, Subsection (b) was added, which provides a limited exception to Section 2855 for recording contracts, creating a damages remedy for record companies. Legislation was introduced in New York in 2009 to create a statute similar to Section 2855 to limit contracts between artists and record companies to a term of seven years which term could be reduced to three years if the artist was not represented in the negotiation and execution of such contracts by qualified counsel experienced with entertainment industry law and practices. There is no assurance that California will not introduce legislation in the future seeking to repeal Subsection (b). The repeal of Subsection (b) and/or the passage of legislation similar to Section 2855 by other states could materially affect our results of operations and financial position.

We face a potential loss of catalog to the extent that recording artists have a right to recapture rights in their recordings under the U.S. Copyright Act.

The U.S. Copyright Act provides authors (or their heirs) a right to terminate U.S. licenses or assignments of rights in their copyrighted works in certain circumstances. This right does not apply to works that are "works made for hire." Since the effective date of U.S. federal copyright protection for sound recordings (February 15, 1972), virtually all of our agreements with recording artists provide that such recording artists render services under a work-made-for-hire relationship. A termination right exists under the U.S. Copyright Act for U.S. rights in musical compositions that are not "works made for hire." If any of our commercially available sound recordings were determined not to be "works made for hire," then the recording artists (or their heirs) could have the right to terminate the U.S. federal copyright rights they granted to us, generally during a five-year period starting at the end of 35 years from the date of release of a recording under a post-1977 license or assignment (or, in the case of a pre-1978 grant in a pre-1978 recording, generally during a five-year period starting at the end of 56 years from the date of copyright). A termination of U.S. federal copyright rights could have an adverse effect on our Recorded Music business. From time to time, authors (or their heirs) can terminate our U.S. rights in musical compositions. However, we believe the effect of those terminations is already reflected in the financial results of our Music Publishing business.

If we acquire, combine with or invest in other businesses, we will face certain risks inherent in such transactions.

We have in the past considered and will continue, from time to time, to consider, opportunistic strategic transactions, which could involve acquisitions, combinations or dispositions of businesses or assets, or strategic alliances or joint ventures with companies engaged in businesses that are similar or complementary to ours. Any such strategic combination could be material, be difficult to implement, disrupt our business or change our business profile significantly.

Any future strategic transaction could involve numerous risks, including:

- potential disruption of our ongoing business and distraction of management;
- potential loss of recording artists or songwriters from our rosters;
- difficulty integrating the acquired businesses or segregating assets to be disposed of;

- exposure to unknown and/or contingent or other liabilities, including litigation arising in connection with the acquisition, disposition and/or against any businesses we may acquire;
- reputational or other damages to our business as a result of a failure to consummate such a transaction for, among other reasons, failure to gain anti-trust approval; and
- changing our business profile in ways that could have unintended consequences.

If we enter into significant strategic transactions in the future, related accounting charges may affect our financial condition and results of operations, particularly in the case of any acquisitions. In addition, the financing of any significant acquisition may result in changes in our capital structure, including the incurrence of additional indebtedness. Conversely, any material disposition could reduce our indebtedness or require the amendment or refinancing of our outstanding indebtedness or a portion thereof. We may not be successful in addressing these risks or any other problems encountered in connection with any strategic transactions. We cannot assure you that if we make any future acquisitions, investments, strategic alliances or joint ventures or enter into any business combination, including the Transaction, that they will be completed in a timely manner, or at all, that they will be structured or financed in a way that will enhance our creditworthiness or that they will meet our strategic objectives or otherwise be successful. We also may not be successful in implementing appropriate operational, financial and management systems and controls to achieve the benefits expected to result from these transactions, including those contemplated by the Transaction. Failure to effectively manage any of these transactions could result in material increases in costs or reductions in expected revenues, or both. In addition, if any new business in which we invest or which we attempt to develop does not progress as planned, we may not recover the funds and resources we have expended and this could have a negative impact on our businesses or our company as a whole.

We have outsourced our information technology infrastructure and certain finance and accounting functions and may outsource other back-office functions, which will make us more dependent upon third parties.

In an effort to make our information technology, or IT, more efficient and increase our IT capabilities and reduce potential disruptions, as well as generate cost savings, we signed a contract during fiscal year 2009 with a third-party service provider to outsource a significant portion of our IT infrastructure functions. This outsourcing initiative was a component of our ongoing strategy to monitor our costs and to seek additional cost savings. As a result, we rely on third parties to ensure that our IT needs are sufficiently met. This reliance subjects us to risks arising from the loss of control over IT processes, changes in pricing that may affect our operating results, and potentially, termination of provisions of these services by our supplier. In addition, in an effort to make our finance and accounting functions more efficient, as well as generate cost savings, we signed a contract during fiscal year 2009 with a third-party service provider to outsource certain finance and accounting functions. A failure of our service providers to perform services in a satisfactory manner may have a significant adverse effect on our business. We may outsource other back-office functions in the future, which would increase our reliance on third parties.

Additionally, we are currently in the process of implementing substantial changes to our IT system. We may not be able to successfully implement these systems in an effective manner. In addition, we may incur significant increases in costs and encounter extensive delays in the implementation and rollout of our new IT system. If there are technological impediments, unforeseen complications, errors or breakdowns in implementing this new core operating system or if this new core operating system does not meet the requirements of our customers, our business, financial condition, results of operations or customer perceptions may be adversely affected.

We have engaged in substantial restructuring activities in the past, and may need to implement further restructurings in the future and our restructuring efforts may not be successful or generate expected cost savings.

The recorded music industry continues to undergo substantial change. These changes continue to have a substantial impact on our business. See "—The recorded music industry has been declining and may continue to decline, which may adversely affect our prospects and our results of operations." Following the 2004 acquisition of substantially all of the interests of the recorded music and music publishing business of Time Warner, we implemented a broad restructuring plan in order to adapt our cost structure to the changing economics of the music industry. We continue to shift resources from our physical sales channels to efforts focused on digital distribution, emerging technologies and other new revenue streams. In addition, in order to help mitigate the effects of the recorded music transition, we continue our efforts to reduce overhead and manage our variable and fixed cost structure to minimize any impact. In connection with the Merger we targeted $50 million to $65 million in cost savings and as of December 31, 2012 we had achieved a majority of these targeted cost savings and have since identified further cost savings opportunities. While most of these initiatives and opportunities have been implemented as of December 31, 2012, there can be no assurances that additional cost savings will be achieved in full or at all.

We cannot be certain that we will not be required to implement further restructuring activities, make additions or other changes to our management or workforce based on other cost reduction measures or changes in the markets and industry in which we compete. Our inability to structure our operations based on evolving market conditions could impact our business. Restructuring activities can

create unanticipated consequences and negative impacts on the business, and we cannot be sure that any future restructuring efforts will be successful or generate expected cost savings.

Access, which indirectly owns all of our outstanding capital stock, controls our company and may have conflicts of interest with the holders of our debt or us in the future. Access may also enter into, or cause us to enter into, strategic transactions that could change the nature or structure of our business, capital structure or credit profile.

As a result of the Merger, affiliates of Access indirectly own all of our common stock, and the actions that Access undertakes as our sole ultimate shareholder may differ from or adversely affect the interests of debt holders. Because Access ultimately controls our voting shares and those of all of our subsidiaries, it has the power, among other things, to affect our legal and capital structure and our day-to-day operations, as well as to elect our directors and those of our subsidiaries, to change our management and to approve any other changes to our operations. In addition, Access sets the compensation for Stephen Cooper, our chief executive officer, pursuant to an arrangement between Mr. Cooper and Access, and we reimburse Access for any compensation paid to our chief executive officer pursuant to the Management Agreement. Access also provides us with financial, investment banking, management, advisory and other services pursuant to the Management Agreement, for which we pay Access a specified annual fee, plus expenses, and a specified transaction fee for certain types of transactions completed by Holdings or one or more of its subsidiaries, plus expenses. Access also has the power to direct us to engage in strategic transactions, with or involving other companies in our industry, including acquisitions, combinations or dispositions, and the acquisition of certain assets that are currently or will soon be available for purchase, and any such transaction could be material. Any such transaction would carry the risks set forth above under "—If we acquire, combine with or invest in other businesses, we will face certain risks inherent in such transactions."

Additionally, Access is in the business of making investments in companies and is actively seeking to acquire interests in businesses that operate in our industry and may compete, directly or indirectly, with us. Access may also pursue acquisition opportunities that may be complementary to our business, which could have the effect of making such acquisition opportunities unavailable to us. Access could elect to cause us to enter into business combinations or other transactions with any business or businesses in our industry that Access may acquire or control, or we could become part of a group of companies organized under the ultimate common control of Access that may be operated in a manner different from the manner in which we have historically operated. Any such business combination transaction could require that we or such group of companies incur additional indebtedness, and could also require us or any acquired business to make divestitures of assets necessary or desirable to obtain regulatory approval for such transaction. The amounts of such additional indebtedness, and the size of any such divestitures, could be material. Access may also from time to time purchase outstanding debt securities that we issued and could also subsequently sell any such debt securities. Any such purchase or sale may affect the value of, trading price or liquidity of our debt securities.

Finally, because neither we nor our parent company have any securities listed on a securities exchange, we are not subject to certain of the corporate governance requirements of any securities exchange, including any requirement to have any independent directors.

Our reliance on one company as the primary supplier for the manufacturing, packaging and physical distribution of our products in the U.S. and Canada and part of Europe could have an adverse impact on our ability to meet our manufacturing, packaging and physical distribution requirements.

Cinram International Inc. and its affiliates (collectively, "Cinram") have been our primary supplier for the manufacturing, packaging and physical distribution of our products in the U.S. and Canada and Central Europe. In April 2012, in connection with its earnings report, Cinram described certain events and conditions that indicated the existence of a material uncertainty that may have cast significant doubt about Cinram's ability to continue as a going concern, including the breach of certain of the financial covenants in its senior credit agreements. Subsequently, in connection with a previously announced strategic process, in June 2012, Cinram announced that it would sell its core business in North America and Europe to the Najafi Companies. The sale of Cinram's North American assets closed in August 2012 and the sale of Cinram's European operations is expected to close later in the year. Any future inability of Cinram to continue to provide services due to financial distress, refinancing issues or otherwise could also require us to switch to substitute suppliers of these services for more services than currently planned.

As Cinram continues to be our primary supplier of manufacturing and distribution services in the U.S., Canada and part of Europe, our continued ability to meet our manufacturing, packaging and physical distribution requirements in those territories depends largely on Cinram's continued successful operation in accordance with the service level requirements mandated by us in our service agreements. If, for any reason, Cinram were to fail to meet contractually required service levels, or were unable to otherwise continue to provide services, we may have difficulty satisfying our commitments to our wholesale and retail customers in the short term until we more fully transitioned to an alternate provider, which could have an adverse impact on our revenues.

Evolving regulations concerning data privacy may result in increased regulation and different industry standards, which could increase the costs of operations or limit our activities.

We engage in a wide array of online activities and are thus subject to a broad range of related laws and regulations including, for example, those relating to privacy, consumer protection, data retention and data protection, online behavioral advertising, geo-location tracking, text messaging, e-mail advertising, mobile advertising, content regulation, defamation, age verification, the protection of children online, social media and other Internet, mobile and online-related prohibitions and restrictions. The regulatory framework for privacy and data security issues worldwide has become increasingly burdensome and complex, and is likely to continue to be so for the foreseeable future. Practices regarding the collection, use, storage, transmission, security and disclosure of personal information by companies operating over the Internet and mobile platforms are receiving ever-increasing public scrutiny. The U.S. government, including Congress, the Federal Trade Commission and the Department of Commerce, has announced that it is reviewing the need for even greater regulation for the collection of information concerning consumer behavior on the Internet and mobile platforms, including regulation aimed at restricting certain targeted advertising practices, the use of location data and disclosures of privacy practices in the online and mobile environments, including with respect to online and mobile applications State governments are engaged in similar legislative and regulatory activities. In addition, the European Union is in the process of proposing reforms to its existing data protection legal framework, which is likely to result in a greater compliance burden for companies with consumers in Europe. Globally, many government and consumer agencies have also called for new regulation and changes in industry practices.

In October 2012, one of our subsidiaries entered into a settlement to settle certain Federal Trade Commission charges that it violated the Children's Online Privacy Protection Act ("COPPA") by improperly collecting personal information from children under 13 without their parents' consent. While our subsidiary neither admitted nor denied the agency's allegations, the settlement imposed a $1 million civil penalty, barred future violations of COPPA, and required that our subsidiary delete information collected in violation of the COPPA, among other requirements.

The Federal Trade Commission has also proposed revisions to COPPA, that could, if adopted, create greater compliance burdens on us. COPPA imposes a number of obligations, such as obtaining parental permission, on website operators to the extent they collect certain information from children who are under 13 years of age. The proposed changes would broaden the applicability of COPPA, including the types of information that would be subject to these regulations, and could apply to information that we or our clients intend to collect through mobile devices or apps that is not currently subject to COPPA.

In addition, our business, including our ability to operate and expand internationally, could be adversely affected if laws or regulations are adopted, interpreted, or implemented in a manner that is inconsistent with our current business practices and that require changes to these practices. Therefore, our business could be harmed by any significant change to applicable laws, regulations or industry practices regarding the collection, use or disclosure of customer data, or regarding the manner in which the express or implied consent of consumers for such collection, use and disclosure is obtained. Such changes may require us to modify our operations, possibly in a material manner, and may limit our ability to develop new products, services, mechanisms, platforms and features that make use of data regarding our customers and potential customers.

If we or our service providers do not maintain the security of information relating to our customers, employees and vendors, security information breaches through cybersecurity attacks or otherwise could damage our reputation with customers, employees and vendors, and we could incur substantial additional costs and become subject to litigation. Moreover, even if we or our service providers maintain such security, such breaches remain a possibility due to the fact that no data security system is immune from attacks or other incidents.

We receive certain personal information about our customers and potential customers, and we also receive personal information concerning our employees, artists and vendors. In addition, our online operations depend upon the secure transmission of confidential information over public networks. We maintain security measures with respect to such information, but despite these measures, we may be vulnerable to security breaches by computer hackers and others that attempt to penetrate the security measures that we have in place. A compromise of our security systems (through cyber-attacks or otherwise which are rapidly evolving and sophisticated) that results in personal information being obtained by unauthorized persons could adversely affect our reputation with our customers, potential customers, employees, artists and vendors, as well as our operations, results of operations, financial condition and liquidity, and could result in litigation against us or the imposition of governmental penalties. In addition, a security breach could require that we expend significant additional resources related to our information security systems and could result in a disruption of our operations.

We increasingly rely on third-party data storage providers, including cloud storage solution providers, resulting in less direct control over our data. Such third parties may also be vulnerable to security breaches and compromised security systems, which could adversely affect our reputation.

Risks Related to our Leverage

Our substantial leverage on a consolidated basis could adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry and prevent us from meeting our obligations under our indebtedness.

We are highly leveraged. As of December 31, 2012, our total consolidated indebtedness, including the current portion, was $2.225 billion. In addition, we would have been able to borrow up to $150 million under our New Revolving Credit Facility (not giving effect to letters of credit outstanding of approximately $1 million).

Our high degree of leverage could have important consequences for our investors. For example, it may:

- make it more difficult for us to make payments on our indebtedness;
- increase our vulnerability to general economic and industry conditions, including recessions and periods of significant inflation and financial market volatility;
- expose us to the risk of increased interest rates because any borrowings we make under the New Senior Credit Facilities will bear interest at variable rates;
- require us to use a substantial portion of our cash flow from operations to service our indebtedness, thereby reducing our ability to fund working capital, capital expenditures and other expenses;
- limit our ability to refinance existing indebtedness on favorable terms or at all or borrow additional funds in the future for, among other things, working capital, acquisitions or debt service requirements;
- limit our flexibility in planning for, or reacting to, changes in our business and the industries in which we operate;
- place us at a competitive disadvantage compared to competitors that have less indebtedness; and
- limit our ability to borrow additional funds that may be needed to operate and expand our business.

We and our subsidiaries may be able to incur substantial additional indebtedness in the future, subject to the restrictions contained in the indentures governing our outstanding notes as well as under the New Senior Credit Facilities. If new indebtedness is added to our current debt levels, the related risks that we and our subsidiaries now face could intensify.

The indentures that govern our notes and the New Senior Credit Facilities contain restrictive covenants that limit our ability to engage in activities that may be in our long-term best interests. Those covenants include restrictions on our ability to, among other things, incur more indebtedness, pay dividends, redeem stock or make other distributions, make investments, create liens, transfer or sell assets, merge or consolidate and enter into certain transactions with our affiliates. Our failure to comply with those covenants could result in an event of default, which, if not cured or waived, could result in the acceleration of all of our indebtedness. See also "—Our debt agreements contain restrictions that limit our flexibility in operating our business."

We may not be able to generate sufficient cash to service all of our indebtedness, and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make scheduled payments on or to refinance our debt obligations depends on our financial condition and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We may not maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness.

Acquisition Corp. will rely on its subsidiaries to make payments on its borrowings. If these subsidiaries do not dividend funds to Acquisition Corp. in an amount sufficient to make such payments, if necessary in the future, Acquisition Corp. may default under the indentures or credit facilities governing its borrowings, which would result in all such borrowings becoming due and payable. In addition, Holdings, our immediate subsidiary, will rely on our indirect subsidiary Acquisition Corp. and its subsidiaries to make payments on its borrowings. If Acquisition Corp. does not dividend funds to Holdings in an amount sufficient to make such payments,

if necessary in the future, Holdings may default under the indenture governing its borrowings, which would result in all such notes becoming due and payable.

Our debt agreements contain restrictions that limit our flexibility in operating our business.

The indentures governing our outstanding notes contain various covenants that limit our ability to engage in specified types of transactions. These covenants limit our ability, Holdings' ability and the ability of our restricted subsidiaries to, among other things:

- incur additional debt or issue certain preferred shares;
- create liens on certain debt;
- pay dividends on or make distributions in respect of our capital stock or make investments or other restricted payments;
- sell certain assets;
- create restrictions on the ability of our restricted subsidiaries to pay dividends to us or make certain other intercompany transfers;
- enter into certain transactions with our affiliates; and
- consolidate, merge, sell or otherwise dispose of all or substantially all of our assets.

In addition, the credit agreements governing the Term Loan Facility and New Revolving Credit Facility contain a number of covenants that limit our ability, Holdings' ability and the ability of our restricted subsidiaries to:

- pay dividends on, and redeem and purchase, equity interests;
- make other restricted payments;
- make prepayments on, redeem or repurchase certain debt;
- incur certain liens;
- make certain loans and investments;
- incur certain additional debt;
- enter into guarantees and hedging arrangements;
- enter into mergers, acquisitions and asset sales;
- enter into transactions with affiliates;
- change the business we and our subsidiaries conduct;
- restrict the ability of our subsidiaries to pay dividends or make distributions;
- amend the terms of subordinated debt and unsecured bonds; and
- make certain capital expenditures.

Our ability to borrow additional amounts under the New Senior Credit Facilities will depend upon satisfaction of these covenants. Events beyond our control can affect our ability to meet these covenants.

Our failure to comply with obligations under the instruments governing their indebtedness may result in an event of default under such instruments. We cannot be certain that we will have funds available to remedy these defaults. A default, if not cured or waived, may permit acceleration of our indebtedness. If our indebtedness is accelerated, we cannot be certain that we will have sufficient funds available to pay the accelerated indebtedness or will have the ability to refinance the accelerated indebtedness on terms favorable to us or at all.

All of these restrictions could affect our ability to operate our business or may limit our ability to take advantage of potential business opportunities as they arise.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investments in recording artists and songwriters, capital expenditures or dividends, or to sell assets, seek additional capital or restructure or refinance our indebtedness. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. The indentures governing our outstanding notes restrict our ability to dispose of assets and use the proceeds from dispositions. We may not be able to consummate those dispositions or to obtain the proceeds which we could realize from them and these proceeds may not be adequate to meet any debt service obligations then due.

Despite our indebtedness levels, we may be able to incur substantially more indebtedness which may increase the risks created by our substantial indebtedness.

We may be able to incur substantial additional indebtedness, including additional secured indebtedness, in the future. The indentures governing our outstanding notes and the credit agreements governing the Term Loan Facility and New Revolving Credit Facility will not fully prohibit us, Holdings or our subsidiaries from incurring additional indebtness under certain circumstances. If we, Holdings or our subsidiaries are in compliance with certain incurrence ratios set forth in such indentures, we, Holdings or our subsidiaries may be able to incur substantial additional indebtedness, which may increase the risks created by our current substantial indebtedness.

We will require a significant amount of cash to service our indebtedness. The ability to generate cash or refinance indebtedness as it becomes due depends on many factors, some of which are beyond our control.

Our ability to make scheduled payments on, or to refinance our obligations under, our indebtedness and to fund planned capital expenditures and other corporate expenses will depend on our future operating performance and on economic, financial, competitive, legislative and other factors and any legal and regulatory restrictions on the payment of distributions and dividends to which they may be subject. Many of these factors are beyond our control. We cannot assure you that our business will generate sufficient cash flow from operations, that currently anticipated cost savings and operating improvements will be realized or that future borrowings will be available to us in an amount sufficient to enable us to satisfy our obligations under our indebtedness or to fund our other needs. To satisfy our obligations under our indebtedness and to fund planned capital expenditures, we must continue to execute our business strategy. If we are unable to do so, we may need to reduce or delay our planned capital expenditures or refinance all or a portion of our indebtedness on or before maturity. Significant delays in our planned capital expenditures may materially and adversely affect our future revenue prospects. In addition, we cannot assure you that we will be able to refinance any of our indebtedness on commercially reasonable terms or at all.

A downgrade, suspension or withdrawal of the rating assigned by a rating agency to us could impact our cost of capital.

Any future lowering of our ratings may make it more difficult or more expensive for us to obtain additional debt financing. Therefore, although reductions in our debt ratings may not have an immediate impact on the cost of debt or our liquidity, they may impact the cost of debt and liquidity over the medium term and future access at a reasonable rate to the debt markets may be adversely impacted.

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

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

On February 11, 2013, we increased the annual base compensation for Brian Roberts, the Executive Vice President and Chief Financial Officer of the Company, to $650,000, effective as of January 1, 2013.

ITEM 6. EXHIBITS

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

The agreements filed as Exhibits 2.1 through 2.5 to this Report have been attached as exhibits to provide investors and security holders with information regarding their respective terms. They are not intended to provide any other factual information about the Company or any of its affiliates or businesses. The representations, warranties, covenants and agreements contained in such exhibits were made only for the purposes of such agreement and as of specified dates, were solely for the benefit of the parties to such agreement and may be subject to limitations agreed upon by the contracting parties. The representations and warranties may have been made for the purposes of allocating contractual risk between the parties to such agreements instead of establishing these matters as facts, and may be subject to standards of materiality applicable to the contracting parties that differ from those applicable to investors. Investors and security holders are not third-party beneficiaries under any of the agreements attached as exhibits hereto and should not rely on the representations, warranties, covenants and agreements or any descriptions thereof as characterizations of the actual state of facts or condition of the Company or any of its affiliates or businesses. Moreover, the assertions embodied in the representations and warranties contained in each such agreement are qualified by information in confidential disclosure letters or schedules that the parties have exchanged. Accordingly, investors and security holders should not rely on the representations and warranties as characterizations of the actual state of facts of the Company or any of its affiliates or businesses. Moreover, information concerning the subject matter of the representations and warranties may change after the respective dates of such agreements, which subsequent information may or may not be fully reflected in the Company’s public disclosures.

Exhibit No.	Description
2.1	Share Purchase Agreement, dated as of February 6, 2013, by and among WMG UK and certain other subsidiaries of the Company, as Buyers, and WMG Acquisition, as Buyers' Guarantor, and EGH1 BV, EMI Group Holdings BV and DELTA Holdings BV, as Sellers (as defined therein), and Universal International Music BV, as Sellers' Guarantor (as defined therein) (Schedules and exhibits omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company agrees to furnish a copy of any omitted schedule to the SEC upon request.) ††*
2.2	Form of Share Purchase Agreement to be entered into upon exercise of the Put Option, delivered by Warner Music Holdings BV, as Buyer, and WMG Acquisition, as Buyer's Guarantor, to EMI Music France Holdco Limited, as Seller, and Universal International Music BV, as Seller's Guarantor on February 6, 2013 (Schedules and exhibits omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company agrees to furnish a copy of any omitted schedule to the SEC upon request.) *
2.3	Put Option, dated as of February 6, 2013 (the "Put Option"), by and among Warner Music Holdings BV, as Buyer, and WMG Acquisition, as Buyer's Guarantor, and EMI Music France Holdco Limited, as Seller, and Universal International Music BV, as Seller's Guarantor (Schedules and exhibits omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company agrees to furnish a copy of any omitted schedule to the SEC upon request.) ††*
2.4	Amendment No. 1 to the Put Option, dated February 8, 2013. *
2.5	Separation Agreement, dated as of February 6, 2013, by and between EGH1 BV, as Seller, and WMG UK, as Buyer. (Schedules and exhibits omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company agrees to furnish a copy of any omitted schedule to the SEC upon request.) ††*
4.1	Indenture, dated as of November 1, 2012, among WMG Acquisition Corp., the guarantors listed on the signature pages thereto, Credit Suisse AG, as Notes Authorized Agent and as Collateral Agent, and Wells Fargo Bank, National Association, as Trustee, providing for the issuance of secured notes in series. (1)
4.2	First Supplemental Indenture, dated as of November 1, 2012, among WMG Acquisition Corp., the guarantors listed on the signature pages thereto and Wells Fargo Bank, National Association, as Trustee, relating to the 6.250% Senior Secured Notes due 2021. (1)
4.3	Second Supplemental Indenture, dated as of November 1, 2012, among WMG Acquisition Corp., the guarantors listed on the signature pages thereto and Wells Fargo Bank, National Association, as Trustee, relating to the 6.000% Senior Secured Notes due. (1)
4.4	Third Supplemental Indenture, dated as of October 30, 2012, among WMG Acquisition Corp., WMG Holdings Corp., the guarantors listed on the signature pages thereto and Wells Fargo Bank, National Association, as Trustee, relating to the 9.50% Senior Secured Notes due 2016. (1)
4.5	Second Supplemental Indenture, dated as of October 30, 2012, among WMG Acquisition Corp. the guarantors listed on the signature pages thereto and Wells Fargo Bank, National Association, as Trustee, relating to the 9.50% Senior Secured Notes due 2016. (1)
4.6	Second Supplemental Indenture, dated as of October 30, 2012, among WMG Acquisition Corp. the guarantors listed on the signature pages thereto and Wells Fargo Bank, National Association, as Trustee, relating to the 11.50% Senior Notes due 2018. (1)
4.7	Third Supplemental Indenture, dated as of November 1, 2012, among WMG Acquisition Corp., Arms Up Inc. and Wells Fargo Bank, National Association, as Trustee, relating to the 11.50% Senior Notes due 2018. (1)
4.8	Third Supplemental Indenture, dated as of October 30, 2012, among WMG Holdings Corp., Warner Music Group Corp., as guarantor, and Wells Fargo Bank, National Association, as Trustee, relating to the 13.75% Senior Notes due 2019. (1)
4.9	Security Agreement, dated as of November 1, 2012, among WMG Acquisition Corp., WMG Holdings Corp., the guarantors listed on the signature pages thereto and Credit Suisse AG, as collateral agent, term loan authorized representative, revolving authorized representative and indenture authorized representative. (1)
4.10	Copyright Security Agreement, dated November 1, 2012, made by WMG Acquisition Corp. and the guarantors listed on the signature pages thereto in favor of Credit Suisse, AG, as collateral agent for the Secured First Lien Parties. (1)
4.11	Patent Security Agreement, dated November 1, 2012, made by WMG Acquisition Corp. and the guarantors listed on the signature pages thereto in favor of Credit Suisse, AG, as collateral agent for the Secured First Lien Parties. (1)
4.12	Trademark Security Agreement, dated November 1, 2012, made by WMG Acquisition Corp. and the guarantors listed on the signature pages thereto in favor of Credit Suisse, AG, as collateral agent for the Secured First Lien Parties. (1)
4.13	Satisfaction and Discharge of Indenture, dated as of November 1, 2012, relating to the Indenture, dated as of May 28, 2009, as amended, among WMG Acquisition Corp., WMG Holdings Corp., the guarantors party thereto and Wells Fargo Bank, National Association, as Trustee. (1)
4.14	Satisfaction and Discharge of Indenture, dated as of November 1, 2012, relating to the Indenture, dated as of July 20, 2011, as amended, among WMG Acquisition Corp., the guarantors party thereto and Wells Fargo Bank, National Association, as Trustee. (1)
4.15	Guarantee, dated November 16, 2012, issued by Warner Music Group Corp., relating to WMG Acquisition Corp.'s 6.000% Senior Secured Notes due 2021 and the 6.250% Senior Secured Notes due 2021. (2)
10.1	Credit Agreement, dated as of November 1, 2012, among WMG Acquisition Corp., each lender from time to time party thereto, Credit Suisse AG, as administrative agent, Credit Suisse Securities (USA) LLC, Barclays Bank PLC, UBS Securities LLC, Macquarie Capital (USA) Inc. and Nomura Securities International, Inc., as joint bookrunners and joint lead arrangers, and Barclays Bank PLC and UBS Securities LLC, as syndication agents, relating to a revolving credit facility. (1)

10.2 Credit Agreement, dated as of November 1, 2012, among WMG Acquisition Corp., each lender from time to time party thereto, Credit Suisse AG, as administrative agent, Credit Suisse Securities (USA) LLC, Barclays Bank PLC, UBS Securities LLC, Macquarie Capital (USA) Inc. and Nomura Securities International, Inc., as joint bookrunners and joint lead arrangers, and Barclays Bank PLC and UBS Securities LLC, as syndication agents, relating to a term loan credit facility. (1)

Exhibit No.	Description
10.3	Subsidiary Guaranty, dated as of November 1, 2012, made by the persons listed on the signature pages thereto under the caption "Subsidiary Guarantors" and the Additional Guarantors in favor of the Secured Parties, relating to the term loan credit facility. (1)
10.4	Guarantee Agreement, dated as of November 1, 2012, made by the persons listed on the signature pages thereto under the caption "Subsidiary Guarantors" and the Additional Guarantors in favor of the Secured Parties, relating to the revolving credit facility. (1)
10.5	Employment Letter dated December 21, 2012, between Warner Music Inc and Brian Roberts. †*
10.6	Employment Letter dated December 21, 2012, between Warner/Chappell Music, Inc and Cameron Strang. †*
10.7	Warner Music Group Corp. Senior Management Free Cash Flow Plan. †*
10.8	Employment Letter, dated February 11, 2013, between Warner Music Inc. and Brian Roberts. †*
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended*

Exhibit No.	Description
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-15(a) of the Securities Exchange Act of 1934, as amended*
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**
101.1	Financial statements from the Quarterly Report on Form 10-Q of Warner Music Group Corp. for the quarter ended December 31, 2012, filed on February 14, 2013, formatted in XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Cash Flows, (iv) Consolidated Statements of Equity Deficit and (v) Notes to Consolidated Interim Audited Financial Statements***

* Filed herewith.

** This certification will be treated as "accompanying" this Quarterly Report on Form 10-Q and not "filed" as part of such report for purposes of Section 18 of the Securities Exchange Act, as amended, or otherwise subject the liability of Section 18 of the Securities Exchange Act of 1934, as amended, and this certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the registrant specifically incorporates it by reference.

*** Furnished herewith pursuant to Rule 406T of Regulation S-T, XBRL (Extensible Business Reporting Language) information is submitted and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections

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

†† Exhibit omits certain information that has been filed separately with the Securities and Exchange Commission subject to a request for confidential treatment.

(1) Incorporated by reference to Warner Music Group Corp.'s Current Report on Form 8-K filed on November 7, 2012 (File No. 001-32502).

(2) Incorporated by reference to Warner Music Group Corp.'s Current Report on Form 8-K filed on November 19, 2012 (File No. 001-32502).

SIGNATURES

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

February 14, 2013

WARNER MUSIC GROUP CORP.

By: /S/ STEPHEN COOPER
Name: **Stephen Cooper**
Title: **Chief Executive Officer (Principal Executive Officer)**

By: /S/ BRIAN ROBERTS
Name: **Brian Roberts**
Title: **Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)**

Exhibit 2.1

STRICTLY PRIVATE AND CONFIDENTIAL

Share Sale and Purchase Agreement
relating to PLG Holdco Limited and Others

Dated 6 February 2013

EGH1 BV (1)
EMI Group Holdings BV (2)
Delta Holdings BV (3)
Universal International Music BV (4)
The Buyers (5)
WMG Acquisition Corp. (6)

THE USE OF THE FOLLOWING NOTATION IN THIS EXHIBIT INDICATES THAT A CONFIDENTIAL PORTION HAS BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT AND THE OMITTED MATERIAL HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION: [***].

EXECUTION VERSION

TABLE OF CONTENTS

DATE 2013

PARTIES

(1) EGH1 BV, a company duly incorporated and existing under the laws of the Netherlands with number 56674576 whose principal place of business is at Gerrit van der Veenlaan 4, 3743 DN Baarn, the Netherlands ("EMIGH 1");

(2) EMI GROUP HOLDINGS BV, a company duly incorporated and existing under the laws of the Netherlands with number 33208684 whose statutory seat is in the Netherlands and whose principal place of business is at 27 Wrights Lane, London, W8 5SW ("EMIGH");

(3) DELTA HOLDINGS BV, a company duly incorporated and existing under the laws of the Netherlands with number 33241842 whose statutory seat is in the Netherlands and whose principal place of business is at 27 Wrights Lane, London, W8 5SW ("Delta");

(4) UNIVERSAL INTERNATIONAL MUSIC BV, a company duly incorporated and existing under the laws of the Netherlands with number 3101849, whose principal place of business is at Gerrit van der Veenlaan 4, 3743 DN Baarn, the Netherlands (the "Sellers' Guarantor");

(5) THE COMPANIES whose names, company numbers and registered offices are set out in Part 4 of Schedule 1 (together the "Buyers" and each a "Buyer"); and

(6) WMG ACQUISITION CORP., a company duly incorporated and existing under the laws of Delaware, whose principal place of business is at 75 Rockefeller Plaza New York, NY 10019 USA (the "Buyers' Guarantor").

INTRODUCTION

(A) The Sellers have agreed to sell to the Buyers, and the Buyers have agreed to purchase, the Target Shares for the Consideration and otherwise in the manner and on and subject to the terms of this Agreement.

(B) A member of the Buyers' Group wishes to purchase, and the relevant Seller may wish to sell, the shares of EMI France for additional consideration and otherwise in the manner and on and subject to the terms of the France Put Option.

OPERATIVE PROVISIONS

1 Definitions

In this Agreement, except where a different interpretation is necessary in the context, the words and expressions set out below shall have the following meanings:

Accounts Date	31 March 2012
Affiliate	in relation to any body corporate (whether or not registered in the United Kingdom), any holding company or subsidiary of such body corporate or any subsidiary of a holding company of such body corporate in each case from time to time
Aggregated Intercompany Balance	the aggregate amounts receivable by any member of the Completion Statement Group from any member of the Sellers' Group less the aggregate amounts payable by any member of the Completion Statement Group to any member of the Sellers' Group, each as at the Effective Time and as set out in the Completion Statement

Aggregate Payments	(a) if Completion occurs, the Consideration actually received by the Sellers or members of the Sellers' Group and the France EV; or (b) where clause 6 applies, the Longstop Date Payment
Agreed Form Documents	any documents in the "agreed form", meaning in this Agreement any documents in terms agreed between a Buyer and a Seller and signed for identification by or on behalf of such Buyer and Seller, including those documents listed in Schedule 9
this Agreement	this agreement including the Introduction and the Schedules
Applicable Law	an enforceable law or regulation, or any enforceable judgment, injunction, order or decree by any court or Authority
Approval	has the meaning given in clause 4.12
Artist VDD Reports	the vendor due diligence reports relating to the PLG Key Artists and intellectual property matters in folder 1.1.1.4.1 of the Data Room
Audit Claim	any audit claim made against any member of the Target Group and notified in writing to such member of the Target Group by legal advisers, accountants or other professional advisers to a Current Artist where the amount claimed is or is expected by the relevant Seller to give rise to a liability of more than £250,000 (or equivalent value in another currency)
Authority	any governmental, regulatory or other authority and "Authorities" shall be construed accordingly
Books and Records	all notices, correspondence, orders, inquiries, Tax returns, work papers, drawings, plans, books of account and other documents and all other computer disks or other information stored in electronic form
Business	collectively, the businesses of the Target Group at the date hereof
Business Day	a day other than a Saturday, Sunday or public holiday on which banks are open in London and the City of New York for general commercial business
Buyers' Group	the Buyers and any of their respective Affiliates from time to time (and including, as from Completion, the Target Group)
Buyers' Guarantee	has the meaning given in clause 17
Buyers' Guaranteed Obligations	has the meaning given in clause 17
Buyer HSR Obligations Breach	has the meaning given in clause 4.20
Buyers' Nominated Account	the account or accounts notified by the Buyers' Representative to the Sellers' Representative in accordance with clause 33 from time to time, in any event not less than five Business Days prior to any relevant payment

Buyers' Representative	the Buyers' Guarantor or any other person appointed as the Buyers' Representative in accordance with clause 18.2
Buyer Transferring Employees	those persons who EMIGH 1 and the relevant Buyer agree in writing at least five Business Days prior to Completion shall be treated as Buyer Transferring Employees for the purposes of this Agreement
Buyer Warranties	the warranties given by each of the Buyers in clause 11 and Schedule 4 and each such warranty shall be a "Buyer Warranty"
Carve Out Financial Information	the aggregated balance sheet as at 31 March 2012 for the PLG Perimeter Group as set out on page 139 of the KPMG Financial Due Diligence Report
Cash	in respect of the Completion Statement Group, the aggregate of any cash, bank deposits, cash in hand or cash equivalents, per the general ledger and other items specified as Cash in paragraph 2 of Part 1 of Schedule 6, in all cases as at the Effective Time, as set out in the Completion Statement
CID	has the meaning given in clause 4.20
Claim	a claim (other than a Tax Claim) for breach of any provision of this Agreement or any of the other Transaction Documents (other than the Separation Agreement and the Separation Documents)
Code	the US Internal Revenue Code of 1986 (as amended from time to time)
Commission	the European Commission
Commission Decision	the Commission's clearance decision COMP/M.6458 Universal Music Group/EMI Music
Commitment Letters	the Equity Commitment Letter and the Debt Commitment Letter
Completion	completion of the sale and purchase of the Target Shares in accordance with the terms of this Agreement
Completion Date	has the meaning given in clause 7.2
Completion Payment	the estimated Consideration being an amount equal to the sum of: (a) the Enterprise Value; less (b) Estimated Debt; plus (c) Estimated Cash; plus (d) the Estimated Aggregated Intercompany Balance (which, if negative, will reduce the estimated Consideration for the Target Shares); plus (e) the Estimated Working Capital Adjustment (which, if negative, will reduce the estimated Consideration for the Target Shares)

Completion Statement	in respect of the Completion Statement Group, the final and binding aggregated statement to be prepared in accordance with Schedule 6
Completion Statement Group	the Target Group and the EMI France Group
Conclusion of the France Consultation	has the meaning given to "Date of Completion of the Consultation Process" in the France SPA
Conditions	the conditions to Completion specified in clause 4.1 of this Agreement and "Condition" shall mean any one of them
Confidential Information	all technical, financial, commercial and other information of a confidential nature relating to any or all of the Business including trade secrets, know-how, inventions, product information and unpublished information relating to the intellectual property, marketing and business plans, projections, current and projected plans or internal affairs of any member of the Target Group
Consideration	an amount equal to the sum of: (a) the Enterprise Value; less (b) Debt; plus (c) Cash; plus (d) the Aggregated Intercompany Balance (which, if negative, will reduce the Consideration for the Target Shares); plus (e) the Working Capital Adjustment (which, if negative, will reduce the Consideration for the Target Shares); plus (f) the Extension Interest Amount (if any)
Consultation Process	has the meaning given in the France Put Option
Contract Reviews	the contract reviews contained in the Artist VDD Reports
Current Artist	a recording artist who is "primarily attached" (within the meaning of the Commission Decision) to a member of the Target Group Company on the date of this Agreement or a recording artist who becomes "primarily attached" to a Target Group Company between the date of this Agreement and the Completion Date
Cut-off Time	has the meaning given in Schedule 6
Data Room	the Project Vida "Main Package" electronic data room made available to the Buyers and/or their advisers on the Intralinks Inc. datasite

Debt	in respect of the Completion Statement Group, the aggregate amount of all outstanding loans and other financing liabilities and obligations, including overdrafts and finance leases (and accrued interest (if any) on any such overdrafts and finance leases), transaction costs, transaction bonuses (including any related Taxes but excluding the RP Bonuses), corporation tax and other items specified as Debt in paragraph 2 of Part 1 to Schedule 6 each as at the Effective Time and as set out in the Completion Statement excluding, for the avoidance of doubt, the Aggregated Intercompany Balance and Working Capital
Debt Commitment Letter	the executed debt commitment letter from Credit Suisse Securities AG and others to WMG Acquisition Corp. dated 6 February 2013, as amended, supplemented, or replaced in compliance with this Agreement pursuant to which, and subject to the terms of which, such Debt Financing Sources have committed to provide the Buyers with debt financing of the type and in the amounts described therein, the proceeds of which will be used to consummate the transactions contemplated by this Agreement
Debt Financing	the debt financing to be provided pursuant to the Debt Commitment Letter or any alternative financing arrangements or agreements entered into by the Buyers in accordance with clause 13.11
Debt Financing Sources	the financial institutions who are parties to the Debt Commitment Letter and such other persons as may from time to time commit to provide, or otherwise enter into agreements with respect to, the Debt Financing, together with their Affiliates, officers, directors, employees, agents and representatives involved in the Debt Financing and each of the foregoing's respective successors and assigns
Degrouping Claim	means a claim under clause 2.1(b) of the Tax Deed in relation to a degrouping charge in PLG Holdco Limited under s179(3) TCGA in respect of its acquisition of EMI Records Limited from EMI Limited as part of the Vida Reorganisation
Delta Belgium Share	the 1 share in EMI Belgium held by Delta
Determination Date	the date upon which the Completion Statement is agreed between the Buyers' Representative and the Sellers' Representative or otherwise becomes final and binding on the parties in accordance with Schedule 6
Directors	the persons specified as directors of any member of the Target Group in Part 1 of Schedule 1 and any director of any Subsidiary (the expression "Director" meaning any of them)
Disclosure Documents	the Disclosure Letter and the documents attached to or referred to in the Disclosure Letter and the contents of the Data Room

Disclosure Letter	the letter dated the same date as this Agreement from the Sellers to the Buyers (including a CD-ROM containing a copy of the Data Room), delivered by the Sellers' Representative to the Buyers' Representative immediately before execution of this Agreement, of which the Buyers' Representative has acknowledged receipt
Effective Time	immediately prior to Completion or, in the case of clause 6 only, 5:00 p.m. on the Longstop Date
EMI Belgium	EMI Music Belgium BVBA, short particulars of which are set out in Part 1 of Schedule 1
EMI Belgium Shares	the EMIGH Belgium Shares and the Delta Belgium Share
EMI Czech	EMI Czech Republic s.r.o., short particulars of which are set out in Part 1 of Schedule 1
EMI Czech Interest	the 85.7% ownership interest in EMI Czech held by EMIGH short particulars of which are set out in Part 1 of Schedule 1
EMI Denmark	EMI Music Denmark AS, short particulars of which are set out in Part 1 of Schedule 1
EMI Denmark Shares	the 2,650 shares in EMI Denmark held by EMIGH, short particulars of which are set out in Part 1 of Schedule 1
EMIGH Belgium Shares	the 9,055 shares in EMI Belgium held by EMIGH, short particulars of which are set out in Part 1 of Schedule 1
EMI France	EMI Music France SAS, a *société par actions simplifiée* (company number 542 103 569) whose registered office is at 118/126 rue du Mont Cenis, 75018 Paris, France
EMI France Group	EMI France and EMI France's 51% shareholding in PlayOn SAS
EMI Group Companies	EMI Group Limited ((company number 00229231), whose registered office is at 27 Wrights Lane, London, W8 5SW), and its subsidiary undertakings, from time to time
EMI Group Global	EMI Group Global Limited (company number 07509551) whose registered office is at Citigroup Centre, 25 Canada Square, London, E14 5LB
EMI Group Global Transaction Documents	has the meaning given in clause 13.1(b)
EMI Group Global Undertaking	EMI Group Global or any undertaking which is, at the relevant time (or which were at any time prior to 28 September 2012), a subsidiary undertaking or parent undertaking of EMI Group Global or a subsidiary undertaking of a parent undertaking of EMI Group Global (but excluding any member of the Target Group and any MP Group Companies)
EMI Norway	EMI Group Norway AS, short particulars of which are set out in Part 1 of Schedule 1

EMI Norway Shares	the 7,001 shares in EMI Norway held by EMIGH, short particulars of which are set out in Part 1 of Schedule 1
EMI Poland	EMI Music Poland sp.z.o.o, short particulars of which are set out in Part 1 of Schedule 1
EMI Poland Shares	the 1,000 shares in EMI Poland held by EMIGH, short particulars of which are set out in Part 1 of Schedule 1
EMI Portugal	EMI Group Portugal SGPS Lda, short particulars of which are set out in Part 1 of Schedule 1
EMI Portugal Shares	the two quotas held in EMI Portugal by EMIGH, short particulars of which are set out in Part 1 of Schedule 1
EMI Records	EMI Records Limited, (company number 00068172) having its registered office located at 27 Wrights Lane, London W8 5SW
EMI Spain	EMI Music Spain SL, short particulars of which are set out in Part 1 of Schedule 1
EMI Spain Shares	the 27,200 shares in EMI Spain held by EMIGH, short particulars of which are set out in Part 1 of Schedule 1
EMI Sweden	EMI Music Sweden AB, short particulars of which are set out in Part 1 of Schedule 1
EMI Sweden Shares	the 45,000 shares in EMI Sweden held by EMIGH, short particulars of which are set out in Part 1 of Schedule 1
Employment Damages	any and all claims (whether or not successful, compromised or settled), actions, proceedings, liabilities, demands, or judgments asserted or established in any jurisdiction and, as incurred, any and all losses, damages, liabilities, costs, expenses (including reasonable legal, investigative and professional costs and expenses in disputing or defending any of the foregoing), any PAYE income tax and primary class 1 (employee) and secondary class 1 (employer) national insurance contributions (or any similar liability to withhold amounts in respect of income tax or social security contributions in any jurisdiction), fines, penalties and clean-up costs
Encumbrance	any interest or equity of any person (including any right to acquire, option or right of pre-emption) or any mortgage, charge, pledge, lien, assignment, hypothecation, security interest, title retention or any other security agreement or arrangement
Enterprise Value	£414,400,000
Equity Commitment Letter	the executed equity commitment letter from RSB Ltd to the Sellers' Guarantor, dated 6 February 2013, as amended or supplemented in compliance with this Agreement, to provide the Equity Financing to the Buyers
Equity Financing	the equity financing that may be provided pursuant to the Equity Commitment Letter

Equity Financing Source	the person who is party to the Equity Commitment Letter and such other persons as may from time to time commit to provide, or otherwise enter into agreements with respect to Equity Financing, together with their Affiliates, officers, directors, employees, agents and representatives involved in the Equity Financing and each of the foregoing's respective successors and assigns
Estimated Aggregated Intercompany Balance	£0
Estimated Cash	the Sellers' good faith estimate of Cash
Estimated Debt	the Sellers' good faith estimate of Debt
Estimated Working Capital Adjustment	the Sellers' good faith estimate of the Working Capital Adjustment
EU Merger Regulation	has the meaning given to it in clause 4.1(b)(i)
Exchange Rate	with respect to a particular currency for a particular day, the spot bid rate of exchange for that currency into pounds sterling on such date, at the rate quoted by Reuters as at 4:00 p.m. in London on such date
Exclusive Employees	those persons who, as at Completion, are either: (a) employed in the United Kingdom and work exclusively for the Business, and who shall be identified in writing to Warner Music Holdings Limited by EMIGH 1 at least five Business Days prior to Completion; or (b) employed in the United Kingdom and do not work exclusively for the Business, but who are identified in writing to Warner Music Holdings Limited by EMIGH 1 as being key personnel of the Business, and who the relevant Buyer agrees in writing at least five Business Days prior to Completion shall be treated as Exclusive Employees for the purposes of this Agreement; or (c) Seller Transferring Employees
Extension Interest Amount	interest, at a rate of five per cent. above the base rate from time to time of Barclays Bank plc, accruing on a daily basis on the aggregate of (i) elements (a) to (e) of the definition of Consideration and (ii) the France EV, from and including the date which is four months after the date hereof until and excluding the Completion Date
Financing	the Debt Financing and the Equity Financing
Financing Sources	the Debt Financing Sources and the Equity Financing Sources
France Completion	has the meaning given in the France SPA
France EV	£72,600,000

France Put Option	the binding put option dated the date of this Agreement and irrevocably granted by Warner Music Holdings BV to the benefit of the persons named therein with respect to EMI France
France SPA	the Agreed Form Document appended to the France Put Option pursuant to which, subject to the satisfaction of conditions stated therein, the relevant member of the Sellers' Group agrees to sell EMI France to a member of the Buyers' Group
Fundamental Warranties	the Seller Warranties set out in paragraphs 1.1, 1.2, 2 and 3 of Schedule 3 and each shall be a "Fundamental Warranty"
Fundamental Claim	a claim for breach of any Fundamental Warranty, the Seller Warranty at paragraph 8 of Schedule 3, or pursuant to clause 2 or clause 8
HSR Act	has the meaning given in clause 4.1(c)
HSR Filing	has the meaning given in clause 4.17
IA 1986	has the meaning given in Schedule 3
IFRS	International Financial Reporting Standards issued by the International Accounting Standards Board, interpretations issued by the International Financial Reporting Interpretations Committee, International Accounting Standards issued by the International Accounting Standards Committee and the interpretations issued by the Standing Interpretations Committee, each as endorsed by the Commission for application within the EU and in force as at the relevant date
Independent Accountants	either: (a) PricewaterhouseCoopers LLP; (b) in the event that the firm of accountants named in paragraph (a) above are unwilling or unable to act an independent firm of chartered accountants of international repute agreed by the Sellers' Representative and the Buyers' Representative not being the auditors of any of the Buyers, any of the Sellers or any member of the Target Group; or (c) in default of agreement as to the identity of that independent firm within ten Business Days of the Sellers' Representative or the Buyers' Representative notifying the other of its wish to appoint an independent firm, a specific member of an independent firm of chartered accountants to be nominated on the application of the Sellers' Representative or the Buyers' Representative by the President for the time being of the Institute of Chartered Accountants in England and Wales
Key Artist Contracting Party	the parties (other than members of the Target Group) to the contracts identified in the Contract Reviews

KPMG Financial Due Diligence Report	the document entitled "Project Vida – Vendor Initiated Financial Due Diligence Report" prepared by KPMG, dated 15 December 2012
Longstop Date	[***]
Longstop Date Payment	has the meaning given in clause 6.1
Material Litigation	any litigation, administrative, mediation or arbitration proceedings between any member of the Target Group and a third party in which: (a) formal court proceedings have been issued and served on or by such member of the Target Group and are on-going; and (b) where the amount claimed by the third party claimant or by such member of the Target Group is or is expected by the relevant Seller to give rise to a claim of more than £250,000 (or equivalent value in another currency)
Member State	has the meaning given in clause 4.1(b)(iv)
MP Group Companies	those companies listed in Schedule 8
Nile Claim	any Tax Claim under clauses 2.1(c) or 2.1(e) of the Tax Deed
Non-ordinary Course Tax Claims	any claim pursuant to: (a) clause 2.1(a) of the Tax Deed which is outside the ordinary course of business; (b) clause 2.1(b) of the Tax Deed; (c) clause 2.3 of the Tax Deed; or (d) clause 2.4 of the Tax Deed
Non-PLG Party	has the meaning given in the Separation Agreement
Opinion	has the meaning given in the France Put Option
Payment	has the meaning given to it in clause 6.10
Pending Litigation	any actions, proceedings or regulatory investigations pursued by a third party against any member of the Target Group in which: (a) formal legal proceedings have not been issued and served on such member of the Target Group; (b) a demand letter, letter before action or similar letter has been sent by outside counsel on behalf of the relevant third party to such member of the Target Group; and (c) where the claimed amount notified in such letter is expected to give rise to a claim of more than £250,000 (or equivalent value in another currency)

PlayOn SAS	PlayOn SAS, a *société par actions simplifiée* (company number 488 124 819) whose registered office is at 110 boulevard Jean Jaurès, 92100 Boulogne Billancourt, France
PLG Holdco	PLG Holdco Limited, short particulars of which are set out in Part 1 of Schedule 1
PLG Key Artists	has the meaning given in the Artist VDD Reports
PLG Key Non-Classical Artists	the PLG Key Artists (excluding the UK Key Classical Artists) identified in the Artist VDD Reports
PLG Perimeter Group	the members of the Target Group referred to under the heading 'definition of the sale group (PLG)' on page 19 of the KPMG Financial Due Diligence Report
PLG Share	the 1 ordinary share in PLG Holdco held by EMIGH 1, short particulars of which are set out in Part 1 of Schedule 1
[***]	[***]
[***]	[***]
Relief	the same meaning as in the Tax Deed
Reorganisation	the internal reorganisation of the Sellers' Group (including for these purposes the Target Group) as contemplated by the Separation Plan so far as it relates to the Target Group, as amended, changed or varied in accordance with clause 9
Reliance Letters	the reliance letters from certain professional advisers relating to the VDD Reports, delivered on Completion
RP Bonuses	any unpaid tranches of the cash bonuses payable to eligible participants of the RP Scheme
RP Scheme	the retention programme introduced by EMI Records for the benefit of certain key executives and employees of itself and certain of its Affiliates, as detailed in the Terms and Conditions of the Retention Compensation Programme dated 28 September 2012
Second Request	has the meaning given in clause 4.19
Sellers	EMIGH 1, EMIGH and Delta
Sellers' Completion Documents	the Tax Deed, the Separation Agreement and any other documents which are to be executed by (any of) the Sellers pursuant to this Agreement
Sellers' Group	the Sellers and any of their Affiliates excluding the Target Group, unless expressly provided otherwise
Sellers' Guarantee	has the meaning given in clause 19.3
Sellers' Guaranteed Obligations	has the meaning given in clause 19.2

Sellers' Nominated Account	the account or accounts notified by the Sellers' Representative to the Buyers' Representative in accordance with clause 33 from time to time, in any event not less than five Business Days prior to any relevant payment
Sellers' Representative	the Sellers' Guarantor or any person appointed as Sellers' Representative in accordance with clause 20
Sellers' Solicitors	SJ Berwin LLP of 10 Queen Street Place, London EC4R 1BE
Seller Transferring Employees	those persons who EMIGH 1 and the relevant Buyer agree in writing at least five Business Days prior to Completion shall be treated as Seller Transferring Employees for the purposes of this Agreement
Senior Employee	any person employed by any Target Company between the date of this Agreement and Completion with a base annual salary as at the date of this Agreement of £150,000 or more excluding those persons set out in Schedule 10
Seller Warranties	the warranties given by each of the Sellers in clause 10 and Schedule 3 and each such warranty shall be a "Seller Warranty"
Separation Agreement	the separation agreement between certain Sellers and certain members of the Target Group dated the same date as this Agreement
Separation Documents	the Agreed Form Documents which relate to and implement the Reorganisation which (for the avoidance of doubt) shall include the Separation Plan
Separation Plan	has the meaning given to it in the Separation Agreement
Specified Assets	the following assets, identified in the KPMG Financial Due Diligence Report: (a) French warehouse (page 170); (b) Citigroup fees (page 160); and (c) Spain TV station claim (page 179)
Step Change	has the meaning given to it in clause 9.4
Subsidiaries	those companies or other legal entities, short particulars of which appear in Part 3 of Schedule 1 and "Subsidiary" shall mean any one of the Subsidiaries
Target Companies	those companies or other legal entities, short particulars of which appear in Part 1 of Schedule 1 and "Target Company" shall mean any one of the Target Companies
Target Group	the Target Companies and the Subsidiaries
Target Shares	the PLG Share, the EMI Belgium Shares, the EMI Czech Interest, the EMI Denmark Shares, the EMI Norway Shares, the EMI Poland Shares, the EMI Portugal Shares, the EMI Spain Shares and the EMI Sweden Shares

Tax Claim	a claim under the Tax Deed
Tax Deed	the Agreed Form Document being the deed of covenant relating to Taxation between, amongst others, the Sellers, the Buyers, the Sellers' Guarantor and the Buyers' Guarantor
Tax Matters	has the meaning given in clause 13.3
Taxation or Tax	the same meaning as in the Tax Deed
Taxing Authority	the same meaning as in the Tax Deed
Third Party EV	has the meaning given in clause 6.6
Third Party Financial Debt	in respect of the Completion Statement Group, the aggregate amount of all outstanding third party financial loans and similar financing liabilities and obligations
Transaction	has the meaning given in clause 4.1(b)
Transaction Documents	(a) this Agreement; (b) the Tax Deed; (c) the Disclosure Letter; (d) the Separation Agreement; (e) the Separation Documents; (f) the France Put Option; and (g) the France SPA
[***]	[***]
[***]	[***]
[***]	[***]
Transfer Regulations	the Transfer of Undertakings (Protection of Employment) Regulations 2006
Transitional Services Agreements	the Agreed Form Documents relating to the provision of certain transitional services between certain members of the Target Group and certain members of the Sellers' Group
UK Key Classical Artists	[***]
UMG Selected Employees	those persons who are agreed between the parties as UMG Selected Employees
UMGMH	Universal Music Holdings Limited (company number 05344517) whose registered office is at 364-366 Kensington High Street, London W14 8NS
US	United States of America

VAT	value added Tax as provided for in VATA and subordinate legislation made under VATA, each enacted (whether before or after the date of this Agreement) or in any primary or secondary legislation promulgated by the European Community, or any official body or agency of the European Community, including without limitation EC Directive 2006/112/EC as amended, modified or re-enacted (whether before or after the date of this Agreement), and any similar goods and services, sales, consumption or turnover Tax whether within the European Community or elsewhere in the world
VATA	the UK Value Added Tax Act 1994 as amended, modified or re-enacted
VDD Reports	the vendor due diligence reports prepared by certain professional advisers of the Sellers' Group as contained in the Data Room
Warner Licence	the licence agreement entered into between WEA International Inc. and EMI Music International Services Limited dated 4 December 2008
Warranty Claim	a Claim which relates to a purported breach of a Seller's Warranty
Workers Council	has the meaning given in the France Put Option
Working Capital Adjustment	an amount equal to the sum of: (a) Working Capital; less (b) Working Capital Target, provided that where this would result in an amount equal to or between £-2,000,000 and £2,000,000 the Working Capital Adjustment shall be zero
Working Capital	in respect of the Completion Statement Group, the aggregate of inventory, trade and other receivables, advances, prepayments, royalty and copyright receivables, other current assets, trade payables and accruals, deferred income, royalty and copyright payables, operating provisions and other items specified as Working Capital in paragraph 2 of Part 1 to Schedule 6, as at the Effective Time and as set out in the Completion Statement
Working Capital Target	£-93.6 million

2 Sale and purchase of the Target Shares

2.1 EMIGH 1 shall at Completion sell and the relevant Buyer shall purchase the PLG Share together with all rights attaching to it at Completion and free from all Encumbrances.

2.2 EMIGH shall at Completion sell and the relevant Buyers shall purchase the:

(a) EMIGH Belgium Shares;

(b) EMI Czech Interest;

(c) EMI Denmark Shares;

(d) EMI Norway Shares;

(e) EMI Poland Shares;

(f) EMI Portugal Shares;

(g) EMI Spain Shares; and

(h) EMI Sweden Shares,

together with all rights attaching to them at Completion and free from all Encumbrances.

2.3 Delta shall at Completion sell and the relevant Buyer shall purchase the Delta Belgium Share held by Delta together with all rights attaching to it at Completion and free from all Encumbrances.

2.4 Each Seller shall procure that, on or prior to Completion, any and all rights of pre-emption over any of the Target Shares set out against such Seller's name in Part 2 of Schedule 1 conferred either by the articles of association or other constitutional documents of the relevant Target Company or Target Companies (as applicable) or in any other way are irrevocably waived by the persons entitled thereto.

3 Consideration

3.1 In consideration of the sale of the Target Shares in accordance with the terms of this Agreement, the relevant Buyers shall pay the relevant Sellers the percentage of the Consideration set out against their names in Part 2 of Schedule 1.

3.2 Any payment made by or on behalf of any of the Sellers to or on behalf of any of the Buyers under or in respect of any breach of this Agreement (including in respect of any Claim or pursuant to the indemnities set out in clauses 9.6 and 12.4 of this Agreement) or pursuant to the Tax Deed shall be and shall be deemed to be a reduction in the price paid for the Target Shares by the relevant Buyer to the relevant Seller under this Agreement to the extent legally possible.

3.3 To the extent that any of the Specified Assets are converted into Cash at any time on or after Completion, the aggregate proceeds shall be paid by the relevant member of the Buyers' Group, within five Business Days of each receipt of such proceeds, to the relevant Seller without deduction or set off, save with regard to the French warehouse which proceeds shall be paid after all costs of sale and any Tax thereon.

4 Conditions

4.1 Completion is conditional upon the following Conditions being satisfied (or, where applicable, waived) in accordance with the terms of this Agreement:

(a) the Commission issuing a decision to the Sellers' Representative approving the Buyers and the terms of this Agreement and the other Transaction Documents pursuant to the Commission Decision;

(b) the occurrence of any one of the following events:

(i) the Commission issuing a final decision under Article 6.1(a) of Council Regulation (EC) 139/2004 (the "EU Merger Regulation"), declaring that the proposed acquisition of the Target Shares and the shares in EMI France pursuant to this Agreement and the France SPA respectively (the "Transaction") falls outside the scope of the EU Merger Regulation;

(ii) the Commission issuing a final decision under Article 6.1(b), Article 8(1) or Article 8(2) of the EU Merger Regulation declaring the Transaction compatible with the internal market without attaching to its decision any condition or obligation;

(iii) the Commission issuing a final decision pursuant to either Article 6.1(b) or Article 8(2) of the EU Merger Regulation, such decision in either case declaring the Transaction compatible with the internal market subject to the fulfilment of one or more conditions or obligations and provided that, in the event that any such condition or obligation constitutes a bar to Completion, it has been satisfied;

(iv) the relevant time periods for a decision under Article 6(1) or Article 8 of the EU Merger Regulation (as the case may be) in respect of the Transaction expiring without the Commission adopting such a decision and if any request has been made by a Member State of the European Union ("Member State") under Article 9(2) of the EU Merger Regulation, the Commission confirming that it will not refer the Transaction (or any part thereof) or any matter relating thereto, to a competent Authority of such Member State under Article 9(1) of the EU Merger Regulation;

(v) after any referral or deemed referral by the Commission under Articles 9(1) or 9(5) of the EU Merger Regulation respectively of all or part of the Transaction to the competent Authority of one or more Member States:

(A) if all of the Transaction is so referred, the issuing by the said competent Authority or Authorities of a final decision or decisions which satisfy (or together satisfy) clauses 4.1(b)(i) to (iii) above (those clauses being interpreted *mutatis mutandis*); or

(B) if part of the Transaction is so referred, the issuing by the said competent Authority or Authorities of a final decision or decisions which in conjunction with a decision of the Commission, together satisfy clauses 4.1(b)(i) to (iii) above (those clauses being interpreted *mutatis mutandis*);

(c) the expiry or termination of any applicable waiting period (and any extension thereof) under the Hart Scott Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder (the "HSR Act") relating to the Transaction and this Condition shall be deemed not to have been satisfied if, prior to 5.00 p.m. on the Longstop Date, any US Authority has enacted, issued, enforced or entered into any Applicable Law or governmental order that prohibits or makes illegal completion of the Transaction;

(d) the occurrence of any one of the following events:

(i) the expiry of the statutory four-week waiting period pursuant to Section 11(1) of the Austrian Cartel Act without either of the statutory parties having requested an examination of the Transaction; any waiver by way of the statutory parties of a request to examine the Transaction pursuant to Section 11(4) of the Austrian Cartel Act, or the withdrawal by the statutory parties of their respective requests for an examination of the Transaction;

(ii) a legally binding ("rechtskräftig") clearance decision by the Austrian Cartel Court pursuant to Section 12 of the Austrian Cartel Act; a legally binding decision by the Austrian Cartel Court that no notifiable event arises in respect of the Transaction; or a legally binding decision of the Austrian Cartel Court to terminate the proceedings pursuant to Section 14(1) of the Austrian Cartel Act; or

(iii) a decision by the Austrian Supreme Cartel Court clearing the Transaction, the Austrian Supreme Cartel Court ruling that the Transaction does not constitute a notifiable concentration or the Austrian Cartel Court ruling that the five-month waiting period pursuant to Section 14(1) of the Austrian Cartel Act has expired;

(e) the occurrence of any of the following events:

(i) the issuance of a clearance decision by the Conselho Administrativo de Defesa Econômica ("CADE") approving the Transaction unconditionally or conditional upon the fulfilment of certain specific conditions or obligations and, in case the Transaction is solely reviewed and approved by CADE Superintendent General, the elapsing or termination of the relevant period of 15 days after the publication of CADE's clearance decision in the Brazilian Federal Official Gazette without any opposition to the approval of the Transaction made by a third party or by any of CADE's Commissioners; or

(ii) the elapsing or termination of the applicable statutory period under the Brazilian Competition Act (Law #12.529/2012) counted as from the filing of the Transaction to CADE or from its amendment if so determined by CADE;

(f) the Conclusion of the France Consultation.

4.2 The Condition set out at clause 4.1(f) is for the benefit of the Sellers and as such may be waived immediately prior to the Longstop Date by the Sellers' Representative on behalf of the relevant Sellers by notice in writing served on the Buyers' Representative in accordance with clause 33.

4.3 If by 5.00 p.m. on the Longstop Date:

(a) the Condition at clause 4.1(f) has not been satisfied or waived by the Sellers' Representative pursuant to clause 4.2;

(b) each of the Conditions at clauses 4.1(a), (b), (c), (d) and (e) has been satisfied; and

(c) the Date of Completion of the Consultation Process (as defined in the France Put Option) has not occurred;

the Buyers' Representative shall be entitled in its absolute discretion to waive the Condition at clause 4.1(f) by notice in writing served on the Sellers' Representative in accordance with clause 33.

4.4 The Sellers and the Buyers agree that if any waiver is made in accordance with clause 4.2 or 4.3, they shall use their respective reasonable endeavours to agree such amendments as are necessary to be made to this Agreement, the France SPA and the Tax Deed, and to agree all such other documents and do all such other things, to put the parties in the same position as if completion of the sale of EMI France had occurred on the Completion Date.

4.5 If by 5.00 p.m. on the Longstop Date any of the Conditions have not been satisfied, or have not been deemed to have been satisfied under clause 4.1(c) or waived, or at any time prior to 5.00 p.m. on the Longstop Date the Sellers' Representative acting reasonably determines that any of the Conditions is no longer capable of being satisfied by 5.00 p.m. on the Longstop Date, then the Sellers' Representative may by notice to the Buyers' Representative:

(a) extend the Longstop Date, subject to the approval of the Commission; or

(b) terminate this Agreement, provided that such termination will not affect the Buyers' obligation to make the Longstop Date Payment pursuant to clause 6.

4.6 If the Buyers reasonably request for the Longstop Date to be extended in circumstances other than set out in clause 4.5, the Sellers' Representative may extend the Longstop Date (but is not obliged to do so), subject always to the prior approval of the Commission.

4.7 If the Sellers' Representative extends the Longstop Date in accordance with clause 4.5, the provisions of this Agreement (including clause 4.5 or 4.6 and clause 6 (but excluding the definition of Extension Interest Amount)) shall apply as if references herein to the Longstop Date are deemed to be references to the new Longstop Date.

4.8 If the Sellers' Representative exercises its right of termination pursuant to clauses 4.5, 4.19 or 4.20 this Agreement (other than clauses 1, 6, 10.4, 17, 21, 22, 25, 29, 30, 31, 32, 33, 34, 35, 36, 37 and 38 which shall continue in full force and effect) shall terminate and no party shall have any claim of any nature whatsoever against the other parties under this Agreement, but termination shall not affect any party's accrued rights and obligations as at the date of termination (including, for the avoidance of doubt, any accrued rights and obligations pursuant to clause 6.

4.9 The Buyers shall procure that each member of the Buyers' Group shall use its best endeavours to procure that the Conditions in clauses 4.1(a) to 4.1(e) (inclusive) are satisfied as soon as reasonably practicable following the date of this Agreement and, in any event, prior to the Longstop Date. In particular, the Buyers shall procure that each member of the Buyers' Group shall:

(a) ensure that any filings, submissions or notifications necessary or desirable to be made by it in connection with the satisfaction of the Conditions are made as soon as reasonably practicable; and

(b) provide such other information to any Authority as such Authority may request and which it is able to provide as well as making itself available to attend meetings in connection with the satisfaction of the Conditions as soon as reasonably practicable.

4.10 The Sellers and the Buyers shall procure that each member of the Sellers' Group and the Buyers' Group, as the case may be, shall use all reasonable endeavours to procure satisfaction of the Conditions at clauses 4.1(b) to 4.1(f), as well as in response to any other merger control investigation which may be initiated in relation to the Transaction. Further to the Buyers' obligations in clause 4.9 in relation to satisfaction of the Condition in clause 4.1(a), the Sellers shall procure that each member of the Sellers' Group shall use all reasonable endeavours to procure that the Condition in clause 4.1(a) is satisfied as soon as reasonably practicable following the date of this Agreement and, in any event, prior to the Longstop Date.

4.11 The Buyers shall immediately after the date of this Agreement, engage in pre-notification discussions with the Commission with a view to making a "Form CO" notification in accordance with the EU Merger Regulation and otherwise in accordance with all Applicable Laws, within two months of the date of this Agreement (or such later date as the Sellers' Representative, in its sole discretion, may determine).

4.12 Without limitation to the Buyers' obligations under clauses, 4.9, 4.10 and 4.11, if an Authority (including but not limited to the Commission), whose approval, clearance, consent, authorisation or permission (collectively, "Approval") is necessary to satisfy a Condition indicates in the course of formal discussions or communications that such Approval would only be given subject to compliance with certain conditions or commitments (including consent decrees and hold separate orders) by the Buyers or any member of the Buyers' Group, the Buyers shall accept and agree to the imposition of such conditions and/or offer and give such commitments to the Authority, including conditions or commitments requiring the sale, divestiture, licence or disposition of any of its assets or shares or the assets or shares of any member of the Target Group.

4.13 The Sellers shall, acting in good faith, provide such reasonable assistance as is requested by the Buyers and is reasonably practicable in connection with (i) the preparation of any filing, submission or notification as is reasonably necessary to satisfy the Conditions; or (ii) any formal inquiries by any Authority other than the Authorities relevant to the satisfaction of the Conditions.

4.14 Each of the Sellers' Representative and the Buyers' Representative shall:

(a) keep the other party fully informed regarding progress towards satisfaction of the Conditions;

(b) as soon as reasonably practicable provide the other party with copies of any written communications and full details of any material oral communications from any Authority whose Approval is necessary to satisfy the Conditions and to permit Completion to take place prior to 5.00 p.m. on the Longstop Date;

(c) promptly provide the other party where reasonably practicable with draft copies of all material communications to any Authority referred to in clause 4.14(b) at such time as will allow the other party a reasonable opportunity to provide comments on such communications before they are sent; and

(i) give due consideration to any such comments; and

(ii) promptly provide the other party with copies of all such communications in the form sent; provided that materials may be provided to external counsel only and/or redacted:

(A) to remove references concerning the valuation of the Target Companies;

(B) as necessary to comply with the relevant party's contractual arrangements; and

(C) as necessary to address reasonable legal professional privilege or other privilege or confidentiality concerns; and

(d) not arrange any substantive meeting or, to the extent reasonably practicable, telephone call or discussion with any Authority referred to in clause 4.14(b) in respect of any submissions, filings, investigation (including any settlement of the investigation), litigation or any other inquiry, in each case, in relation to the Conditions unless it consults with the other in advance and, to the extent permitted by such Authority, gives the other the opportunity to attend and participate at such meeting, telephone call or discussion.

4.15 The Buyers further undertake not to, and shall procure that each member of the Buyers' Group shall not:

(a) enter into any transaction, or any agreement to effect any transaction (including any merger or acquisition), that might reasonably be expected to make it more difficult, or to increase the time required, to satisfy the Conditions; or

(b) impose or commence any litigation seeking the imposition of, or to effect the dissolution of, any injunction, temporary restraining order or other order in any proceeding, which would materially delay or prevent Completion prior to the Longstop Date.

4.16 Each of the Buyers and the Sellers shall promptly make any filings, submissions and other notifications and obtain any approvals required under any Applicable Law for the transfer of any Target Shares by or to them (as applicable).

4.17 Each of the Buyers' Representative and the Sellers' Representative undertakes to make promptly (but in no event later than ten Business Days after the date of this Agreement) its filing (an "HSR

Filing") pursuant to the HSR Act with respect to the Transaction and promptly submit to the appropriate Authority any information and documentary material that may be reasonably requested during the initial 30-day waiting period pursuant to the HSR Act.

4.18 If the Sellers' Representative and the Buyers' Representative have not received notice of early termination of the initial 30-day waiting period pursuant to the HSR Act by the second to last Business Day prior to the 30th day of such waiting period, each of the Sellers' Representative and Warner Music Holdings Limited hereby agrees to withdraw its respective HSR Filing on the last Business Day prior to the 30th day of the initial waiting period and to re-file its HSR Filing (with any additional documents required to be included therewith) on the next succeeding Business Day. During the new 30-day waiting period initiated by such re-filing, each of the Sellers' Representative and the Buyers' Representative shall promptly submit to the appropriate Authority any information and documentary material that may be reasonably requested by such Authority.

4.19 If the Sellers' Representative or the Buyers' Representative receives a formal request for additional information and documentary materials concerning its HSR Filing (a "Second Request"), such party shall immediately notify the other party, and the Sellers' Representative shall by written notice to the Buyers' Representative delivered within two Business Days after the earlier of (i) the Sellers' Representative's receipt of a Second Request or (ii) the Sellers' Representative's delivery of notice of a Second Request to the Buyers' Representative, trigger the accelerated substantial compliance process described in clause 4.20 below.

4.20 If the Sellers' Representative triggers an accelerated substantial compliance process under clause 4.19, each of the Sellers' Representative and the Buyers' Representative shall comply with the Second Request as provided by Section 7A(e) of the HSR Act on or before the date that is 35 days after the date of service of the Second Request on such party. If a party receives a subpoena or a civil investigative demand ("CID") requesting materials and information related to the Transaction, such party shall comply with such subpoena or CID on or before the date that is 35 days after the date of service of the subpoena or CID. If the relevant Authority disputes the adequacy of compliance by a party with respect to a Second Request, subpoena or CID, such party shall use its best endeavours to promptly satisfy the Authority so as to minimise any delay in the conduct or resolution of such dispute.

5 Position pending Completion

5.1 The Sellers shall comply with the provisions of Schedule 7.

5.2 Nothing in this clause 5 or Schedule 7 shall prohibit, prevent or delay any of the Sellers, any member of the Sellers' Group or any member of the Target Group from taking any action, entering into any agreement or arrangement or giving any undertaking or consent that may be required pursuant to or in connection with this Agreement and the other Transaction Documents.

6 Longstop Date Payment

6.1 If by 5.00 p.m. on the Longstop Date, Condition 4.1(a) has been satisfied but any of the other Conditions (excluding the Condition set out in clause 4.1(f)) have not been satisfied the Buyers shall pay on or before the fifth Business Day following the Longstop Date to the Sellers' Nominated Account (on behalf of the Sellers), an amount equal to [***] (the "Longstop Date Payment") provided that such payment shall not, in the Sellers' Representative's reasonable opinion, be in breach of any Applicable Law of the US. The Longstop Date Payment and any payment under clause 6.7 shall be exclusive of any VAT which shall be payable by the relevant Buyer in addition thereto and the relevant Buyer shall indemnify the relevant Seller on an after-Tax basis (as defined in clause 6.10) for an amount equal to the VAT which the relevant Seller has to account for under the reverse charge procedure if the payment of the Longstop Date Payment or any additional

payment by the Buyers under clause 6.10 falls within the reverse charge provisions for VAT purposes.

6.2 If paid pursuant to clause 6.1 above, the Longstop Date Payment shall not:

(a) give the Buyers or any member of the Buyers' Group any interest in or rights in respect of the Target Shares or any assets of any of the Target Companies;

(b) give the Buyers or any member of the Buyers' Group control of or cause the Buyers to have any influence over any of the Target Companies;

(c) cause any of the Sellers to hold the Target Shares or any assets of any of the Target Companies on trust for the Buyers or any member of the Buyers' Group; or

(d) give rise to any fiduciary duties or other similar obligations of any of the Sellers.

6.3 If the Longstop Date Payment is paid pursuant to clause 6.1 above, the Sellers shall use their respective reasonable endeavours to procure the sale of the Target Shares and EMI France (or the assets of the Target Group and EMI France or a combination of the Target Shares, EMI France and assets of the Target Group) to a third party as soon as reasonably practicable.

6.4 In respect of any sale to be made pursuant to clause 6.3, the Sellers shall have no obligation towards the Buyers or the Buyers' Guarantor or other liability (whether in negligence or otherwise) in relation to the price obtained for such sale or in relation to any other term or condition of such sale or in respect of the manner, timing or process of any step taken by any of them to achieve such sale and shall not in any circumstances act as a trustee or fiduciary for the Buyers or the Buyers' Guarantor in relation to the Target Shares (or the assets of the Target Group), save that the Sellers shall, to the extent permitted by Applicable Law, select the buyer whom the Sellers reasonably believe and acting in good faith is offering the best overall terms (including as to price, risk allocation and conditionality) for the assets which are the subject of that sale.

6.5 Subject to clause 6.8, the Sellers shall not be under any obligation to refund, set off or give credit to the Buyers in respect of the Longstop Date Payment.

6.6 Upon completion of any sale made pursuant to clause 6.3, the Sellers' Representative shall notify the Buyers' Representative of the sale, giving details (to include such supporting documentation as a reasonable person would require to understand how the Third Party EV has been calculated) of the enterprise value paid by such third party (the "Third Party EV").

6.7 Where the sum of the Enterprise Value plus the France EV exceeds the sum of the Third Party EV plus the Longstop Date Payment, the relevant Buyers shall pay to the relevant Sellers such aggregate amount as is equal to the difference, plus:

(a) all unpaid amounts then due from the relevant Buyers under clause 6.9

(b) any costs and expenses reasonably incurred in respect of such sale by the Sellers or any member of the Sellers' Group having provided reasonable supporting evidence of the same; and

(c) an amount calculated as if it were interest on the amount of the difference between (i) the sum of the Enterprise Value plus the France EV minus (ii) the sum of the Third Party EV plus the Longstop Date Payment, accruing in accordance with clause 26.2 from the date when the Longstop Date Payment is made until the date due for payment in accordance with this clause 6.

6.8 Where the sum of Third Party EV plus the Longstop Date Payment exceeds the sum of Enterprise Value plus France EV, the relevant Sellers shall pay (as a whole or partial refund of the Longstop Date Payment) to the relevant Buyers such amount as is equal to the difference, minus:

(a) all unpaid amounts then due from the relevant Buyers under clause 6.9;

(b) any costs or expenses, liabilities reasonably incurred in respect of such sale by the Sellers or any member of the Sellers' Group;

(c) an amount equal to the Sellers' Representative's good faith estimate of any Tax, liability of any of the Sellers arising in connection with the disposal of the Shares; and

(d) an amount calculated as if it were interest on the amount of the difference between (i) the sum of the Third Party EV plus the Longstop Date Payment minus (ii) the sum of Enterprise Value plus France EV.

6.9 The relevant Buyers shall indemnify and shall keep indemnified the relevant Sellers on demand on an after-Tax basis for any Tax liability of any of the Sellers arising as a result of, or by reference to, or in connection in any way with:

(a) the Longstop Date Payment and any further payments made pursuant to this clause 6; and

(b) the retention by all or any of the Sellers of the whole or part of the Longstop Date Payment.

For the avoidance of doubt this clause 6.9 shall apply on a standalone basis.

6.10 For the purposes of clauses 6.1, 6.9, 12.4, 12.6 and 16.2 references to the indemnity being given on an "after-Tax basis" mean that the amount payable pursuant to such indemnity (the "Payment") will be calculated in such a manner as will ensure that:

(a) if any Tax is required by law to be deducted or withheld from the Payment, the relevant Buyer shall pay to the relevant Seller such sum as will, after the deduction or withholding has been made, leave that Seller with the same amount as it would have been entitled to receive in the absence of any requirement to make a deduction or withholding; and

(b) if any additional Tax Liability is incurred by any Seller as a result of, or in connection in any way with, the Payment, the Payment shall be increased by such amount as will ensure that, after payment of the Tax liability, that Seller is left with a net sum equal to the sum it would have received had no such Tax liability arisen.

For the avoidance of doubt this clause 6.10 shall apply on a standalone basis, notwithstanding the provisions of clause 6.7 and in particular where the amounts payable to the Buyers under clause 6.7 are not sufficient to otherwise cover in full the liability owed to the Sellers under this clause 6.10.

6.11 All payments required pursuant to this clause 6 shall be made in pounds sterling by way of electronic transfer to the Sellers' Nominated Account or (as the case may be) to the Buyers' Nominated Account. Payment to be made pursuant to clause 6.7 shall be made on the date falling five Business Days after payment, settlement and/or assumption of the Third Party EV by the relevant Sellers.

6.12 Following signing of this Agreement, the Sellers and the Buyers shall promptly consider in good faith alternative structures for the payment by the Buyers of the amounts specified in clauses 6.1 and 6.7 taking into account applicable accounting, regulatory, Tax and legal issues in order to determine whether it would be mutually desirable for the amounts specified in those clauses to be paid in some alternative way, including by way of subscription for share capital in any of the Sellers or Sellers' Affiliates.

7 Completion

7.1 The Sellers' Representative shall, on or before the date falling five Business Days prior to the Completion Date, notify the Buyers' Representative of the Estimated Debt, Estimated Cash, Estimated Working Capital Adjustment, Estimated Aggregated Intercompany Balance and Estimated Extension Interest Amount.

7.2 Subject to the Conditions being satisfied or waived in accordance with clause 4, Completion shall take place at the offices of the Sellers' Solicitors (or any other location agreed upon by the Sellers' Representative and the Buyers' Representative) on the accounting month end date following the earlier of (i) the Longstop Date and (ii) the accounting month end date following seven Business Days after the satisfaction or waiver of the Conditions (the "Completion Date").

7.3 At Completion:

(a) the relevant Sellers and the relevant Buyers shall deliver or cause to be delivered the items listed in Parts 1 and 2 of Schedule 2 (the Buyers or Buyers' Representative (as applicable) receiving them, where appropriate, as agent for the Target Group); and

(b) the Buyers shall pay an amount equal to the proportion of the Completion Payment set against their names in Part 2 of Schedule 1 to the Sellers' Solicitors, for the account of the Sellers, by electronic transfer to the Sellers' Nominated Account, full payment of which shall constitute valid discharge of the Buyers' obligations under this clause 7.3(b) notwithstanding how such payment may be applied.

7.4 Where the Estimated Aggregated Intercompany Balance is negative, the relevant Buyers shall ensure that the relevant members of the Completion Statement Group shall pay, immediately after Completion, their respective proportions of the Estimated Aggregated Intercompany Balance to the relevant members of the Sellers' Group. Such payment shall be made to the Sellers' Nominated Account for the account of the relevant members of the Sellers' Group. The Sellers, as agent for each relevant member of the Sellers' Group, acknowledge and agree that from that time the debts comprising the Aggregated Intercompany Balance shall thereby be repaid and the debts between the relevant members of the Completion Statement Group and relevant members of the Sellers' Group fully discharged, except as adjusted pursuant to clause 8.3.

7.5 Where the Estimated Aggregated Intercompany Balance is positive, the relevant Sellers shall pay the relevant members of the Buyers' Group, immediately after Completion, an amount equal to such member of the Buyers' Group's proportion of the Estimated Aggregated Intercompany Balance. The relevant Buyers shall then pay those amounts to the relevant members of the Completion Statement Group. Such payment shall be made to the Buyers' Nominated Account for the account of the relevant members of the Buyers' Group. The Buyers, as agent for each relevant member of the Completion Statement Group, acknowledge and agree that from that time the debts comprising the Aggregated Intercompany Balance shall thereby be repaid and the debts between the relevant members of the Completion Statement Group and relevant members of the Sellers' Group fully discharged, except as adjusted pursuant to clause 8.3.

7.6 If any party (referred to in this clause 7.6 as the "defaulting party") does not or is unable to comply with any of its obligations in any material respect pursuant to Schedule 2 at the time when Completion is due to take place under clause 7.2, the Buyers' Representative (where a Seller is the defaulting party) or the Sellers' Representative (where a Buyer is the defaulting party) may by notice to the defaulting party:

(a) subject to obtaining the consent of the Commission (where required) postpone Completion for a period notified to the defaulting party, but not exceeding twenty Business Days;

(b) elect to proceed to Completion, in which case the defaulting party shall be obliged to fulfil those obligations under Schedule 2 which it is then able to fulfil and to fulfil the remaining obligations on or before any later date specified for the purpose in the notice; or

(c) if, having already given notice under clause 7.6(a), and the period of postponement so notified (not exceeding twenty Business Days) having elapsed without each unfulfilled obligation in question having been fulfilled, elect not to complete the sale and purchase of the Target Shares,

subject always to Completion taking place on an accounting month end date.

7.7 If Completion is postponed on any occasion under clause 7.6(a), clause 7.6 shall apply with respect to each occasion to which it is so postponed.

7.8 If a party elects not to complete the sale and purchase of the Target Shares in accordance with clause 7.6(c), this Agreement (other than clauses 1, 6, 7, 10.4, 18, 22, 23, 26, 30, 31, 32, 33, 34, 35, 36, 37 and 38, which shall continue in full force and effect) shall terminate and no party shall have any claim of any nature whatsoever against the other parties under this Agreement, but termination shall not affect any party's accrued rights and obligations as at the date of termination (including, for the avoidance of doubt, any accrued rights and obligations by reason of a failure by any party to comply with any of its obligations pursuant to Schedule 2 or made under clause 6).

7.9 Without prejudice to any other rights, powers, privileges or remedies that the Sellers may have, each of the Buyers acknowledges and agrees that damages alone would not be an adequate remedy for any breach by the Buyers of the payment obligations in clause 6 and clause 7 of this agreement and that, accordingly, the Sellers shall be entitled, without proof of special damages, to seek the remedies of injunction, specific performance or other equitable relief for any threatened or actual breach of clauses 6 and 7 of this Agreement.

7.10 If in relation to any Target Company, the aggregate of the Estimated Aggregated Intercompany Balance of that Company and any Debt in respect of that Company is greater than the amount of the Completion Payment apportioned to that Company then, upon the request of the Sellers' Representative, any relevant Buyer shall procure that any member of the Target Group shall:

(a) enter into a deed of release to release an amount of such Estimated Aggregated Intercompany Balance at any time on or before Completion (including during the period after the date of this Agreement and before Completion); and/or

(b) capitalise any amount of such Estimated Aggregated Intercompany Balance,

in each case, of such an amount determined by the parties acting reasonably to ensure that the amount of the Consideration apportioned to the relevant Target Company shall be of an amount approximately equal to £500,000.

7.11 In circumstances where any Aggregated Intercompany Balance is released or capitalised in accordance with clause 7.10 above:

(a) the amount of the Estimated Aggregated Intercompany Balance shall be reduced accordingly; and

(b) the amount of the Consideration shall be increased accordingly.

8 Completion Statement

8.1 The Completion Statement shall be prepared in accordance with Schedule 6.

8.2 Within ten Business Days after the Determination Date, adjustment payments, comprising the net amount of the following adjustments, shall be made either from the:

(a) relevant Sellers to the relevant Buyers where Cash is less than (being less positive or more negative) Estimated Cash; or

(b) relevant Buyers to the relevant Sellers where Cash is greater than (being more positive or less negative) Estimated Cash; and

(c) relevant Sellers to the relevant Buyers where the amount of Debt is greater than (being more positive or less negative) Estimated Debt; or

(d) relevant Buyers to the relevant Sellers where the amount of Debt is less than (being less positive or more negative) Estimated Debt; and

(e) relevant Sellers to the relevant Buyers if the amount of Working Capital Adjustment is less than (being less positive or more negative) Estimated Working Capital Adjustment; or

(f) relevant Buyers to the relevant Sellers if the amount of the Working Capital Adjustment is greater than (being more positive or less negative) the Estimated Working Capital Adjustment; and

(g) relevant Sellers to the relevant Buyers where the amount of the Aggregated Intercompany Balance is less than (being less positive or more negative) the Estimated Aggregated Intercompany Balance; or

(h) relevant Buyers to the relevant Sellers where the amount of the Aggregated Intercompany Balance is greater than (being more positive or less negative) the Estimated Aggregated Intercompany Balance.

8.3 Within ten Business Days after the Determination Date, adjustment payments, comprising the net amount of the following adjustments, shall be made either from the:

(a) relevant member(s) of the Sellers' Group to the relevant Buyers on behalf of relevant member(s) of the Completion Statement Group in the event that the Aggregated Intercompany Balance is greater than (being more positive or less negative) the Estimated Aggregated Intercompany Balance. The relevant Buyers shall then pay those amounts to the relevant members of the Completion Statement Group. Such payment shall be made to the Buyers' Nominated Account for the account of the relevant members of the Completion Statement Group. The Buyers, as agent for each relevant member of the Completion Statement Group, acknowledge and agree that from that time the debts comprising Aggregated Intercompany Balance shall thereby be repaid and the debts between the relevant members of the Completion Statement Group and the relevant members of the Sellers' Group fully discharged; or

(b) relevant Buyers on behalf of the relevant members of the Completion Statement Group to the relevant members of the Sellers' Group in the event that the Aggregated Intercompany Balance owed to the relevant members of the Sellers' Group is less than (being less positive or more negative) the Estimated Aggregated Intercompany Balance, each relevant Buyer being obliged to fund and having first funded the relevant members of the Completion Statement Group which they have acquired for an amount equal to such excess due from them, and the relevant Buyers being obliged to obtain and having first obtained authorisation from the relevant members of the Completion Statement Group which they have acquired to make a payment of such excess (for the avoidance of doubt, using one and the same amount as was first paid by the relevant Buyers to the relevant members of the Completion Statement Group) on behalf of the members of the Completion Statement Group to the relevant members of the Sellers' Group. The Sellers, as agent for each relevant member of the Sellers' Group, acknowledge and

agree that from that time the debts comprising the Aggregated Intercompany Balance shall thereby be repaid and the debts between the relevant members of the Completion Statement Group and relevant members of the Sellers' Group fully discharged.

8.4 The payments in clauses 8.2, 8.3 and 8.7 are to be made to the Buyers' Nominated Account (in the case of any payment pursuant to clauses 8.2(a), (c), (e), (g) or 8.3(a) above, which shall constitute a full and valid discharge of the Sellers' obligations to make any such relevant payment notwithstanding how such payment may be applied) or to the Sellers' Nominated Account (in the case of any payment pursuant to clauses 8.2(b), (d), (b), (f), (h) or 8.3(b), which shall constitute a valid discharge of the Buyers' obligations to make any such relevant payment notwithstanding how such payment may be applied), as the case may be.

8.5 The relevant members of the Completion Statement Group referred to in clauses 7.4 and 8.3 may rely on and enforce those provisions against the relevant Sellers and the members of the Sellers' Group under clause 38.

8.6 The relevant Sellers shall indemnify the relevant Buyers against the amount of any Third Party Financial Debt as at the Completion Date which was not identified or considered by the parties during the preparation of its Completion Statement pursuant to Schedule 6, less any Cash which was similarly not identified.

8.7 Within ten Business Days after the Determination Date, the relevant Sellers shall pay to the relevant Buyers the Extension Interest Amount (if any).

9 The Reorganisation

9.1 Subject to clause 9.3, the Sellers shall, and shall procure that each member of the Target Group and the Sellers' Group shall, use their respective reasonable endeavours to complete the Reorganisation (to the extent not already completed prior to the date of this Agreement and subject to any Step Changes that the Sellers are permitted to effect in accordance with the following provisions of this clause 9) during the period from the date of this Agreement up to Completion in all material respects in accordance with the Separation Plan.

9.2 If the Sellers' Representative reasonably determines that some part of the Reorganisation has not been fully implemented prior to Completion, the Buyers shall procure that each member of the Target Group (at the relevant Seller's cost) takes all such steps, does all such acts and things, provides all such assistance and executes any and all such documents as the Sellers' Representative determines are reasonably required to complete that part of the Reorganisation.

9.3 Subject to the Sellers' Representative's rights under clause 9.2, if the Buyers' Representative reasonably determines that some part of the Reorganisation which has not been fully implemented prior to Completion should instead be implemented after Completion, the Sellers shall procure that any relevant member of the Sellers' Group (at the relevant Seller's cost) takes all such steps, does all such acts and things, provides all such assistance and executes any and all such documents as the Buyers' Representative determines are reasonably required to complete that part of the Reorganisation.

9.4 If the Sellers wish to make any material change to the steps whether before or after Completion contemplated by the Separation Plan or the timing of those steps (any such change, a "Step Change"):

(a) the Sellers' Representative shall notify the Buyers' Representative of the Step Change at least ten Business Days prior to taking any act or making any omission in connection with the Step Change and provide all information reasonably requested by the Buyers' Representative in respect of that Step Change, the reason for it and its potential implications;

(b) if the Sellers' Representative, acting reasonably and after taking into account any representations made by the Buyers' Representative within ten Business Days after the Buyers' Representative receives notice given in accordance with clause 9.4(a) or (if later) within 10 Business Days after the Sellers' Representative (acting reasonably) determines that the Buyers' Representative has received all information reasonably requested by the Buyers' Representative in accordance with clause 9.4(a), determines that the relevant Step Change will not have a materially adverse effect on any member of the Target Group or the Buyers, the Sellers may effect the relevant Step Change after the Sellers' Representative has given notice of such change to the Buyers' Representative in accordance with clause 9.4(a); and

(c) otherwise, the Sellers must obtain the Buyers' Representative's approval in writing (such approval not to be unreasonably withheld or delayed) prior to taking any act or making any omission in connection with the Step Change.

9.5 The Sellers shall keep the Buyers reasonably informed regarding progress towards completion of the Reorganisation. The Sellers shall provide the Buyers with a copy of any material documents to be entered into between the date of this Agreement and the Completion Date by any member of the Target Group in connection with the Reorganisation, shall give the Buyers' reasonable opportunity to comment on such material documents and shall give reasonable consideration to any reasonable comments of the Buyers in relation thereto.

9.6 Notwithstanding the preceding provisions of this clause 9, (but excluding in the case of any Step Change carried out with approval in accordance with clause 9.4(c)), the Sellers shall indemnify and keep indemnified the Buyers against all liabilities and losses incurred by any member of the Target Group as a result of any Step Change, to the extent not taken into account in the Completion Statement.

9.7 Notwithstanding any other provision in this Agreement, dividends declared but unpaid for the year ended 31 March 2010 by EMI Music Poland may be paid prior to Completion to either of EMIGH or EMI Group International BV.

10 Seller Warranties

10.1 The relevant Sellers severally warrant to the relevant Buyers in the terms of the Seller Warranties in Schedule 3, in the case of each Seller only in relation to, as the case may be, itself and/or any member of the Target Group whose Target Shares such Seller is transferring pursuant to the terms of this Agreement as set out in Part 3 of Schedule 1, subject to:

(a) any matter fairly disclosed (save in respect of the Fundamental Warranties) in the Disclosure Letter or the Disclosure Documents; and

(b) any matter provided for under the terms of the Transaction Documents as in force at the date of this Agreement.

10.2 For the avoidance of doubt, unless otherwise provided for in a Seller Warranty, each Seller Warranty is given as at the date of this Agreement.

10.3 Where any Seller Warranty is qualified by the expression "so far as the Seller is aware" or "to the best of the knowledge, information and belief of the Seller" or words having similar effect, such awareness, knowledge, information or belief is deemed to be the actual knowledge, information and belief of each of Richard Constant, Jeremy Erlich, Andy Brown, David Kassler, Justin Morris, Kyla Mullins and Kate Logan at the date of this Agreement, assuming that they have made such enquiries as are reasonable in the circumstances subject always to Applicable Laws and any duties of confidentiality in relation to the Transaction or otherwise that any such individuals are obliged to observe which may restrict the scope of such enquiries.

10.4 Each of the Buyers and the Buyers' Guarantor acknowledges that it does not rely on, for the purpose of obtaining any legal remedy that might otherwise be available, (and hereby waives and undertakes not to bring any Claim, other than any Claim in accordance with the terms of this Agreement, in relation to), and has not been induced to enter into this Agreement on the basis of, any warranties, representations, covenants, undertakings, indemnities or other statements whatsoever (including in relation to the accuracy or completeness of any information (including any forecasts, estimates, projections, statements of intent or statements of opinion) provided to any Buyer or the Buyers' Guarantor or any of their respective advisers or agents (howsoever provided)), other than those expressly set out in this Agreement and acknowledge that no member of the Sellers' Group and no member of the Target Group, nor any of their respective employees, directors, agents, officers or employees have given any such warranties, representations, covenants, undertakings, indemnities or other statements. Each member of the Sellers' Group (save for the Sellers and the Sellers' Guarantor) and each employee, director, officer and agent of a member of the Sellers' Group or any member of the Target Group may enforce the terms of this clause 10 to defend any action brought pursuant to any Reliance Letter signed by it. This clause 10.4 shall continue to apply after the termination of this Agreement without limit in time.

10.5 The sole remedy of the Buyers for any breach of any of the Seller Warranties or any other breach of this Agreement and any other Transaction Document by the Sellers shall be an action for damages, save that nothing in this clause 10.5 shall prohibit any of the Buyers from seeking any equitable relief in respect of any alleged breach of clauses 5, 7.3, 12.5 or 16.1 (or as otherwise provided for in clause 15.5). The Buyers shall not be entitled to rescind or terminate this Agreement in any circumstances whatsoever, other than any such right in respect of fraudulent misrepresentation or as otherwise provided in clause 7.6(c).

10.6 The Sellers shall not, save in the case of fraud, make any claim in connection with the sale of the Target Shares against any director, employee, agent or officer of any member of the Target Group on whom any of the Sellers may have relied before agreeing any terms of this Agreement or the Tax Deed or any other Transaction Document or authorising any statement in the Disclosure Letter.

11 Buyer Warranties

11.1 The Buyers severally warrant to the Sellers in the terms of the Buyer Warranties in Schedule 4 in the case of each Buyer in relation to itself only.

11.2 For the avoidance of doubt, unless otherwise provided for in a Buyer Warranty, each Buyer Warranty is given as at the date of this Agreement.

12 UK employment

12.1 At or before Completion, EMIGH 1 shall deliver to the Buyers' Representative a complete and accurate list of the Exclusive Employees, giving names, job titles and (so far as reasonably ascertainable) employing entities.

12.2 [***]

12.3 [***]

12.4 [***]

12.5 Prior to Completion, the Sellers shall ensure, so far as within their reasonable control, that outside the ordinary course of the Business, and without the consent of Warner Music Holdings Limited, such consent not to be unreasonably withheld, no person working (in whole or part) for the Business is dismissed or reassigned and no amendment is made to the terms and conditions of employment of any such person.

12.6 The Target Companies and the Subsidiaries shall pay all RP Bonuses that are payable by such Target Companies and Subsidiaries when due, and the Sellers covenant to the relevant Buyers that they shall promptly pay to such relevant Buyers, on an after-Tax basis, an amount equal to the net RP Bonuses paid to employees of such Target Company or Subsidiary by such Target Companies or Subsidiaries together with any income tax and primary class 1 (employee) and secondary class 1 (employer) national insurance contributions payable by such Target Company or Subsidiary in connection with the same.

12.7 The Buyers shall procure that an entity within the Buyers' Group shall, on or before Completion, offer to employ or engage any and all Seller Transferring Employees on terms which are no less favourable than those enjoyed by each such Seller Transferring Employee immediately prior to Completion (a "Buyer Employment Offer") and that such Buyer Employment Offer shall remain open for acceptance by such Seller Transferring Employee for three months from Completion, following which such Buyer Employment Offer will lapse. The Sellers shall procure that if such Seller Transferring Employee accepts a Buyer Employment Offer, the relevant member of the Sellers' Group shall waive any Seller Transferring Employee notice requirement so as to allow the Seller Transferring Employee to immediately leave his employment or engagement with the relevant member of the Sellers' Group.

12.8 EMIGH 1 shall procure that an entity within the Sellers' Group shall, on or before Completion, offer to employ or engage any and all Buyer Transferring Employees on terms which are no less favourable than those enjoyed by each such Buyer Transferring Employee immediately prior to Completion (a "Seller Employment Offer") and that such Seller Employment Offer shall remain open for acceptance by such Buyer Transferring Employee for three months from Completion, following which such Seller Employment Offer will lapse. The Buyers shall procure that if such Buyer Transferring Employee accepts a Seller Employment Offer, the relevant member of the Buyers' Group shall waive any Buyer Transferring Employee notice requirement so as to allow the Buyer Transferring Employee to immediately leave his employment or engagement with the relevant member of the Buyers' Group.

13 Buyer undertakings

13.1 Each of the Buyers undertakes to each of the Sellers that each Buyer shall and that following Completion, it shall procure that each member of the Target Group (in each case, in which such Buyer owns shares or has any other interest) shall treat as confidential all information received or obtained which relates to:

(a) any EMI Group Global Undertaking;

(b) the existence, provisions or subject matter of any agreement (including any and all ancillary and related agreements) ("EMI Group Global Transaction Documents") relating to any and all transactions whereby the direct or indirect ownership of any or all of the Target Group was transferred by EMI Group Global and/or any of its Affiliates to UMGMH and/or any of its Affiliates and any claim or potential claim under the EMI Group Global Transaction Documents; or

(c) the negotiations relating to the EMI Group Global Transaction Documents.

13.2 Clause 13.1 does not apply to disclosure of any such information as is referred to in clause 13.1 if and to the extent:

(a) required by Applicable Laws;

(b) required by any securities exchange on which its or any of its Affiliate's securities are listed or traded or any debt financing agreement directly related to such listed or traded securities;

(c) required by any Authority (including a Taxing Authority) with relevant powers to which that party is subject or submits (whether or not the requirement has the force of law);

provided that prior to any such disclosure, the disclosing person shall, so far as is reasonably practicable:

(i) promptly notify the Sellers' Representative of such requirement;

(ii) provide the Sellers' Representative with the opportunity to contest the disclosure; and

(iii) take into account the Sellers' Representative's reasonable requirements as to the timing, content and manner of making or despatch of the disclosure;

(d) to an adviser for the purpose of advising in connection with the transactions contemplated by this Agreement provided that such disclosure is reasonably necessary for these purposes and is on the basis that clause 13.1 applies to any disclosure by the adviser and the disclosing person ensures that clause 13.1 is complied with by the adviser concerned;

(e) to a director, officer or employee of the disclosing person:

(i) where the disclosing person is a member of the Sellers' Group (including, on or before Completion, the Target Group); or

(ii) where the disclosing person is a member of the Buyers' Group (including, after Completion, the Target Group),

in each case, whose function requires him to have the relevant confidential information provided that the provisions of this clause 13 shall be drawn to the attention of the director, officer or employee to whom the information is disclosed and the disclosing person ensures that clause 13.1 is complied with by the person concerned; or

(f) to the extent that the information has been made public, other than by reason of a breach by the disclosing party of the provisions of this clause 13.

13.3 Each of the Buyers shall and, after Completion, shall procure that each member of the Target Group shall, cooperate fully, as and to the extent reasonably requested by the Sellers' Representative, in connection with the preparation and filing of Tax returns or reports by EMI Group Global or any EMI Group Global Undertaking and any audits, examinations, or other administrative or judicial proceedings with respect to Taxes of EMI Group Global or any EMI Group Global Undertaking in relation to any Tax period of any relevant entity which occurs before or includes Completion (such returns, reports, audits, examinations and proceedings, collectively, "Tax Matters"). In particular, each of the Buyers shall procure that each member of the Target Group promptly provides to the Sellers' Representative such Books and Records and information as the Sellers' Representative reasonably requests in connection with preparation by any EMI Group Global Undertaking of (and conduct by any EMI Group Global Undertaking of any audit, examination or other administrative or judicial proceeding relating in whole or part to) IRS Forms 1120, 5471, 8858 and 8865 for any Tax period during part or all of which a EMI Group Global Undertaking owned (directly or indirectly) shares of any member of the Target Group, and each of the Buyers shall procure that each member of the Target Group, make available their employees and (at the Sellers' cost) advisers on reasonable notice during normal business hours to discuss and answer questions of the Sellers' Representative, EMI Group Global or any other EMI Group Global Undertaking and any of their respective advisers concerning such Books and Records and information.

13.4 Each of the Buyers shall and, after Completion, shall procure that each member of the Target Group shall:

(a) retain all Books and Records delivered or otherwise made available to them at Completion regarding or relevant to the position of any EMI Group Global Undertaking as owner of and/or lender to any member of the Target Group and/or the MP Group Companies; and

(b) retain all Books and Records delivered or otherwise made available to them at Completion that are relevant to Tax Matters concerning Tax periods of an EMI Group Global Undertaking that began prior to 28 September 2012 and abide by all record retention agreements entered into with any Taxing Authority; or

(c) give the Sellers' Representative reasonable written notice prior to transferring, destroying or discarding any such Books and Records and, if the Sellers' Representative so requests within 60 days following delivery of such notice, each of the Buyers shall allow the Sellers to take possession of such Books and Records.

13.5 Each of the Buyers shall and, after Completion shall procure that each member of the Target Group shall:

(a) promptly provide to the Sellers such Books and Records and information as are reasonably requested by the Sellers' Representatives:

(i) in connection with Tax Matters; or

(ii) regarding or relevant to the position of any EMI Global Group Undertaking as owner and/or lender to any member of the Target Group and/or the MP Group Companies; and

(b) make available their employees and, at the Sellers' cost, advisers during normal business hours to discuss and answer questions of the Sellers and/or EMI Group Global and their respective advisers concerning such Books and Records and information.

13.6 In addition, each of the Buyers shall and, after Completion, shall procure that each member of the Target Group shall, provide such access to information and assistance as the Sellers' Representative may reasonably request, at the Sellers' cost, in order for UMGMH and its Affiliates to comply with any of its obligations under the EMI Group Global Transaction Documents.

13.7 Notwithstanding anything to the contrary, each member of the Sellers' Group shall (at its cost) be permitted to use any Books and Records or other information obtained pursuant to this clause 13 in connection with the Tax Matters to which such Books and Records and information relate (including providing them to any applicable Taxing Authority or to any EMI Group Global Undertaking) and clause 22 shall not apply to any such use or disclosure.

13.8 The obligations of the Buyers under this clause 13 shall survive until 1 October 2018 or, in the case of Tax Matters, until the expiry of all periods of limitations under Applicable Law with respect to the relevant Tax Matter or Tax period, if later.

13.9 For the purposes of this clause 13, "EMI Group Global Undertaking" includes an EMI Group Global Undertaking as at 11 November 2011 (and also at the relevant time).

13.10 Notwithstanding any other provisions of this clause 13, no Buyer shall have any obligation pursuant to this clause 13 save to the extent that the performance of that obligation is necessary in order for UMGMH to comply with any of its obligations under the EMI Group Global Transaction Documents.

13.11 Each of the Buyers acknowledges and agrees that their obligations to consummate the transactions contemplated by this Agreement are not conditional upon any Buyer obtaining any financing. For the avoidance of doubt, each of the Buyers acknowledges and agrees that the existence of any conditions contained in the Commitment Letters or any commitment letter for any alternative financing or any agreement relating thereto shall not constitute, nor be construed to constitute, a condition to the consummation of the transactions contemplated by this Agreement (except to the extent it is separately required by an express provision in this Agreement) and:

(a) none of the Buyers shall permit any amendment or modification to be made to, or any waiver of any provision or remedy under, the Debt Commitment Letter if such amendment, modification or waiver would reasonably be expected to:

(i) reduce the aggregate amount of the Debt Financing;

(ii) impose new or additional conditions or otherwise expand, amend or modify any of the conditions to the receipt of the Debt Financing in a manner that would:

(A) materially delay or prevent the Completion Date;

(B) make the funding of the Debt Financing (or satisfaction of the conditions to obtaining the Debt Financing) less likely to occur; or

(C) materially and adversely impact the ability of the Buyers to enforce their rights against the other parties to the Debt Commitment Letter or the definitive agreements with respect thereto;

(b) each of the Buyers shall use all reasonable endeavours to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable to arrange the Financing on the terms and conditions described in the Commitment Letters, subject to clause 13.11(e); provided that the Buyers may modify the terms (but not the conditions) of the Debt Commitment Letter to add lenders, lead arrangers, bookrunners, syndication agents or similar entities that had not executed the Debt Commitment Letter as of the date hereof; provided further that, except as contemplated by the Debt Commitment Letter as in effect on the date hereof and with the prior written consent of the Sellers' Representative, the obligations of the Debt Financing Sources providing the Debt Financing on the date hereof will not be modified or reduced as a result of any such addition);

(c) without limiting the generality of clauses 13.11(a) and (b), subject to the proviso to clause 13.11(b) and clause 13.11(e), the Buyers shall use all reasonable endeavours to:

(i) maintain in effect the Commitment Letters;

(ii) satisfy on a timely basis all conditions contained in the Commitment Letters to obtaining the Financing that are within their control;

(iii) enter into definitive agreements with respect thereto on the terms and conditions contemplated by the Debt Commitment Letter or on other terms and conditions acceptable to the Sellers' Representative that would not adversely impact the timing or amount of the Debt Financing (and provide copies thereof to the Sellers' Representative); and

(iv) in the event that the conditions to the Debt Commitment Letter (other than the funding of the Equity Financing) have been satisfied, cause the lenders and the other persons providing such Debt Financing to fund the Debt Financing on the Completion Date;

(d) the Buyers' Representative shall promptly notify the Sellers' Representative of:

(i) the termination of either of the Commitment Letters; or

(ii) the receipt of any written notice or other written communication from any Financing Source with respect to any actual or alleged breach, default, termination or repudiation by any party to either of the Commitment Letters or definitive agreements related to the Financing, of any provision of the Commitment Letters or of definitive agreements related to the Financing. In the event the Buyers believe in good faith that any portion of the Debt Financing will not be available within the timing contemplated in the Debt Commitment Letter, the Buyers' Representative shall promptly notify the Sellers' Representative and the Buyers' Representative shall use its reasonable endeavours to arrange to obtain alternative debt financing from alternative sources on terms and conditions no less favourable to the Buyers than those set forth in the Debt Commitment Letter and in an amount sufficient to consummate the transactions contemplated by this Agreement as soon as reasonably practicable following the occurrence of such event. The Buyers' Representative shall promptly deliver to the Sellers' Representative true and complete copies of all agreements pursuant to which any such alternative source shall have committed to provide the Buyers with any portion of the Debt Financing; or

(e) notwithstanding anything to the contrary in this Agreement, on the Completion Date, the Buyers may fund the transaction with equity financing (in addition to the Equity Financing) and/or proceeds of an issuance of high yield debt securities, in which case the Buyers shall not be in breach of any of the above provisions in this clause 13.11, so long as the Buyers have sufficient funds available to satisfy their obligations on the Completion Date.

13.12 The Buyers' Representative shall procure that WEA International Inc. shall, within one month of the date of this Agreement enter into good faith discussions concerning the extension of the term of the Warner Licence.

13.13 The Buyers agree that:

(a) notwithstanding anything to the contrary herein, each Seller and any of its Affiliates may make at any time, and upon the Sellers' Representative's request delivered to the relevant Buyer after the Completion Date, the relevant Buyer shall or shall procure that the relevant Company shall make or join in the making of, a timely, valid election under Section 338(g) of the Code (a "Section 338 Election") with respect to the acquisition of such Company by UMHL for each Company designated by the Sellers' Representative; provided that (i) if such Company was, at the time of such acquisition, treated as a domestic corporation or as engaged in a trade or business in the United States for U.S. federal income tax purposes, any U.S. federal, state or local taxes imposed as a result of such election (including any such taxes imposed on a later audit or investigation) shall be paid by the Sellers and any such payment shall not be subject to or otherwise be considered in computing any of the limitations of liability contained in this Agreement, including Schedule 5 hereto; and (ii) Sellers' Representative makes such request at least 5 Business Days prior to the due date of such Section 338 Election;

(b) except as set forth in clause 13.13(a) the Buyers shall not, and after the Completion Date shall procure that each Company does not, make any Section 338 Election for any Company effective prior to April 1, 2013 without the prior written consent of the Sellers' Representative; and

(c) the liability of the Buyers in the event of a breach of this clause 13 shall include an amount equal to the liability of the Sellers and/or their Affiliates pursuant to any breach of the EMI Group Global Transaction Documents arising by virtue of the breach by the Buyers of this clause 13.

13.14 Upon the request of the Buyers' Representative with respect to any Company, the Sellers' Representative shall, and shall cause each Seller and each Company to, make (or join Buyer in making) an election pursuant to Section 301.7701-3(c) of the U.S. Treasury Regulations to cause such Company to be treated as disregarded from its owner (a "check-the-box election") with respect to any Company that is treated as an association taxable as a corporation for U.S. federal income tax purposes and that is eligible to make a check-the-box election; provided that (i) no such election shall be effective prior to April 1, 2013; (ii) such election shall be effective on or prior to the Completion Date, provided that the Completion Date is after March 31, 2013; and (iii) such Company is not treated as a domestic corporation or as engaged in a trade or business in the United States for U.S. federal income tax purposes.

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15 Protection of the interests of the Buyers

15.1 The Sellers acknowledge that the Buyers are buying the Target Shares in accordance with the terms of this Agreement and that the Buyers are therefore entitled to protect the goodwill of each Target Company. Accordingly, each Seller agrees that it shall not directly or indirectly alone or jointly with any other person and whether as shareholder, partner, director or in any other capacity:

(a) for a period of thirty months starting on the date of this Agreement, solicit or enter into an agreement pursuant to which it is entitled to rights in the recordings of that Current Artist and/or provides services or its Affiliates provide services to such Current Artist;

(b) for a period of thirty months starting on the date of this Agreement, instruct any person to induce, or to endeavour to induce, any Senior Employee (excluding those persons listed in Schedule 10 of this Agreement) to leave his position, whether or not that person would commit a breach of his contract by so leaving; and

(c) save as the parties may otherwise agree, for a period of thirty months starting on the date of this Agreement, instruct any person to induce, or to endeavour to induce, any person who falls within the definition of "key personnel" in the Commitments (excluding those persons listed in Schedule 10 of this Agreement) to leave his position, whether or not that person would commit a breach of his contract by so leaving;

provided that the Sellers obligations under this clause 15.1 shall not apply (and the Buyers hereby waive any Claim in relation to this clause 15.1) in the event that Completion does not occur.

15.2 Nothing in this clause 15 shall preclude any member of the Sellers' Group from hiring, employing or engaging any Senior Employee who approaches any member of the Sellers' Group of his own volition or responds to a bona fide recruitment advertisement placed in general circulation not specifically targeted at such Senior Employee and provided that no instruction or encouragement is given to any employment agency or other third party to approach such Senior Employee in connection with such advertisement campaign.

15.3 Each Seller shall ensure that no member of the Sellers' Group from time to time takes or omits to take any action which, if taken or omitted by that Seller, would constitute a breach of clause 15.1.

15.4 The parties acknowledge that each of the obligations in clause 15.1 is reasonable as to subject matter and duration and is necessary to protect the Buyers' legitimate interests in the goodwill of the Target Group.

15.5 Without prejudice to any other remedy which may be available to the Buyers, the parties agree that the Buyers may be entitled to seek injunctive or other equitable relief in relation to any breach of clause 15.1, it being acknowledged that an award of damages might not be an adequate remedy in the event of such a breach.

15.6 While the restrictions in clause 15.1 are considered by the parties to be reasonable, it is agreed that if any provision of clause 15.1 is found by any court of competent jurisdiction to go beyond what is reasonable for the protection of the goodwill of the Target Group but would be adjudged reasonable if any part of the wording of the provision were deleted, restricted or limited in a particular manner, the provision in question shall apply with such deletions, restrictions or limitations as may be necessary to make it valid.

15.7 Each of the obligations assumed by the Sellers in clause 15.1 is separate and severable and shall be construed and be enforceable independently of the others and is assumed without prejudice to any other obligation of the Sellers implied at law or in equity or imposed on the Sellers or other members of the Sellers' Group by an Authority.

16 Seller Undertaking

16.1 The Sellers shall use all reasonable endeavours to provide, shall use all reasonable endeavours to procure that each member of the Sellers' Group provides, and shall use all reasonable endeavours to cause their officers, directors, employees, agents and advisers (including independent auditors) and those of each other member of the Sellers' Group to provide, such reasonable cooperation as may be requested by the Buyers as follows:

(a) From the date of this Agreement to the date on which Warner Music Group Corp or one of its Affiliates collectively ("WMG") files with the U.S. Securities and Exchange Commission (the "SEC") a quarterly report on Form 10-Q (or, in the case of the fourth fiscal quarter of WMG, an annual report on Form 10-K) covering the fiscal quarter in which WMG files a report under the Securities Exchange Act of 1934 of the United States, as amended (the "1934 Act") that includes the financial statements and pro forma information required to be filed by WMG with the SEC pursuant to the 1934 Act, assistance in connection with the preparation, submission and finalisation, as applicable, of:

(i) audited financial statements of the Completion Statement Group for each of the fiscal years ended March 31, 2011 and March 31, 2012, and for the nine month period ended December 31, 2012, in each case prepared:

(A) (x) in compliance in all material respects with Regulation S-X under the Securities Act of 1933 of the United States, as amended (the "1933 Act") or (y) in accordance with any consent of or other applicable regulatory relief granted by the Office of Chief Accountant of the U.S. Securities and Exchange Commission (the "OCA Relief"), and

(B) in accordance with one or more bodies of accounting principles acceptable to the U.S. Securities and Exchange Commission and accompanied by the audit opinion of the Completion Statement Group's independent auditors, which audit opinion shall have been issued without any "going concern" or like qualification or exception, and without any other qualification or exception as to the scope of such audit other than such qualification or exception which (x) is the subject of, or expressly permitted by, the OCA Relief and (y) would not reasonably be expected to materially and adversely affect the

terms of, or materially impair the consummation of, the Debt Financing;

(ii) unaudited financial statements of the Completion Statement Group for each subsequent completed fiscal quarter after December 31, 2012 ended at least 45 days prior to the Completion Date, together with unaudited financial statements for the corresponding prior year fiscal quarter, in each case prepared in accordance with the applicable body of accounting principles and on a basis consistent with the basis of preparation described in clause 16.1(a)(i) above, and which financial statements shall have been reviewed by the Completion Statement Group's independent auditors as provided in accordance with the applicable body of accounting principles;

(iii) such information that, in the reasonable judgment of the Buyers, is necessary to enable the Buyers to prepare or cause to be prepared all pro forma financial information that would be required by and that are prepared in compliance in all material respects with Regulation S-X under the Securities Act of 1933 of the United States, as amended, or that is required to be prepared in accordance with the OCA Relief; and

(iv) a request by or on behalf of Buyers to the Office of Chief Accountant of the U.S. Securities and Exchange Commission (the "OCA") for the purpose of obtaining the OCA Relief to permit the use by WMG of the financial statements and pro forma financial information of the Completion Statement Group as described in clauses 16.1(a)(i) through 16.1(a)(iii) above, in each case in fulfilment of their obligations to file or furnish annual, quarterly and current reports under the 1934 Act;

(b) with respect to the Debt Financing:

(i) as promptly as reasonably practicable assisting the Buyers in the preparation of:

(A) documents and materials reasonably requested by them and, if applicable, the Financing Sources, including any bank offering, syndication or information memoranda and materials for rating agency presentations; and

(B) any Current Reports on Form 8-K pursuant to the Securities Exchange Act of 1934 of the United States, as amended, to be filed with or furnished to the U.S. Securities and Exchange Commission, that contain any material non-public information relating to the Completion Statement Group that the Buyers determine are necessary to be publicly disclosed by WMG in connection with syndicating, offering or otherwise marketing the Debt Financing;

(ii) cooperating with the marketing efforts of the Buyers and, if applicable, the Financing Sources, for any portion of any Debt Financing, including participating, on reasonable notice, in a reasonable number of meetings (including customary one-on-one meetings with the arrangers for, and prospective lenders of, such Debt Financing) and sessions with rating agencies;

(iii) cooperating in respect of customary authorisation letters (including representations with respect to material non-public information) inasmuch as they relate to the Sellers' Group with respect to the bank information

memoranda, lender presentations or similar materials to be used in connection with any Debt Financing and using all reasonable endeavours to obtain the approval of accountants of customary uses of financial information in any materials relating to such Debt Financing;

(iv) delivering notices of redemption or prepayment within the time periods required by any relevant agreements governing indebtedness of the Completion Statement Group, if any, and obtaining customary payoff letters, releases, lien terminations and instruments of discharge to be delivered at Completion, and giving any other necessary notices, certificates or other documents or instruments, to allow for the payoff, discharge and termination in full on Completion, of all indebtedness of the Completion Statement Group, if any; and

(v) furnishing Financing Sources as promptly as reasonably practicable and in any case not more than five Business Days prior to the anticipated Completion Date with all documentation and other information required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations;

(c) from the date of this Agreement to the Completion Date (as the same may be extended), upon notice by the Buyers of the intention of the Buyers or their Affiliates to effect all or a portion of the Debt Financing via one or more offerings of debt securities (each, a "Bond Offering");

(i) providing such other information, data and projections as is customarily included in offering documents used in offering documents for Rule 144A high-yield offerings; provided, however, that the scope of any historical financial information provided in response to any such request need not exceed the scope described in clause 16.1(a) above; and

(ii) providing reasonable cooperation with the efforts of the Buyers in connection with the marketing and consummation of any Bond Offering, including, without limitation, cooperating with the due diligence requirements of any Debt Financing Sources, participating in customary meetings with underwriters, potential purchasers and ratings agencies, obtaining customary comfort letters in favour of the Debt Financing Sources and executing and delivering such documentation as is customary in Rule 144A high-yield offerings (which will be consistent with the scope described in clause 16.1(a)),

provided that, in the case of each of clause 16.1(a), 16.1(b) and 16.1(c):

(a) no member of the Sellers' Group or Completion Statement Group shall be required to pay any commitment or other fee, provide any security or incur any other liability in connection with any Debt Financing prior to the Completion Date;

(b) nothing herein shall require such cooperation to the extent that it would interfere unreasonably with the business or operations of any member of the Sellers' Group or Completion Statement Group; and

(c) without prejudice to clause 16.1(b)(i)(B) all Confidential Information or other non-public information regarding the Sellers' Group obtained by any of the Buyers or their representatives pursuant to this clause 16.1 shall be kept confidential in accordance with clause 22, except that such information may be disclosed

(i) to potential syndicate members during syndication, other potential financing sources or potential participants, subject to confidentiality undertakings in

favour of the Sellers' Group that are no less favourable to the Sellers Group than those contained in clause 22 (it being understood that "click through" screens may be used to satisfy this requirement) by such potential syndicate members, other potential lenders or potential participants; or

(ii) to ratings agencies, subject to confidentiality provisions or arrangements in customary form for information delivered to ratings agencies.

Notwithstanding the foregoing, compliance by the Sellers, or any failure of compliance by the Sellers, with this clause 16.1 shall not relieve any Buyer of its obligation to consummate the transactions contemplated by this Agreement. The Parties acknowledge that it may not be possible to prepare, finalise and submit the information described in clauses 16.1(a) and (c) in a timely manner or at all, and the Buyers agree that the Sellers will have no liability to the Buyers with respect thereto if all or any portion of such information is not prepared, finalised or submitted so long as the Sellers have used all reasonable endeavours to assist the Buyers to prepare, finalise and submit such information.

16.2 Each of the Buyers:

(a) shall, promptly upon request by the Sellers' Representative, reimburse the relevant Sellers for all reasonable out-of-pocket costs and expenses (including fees of accountants or attorneys) incurred by any member of the Sellers' Group or any of their officers, directors, employees, agents or advisers, in connection with the obligations set out in clause 16.1(a);

(b) acknowledges and agrees that each member of the Sellers' Group and each of their employees, directors, agents, officers and advisers shall not have any responsibility for, or incur any liability to any person prior to the Completion Date under, the Debt Financing; and

(c) shall indemnify on an after-Tax basis and hold harmless each member of the Sellers' Group and each of their employees, directors, agents, officers and advisers from and against any and all losses, damages, claims, costs or expenses suffered or incurred by them in connection with the obligations referred to in clause 16.1(a) and any information used in connection therewith (other than any information provided by the Sellers or any other member of the Sellers' Group for use in connection therewith).

16.3 Each member of the Sellers' Group and each employee, director, agent, officer and adviser of each member of the Sellers' Group may enforce the terms of clause 16.2 subject to and in accordance with the provisions of the Contracts (Rights of Third Parties) Act 1999.

17 Buyers' Guarantee

17.1 The Buyers' Guarantor hereby covenants to the Sellers to comply with the provisions of this clause 17.

17.2 The Buyers' Guarantor irrevocably and unconditionally:

(a) guarantees to the Sellers as a continuing obligation the due and punctual performance and discharge by the Buyers of all their obligations (including the obligation to pay money) under this Agreement and the Separation Agreement and agrees to pay on demand from time to time each sum which any of the Buyers are liable to pay under this Agreement and/or the Separation Agreement at any time to the Sellers and which has not been paid at the time the demand is made; and

(b) agrees, as an additional and independent obligation, that if any of the obligations guaranteed by the Buyers' Guarantor under this clause are not recoverable from the

Buyers' Guarantor under the guarantee in clause 17.2(a) for any reason, the Buyers' Guarantor shall be liable to the Sellers as a principal debtor by way of indemnity for the same amount for which it would have been liable had such obligations been recoverable and further agrees to discharge that liability on demand by the Sellers from time to time,

(the Buyers' Guarantor's obligations under this clause being the "Buyers' Guaranteed Obligations").

17.3 The guarantee and indemnity set out in this clause 17 (the "Buyers' Guarantee") shall be a continuing guarantee and obligation. The Sellers may make claims and demands of the Buyers' Guarantor pursuant to the Buyers' Guaranteed Obligations without limit in number.

17.4 The Buyers' Guaranteed Obligations shall not be reduced, discharged, impaired or adversely affected by reason of:

(a) any time, indulgence, waiver or concession which the Sellers may grant to the Buyers or any other person;

(b) any legal limitation, disability or incapacity or other circumstances relating to the Buyers or the Buyers' Guarantor;

(c) any termination, amendment, variation, release, novation or supplement of or to this Agreement or the Separation Agreement or any of their terms or of any of the Buyers' Guaranteed Obligations;

(d) any variation, extension, discharge, compromise, dealing with, exchange or renewal of any right or remedy which the Sellers may now or hereafter have from or against the Buyers and any other person in respect of any of the obligations and liabilities of the Buyers and any other person under and in respect of this Agreement, the Separation Agreement and the other Transaction Documents;

(e) any act or omission by the Sellers or any other person in taking up, perfecting or enforcing any security or guarantee from or against the Buyers and any other person;

(f) any claim or enforcement of payment from the Buyers and any other person;

(g) any defect, irregularity, unenforceability, invalidity, illegality, frustration or discharge by operation of law of any of the obligations of the Buyers or the Buyers' Guarantor;

(h) the insolvency, liquidation, winding up or dissolution of any of the Buyers or the appointment of a receiver, administrative receiver or administrator of any of the Buyers' assets or any change of control of any Buyer or the occurrence of any circumstance affecting the liability of any Buyer to discharge any Buyers' Guaranteed Obligation; or

(i) any act or omission which would not have discharged or affected the obligations of the Buyers' Guarantor had it been a principal debtor instead of guarantor or by anything done or omitted by any person which but for this provision might operate to exonerate or discharge the Buyers' Guarantor or otherwise reduce or extinguish its liability under the Buyers' Guarantee.

17.5 The obligations and liabilities expressed to be undertaken by the Buyers' Guarantor under the Buyers' Guarantee are those of primary obligor and not merely as a surety.

17.6 The Sellers shall not be obliged before taking steps to enforce any of their rights and remedies in respect of the Buyers' Guaranteed Obligations:

(a) to take action or obtain judgment in any court against any Buyer or any other person;

(b) to make or file any claim in a bankruptcy, liquidation, administration or insolvency of any Buyer or any other person; or

(c) to make, demand, enforce or seek to enforce any claim, right or remedy against any Buyer or any other person.

17.7 Except as expressly provided in this Agreement, until all sums owing or capable of becoming owed to the Sellers by the Buyers under this Agreement and the Separation Agreement have been paid in full, the Buyers' Guarantor shall not, and shall procure that no other member of the Buyers' Group shall, take, exercise or receive the benefit of any security or other right or benefit (whether by set-off, counterclaim, subrogation, indemnity, proof in liquidation or otherwise and whether from contribution or otherwise) from or against any Buyer and any other person in respect of any liability of or payment by the Buyers' Guarantor pursuant to the Buyers' Guaranteed Obligations or otherwise in connection with the Buyers' Guarantee.

17.8 The Buyers' Guarantee shall be in addition to and shall not affect or be affected by or merge with any other judgment, security, right or remedy obtained or held by the Sellers from time to time for the discharge and performance of any of the liabilities and obligations of the Buyers to the Sellers.

17.9 Any settlement or discharge in whole or in part by the Sellers of the Buyers' Guaranteed Obligations shall be deemed to be given or made on condition that it shall be of no effect as a settlement or discharge if the assurance, security or payment on the faith of which it was made shall afterwards be avoided, set aside or ordered to be refunded by virtue of any provision, enactment or Applicable Law for the time being in force relating to breach of duty, bankruptcy, insolvency, liquidation, administration or protection from creditors generally or for any other reason so that at any time after such avoidance, setting aside or order for refund the Sellers shall be entitled to exercise their rights under the Buyers' Guarantee as if no such settlement or discharge had been made.

18 Buyers' Representative

18.1 Each Buyer appoints, authorises and empowers the Buyers' Representative as such Buyer's true and lawful agent and attorney-in-fact to give any consent, direction, notice or take any other action required or permitted pursuant to this Agreement, or any other Transaction Document to which that Buyer is a party on behalf of such Buyer, including the power to:

(a) organise payment of all or any part of any payment due from any of the Buyers under this Agreement;

(b) vary, amend or waive any provision of this Agreement or such other Transaction Document;

(c) act for such Buyer with regard to all warranty and indemnification matters referred to in this Agreement or such other Transaction Document, including the power to acknowledge responsibility for any claim, the power to compromise and to settle any claim on behalf of such Buyer and the power to set off any claim under this Agreement or such other Transaction Document;

(d) receive all demands, notices or other communications directed to such Buyer under this Agreement or such other Transaction Documents; and

(e) sign, execute and deliver on its behalf, any deeds and documents and to do or refrain from doing all acts and things as the Buyers' Representative deems necessary or appropriate to give effect to the terms of this Agreement or such other Transaction Document, securing to the Sellers the full benefit of the rights, powers and privileges and remedies conferred upon the Sellers in this Agreement or such other Transaction Document.

18.2 The parties agree that, for whatever reason, the Buyers' Representative shall be replaced by another Buyer immediately upon the Sellers' Representative receiving notice of that replacement signed by all of the Buyers. Upon appointment, any such replacement Buyers' Representative shall carry out its role pursuant to the provisions of clause 18.1 as if it had always been the Buyers' Representative.

18.3 Save in respect of fraud, the Buyers' Representative shall not be liable to the Buyers for any claims whatsoever arising from any act of the Buyers' Representative made pursuant to clause 18.1 above.

18.4 The Buyers agree that the Sellers and the Sellers' Representative shall be entitled to rely on clauses 18.1, 18.2 and 18.3 in particular any notice of replacement pursuant to clause 18.2 signed by all the Buyers in dealing with the Buyers' Representative on behalf of any of the Buyers. Neither the Sellers nor the Sellers' Representative shall be bound by, and their respective rights shall not be limited by, any agreement among the Buyers in this clause 18.

19 Sellers' Guarantee

19.1 The Sellers' Guarantor hereby covenants to the Buyers to comply with the provisions of this clause 19.

19.2 The Sellers' Guarantor irrevocably and unconditionally:

(a) guarantees to the Buyers as a continuing obligation the due and punctual performance and discharge by the Sellers of all their obligations (including the obligation to pay money) under this Agreement and the Separation Agreement and agrees to pay on demand from time to time each sum which any of the Sellers are liable to pay under this Agreement and/or the Separation Agreement at any time to the Buyers and which has not been paid by the Sellers at the time the demand is made; and

(b) agrees, as an additional and independent obligation, that if any of the obligations guaranteed by the Sellers' Guarantor under this clause are not recoverable from the Sellers' Guarantor under the guarantee in clause 19.2(a) for any reason, the Sellers' Guarantor shall be liable to the Buyers as a principal debtor by way of indemnity for the same amount for which it would have been liable had those Sellers' Guaranteed Obligations been recoverable and further agrees to discharge that liability on demand by the Sellers from time to time,

(the Sellers' Guarantor's obligations under this clause being the "Sellers' Guaranteed Obligations").

19.3 The guarantee and indemnity set out in this clause 19 (the "Sellers' Guarantee") shall be a continuing guarantee and obligation. The Buyers may make claims and demands of the Sellers' Guarantor pursuant to the Sellers' Guaranteed Obligations without limit in number.

19.4 The Sellers' Guaranteed Obligations shall not be reduced, discharged, impaired or adversely affected by reason of:

(a) any time, indulgence, waiver or concession which the Buyers may grant to any of the Sellers or any other person;

(b) any legal limitation, disability or incapacity or other circumstances relating to the Sellers or the Sellers' Guarantor;

(c) any termination, amendment, variation, release, novation or supplement of or to this Agreement or the Separation Agreement or any of their terms or of any Sellers' Guaranteed Obligations;

(d) any variation, extension, discharge, compromise, dealing with, exchange or renewal of any right or remedy which the Buyers may now or hereafter have from or against the Sellers and any other person in respect of any of the obligations and liabilities of the Sellers and any other person under and in respect of this Agreement, the Separation Agreement and the other Transaction Documents;

(e) any act or omission by the Buyers or any other person in taking up, perfecting or enforcing any security or guarantee from or against the Sellers and any other person;

(f) any claim or enforcement of payment from the Sellers and any other person;

(g) any defect, irregularity, unenforceability, invalidity, illegality, frustration or discharge by operation of law of any of the obligations of the Sellers or the Sellers' Guarantor;

(h) the insolvency, liquidation, winding up or dissolution of any of the Sellers or the appointment of a receiver, administrative receiver or administrator of any of the Sellers' assets or any change of control of the Sellers or the occurrence of any circumstance affecting the liability of the Sellers to discharge any Sellers' Guaranteed Obligation; or

(i) any act or omission which would not have discharged or affected the obligations of the Sellers' Guarantor had it been a principal debtor instead of guarantor or by anything done or omitted by any person which but for this provision might operate to exonerate or discharge the Sellers' Guarantor or otherwise reduce or extinguish its liability under the Sellers' Guarantee.

19.5 The obligations and liabilities expressed to be undertaken by the Sellers' Guarantor under the Sellers' Guarantee are those of primary obligor and not merely as a surety.

19.6 The Buyers shall not be obliged before taking steps to enforce any of its rights and remedies in respect of the Sellers' Guaranteed Obligations:

(a) to take action or obtain judgment in any court against any of the Sellers or any other person;

(b) to make or file any claim in a bankruptcy, liquidation, administration or insolvency of any of the Sellers or any other person; or

(c) to make, demand, enforce or seek to enforce any claim, right or remedy against any of the Sellers or any other person.

19.7 Except as expressly provided in this Agreement, until all sums owing or capable of becoming owed to the Buyers by the Sellers under this Agreement and the Separation Agreement have been paid in full, the Sellers' Guarantor shall not, and shall procure that no other member of the Sellers' Group shall, take, exercise or receive the benefit of any security or other right or benefit (whether by set-off, counterclaim, subrogation, indemnity, proof in liquidation or otherwise and whether from contribution or otherwise) from or against the Sellers and any other person in respect of any liability of or payment by the Sellers' Guarantor pursuant to the Sellers' Guaranteed Obligations or otherwise in connection with the Sellers' Guarantee.

19.8 The Sellers' Guarantee in this clause 19 shall be in addition to and shall not affect or be affected by or merge with any other judgment, security, right or remedy obtained or held by the Buyers from time to time for the discharge and performance of any of the liabilities and obligations of the Sellers to the Buyers.

19.9 Any settlement or discharge in whole or in part by the Buyers of the Sellers' Guaranteed Obligations shall be deemed to be given or made on condition that it shall be of no effect as a settlement or discharge if the assurance, security or payment on the faith of which it was made shall afterwards be avoided, set aside or ordered to be refunded by virtue of any provision,

enactment or Applicable Law for the time being in force relating to breach of duty, bankruptcy, insolvency, liquidation, administration or protection from creditors generally or for any other reason so that at any time after such avoidance, setting aside or order for refund the Buyers shall be entitled to exercise its rights under the Sellers' Guarantee as if no such settlement or discharge had been made.

20 Sellers' Representative

20.1 Each Seller appoints, authorises and empowers the Sellers' Representative as such Seller's true and lawful agent and attorney-in-fact to give any consent, direction, notice or take any other action required or permitted pursuant to this Agreement and the other Transaction Documents on behalf of such Seller, including the power to:

(a) receive, hold and deliver to the Buyers the certificates for the Target Shares accompanied by executed stock transfer forms and any other documents relating thereto on behalf of such Seller and any other document to be delivered by that Seller on Completion pursuant to Part 1 of Schedule 2;

(b) receive and give a valid receipt for all or any part of the Consideration and any payment in respect of any adjustment to the Consideration to be satisfied in cash;

(c) vary, amend or waive any provisions of this Agreement and any other Transaction Documents;

(d) act for such Seller with regard to all warranty or indemnification matters referred to in this Agreement and other Transaction Documents, including the power to acknowledge responsibility for any claim, the power to compromise and to settle any claim on behalf of such Seller and the power to set off any claim under this Agreement;

(e) receive all demands, notices or other communications directed to such Seller under this Agreement and any other Transaction Documents; and

(f) sign, execute and deliver on its behalf, any deeds and documents and to do or refrain from doing all acts and things as the Sellers' Representative deems necessary or appropriate to give effect to the terms of this Agreement or such other Transaction Document, securing to the Buyers the full benefit of the rights, powers, privileges and remedies conferred upon the Buyer in this Agreement or such other Transaction Documents.

20.2 The Sellers agree that the Sellers' Representative shall be replaced for whatever reason by another Seller immediately upon the Buyers' Representative receiving notice of that replacement signed by all of the Sellers. Upon appointment, any such replacement Sellers' Representative shall carry out its role pursuant to the provisions of clause 20.1 as if it had always been the Sellers' Representative.

20.3 Save in respect of fraud, the Sellers' Representative shall not be liable to the other Sellers for any claims whatsoever arising from any act of the Buyers' Representative carried out pursuant to clauses 20.1 and 20.2 above.

20.4 The Sellers agree that the Buyers and the Buyers' Representative shall be entitled to rely on clauses 20.1 and 20.2 and 21.3 in particular on any notice of replacement pursuant to clause 20.2 signed by all the Sellers in dealing with the Sellers' Representative on behalf of any of the Sellers. Neither the Buyers nor the Buyers' Representative shall be bound by, and their respective rights shall not be limited by, any agreement among the Sellers in this clause 20.

21 Announcements

21.1 Except to the extent otherwise expressly permitted by this Agreement, the parties shall not make any public announcement or issue a press release or respond to any enquiry from the press or other media concerning or relating to this Agreement or its subject matter or any ancillary matter save as permitted by this clause 21.

21.2 Notwithstanding any other provision in this Agreement, any party may, after consultation with the other parties whenever practicable, make or permit to be made an announcement concerning or relating to this Agreement or its subject matter or any ancillary matter if and to the extent required by:

(a) Applicable Laws;

(b) any securities exchange on which either party's securities are listed or traded or any debt financing agreement directly related to such listed or traded securities; or

(c) any regulatory or governmental or other Authority (including a Taxing Authority) with relevant powers to which that party is subject or submits, whether or not the requirement has the force of law.

21.3 The Buyers' Representative and the Sellers' Representative shall release a joint announcement in the agreed form after the date of this Agreement and shall release a further announcement in terms to be agreed between them upon or following Completion.

22 Confidentiality

22.1 Subject to clause 13, each of the parties undertakes that it will not at any time after the date of this Agreement use, divulge or communicate to any person any Confidential Information and each of the parties shall use its reasonable endeavours to prevent the publication or disclosure of any Confidential Information, unless expressly permitted in accordance with clause 22.2 below.

22.2 Notwithstanding any other provision in this Agreement, and without prejudice to disclosures permitted to be made in accordance with clause 16, each Seller and each Buyer may, after consultation with the other parties whenever practicable, disclose Confidential Information if and to the extent:

(a) required by Applicable Laws;

(b) required by any securities exchange on which its or any of its Affiliate's securities are listed or traded or any debt financing agreement directly related to such listed or traded securities;

(c) required by any Authority (including a Taxing Authority) with relevant powers to which that party is subject or submits (whether or not the requirement has the force of law);

(d) required to vest the full benefit of this Agreement and any other Transaction Document in that party or to enforce any of the rights of that party in this Transaction Document;

(e) required by its professional advisers, officers, employees, consultants, subcontractors or agents to provide their services (and subject always to similar duties of confidentiality);

(f) that information is in or has come into the public domain through no fault of that party;

(g) the parties have given prior written consent to the disclosure; or

(h) it is necessary to obtain any relevant Tax clearances from any appropriate Taxing Authority,

provided that Buyers and the Sellers may disclose or otherwise provide Confidential Information to each other and to any of their respective Affiliates and shall ensure that their Affiliates comply with the terms of this clause 22 as if binding on them directly.

22.3 The restrictions contained in this clause 22 shall continue to apply after Completion until the date falling two years thereafter, provided that this clause 22 shall not prevent the Buyers from using or disclosing Confidential Information following Completion unless it relates primarily to a member of the Sellers' Group and does not need to be used by any member of the Target Group for the continuation of the Business.

22.4 The Sellers acknowledge and agree that the Buyers may wish to sell, license or distribute certain assets of the Target Group to one or more third parties following Completion and that the Buyer may, in advance of Completion, disclose Confidential Information to such third parties for the purposes of facilitating negotiations in respect of any such transactions (and subject always to similar duties of confidentiality).

23 Entire agreement

23.1 This Agreement and the other Transaction Documents constitute the entire agreement between the parties relating to the subject matter of this Agreement and supersede and extinguish any and all prior drafts, agreements, undertakings, representations, warranties and arrangements of any nature whatsoever, whether or not in writing, between the parties in relation to the subject matter of this Agreement.

23.2 Each of the parties acknowledges and agrees that it has not entered into this Agreement in reliance on, and shall have no rights or remedies in respect of any statement or representation, warranty or undertaking of any person (whether a party to this Agreement or not) other than as expressly incorporated in this Agreement.

23.3 Nothing in this Agreement or any other Transaction Document shall be read or construed as excluding any liability or remedy as a result of fraud.

23.4 Without limiting the generality of the foregoing, each of the parties agrees that its only right and remedy in relation to any statement, representation, warranty or undertaking made or given in connection with this Agreement shall be for breach of the terms of the relevant Transaction Document and each of the parties irrevocably and unconditionally waives all other rights or remedies (including those in test or under statute) in relation to any such statement representation, warranty or undertaking.

24 Assignment and transfer

24.1 Subject to clauses 24.2 and 24.3 below, the Sellers, the Buyers, the Sellers' Guarantor and the Buyers' Guarantor may not:

(a) assign, transfer, charge or deal in any way with the benefit of, or any of their respective rights under or interest in, this Agreement; or

(b) sub-contract any or all of their respective obligations under it,

or do any such thing in relation to any document or arrangement expressed to be supplemental to this Agreement, or which this Agreement expressly preserves or requires to be executed, except in accordance with a prior written consent given by (in the case of the Buyers or the Buyers' Guarantor) the Sellers' Representative or (in the case of any of the Sellers or the Sellers' Guarantor) the Buyers' Representative, provided that, any time prior to Completion, each of the Buyers and the Buyers' Guarantor may assign this Agreement, together with all other Transaction Documents (notwithstanding anything to the contrary therein), and all of their respective rights and obligations hereunder and thereunder to one or more entities under common control with the

Buyers' Guarantor (each an "Assignee"), so long as no assignment would materially delay, or would reasonably be expected to materially delay, the Completion Date, prevent Completion or have an adverse economic effect on any of the Sellers. The Buyers' Guarantor and the Buyers shall be released from their respective obligations under this Agreement in connection with an assignment pursuant to the proviso in the previous sentence if and only if, at the time of such assignment, at least one of the Assignees' financial condition is substantially equivalent to, or better than, the financial condition of the Buyers' Guarantor and such Assignee acts as a guarantor for all other Assignees. The parties shall cooperate in good faith to assign or otherwise modify, as appropriate, the other Transaction Documents to give full effect to such an assignment.

24.2 Each of the Sellers and each of the Buyers acknowledges and agrees that each of the Sellers and each of the Buyers, may at any time following Completion assign to an Affiliate (in whole or in part) its rights under this Agreement and, accordingly, each of the Sellers and the Buyers agrees that the rights under this Agreement may be assigned (in whole or in part) by any of the Sellers and any of the Buyers without the consent of (in the case of the Buyers) the Sellers' Representative or (in the case of any of the Sellers) the Buyers or Buyers' Representative, and may be enforced by, any Affiliate of any of the Sellers or the Buyers (as the case may be) provided that, in the case of an assignment to an Affiliate of the Sellers or the Buyers (under this clause 24.2 or clause 24.3 below), if such Affiliate ceases to be an Affiliate of any of the Sellers or the Buyers (as the case may be) such rights are re-assigned to another Seller or Buyer (as the case may be) or Affiliate of any Seller or Buyer (as the case may be) and provided that where a party has assigned its rights under this clause or under clause 24.1, the other parties shall have no greater liability under this Agreement than they would have had if no such assignment had taken place.

24.3 If the rights under the whole or any part of this Agreement are assigned by any of the Sellers or the Buyers to an Affiliate in accordance with clause 24.2 that Affiliate may at any time assign those rights to any other Affiliate of any of the Buyers or any of the Sellers (as the case may be) without the need for any prior written consent of any other party hereto.

25 Costs and expenses

25.1 Except as otherwise stated in this Agreement, each party shall pay its own costs and expenses in relation to the negotiation, preparation, execution, performance and implementation of this Agreement, the Transaction Documents and every other document referred to in it or forming part of the Transaction, save that this clause shall not prejudice the right of any party to seek to recover its costs in any litigation or dispute resolution procedure which may arise out of this Agreement.

25.2 Any costs, charges or expenses incurred by any member of the Target Group prior to Completion in connection with the transactions contemplated by this Agreement shall be paid by the Sellers.

25.3 Any stamp duty and other transfer, sales, value added, stamp or registration Tax, duty fee, filing fee, charge, levy or notarial charge or fee arising from or as a consequence of the transfer of the Target Shares shall be for the sole account of the Buyers without the need for any prior written consent of any other party hereto.

26 Interest on late payments

26.1 If a party fails to pay any sum payable by it on the due date for payment under this Agreement, it shall pay interest on the overdue sum for the period from and including the due date of payment up to the date of actual payment (after as well as before judgment) in accordance with clause 26.2.

26.2 The interest referred to in clause 26.1 shall accrue from day to day and shall be paid on demand at the rate of three per cent. above the base rate from time to time of Barclays Bank plc. Unpaid interest shall compound quarterly.

27 No set-off

27.1 Except as expressly provided in this Agreement all payments to be made under this Agreement shall be made in full without any set-off or counterclaim and free from any deduction or withholding save as may be required by Applicable Law in which event such deduction or withholding shall not exceed the minimum amount which it is required by such Applicable Law to deduct or withhold and the payer will simultaneously pay to the payee such additional amounts as will result in the receipt by the payee of a net amount equal to the full amount which would otherwise have been receivable had no such deduction or withholding been required.

27.2 Subject to clause 27.3, if any Taxing Authority charges to Tax any sum paid (the "Original Payment") to the payee under this Agreement for breach of the Seller Warranties or the Buyer Warranties, as applicable, the payer shall be obliged to pay to the payee such additional amount (the "Additional Amount") as will ensure that, after the payment of Tax so charged on the Original Payment and any Tax chargeable on the Additional Payment, there shall remain in the hands of the payee a net sum equal to the amount of the Original Payment.

27.3 If any payment liable to be made under this Agreement would give rise to an obligation to pay an Additional Amount pursuant to clause 27.2, the relevant Buyer and the relevant Seller shall (if so requested by the party liable to make the relevant payment) consult together in good faith and in a timely fashion with a view to reaching agreement on an alternative method, including under clause 11.1 of the Tax Deed or, for example, the relevant Seller subscribing for a share in one of the Companies for a premium equal to the Additional Amount payable pursuant to clause 27.2 and selling the share to the relevant Buyer for £1 (the "Subscription Method") by which the payer may satisfy the relevant payment obligation whilst eliminating or reducing or mitigating to the greatest extent possible such Taxation. If the surrender of any Relief under clause 11.1 of the Tax Deed or the Subscription Method would eliminate, reduce or mitigate such Taxation and the relevant Buyer will not agree to use such alternative methods to eliminate, reduce or mitigate the relevant payment obligation then clause 27.2 shall not apply to the relevant sum paid by or on behalf of the relevant Seller (or, where applicable) the Sellers' Guarantor.

28 Effect of Completion

This Agreement together with the Tax Deed shall, to the extent that it remains to be performed, continue in full force and effect notwithstanding Completion.

29 Waiver

29.1 A waiver of any right, power, privilege or remedy provided by this Agreement must be in writing and may be given subject to any conditions thought fit by the grantor. For the avoidance of doubt, any omission to exercise, or delay in exercising, any right, power, privilege or remedy provided by this Agreement shall not constitute a waiver of that or any other right, power, privilege or remedy.

29.2 A waiver of any right, power, privilege or remedy provided by this Agreement shall not constitute a waiver of any other breach or default by any other party and shall not constitute a continuing waiver of the right, power, privilege or remedy waived or a waiver of any other right, power, privilege or remedy.

29.3 Any single or partial exercise of any right, power, privilege or remedy arising under this Agreement shall not preclude or impair any other or further exercise of that or any other right, power, privilege or remedy.

30 Variation

Any variation of this Agreement or of any of the documents referred to in it is valid only if it is in writing and signed by or on behalf of each party.

31 Severance

31.1 If any provision of this Agreement is held to be invalid or unenforceable by any judicial or other competent Authority, all other provisions of this Agreement will remain in full force and effect and will not in any way be impaired.

31.2 If any provision of this Agreement is held to be invalid or unenforceable but would be valid or enforceable if some part of the provision were deleted, or the period of the obligation reduced in time, or the range of activities or area covered, reduced in scope, the provision in question will apply with the minimum modifications necessary to make it valid and enforceable.

32 Further assurance

32.1 The Sellers shall use all reasonable endeavours from time to time on or following Completion, on being required to do so by the Buyers' Representative, to do or procure the doing of all such acts and/or execute or procure the execution of all such documents required to give full effect to this Agreement save in respect of clauses 9 and 14.

32.2 The Buyers shall use all reasonable endeavours from time to time on or following Completion, on being required to do so by the Sellers' Representative, to do or procure the doing of all such acts and/or execute or procure the execution of all such documents required to give full effect to this Agreement.

33 Notices

33.1 Any communication to be given in connection with this Agreement shall be in writing in English except where expressly provided otherwise and shall either be delivered by hand or sent by first class prepaid post or by email. Delivery by courier shall be regarded as delivery by hand.

33.2 Such communication shall be sent to the address of the relevant party referred to in this Agreement or email address set out below or to such other address or email address as may previously have been communicated to the other party in accordance with this clause 33.2 and clause 33.5. Each communication shall be marked for the attention of the relevant person.

Party	Email address	Address	For the attention of:
Sellers and Sellers' Guarantor	[***]	[***]	[***]
Copy to SJ Berwin LLP	[***]	[***]	[***]
Copy to Shearman & Sterling LLP	[***]	[***]	[***]
Buyers and Buyers' Guarantors	[***]	[***]	[***]
Copy to:			
Olswang LLP	[***]	[***]	[***]
Copy to:			
Debevoise Plimpton LLP	[***]	[***]	[***]

33.3 A communication shall be deemed to have been served:

(a) if delivered by hand at the address referred to in clause 33.2, at the time of delivery;

(b) if sent by first class prepaid post to the address referred to in clause 33.2, at the expiration of two clear days after the time of posting; and

(c) if sent by email to the email address specified in that clause at the time of completion of transmission by the sender.

If a communication would otherwise be deemed to have been delivered outside normal business hours (being 9:30 a.m. to 5:30 p.m. on a Business Day) in the time zone of the territory of the recipient under the preceding provisions of this clause 33.3, it shall be deemed to have been delivered at the next opening of such business hours in the territory of the recipient.

33.4 In proving service of the communication, it shall be sufficient to show that delivery by hand was made or that the envelope containing the communication was properly addressed and posted as a first class prepaid letter or that the email was transmitted to the correct email address, whether or not opened or read by the recipient.

33.5 A party may notify the other parties to this Agreement of a change to its name, relevant person, address or email address for the purposes of clause 33.2 provided that such notification shall only be effective on:

(a) the date specified in the notification as the date on which the change is to take place; or

(b) if no date is specified or the date specified is less than five clear Business Days after the date on which notice is deemed to have been served, the date falling five clear Business Days after notice of any such change is deemed to have been given.

33.6 For the avoidance of doubt, the parties agree that the provisions of clauses 33.1, 33.2, 33.3, 33.4 and 33.5 shall not apply in relation to the service of any claim form, application notice, order, judgment or other document relating to or in connection with any proceeding, suit or action arising out of or in connection with this Agreement.

33.7 Each of Sellers irrevocably appoints Warner Music Holdings Limited of 90 High Holborn, London WC1V 6XX as its agent to receive on its and the Sellers' Representative's behalf in England or Wales service of any proceedings under this Agreement. Such service shall be deemed completed on delivery to such agent (whether or not it is forwarded to and received by the relevant Seller or Sellers' Representative) and shall be valid until such time as the relevant Buyer or Buyers' Representative has received prior written notice from the relevant Seller or Sellers' Representative that such agent has ceased to act as agent. If for any reason such agent ceases to be able to act as agent or no longer has an address in England or Wales, the relevant Seller or Sellers' Representative shall forthwith appoint a substitute and deliver to the Buyers' Representative the new agent's name and address within England and Wales.

33.8 Each of Buyers irrevocably appoints Universal Music Group International Limited of 364 Kensington High Street, London W14 8TS as its agent to receive on its and the Buyers' Representative's behalf in England or Wales service of any proceedings under this Agreement. Such service shall be deemed completed on delivery to such agent (whether or not it is forwarded to and received by the relevant Buyer or Buyers' Representative) and shall be valid until such time as the relevant Seller or Sellers' Representative has received prior written notice from the relevant Buyer or Buyers' Representative that such agent has ceased to act as agent. If for any reason such agent ceases to be able to act as agent or no longer has an address in England or Wales, the relevant Buyer or Buyers' Representative shall forthwith appoint a substitute and deliver to the Sellers' Representative the new agent's name and address within England and Wales.

34 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall constitute an original, and all the counterparts shall together constitute one and the same agreement.

35 Governing law

35.1 This Agreement and any dispute or claim arising out of or in connection with it or its subject matter, whether of a contractual or non-contractual nature, shall be governed by and construed in accordance with the law of England and Wales.

35.2 Notwithstanding the foregoing, each party to this Agreement agrees that:

(a) it will not, and it will not cause any of its Affiliates to, bring or support any action, cause of action, claim, cross-claim or third-party claim of any kind or description, whether in law or in equity, whether in contract or in tort or otherwise, against the Debt Financing Sources, in any way relating to this Agreement or any of the transactions contemplated by this Agreement, including, without limitation, any dispute arising out of or relating in any way to the Debt Financing or the performance thereof, in any forum other than a court of competent jurisdiction located within the City of New York, New York, whether a state or Federal court and any appellate court from any thereof;

(b) the provisions of clause 35.3 below relating to the waiver of jury trial shall apply to any such action, cause of action, claim, cross-claim or third-party claim; and

(c) that any claim, controversy or dispute arising in connection with any Debt Financing or the performance of services thereunder or related thereto shall be governed by, and construed in accordance with, the laws of the State of New York.

35.3 With regard to an action, cause of action, claim, cross-claim or third party claim referred to in clause 35.2, the parties hereto, to the extent permitted by Applicable Law, waive all right to trial by jury in any action, suit, or proceeding arising out of, in connection with or relating to this Agreement and any transaction contemplated hereby. This waiver applies to any action, suit or proceeding whether sounding in tort, contract or otherwise.

36 Jurisdiction

The parties irrevocably agree that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with this Agreement provided that solely with respect to any action, cause of action, claim, cross-claim or third-party claim referred to in clause 35.2 involving Financing Sources, clause 35.2 shall govern.

37 Interpretation

37.1 The clause and paragraph headings and the table of contents used in this Agreement are inserted for ease of reference only and shall not affect construction.

37.2 References in this Agreement and the Schedules to the parties, the Introduction, Schedules and clauses are references respectively to the parties, the Introduction and Schedules to and clauses of this Agreement.

37.3 References to “writing” or “written” include any other non-transitory form of visible reproduction of words.

37.4 References to times of the day are to that time in London and references to a day are to a period of 24 hours running from midnight.

37.5 References to any English legal term or legal concept shall in respect of any jurisdiction other than England be deemed to include that which most nearly approximates in that jurisdiction to such English legal term or legal concept.

37.6 References to persons shall include bodies corporate, unincorporated associations and partnerships, in each case whether or not having a separate legal personality.

37.7 References to the word "include" or "including" (or any similar term) are not to be construed as implying any limitation and general words introduced by the word "other" (or any similar term) shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things.

37.8 Save where the context specifically requires otherwise, words importing one gender shall be treated as importing any gender, words importing individuals shall be treated as importing corporations and vice versa, words importing the singular shall be treated as importing the plural and vice versa, and words importing the whole shall be treated as including a reference to any part thereof.

37.9 References to statutory provisions, enactments or EC Directives shall include references to any amendment, modification, extension, consolidation, replacement or re-enactment of any such provision, enactment or Directive (whether before or after the date of this Agreement), to any previous enactment which has been replaced or amended and to any regulation, instrument or order or other subordinate legislation made under such provision, enactment or Directive unless any such change imposes upon any party any liabilities or obligations which are more onerous than as at the date of this Agreement.

37.10 A company or other entity shall be a "holding company" for the purposes of this Agreement if it falls within either the meaning attributed to that term in section 1159 and Schedule 6 Companies Act 2006 ("CA 2006") or the meaning attributed to the term "parent undertaking" in section 1162 and Schedule 7 of such Act, and a company or other entity shall be a "subsidiary" for the purposes of this Agreement if it falls within any of the meanings attributed to a "subsidiary" in section 1159 and Schedule 6 CA 2006 or any of the meanings attributed to the term "subsidiary undertaking" in section 1162 and Schedule 7 of such Act, and the terms "subsidiaries" and "holding companies" are to be construed accordingly, save that an undertaking shall also be treated, for the purposes only of the membership requirement contained in subsections 1162(2)(b) and (d) CA 2006, as a member of another undertaking if any shares in that other undertaking are held by a person (or its nominee) by way of security or in connection with the taking of security granted by the undertaking or any of its subsidiary undertakings.

37.11 The obligations of each of the Sellers and each of the Buyers under this Agreement shall be several.

37.12 The sole purpose of the estimates referred to in the definitions of "Estimated Aggregated Intercompany Balance", "Estimated Cash", "Estimated Debt", and "Estimated Working Capital Adjustment" is to calculate the Completion Payment and the Longstop Date Payment. For the avoidance of doubt, none of the Sellers shall have any liability in relation to the accuracy or otherwise of those estimates.

37.13 Any sum in any currency which is required to be construed, for the purposes of this Agreement, as a sum in pounds sterling (including determining, for the purposes of Schedule 5, the amount of a Claim which is not denominated in pounds sterling but excluding, for the avoidance of doubt, any such sum required to be determined pursuant to clause 8 or Schedule 6) shall, unless expressly stated otherwise, be regarded as converted into pounds sterling at the Exchange Rate.

37.14 References to "relevant Seller" and "relevant Buyer" in this Agreement shall mean the Seller or Buyer (as the case may be) of the Target Shares set out next to its name in Part 2 of Schedule 1.

38 Rights of third parties

38.1 Except as otherwise expressly stated, this Agreement does not confer any rights on any person or party (other than the parties to this Agreement) pursuant to the Contracts (Rights of Third Parties) Act 1999. For the avoidance of doubt, subject to clause 38.2, any person who does have rights pursuant to this Agreement shall have no rights in relation to any amendment of this Agreement.

38.2 Notwithstanding any of the foregoing, the Financing Sources shall be deemed to be third party beneficiaries of clauses 35.2, 35.3, 36 and this clause 38.2 of this Agreement. To the extent any change or amendment to clauses 35.2, 35.3, 36 and this clause 38.2 is sought which is adverse to the rights of the Financing Sources, the prior written consent of each of the Financing Sources shall be required before such change or amendment is rendered effective. The seller (under the France SPA) of EMI France shall be entitled to rely on the limitations on liability in clause 10 and Schedule 5 of this Agreement.

SIGNATURES

This Agreement is executed as a deed by the parties and is delivered and takes effect on the date at the beginning of this Agreement.

Executed as a deed by EGH1 BV acting by:

/s/ Andrew Brown
[signature of authorised signatory]

Andrew Brown
[print name of authorised signatory]

Director
in the presence of:

/s/ Matthew Pearson
[signature of witness]

Matthew Pearson
[print name of witness]

Address
SJ Berwin LLP
10 Queen Street Place
London

Occupation
Trainee Solicitor

Executed as a deed by EMI GROUP HOLDINGS BV
acting by:

/s/ Richard Constant
[signature of authorised signatory]

Richard Constant
[print name of director]

Director
in the presence of:

/s/ Matthew Pearson
[signature of witness]

Matthew Pearson
[print name of witness]

Address
SJ Berwin LLP
10 Queen Street Place
London

Occupation
Trainee Solicitor

Executed as a deed by DELTA HOLDINGS BV
acting by:

/s/ Richard Constant
[signature of director]

Richard Constant
[print name of director]

Director
in the presence of:

/s/ Matthew Pearson
[signature of witness]

Matthew Pearson
[print name of witness]

Address
SJ Berwin LLP
10 Queen Street Place
London

Occupation
Trainee Solicitor

Executed as a deed by UNIVERSAL
INTERNATIONAL MUSIC BV acting by:

/s/ N.P. Van Den Hoven
[signature of director]

N.P. Van Den Hoven
[print name of director]

Director
in the presence of:

/s/ J. Toorop
[signature of witness]

J. Toorop
[print name of witness]

Address
Kapittelweg 408
1216 JS Hilversum

Occupation
Management Assistant

Executed as a deed by WARNER MUSIC
HOLDINGS LIMITED acting by:

/s/ Paul Robinson
[signature of director]

Paul Robinson
[print name of director]

Director
in the presence of:

/s/ Thomas Marcotullio
[signature of witness]

Thomas Marcotullio
[print name of witness]

Address
75 Rockefeller Plaza
New York, NY 10019

Occupation
Lawyer

Executed as a deed by WARNER MUSIC
BENELUX N.V.
acting by:

/s/ M.R. Jessurun
[signature of director]

M.R. Jessurun
[print name of director]

Director
in the presence of:

/s/ J.W.F.M. Van Der Schoot
[signature of witness]

J.W.F.M. Van Der Schoot
[print name of witness]

Address
Olympia 2
1213 NT Hilversum
The Netherlands

Occupation
Finance Director

Executed as a deed by WARNER MUSIC GROUP
GERMANY HOLDING GMBH
acting by:

/s/ Bernd Dopp
[signature of director]

Bernd Dopp
[print name of director]

Director
in the presence of:

N. Petersen
[signature of witness]

/s/ Nadia Petersen
[print name of witness]

Address
Alter Wandrahm 14
20457 Hamburg
Germany

Occupation
Tax Manager

Executed as a deed by WARNER MUSIC DENMARK A/S
acting by:

/s/ Jonas Siljemark /s/ Martin Forsman
[signature of director]

Jonas Siljemark Martin Forsman
[print name of director]

Director
in the presence of:

/s/ Jacob Key
[signature of witness]

Jacob Key
[print name of witness]

Address
Lotsvägen 4
181 66 Lidingö

Occupation
Head of BD

Executed as a deed by WARNER MUSIC NORWAY A/S
acting by:

/s/ Jonas Siljemark /s/ Martin Forsman

[signature of director]

Jonas Siljemark Martin Forsman

[print name of director]

Director
in the presence of:

/s/ Jacob Key

[signature of witness]

Jacob Key

[print name of witness]

Address
Lotsvägen 4
181 66 Lidingö

Occupation
Head of BD

Executed as a deed by WARNER MUSIC POLAND SPZOO
acting by:

/s/ Bernd Dopp
[signature of director]

Bernd Dopp
[print name of director]

Director
in the presence of:

/s/ N. Petersen
[signature of witness]

Nadia Petersen
[print name of witness]

Address
Alter Wandrahm 14
20457 Hamburg
Germany

Occupation
Tax Manager

Executed as a deed by WARNER MUSIC SPAIN S.L.
acting by:

/s/ Jose Carlos Sanchez
[signature of director]

Jose Carlos Sanchez
[print name of director]

Director
in the presence of:

/s/ Kenneth E. Cole
[signature of witness]

Kenneth E. Cole
[print name of witness]

Address
Juan Hurtado Mendoza, 3
28036 Madrid
Spain

Occupation
Executive Warner Music Spain S.L.

Executed as a deed by WARNER MUSIC SWEDEN AB
acting by:

/s/ Jonas Siljemark
[signature of director]

Jonas Siljemark
[print name of director]

Director
in the presence of:

/s/ Jacob Key
[signature of witness]

Jacob Key
[print name of witness]

Address
Lotsvägen 4
181 66 Lidingö

Occupation
Head of BD

Executed as a deed by WMG ACQUISITION CORP.
acting by:

/s/ Paul Robinson
[signature of authorised signatory]

Paul Robinson
[print name of authorised signatory]

Authorised Signatory in the presence of:

/s/ Thomas Marcotullio
[signature of witness]

Thomas Marcotullio
[print name of witness]

Address
75 Rockefeller Plaza
New York, NY 10019

Occupation
Lawyer

Exhibit 2.2

STRICTLY PRIVATE AND CONFIDENTIAL

Share Sale and Purchase Agreement

relating to EMI Music France SAS

Dated 2013

EMI Music France Holdco Limited (1)
Universal International Music BV (2)
Warner Music Holdings BV (3)
WMG Acquisition Corp. (4)

Execution Version

TABLE OF CONTENTS

DATE 2013

PARTIES

(1) EMI MUSIC FRANCE HOLDCO LIMITED, a company duly incorporated and existing under the laws of England and Wales with number 06405604, whose principal place of business is at 27 Wrights Lane, London W8 5SW, United Kingdom (the "Seller");

(2) UNIVERSAL INTERNATIONAL MUSIC BV, a company duly incorporated and existing under the laws of the Netherlands with number 3101849, whose principal place of business is at Gerrit van der Veenlaan 4, 3743 DN Baarn, the Netherlands (the "Seller's Guarantor");

(3) WARNER MUSIC HOLDINGS BV, a company duly incorporated and existing under the laws of the Netherlands with number 32067757, whose principal place of business is at Olympia 2, 1213 NT Hilversum, the Netherlands (the "Buyer"); and

(4) WMG ACQUISITION CORP., a company duly incorporated and existing under the laws of the US State of Delaware, whose principal place of business is at 75 Rockefeller Plaza, New York, NY 10019 (the "Buyer's Guarantor").

INTRODUCTION

(A) EMI Music France SAS is a *société par actions simplifiée* registered under the laws of France under number 542 103 569 RCS Paris having its registered office located at 118-126 rue du Mont Cenis, 75018 Paris, France (the "French Target Company").

(B) The Seller owns an aggregate number of 1,109,813 shares of the French Target Company (the "French Target Shares"), representing 100% of the issued and outstanding share capital and voting rights of the French Target Company (short particulars of which are set out in Schedule 3 (together with short particulars of the French Target Shares)).

(C) The French Target Company owns 510 shares in the share capital of Play On SAS, a *société par actions simplifiée* registered under the laws of France under number 488 124 819 RCS Nanterre having its registered office located at 110 boulevard Jean Jaurès, 92100 Boulogne Billancourt, France (the "French Subsidiary" and, together with the French Target Company, the "French Companies") (short particulars of which are set out in Schedule 3).

(D) Reference is made to the share sale and purchase agreement relating to PLG Holdco Limited and others entered into on 6 February 2013 between, *inter alia*, the Seller's Guarantor and the Buyer's Guarantor, a copy of which is attached as Schedule 1 hereto (the "Main SPA").

(E) As contemplated in Recital (B) of the Main SPA, the Buyer (being a member of the Buyers' Group) wishes to purchase, and the Seller wishes to sell, the French Target Shares in the manner and on and subject to the terms of this Agreement and the France Put Option (and to which the parties hereto are parties).

(F) The parties hereto and the French Target Company have, where required, complied with the provisions of the French *Code du travail* regarding prior information and consultation of the French Target Company's workers council, and in particular with articles L. 2323-19 thereof, and the Buyer and the Buyer's Guarantor have complied with any laws or regulations of a similar nature applicable to them that are relevant to the transactions contemplated by this Agreement.

(G) The parties hereto have agreed to enter into this Agreement which provides, *inter alia*, for the acquisition of the Target Shares by the Buyer.

OPERATIVE PROVISIONS

1 Definitions

In this Agreement, except where a different interpretation is necessary in the context, the words and expressions set out below shall have the following meanings:

Agreement	this agreement including the Introduction and the Schedules
Consideration	has the meaning given in clause 3.1
France Completion	completion of the sale and purchase of the Target Shares in accordance with the terms of this Agreement
French Companies	has the meaning given in paragraph (C) of the Introduction
French Subsidiary	has the meaning given in paragraph (C) of the Introduction
French Target Company	has the meaning given in paragraph (A) of the Introduction
French Target Shares	has the meaning given in paragraph (B) of the Introduction
Main SPA	has the meaning given in paragraph (D) of the Introduction
Main SPA Completion	has the meaning given in the definition of "Completion" in clause 1 of the Main SPA
Main SPA Completion Date	has the meaning given to "Completion Date" in clause 7.2 of the Main SPA

All other capitalised terms, not otherwise defined in this Agreement shall have the meaning specified in the Main SPA, in each case mutatis mutandis.

2 Sale and purchase of the Target Shares

The Seller shall at France Completion sell and the Buyer shall purchase the French Target Shares together with all rights attaching to them at France Completion and free from all Encumbrances.

3 Consideration

3.1 In consideration of the sale of the French Target Shares in accordance with the terms of this Agreement, the Buyer shall, at France Completion, pay the Seller £72,600,000 (the "Consideration").

3.2 Any payment made by or on behalf of the Seller to the Buyer under or in respect of any breach of this Agreement (including, for the avoidance of doubt, in respect of any Claim for breach of the Seller Warranties or pursuant to the indemnity set out in clause 5.3 of this Agreement) or pursuant to the Tax Deed, shall be and shall be deemed to be a reduction in the price paid by the Buyer to the Seller for the French Target Shares under this Agreement to the extent legally possible.

4 France Completion

4.1 France Completion is conditional upon Main SPA Completion.

4.2 At France Completion:

(a) the Seller and the Buyer shall deliver or cause to be delivered the items listed in Parts 1 and 2, respectively, of Schedule 2 of this Agreement (the Buyer or the Buyers' Representative (as applicable) receiving them where appropriate as agent for the French Companies or the Buyer's Guarantor (as applicable) and the Seller or the Sellers'

Representative (where applicable) receiving them as agent for the Seller's Guarantor); and

(b) the Buyer shall pay an amount equal to the Consideration to the Sellers' Nominated Account, full payment of which shall constitute valid discharge of the Buyer's obligations under this clause 4.2(b).

5 Completion Statement

5.1 For the avoidance of doubt, the parties agree that the Consideration shall be subject to adjustment pursuant to clause 8 and Schedule 6 of the Main SPA and, further, that the French Companies are deemed to be Target Companies for the purposes of the foregoing clause and schedule. In the event that any adjustment payment or payments are required to be made in accordance with the foregoing clause and schedule which relate to the French Target Company or the French Subsidiary, such payments shall be made as between the Buyer and the Seller of the French Target Shares, each as defined under this Agreement.

6 Seller's Warranties

The Seller warrants to the Buyer, in relation to the French Target Shares, the French Target Company, the French Subsidiary and itself only, in the terms of the Seller Warranties *mutatis mutandis*.

7 Limitations on liability

For the avoidance of doubt, any and all claims under this Agreement shall be subject to the limitations on liability set out in Schedule 5 of the Main SPA, in accordance with the provisions of that Schedule *mutatis mutandis*.

8 Buyer's Warranties

The Buyer warrants to the Seller in the terms of the Buyer Warranties in clause 11 and Schedule 4 of the Main SPA *mutatis mutandis*.

9 Buyer's Guarantee

The Buyer's Guarantor hereby covenants to the Seller in the terms of the Buyers' Guarantee in clause 17 of the Main SPA *mutatis mutandis*.

10 Seller's Guarantee

The Seller's Guarantor hereby covenants to the Buyer in the terms of the Seller's Guarantee in clause 19 of the Main SPA *mutatis mutandis*.

11 Buyer undertakings

The Buyer, in respect of the French Target Company and the French Subsidiary only (where applicable), hereby covenants to the Seller in the terms of clauses 9.2, 9.4 and 13 of the Main SPA in each case *mutatis mutandis*.

12 Seller undertakings

The Seller, in respect of the French Target Company and the French Subsidiary only (where applicable), hereby covenants to the Buyer in the terms of clauses 9.1, 9.3, 9.4, 9.5, 9.6, 15 and 16 of the Main SPA in each case *mutatis mutandis*.

13 Miscellaneous

13.1 Save as otherwise or already expressly stated in this Agreement, the following provisions of the Main SPA shall apply to this Agreement where applicable and in each case *mutatis mutandis;*

clause 1, clause 5, clause 6, clause 7, clause 8, clause 10, clause 11, clause 14, clause 16, clause 17, clause 18, clause 19, clause 20, clause 21, clause 22, clause 23, clause 24, clause 25, clause 26, clause 27, clause 28, clause 29, clause 30, clause 31, clause 32, clause 33, clause 34, clause 35, clause 36, clause 37 and clause 38.

13.2 For the avoidance of doubt, any notice to be served under this Agreement shall be validly served:

(a) in the case of the Buyer or the Buyer's Guarantor, if served upon the Buyers' Representative; and

(b) in the case of the Seller or the Seller's Guarantor, if served on the Sellers' Representative,

in each case in accordance with clause 33 of the Main SPA *mutatis mutandis*.

SIGNATURES

Executed by EMI MUSIC FRANCE HOLDCO
LIMITED acting by:

[signature of director]

[print name of director]

Director
in the presence of:

[signature of witness]

[print name of witness]

Address

Occupation

Executed by UNIVERSAL INTERNATIONAL MUSIC BV
acting by:

[signature of director]

[print name of director]

Director
in the presence of:

[signature of witness]

[print name of witness]

Address

Occupation

Executed by WARNER MUSIC HOLDINGS BV acting by:

/s/ M.R. Jessurun
[signature of director]

M.R. Jessurun
[print name of director]

Director
in the presence of:

/s/ J.W.F.M. Van Der Schoot
[signature of witness]

J.W.F.M. Van Der Schoot
[print name of witness]

Address
Olympia 2
1213 NT Hilversum
The Netherlands

Occupation
Finance Director

Executed by WMG ACQUISITION CORP. acting by:

/s/ Paul Robinson
[signature of director]

Paul Robinson
[print name of director]

Director
in the presence of:

/s/ Thomas Marcotullio
[signature of witness]

Thomas Marcotullio
[print name of witness]

Address
75 Rockefeller Plaza
New York, NY 10019

Occupation
Lawyer

Exhibit 2.3

STRICTLY PRIVATE AND CONFIDENTIAL

Put Option
relating to EMI Music France
SAS

Dated 6 February 2013

Warner Music Holdings BV (1)
WMG Acquisition Corp. (2)
EMI Music France Holdco Limited (3)
Universal International Music BV (4)

THE USE OF THE FOLLOWING NOTATION IN THIS EXHIBIT INDICATES THAT A CONFIDENTIAL PORTION HAS BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT AND THE OMITTED MATERIAL HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION: [***].

Execution Version

WARNER MUSIC HOLDINGS BV (the "Buyer")
Olympia 2
1213 NT Hilversum
Netherlands

WMG ACQUISITION CORP. (the "Buyer's Guarantor")
75 Rockefeller Plaza
New York, New York
10019

EMI MUSIC FRANCE HOLDCO LIMITED (the "Seller")
27 Wrights Lane
London W8 5SW
United Kingdom

For the attention of: Richard Constant

UNIVERSAL INTERNATIONAL MUSIC BV (the "Seller's Guarantor")
Gerrit van der Veenlaan 4
3743 DN Baarn
The Netherlands

For the attention of: Richard Constant

6 February 2013

STRICTLY PRIVATE AND CONFIDENTIAL

Dear Sirs,

We refer to our recent discussions relating to the terms and conditions of the contemplated transfer to the Buyer of 100% of the share capital and voting rights of EMI Music France SAS, a *société par actions simplifiée* registered under the laws of France under number 542 103 569 RCS Paris having its registered office located at 118-126 rue du Mont Cenis, 75018 Paris, France (the "French Target Company"), which are reflected in the form of share sale and purchase agreement attached to this letter ("Letter") as Schedule 1 (the "SPA") (the "Transaction").

Capitalised terms used in this Letter shall, unless otherwise defined herein, have the meaning ascribed to them in the SPA.

This Letter sets out the terms on which the Buyer irrevocably grants to the Seller an option to require the Buyer to acquire full ownership of all of the French Target Shares under the terms of the SPA (the "Option").

Each of the Buyer and the Buyer's Guarantor, acknowledges and agrees that as at the date of this Letter:

(a) no final decision has been taken by the Seller as to whether the Seller will exercise the Option (as granted by the Buyer on the terms set out in this Letter); and

(b) each of the Buyer and the Buyer's Guarantor has executed the SPA.

1 Grant and Exercise of Option

1.1 The Buyer hereby irrevocably grants to the Seller, on the terms set out in this Letter, the Option.

1.2 By signing this Letter, the Seller agrees to the terms of the Option as set out in this Letter.

1.3 In order to validly exercise the Option, the Seller shall serve a written notice of exercise of the Option, in the form set out in Schedule 2 to this Letter (the "Notice"), on the Buyer in respect of all (and not part only) of the French Target Shares.

1.4 France Completion shall be conditional on Completion having occurred in accordance with the Main SPA and in accordance with the terms and conditions of the SPA.

1.5 The Option may only be exercised following or on the Date of Completion of the Consultation Process.

1.6 A Notice given under this Letter pursuant to paragraph 1.3 above shall be deemed to have been validly given to the Buyer if served in accordance with the terms of clause 13.2 of the SPA.

2 The SPA

2.1 For purposes of this Letter:

(a) "Execution Date" shall mean the date of execution of the SPA by each of the Seller and the Seller's Guarantor, the Buyer and the Buyer's Guarantor.

(b) "Date of Completion of the Consultation Process" shall mean [***]:

2.2 Each of the Buyer and the Buyer's Guarantor hereby acknowledges and agrees that neither the Seller nor the Seller's Guarantor shall:

(a) be bound by the SPA before the Execution Date; or

(b) have any obligation to execute the SPA before or after the Date of Completion of the Consultation Process.

3 Expiry Date

If the Main SPA is terminated in accordance with its terms, the Option shall immediately lapse (the date of such lapse, the "Expiry Date") and accordingly each of the Buyer and the Buyer's Guarantor shall be released from their obligations under this Letter (and including for the avoidance of doubt the SPA) without any liability attaching to either of them, save in the case of breach of the covenants in this Letter, fraud or bad faith by either of them.

4 Information and consultation of the Workers Council

4.1 The Seller shall use its reasonable endeavours to procure that:

(a) the consultation process with the Workers Council is conducted in a timely manner and with the consultation of the Buyer by the Seller acting reasonably;

(b) the management of the French Target Company (the "Management") informs and consults with the Workers Council on the Transaction in order to obtain the Opinion (the "Consultation Process");

(c) Management convenes the Workers Council to a first meeting to be held no later than five business days (a business day being a day other than a Saturday, Sunday or a public holiday in either of England and Wales or France) following the date of this Letter;

(d) the Workers Council delivers the Opinion as soon as reasonably practicable; and

(e) at any time prior to the Date of Completion of the Consultation Process, another meeting of the Workers Council is convened as soon as reasonably practicable by Management following any meeting of the Workers Council at which the Opinion is not delivered.

4.2 The Seller shall keep the Buyer reasonably informed on a regular basis of the progress of the Consultation Process and any difficulties or delays in connection with or arising from such

Consultation Process which the Seller believes (acting reasonably) may interfere with, delay or impair Main SPA Completion. The Seller shall consult with the Buyer and have regard to and take into consideration any reasonable comments made by the Buyer with respect to the Consultation Process.

4.3 Each of the Buyer and the Buyer's Guarantor acknowledges and agrees that the Workers Council will be convened by Management to any meeting or subsequent meeting in connection with the Consultation Process, as set out in paragraph 4.1 of this Letter.

4.4 The Buyer shall:

(a) co-operate with the Seller and assist in good faith with the Consultation Process and, if so requested by the Seller, participate in discussions or meetings with the Workers Council;

(b) not undertake or consent to any act likely to prejudice an expeditious outcome of the Consultation Process; and

(c) consider in good faith any issues and proposals in relation to the Transaction that may be raised as part of the Consultation Process.

5 Exclusivity

5.1 Unless otherwise provided herein, as from the date of this Letter and until the earlier of:

(a) the Execution Date; or

(b) the Expiry Date,

(the "Exclusivity Period"), each of the Seller and the Seller's Guarantor undertakes:

(i) not to, directly or indirectly, solicit, encourage or induce any discussions or offers from any third parties for the French Target Shares or for any assets held by the French Target Company; and

(ii) not to enter into or pursue any discussions or negotiations with any third party in relation to the sale of the French Target Shares or of any assets held by the French Target Company; or

(iii) not to, directly or indirectly, offer for sale or sell, transfer, grant any option, right or pledge over or in respect of, or otherwise dispose of all or part of the outstanding issued share capital and voting rights or assets of the French Target Companies or enter into any agreement or accept any offer in any such respect.

5.2 Notwithstanding anything to the contrary in this Letter, each of the Seller and the Seller's Guarantor shall be released from its obligations hereunder if the Date of Completion of the Consultation Process does not fall before the Expiry Date, without any liability attaching to either of them.

6 Governing law and jurisdiction

This Letter shall be governed by the laws of England and Wales and any dispute relating to validity, interpretation or application shall fall within the exclusive jurisdiction of the courts of England and Wales.

This Letter is executed as a deed by the parties and is delivered and takes effect on the date at the beginning of this Letter.

Executed as a deed by Warner Music Holdings BV
acting by:

/s/ M.R. Jessurun
[signature of authorised signatory]

M.R. Jessurun
[print name of authorised signatory]

Authorised Signatory
in the presence of:

/s/ J.W.F.M. Van Der Schoot
[signature of witness]

J.W.F.M. Van Der Schoot
[print name of witness]

Address
Olympia 2
1213 NT Hilversum
The Netherlands

Occupation
Finance Director

Executed as a deed by WMG Acquisition Corp. acting by:

/s/ Paul Robinson
[signature of authorised signatory]

Paul Robinson
[print name of authorised signatory]

Authorised Signatory
in the presence of:

/s/ Thomas Marcotullio
[signature of witness]

Thomas Marcotullio
[print name of witness]

Address
75 Rockefeller Plaza
New York, NY 10019

Occupation
Lawyer

Acknowledged and accepted by:

Executed as a deed by EMI Music France Holdco
Limited acting by:

/s/ Richard Constant
[signature of director]

Richard Constant
[print name of director]

Director
in the presence of:

/s/ Matthew Pearson
[signature of witness]

Matthew Pearson
[print name of witness]

Address
SJ Berwin LLP
10 Queen Street Place
London

Occupation
Trainee Solicitor

Executed as a deed by Universal International Music BV
acting by:

/s/ N.P. Van Den Hoven
[signature of director]

N.P. Van Den Hoven
[print name of director]

Director
in the presence of:

/s/ J. Toorop
[signature of witness]

J. Toorop
[print name of witness]

Address
Kapittelweg 408
1216 JS Hilversum

Occupation
Management Assistant

Exhibit 2.4

Amendment No. 1 to the Put Option, dated as of February 6, 2013, by and among Warner Music Holdings BV, as Buyer, and WMG Acquisition, as Buyer's Guarantor, and EMI Music France Holdco Limited, as Seller, and Universal International Music BV, as Seller's Guarantor.

Agreed to on February 8, 2013 by email:

Clause 4.1(c) is amended as follows: "Management convenes the Workers Council to a first meeting to be held no later than on Monday 18 February 2013;".

All other clauses of the Put Option shall remain unchanged and in full force and effect.

Exhibit 2.5

Execution Version

Separation Agreement

relating to PLG

Dated 6 February 2013

EGH1 BV (1)
Warner Music Holdings Limited (2)

THE USE OF THE FOLLOWING NOTATION IN THIS EXHIBIT INDICATES THAT A CONFIDENTIAL PORTION HAS BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT AND THE OMITTED MATERIAL HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION: [***].

TABLE OF CONTENTS

DATE FEBRUARY 2013

PARTIES

(1) EGH1 BV, a company duly incorporated and existing under the laws of the Netherlands with registered number 56674576 whose principal place of business is at Gerrit van der Veenlaan 4, 3743 DN Baarn, the Netherlands (the "Seller"); and

(2) WARNER MUSIC HOLDINGS LIMITED, a company duly incorporated and existing under the laws of England and Wales with registered number 08265081 whose principal place of business is at Seventh Floor, 90 High Holborn, London WC1V 6XX, United Kingdom (the "Buyer").

THE PARTIES AGREE as follows:

1 Interpretation

1.1 In this Agreement, except where a different interpretation is necessary in the context, the words and expressions set out below shall have the following meanings:

Act	the Companies Act 2006
Affiliate	has the meaning given to it in the PLG SPA
Applicable Law	any enforceable law or regulation, or any enforceable judgment, injunction, order or decree by any court or Authority
Artwork	Artistic Work as defined in the CDPA
Asset	an asset, property, claim or right of any kind, character or description, whether real or personal, tangible or intangible and whether actual, contingent or prospective including under any Contract
Assignor	any Party which assigns its rights under this Agreement under clause 23
Assume	has the meaning given to it in clause 8.1(a) and "Assumption" is to be construed accordingly
Auditing Party	a party entitled to examine Books and Records in accordance with the terms of a Contract
Authority	any governmental, regulatory or other authority
Books and Records	includes (but is not limited to) all notices, correspondence, orders, inquiries, Tax returns, work papers, drawings, plans, books of account and other documents and all other computer disks or other information stored in electronic form
Business Day	a day other than a Saturday, Sunday or a public holiday in England and Wales
Buyer's Group	the Buyer and each Buyer's Group Company
Buyer's Group Company	the Buyer or an undertaking which is, at the relevant time, an Affiliate of the Buyer including, from Completion, each PLG Company
Completion	has the meaning given to it in the PLG SPA

Completion Date	the date of Completion
Completion Statement	has the meaning given to it in the PLG SPA
Consents	consents and approvals from third parties (including from Authorities)
Contract	a contract entered into by a Buyer's Group Company and/or a Seller's Group Company prior to Completion
CDPA	the Copyright Designs and Patents Act 1988
Data Room	has the meaning given to it in the PLG SPA
Demand	any action, award, claim or other legal recourse, complaint, costs (including without limitation, legal costs), debt, demand, expense, damages, interest, fine, liability, loss, outgoing, penalty or proceeding
Divested Assets	all of the Assets of the PLG Companies as at Completion other than the Retained Assets and (to the extent that they are not Assets of any of the PLG Companies as at Completion) the Assets referred to in Schedule 3
Divested Liability	any Liability of the PLG Companies as at Completion other than any Retained Liability and (to the extent that they are not Liabilities of any of the PLG Companies as at Completion) any Liability which relates to a Divested Asset
Divested Trade Mark	"Parlophone" and any other trade mark the ownership of which, or rights under any licence to which, was transferred or agreed to be transferred to PLG, or is retained by PLG, pursuant to the Reorganisation
DSA	the distribution services agreement as described in paragraph 2.6 of Schedule 5
EMI Group	EMI Group Global Limited ((company number 07509551) whose registered office is at Citigroup Centre, 25 Canada Square, London, E14 5LB) and its subsidiary undertakings as at 28 September 2012
EMI Group Global Transaction Documents	has the meaning given in the PLG SPA
Encumbrance	any interest or equity of any person (including any right to acquire, option or right of pre-emption) or any mortgage, charge, pledge, lien, assignment, hypothecation, security interest, title retention or any other security agreement or arrangement
Event	an event, act, transaction or omission, including a receipt or accrual of income or gains, distribution, failure to distribute, acquisition, disposal, transfer, payment, loan or advance

Future Joint Legal Proceedings	legal proceedings brought after Completion which relate to both: (a) any Retained Assets and/or Retained Liabilities; and (b) any Divested Assets and/or Divested Liabilities
Future PLG Legal Proceedings	legal proceedings brought after Completion which relate solely to Divested Assets and/or Divested Liabilities
Future Retained Legal Proceedings	legal proceedings brought after Completion which relate solely to Retained Assets and/or Retained Liabilities
Group	either the Seller's Group, Buyer's Group, the Retained Group or PLG (as applicable), and "Group Companies" are to be construed accordingly
Indemnified Person	a person claiming indemnification under any Indemnity
Indemnifying Party	a person liable to indemnify any Indemnified Person under any Indemnity
Indemnities	the indemnities given by the Seller in favour of the Buyer or by the Buyer in favour of the Seller, as the case may be, pursuant to this Agreement, and "Indemnity" is to be construed accordingly
Indemnity Claim	a claim by an Indemnified Person against an Indemnifying Party under any Indemnity
Insurance Policies	those of the Seller's Group's insurance policies in force at the date of this Agreement under which the PLG Companies benefit from insurance cover prior to Completion, to the extent that those are occurrence based policies under which the date on which the incident or event which is the subject of the claim occurred determines whether the loss is recoverable
KPMG Orinoco Steps Paper	the document entitled "Project Orinoco Tax Structure Paper" prepared by KPMG, dated 28 December 2012 and which is available in the Data Room at the date of this Agreement
Liability	a liability or obligation of any kind, character or description, whether actual or contingent, and includes liabilities and obligations arising for or in respect of Tax, fines, damages or equitable liabilities and obligations and "Liabilities" shall be construed accordingly
Losses	all Liabilities, costs, expenses, damages and losses (including any direct, indirect or consequential losses, loss of profit, loss of reputation and all interest, penalties all reasonable out-of-pocket costs and expenses (including reasonable legal and other professional costs and expenses) related to or arising therefrom), and "Loss" is to be construed accordingly
MP Group Companies	those Companies listed in Schedule 8 of the PLG SPA, and "MP Company" means any one of them

Music Publishing Activities	all activities typically associated with the business of a so called "music publisher" including the acquisition, administration, management and exploitation of any and all rights in musical works and/or literary works and any portions thereof in all media and, in the context of so-called "library music" or "production music" the sound recordings embodying such musical works and/or literary works, and "Music Publishing Activity" shall mean any such activity
Notice	a notice or other communication under or in connection with this Agreement
Ongoing Joint Claims	(a) the claims listed at Schedule 6; and (b) any other proceedings which have been brought as of Completion (but not, for the avoidance of doubt, any proceedings brought after Completion) by or against both one or more Retained Group Companies and by one or more PLG Companies acting as joint claimants or joint defendants on a single claim and of which details are notified to the Buyer by the Seller For the avoidance of doubt, Ongoing Joint Claims shall not include proceedings where one or more Retained Group Companies and one or more PLG Companies are suing the same defendant(s) on separate claims, or are being sued by the same defendant(s) on separate claims
Permitted Assignee	(a) any company which is a subsidiary undertaking or parent undertaking of the Assignor or a subsidiary undertaking of a parent undertaking of the Assignor, at the time of the assignment provided that if at any time such company ceases to be a subsidiary undertaking or parent undertaking of the Assignor, or a subsidiary undertaking of a parent undertaking of the Assignor, it shall cease to have any further rights under this Agreement; or (b) any person which acquires the whole or substantially the whole of the assets of the Assignor's Group
PLG	the Parlophone label group, comprising together the PLG Companies
PLG Business	the business of PLG immediately prior to Completion
PLG Companies	the Target Companies, the Subsidiaries and the EMI France Group, in each case as defined in the PLG SPA, and "PLG Company" means any one of them
PLG SPA	the share sale and purchase agreement relating to the sale and purchase of the PLG Companies entered into between, among others, the Seller and the Buyer on the date of this Agreement
[***]	[***]

[***]	[***]
Receipt	any payment, receipt, income, revenue, right or entitlement
Reorganisation	has the meaning given to it in the PLG SPA
Retained Asset	as defined in Schedule 4
Retained Group	all Retained Group Companies
Retained Group Company	a Seller's Group Company which was a member of the EMI Group at 28 September 2012 and "Retained Group Companies" means all of them
Retained Liability	any Liability of the PLG Companies to the extent that it relates to any Retained Asset, including without limitation any Liability of any PLG Company to any person employed or engaged by that PLG Company at or before Completion exclusively in connection with or for the benefit of any Retained Asset
Retained Trade Mark	"EMI" and any other trade mark the ownership of which, or rights under any licence to which, was transferred or agreed to be transferred to the Seller's Group, or is retained by the Seller's Group, pursuant to the Reorganisation
Security Interest	a mortgage, charge, lien, pledge or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect
Security Obligation	any guarantee, indemnity, assurance, undertaking, commitment or other obligation
Seller's Group	the Seller and each Seller's Group Company
Seller's Group Company	the Seller or an undertaking which is, at the relevant time, an Affiliate of the Seller (including, for the avoidance of doubt, EMI Group, but excluding from Completion any PLG Company) and "Seller's Group Companies" means all of them
Sell-Off Period	the period of two years from the Completion Date
Separation Committee	has the meaning given to it in clause 17.1
Separation Documents	this Agreement, the Separation Plan, the Project Orinoco implementation documents listed at Schedule 12, and, when they become effective, the Transitional Services Agreement and the DSA
Separation Plan	the document entitled "the plan for the implementation of operational and structural separation of PLG from the EMI Group", in the agreed form
Surrender of Group Relief	a surrender of group relief under Part 5 of the Corporation Tax Act 2010

Tax	any form of taxation, levy, duty, charge, contribution, withholding or impost of whatever nature (including any related fine, penalty, surcharge or interest) imposed, collected or assessed by, or payable to, a Tax Authority and shall include (where the liability is for Tax) any payment by way of reimbursement, recharge, indemnity, transferee or successor liability, or as a result of a person being or having at any time been a member of an affiliated, consolidated, combined or unitary group for any period or otherwise
Tax Authority	any government, state or municipality or any local, federal or other authority, body or official anywhere in the world exercising a fiscal, revenue, customs or excise function (including, HM Revenue and Customs and the U.S. Internal Revenue Service)
Tax Deed	has the meaning given in the PLG SPA
Third Party Claim	has the meaning given to it in Schedule 1
Transaction	the acquisition of the PLG Companies by the Buyer
Transfer	either: (a) to transfer, assign or convey; or (b) a transfer, assignment or conveyance (as the context requires), and "Transferred" is to be construed accordingly
[***]	[***]
Transfer Documents	has the meaning given in the PLG SPA
Transfer Legislation	TUPE or any equivalent legislation implementing the European Acquired Rights Directive (Directive 77/187/EC, subsequently revised and considered in Directive 2001/23)
Transitional Services Agreements	has the meaning given in the PLG SPA
TUPE	the Transfer of Undertakings (Protection of Employment) Regulation 2006
VAT	value added Tax as provided for in VATA and subordinate legislation made under VATA, each enacted (whether before or after the date of this Agreement) or in any primary or secondary legislation promulgated by the European Community, or any official body or agency of the European Community, including without limitation EC Directive 2006/112/EC as amended, modified or re-enacted (whether before or after the date of this Agreement), and any similar goods and services, sales, consumption or turnover Tax whether within the European Community or elsewhere in the world
VATA	the Value Added Tax Act 1994;

VAT Group	a group for the purposes of the VAT Grouping Legislation
VAT Grouping Legislation	sections 43 to 43D (inclusive) of VATA and the Value Added Tax (Groups: eligibility) Order 2004 (SI 2004/1931) or equivalent VAT grouping provisions in other jurisdictions
Wrong Pocket Asset	a Wrong Pocket Divested Asset or a Wrong Pocket Retained Asset, as appropriate
Wrong Pocket Liability	a Wrong Pocket Divested Liability or a Wrong Pocket Retained Liability, as appropriate
Wrong Pocket Divested Asset	any right, title or interest which any Seller's Group Company has in any Divested Asset
Wrong Pocket Divested Liability	any Liability of any Seller's Group Company relating to a Divested Asset (including a Wrong Pocket Divested Asset)
Wrong Pocket Retained Asset	any right, title or interest which any PLG Company has in any Retained Asset
Wrong Pocket Retained Liability	any Liability of any PLG Company relating to a Retained Asset (including a Wrong Pocket Retained Asset)

1.2 In this Agreement, unless otherwise specified, a reference to:

(a) liability under, pursuant to or arising out of (or any analogous expression) any contract includes a reference to any contingent liability under, pursuant to or arising out of (or any analogous expression) that contract;

(b) a party being liable to another party, or to Liability, includes, but is not limited to, any liability in equity, contract or tort (including negligence) or under the Misrepresentation Act 1967;

(c) a statute or statutory provision includes a reference to the statutory provision as modified or re-enacted or both from time to time before the date of this Agreement and any subordinate legislation made under the statutory provision (as so modified or re-enacted) before the date of this Agreement;

(d) a "person" includes a reference to any individual, firm, company, corporation or other body corporate, government, state or agency of a state or any joint venture, association or partnership, works council or employee representative body (whether or not having separate legal personality);

(e) a "person" when construing any provision in relation to VAT, shall (where appropriate and unless the context otherwise requires) be construed, at any time when such person is treated as a member of a VAT Group, to include a reference to the representative member of such group at such time (so that a reference to X, for example, would read "X or the relevant representative member of the VAT Group of which X is a member (as the case may be)" (the term "representative member" to have the same meaning as for the purposes of the VAT Grouping Legislation);

(f) a "party" or "Party" includes a reference to that party's successors and permitted assigns;

(g) a clause, paragraph or Schedule is a reference to a clause or paragraph of, or Schedule to, this Agreement;

(h) "legal proceedings" includes mediation, arbitration, litigation and tribunal proceedings and any investigation conducted by or on behalf of an Authority which the Parties are subject or submit to;

(i) any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing will in respect of any jurisdiction other than England be deemed to include what most nearly approximates in that jurisdiction to the English legal term and to any English statute will be construed so as to include equivalent or analogous laws of any other jurisdiction;

(j) a "day" (including within the phrase "Business Day") means a period of 24 hours running from midnight to midnight;

(k) any other document is a reference to that other document as amended, varied, novated or supplemented at any time;

(l) any payment obligation due under this Agreement shall, unless expressly stated otherwise, be due in cash denominated in Pounds Sterling (GBP) and paid in full within 14 days of the date on which it became due;

(m) except where the context specifically requires otherwise, words importing one gender shall be treated as importing any gender, words importing individuals shall be treated as importing corporations and vice versa, words importing the singular shall be treated as importing the plural and vice versa, and words importing the whole shall be treated as including a reference to any part; and

(n) times of the day is to London time.

1.3 A company or other entity shall be a "holding company" for the purposes of this Agreement if it falls within either the meaning attributed to that term in section 1159 and Schedule 6 of the Act or the meaning attributed to the term "parent undertaking" in section 1162 and Schedule 7 of the Act, and a company or other entity shall be a "subsidiary" for the purposes of this Agreement if it falls within any of the meanings attributed to a "subsidiary" in section 1159 and Schedule 6 of the Act or any of the meanings attributed to the term "subsidiary undertaking" in section 1162 and Schedule 7 of the Act, and the terms "subsidiaries" and "holding companies" are to be construed accordingly, save that an undertaking shall also be treated, for the purposes only of the membership requirement contained in subsections 1162(2)(b) and (d) of the Act, as a member of another undertaking if any shares in that other undertaking are held by a person (or its nominee) by way of security or in connection with the taking of security granted by the undertaking or any of its subsidiary undertakings.

1.4 The ejusdem generis principle of construction will not apply to this Agreement. Accordingly, general words will not be given a restrictive meaning by reason of their being preceded or followed by words indicating a particular class of acts, matters or things or by examples falling within the general words. Any phrase introduced by the terms "other", "including", "include" and "in particular" or any similar expression will be construed as illustrative and will not limit the sense of the words preceding those terms.

1.5 Any indemnity to pay being given on an "after-Tax basis" means that the amount payable pursuant to such indemnity (the "Payment") will be calculated in such a manner as will ensure that:

(a) any Tax required to be deducted or withheld from the Payment;

(b) the amount and timing of any additional Tax which becomes payable by the recipient of the Payment as a result of the Payment being subject to Tax in the hands of the recipient of the Payment; and

(c) the amount and timing of any Tax saving which is obtained by the recipient of the Payment to the extent that such Tax saving is attributable to the matter giving rise to the Payment Obligation or to the receipt of the Payment

(which amount and timing is, failing agreement in writing between the relevant parties, to be determined by the auditors of the recipient at the shared expense of both Parties and is to be certified as such to the Party making the Payment), the recipient of the Payment is in the same position as that in which it would have been if the matter giving rise to the Payment Obligation had not occurred.

1.6 All sums set out in this Agreement or otherwise payable by any Party to any other Party pursuant to this Agreement shall be deemed to be exclusive of any VAT which is chargeable on the supply or supplies for which such sums (or any part thereof) are the whole or part of the consideration for VAT purposes.

1.7 Where, pursuant to the terms of this Agreement, any Party (the "Supplying Party") makes a supply to any other Party (the "Recipient Party") for VAT purposes and VAT is or becomes chargeable on such supply, the Recipient Party shall, subject to the receipt of a valid VAT invoice in respect of such supply, pay to the Supplying Party (in addition to and at the same time as any other consideration for such supply) a sum equal to the amount of such VAT.

1.8 References in this Agreement to any cost or expense incurred by any Party and in respect of which such Party is to be reimbursed or indemnified by any other Party under the terms of, or the amount of which is to be taken into account in any calculation or computation set out in, this Agreement shall include such part of such cost or expense as represents any VAT (whether paid pursuant to the reverse charge process or otherwise) but only to the extent that such first Party is not entitled to credit or repayment in respect of such VAT from any relevant tax authority and can provide written evidence to the other party demonstrating the same.

1.9 The headings in this Agreement do not affect its interpretation.

1.10 Where this Agreement provides that monies are to be paid from one Party to another Party (the "Receiving Party"), such monies may be paid to the Receiving Party's nominee.

2 Separation

The Seller and other members of the Seller's Group have agreed pursuant to clause 9 (Reorganisation) of the PLG SPA to carry out and implement the Reorganisation in accordance with the terms of that clause. The parties agree that the Reorganisation will (among other things) require the separation of the Divested Assets and the Retained Assets. This Agreement contains further provisions relating to the Reorganisation and the treatment of Divested Assets and Retained Assets following the implementation of the Reorganisation.

3 Post-separation rights and liabilities

3.1 Save to the extent already compensated for pursuant to clause 7.1(a), and subject to clause 3.5 if a Receipt in respect of or relating to any Divested Asset is received by the Seller (or any Seller's Group Company) after Completion (whether or not the Receipt relates to a period before or after Completion), the Seller shall, or shall procure that such Seller's Group Company shall, account to the Buyer for the amount of such Receipt, and until it has so accounted shall act as bare trustee for the Buyer in respect of such Receipt.

3.2 If a Receipt in respect of or relating to any Retained Asset, which has not been taken account in the Completion Statement, is received by the Buyer (or any Buyer's Group Company) after Completion then, to the extent that the Seller has not already been compensated pursuant to clause 7.2(a) and subject to clause 3.5, the Buyer shall, or shall procure that such Buyer's Group Company shall account to the Seller for the amount of such Receipt, and until it has so accounted shall act as bare trustee for the Seller in respect of such Receipt.

3.3 Save to the extent already compensated for pursuant to clause 7.1(d) or 8.2(d), the Buyer shall from Completion indemnify and keep indemnified (on an after-Tax basis) the Seller and each Seller's Group Company in respect of all and any Demands which the Seller or any Seller's Group Company may directly or indirectly suffer in connection with any Divested Liability and any other Liability arising out of or in connection with the ownership or operation of the Divested Assets at any time whether before or after Completion, save that this indemnity shall not extend to any Liability of a Seller Group Company to pay Tax to the extent that such Tax arose pursuant to an Event which occurred prior to Completion or relates to income or profits which accrued prior to Completion. Any claim for indemnification under this clause 3.3 will be subject to the provisions of Schedule 1.

3.4 Save to the extent already compensated for pursuant to clause 7.2(d) or 8.1(d), the Seller shall from Completion indemnify and keep indemnified (on an after-Tax basis) the Buyer and each Buyer's Group Company in respect of all and any Demands which the Buyer or any Buyer's Group Company may directly or indirectly suffer in connection with any Retained Liability and any other Liability arising out of or in connection with the ownership or operation of the Retained Assets at any time whether before or after Completion. Any claim for indemnification under this clause 3.4 will be subject to the provisions of Schedule 1.

3.5 Any Receipt or part of a Receipt received by or on behalf of a party in respect of or relating to any Divested Asset or any Retained Asset which represents VAT charged on a supply of goods or services, whether received by the Seller (or any Seller's Group Company) or the Buyer or any Buyer's Group Company and whether received before or after the Completion Date, shall be retained by or promptly paid to the party with the liability to account to HMRC or any other Tax Authority for that VAT. In addition, save to the extent taken into account in the Completion Statement, any repayment or credit from HMRC or any other Tax Authority in respect of VAT incurred in respect of or relating to any Divested Asset or any Retained Asset, shall be retained by or promptly paid to the party for which that VAT is input tax.

4 Shared Assets and Liabilities

4.1 If and to the extent that any Asset or any Liability (or any right in or entitlement to any Asset or Liability) other than any Asset identified or referred to in Schedule 3 or Schedule 4, relates to both a Retained Asset (or Retained Liability) and a Divested Asset (or Divested Liability), and does not relate primarily or exclusively to any of those, the Buyer and the Seller shall each use their reasonable endeavours, acting in good faith and in accordance with the principles of this and other Separation Documents, to procure that such Asset or such Liability be fairly apportioned between the Retained Group and PLG.

4.2 Clause 4.1 above is subject to the provisions of the Tax Deed, the other Separation Documents, clause 12 of this Agreement, Schedule 3 and Schedule 4 of this Agreement; and in the event of any conflict or inconsistency between the provisions of clause 4.1 and any of the Tax Deed, the other Separation Documents, clause 12 of this Agreement, Schedule 3 or Schedule 4 of this Agreement, then the provisions of the Tax Deed, such other Separation Document, clause 12 of this Agreement, Schedule 3 or Schedule 4 of this Agreement (as the case may be) shall prevail.

5 Artists and Licences

5.1 The provisions of this Agreement including but not limited to the provisions of clause 3 relating to Retained Liabilities, Retained Assets, Divested Liabilities and Divested Assets and the provisions of clause 15 relating to Books and Records shall apply to all Retained Liabilities, Retained Assets, Divested Liabilities and Divested Assets including any Retained Assets, Retained Liabilities, Divested Assets or Divested Liabilities which are the subject of [***].

5.2 Schedule 7, Schedule 8, Schedule 9, Schedule 10 and Schedule 11 contain supplementary provisions relating to certain artists (being either Retained Assets or Divested Assets) which shall apply in addition to the provisions of this agreement in relation to the Retained Assets and Divested Assets which are the subject of those Schedules.

5.3 In the event of any conflict or inconsistency between the applicable provisions of Schedule 7, Schedule 8, Schedule 9, Schedule 10 and Schedule 11, and the rest of this Agreement, the provisions of those Schedules shall prevail.

6 Specific Separation Matters

The provisions of Schedule 5 shall apply in relation to the specific separation matters dealt with therein. In the event of any conflict or inconsistency between the provisions of Schedule 5 and the rest of this Agreement, the applicable provisions of Schedule 5 shall prevail.

7 Wrong Pocket Assets

7.1 If, on or following Completion, either Party becomes aware that a Seller's Group Company has any Wrong Pocket Divested Asset, including without limitation any US Copyright Office registration in the name of a Seller's Group Company relating to any Divested Asset, it shall promptly notify the other Party and:

(a) the Seller shall Transfer, or shall procure that the relevant Seller's Group Company shall Transfer, all such right, title and interest in the Wrong Pocket Divested Asset, together with any benefit or sum paid or accruing to any Seller's Group Company (to the extent not already compensated for pursuant to clause 3.1) as a result of having or having had any right, title and/or interest in the Wrong Pocket Divested Asset since the Completion Date, as soon as reasonably practicable following such notification to such PLG Company as the Buyer nominates on terms that no consideration is required to be provided or paid by any PLG Company for such Transfer;

(b) each Party shall execute or do, or procure to be executed or done, all such documents and things as may be reasonably necessary validly to effect the Transfer and to vest the relevant right, title and/or interest in the Wrong Pocket Divested Asset in the relevant PLG Company;

(c) the Buyer shall provide such assistance to the Seller's Group Company as the Seller's Group Company reasonably requires for the purposes of effecting the Transfer of the relevant right, title and/or interest in the Wrong Pocket Divested Asset in accordance with clause 7.1(a); and

(d) save to the extent already compensated for pursuant to clause 3.3 or clause 8.2(d) the Buyer shall indemnify and keep indemnified each Seller's Group Company on an after-Tax basis against all Losses incurred by such Seller's Group Company since the Completion Date arising from or as a result of having or having had any right, title or interest in the Wrong Pocket Divested Asset save that any Losses (including any Liability to Tax) incurred by the relevant Seller's Group Company in connection with the Transfer

of any such right, title and/or interest (including any reasonable costs or expenses which are reasonably incurred in obtaining Consents referred to in clause 7.3) in accordance with this clause 7.1 shall not be subject to such indemnity and shall be solely for the account of the Seller and/or the relevant Seller's Group Company. Any claim for indemnification under this clause 7.1 will be subject to the provisions of Schedule 1.

7.2 If, on or following Completion, either Party becomes aware that a PLG Company has any Wrong Pocket Retained Asset it shall promptly notify the other Party and:

(a) the Buyer shall Transfer, or shall procure that the relevant PLG Company shall Transfer, all such right, title and interest in the Wrong Pocket Retained Asset, together with any benefit or sum paid or accruing to any Buyer's Group Company (to the extent not already compensated for pursuant to clause 3.2) as a result of having or having had any right, title and/or interest in the Wrong Pocket Retained Asset since the Completion Date, as soon as reasonably practicable following such notification, to such Seller's Group Company as the Seller nominates on terms that no consideration is required to be provided or paid by any Seller's Group Company for such Transfer;

(b) each Party shall execute or do, or procure to be executed or done, all such documents and things as may be reasonably necessary validly to effect the Transfer and to vest the relevant right, title and/or interest in the Wrong Pocket Retained Asset in the relevant Seller's Group Company;

(c) the Seller shall provide such assistance to the Buyer as the Buyer reasonably requires for the purposes of effecting the Transfer of the relevant right, title and/or interest in the Wrong Pocket Retained Asset in accordance with clause 7.2(a); and

(d) save to the extent already compensated for pursuant to clause 3.3 or clause 8.1(d) the Seller shall indemnify and keep indemnified each PLG Company on an after-Tax basis against all Losses incurred by any PLG Company whether before or after the Completion Date arising from or as a result of having or having had any right, title and/or interest in the Wrong Pocket Retained Asset and including any Losses (including any Liability to Tax) incurred by any PLG Company in connection with the Transfer of any such right, title and/or interest (including any reasonable costs or expenses which are reasonably incurred in obtaining Consents referred to in clause 7.3) in accordance with this clause 7.2. Any claim for indemnification under this clause 7.2 will be subject to the provisions of Schedule 1.

7.3 Neither Party shall be obliged to Transfer (or to procure the Transfer of) any Wrong Pocket Asset which cannot by its terms, by contract or by Applicable Law be so Transferred, provided that the Parties shall cooperate and shall use reasonable commercial endeavours to obtain such Consents as may be necessary in order to complete such Transfer. The Parties will cooperate so as to complete or procure completion of such Transfer as soon as practicable. If and when such Consents have been obtained, the Transfer of such Wrong Pocket Asset will be effected in accordance with clause 7.1 or 7.2 (as applicable).

7.4 Pending the Transfer of any right, title or interest in any Wrong Pocket Asset as provided in clause 7.1 or 7.2 (as the case may be) and to the extent permitted by Applicable Law and the terms of the relevant Wrong Pocket Asset (if any), the Party whose Group retains such right, title or interest must:

(a) hold, or cause the relevant member of its Group to hold, such Wrong Pocket Asset on trust for the use and benefit of the member of the other Party's Group to which such right, title or interest is to be Transferred (in this clause 7.4, "Transferee"); and

(b) at the Transferee's cost, perform or procure the performance of all obligations in respect of the Wrong Pocket Asset;

and take such other actions as may reasonably be requested by the Transferee, in order to place the Transferee in the same position it would have been in had such Wrong Pocket Asset been Transferred on the Completion Date, to the intent and effect that as between themselves and the members of their respective Groups and otherwise to the extent permitted by Applicable Law and the terms of the Wrong Pocket Asset, all the benefits and burdens relating to such Wrong Pocket Asset (including possession, use, risk of loss and damage, potential for gain, and control over such Wrong Pocket Asset) will inure from and after the Completion Date to the Transferee.

8 Wrong Pocket Liabilities

8.1 If on or following Completion, either Party becomes aware that a PLG Company has any Wrong Pocket Retained Liability it shall promptly notify the other Party and:

(a) the Seller shall, or shall cause a Seller's Group Company to, accept, assume (or, as applicable, retain), perform, discharge and fulfil, in accordance with their respective terms ("Assume"), such Wrong Pocket Retained Liability, as soon as reasonably practicable following such notification, on terms that no consideration is required to be provided or paid by any PLG Company for such Assumption of a Wrong Pocket Retained Liability;

(b) each Party shall execute or do, or procure to be executed or done, all such documents and things as may be necessary to validly effect the Assumption of the Wrong Pocket Retained Liability by the relevant Seller's Group Company;

(c) the Buyer shall provide such assistance to the Seller or the relevant Seller's Group Company as the Seller reasonably requires for the purposes of effecting the Assumption of the Wrong Pocket Retained Liability in accordance with clause 8.1(a); and

(d) save to the extent already compensated for pursuant to clause 3.4 or clause 7.2(d) the Seller shall indemnify and keep indemnified each PLG Company on an after-Tax basis against all Losses incurred by any PLG Company and not taken into account in the Completion Statement, whether before or after the Completion Date arising from or as a result of having the Wrong Pocket Retained Liability (including any reasonable costs or expenses reasonably incurred in obtaining Consents referred to in clause 8.3). Any claim for indemnification under this clause 8.1 shall be subject to the provisions of Schedule 1.

8.2 If on or following Completion, either Party becomes aware that a Seller's Group Company has any Wrong Pocket Divested Liability it shall promptly notify the other Party:

(a) the Buyer shall, or shall cause a PLG Company to, Assume such Wrong Pocket Divested Liability, as soon as reasonably practicable following the date of this Agreement on terms that no consideration is required to be provided or paid by any Seller's Group Company for such Assumption of a Wrong Pocket Divested Liability;

(b) each Party shall execute or do, or procure to be executed or done, all such documents and things as may be necessary to validly effect the Assumption of the Wrong Pocket Divested Liability by the relevant PLG Company;

(c) the Seller shall provide such assistance to the Buyer as the Buyer reasonably requires for the purposes of effecting the Assumption of the Wrong Pocket Divested Liability in accordance with clause 8.2(a); and

(d) save to the extent already compensated for pursuant to clause 3.4 or clause 7.1(d) the Buyer will indemnify and keep indemnified the Seller and each Seller's Group Company on an after-Tax basis against all Losses incurred by the Seller or any Seller's Group Company since the Completion Date arising from or as a result of having the Wrong Pocket Divested Liability since the Completion Date save that any costs or expenses (including any Liability to Tax) incurred by the Seller or any Seller's Group Company in connection with the Assumption of such Wrong Pocket Divested Liability (including any reasonable costs or expenses which are reasonably incurred in obtaining Consents referred to in clause 8.3) in accordance with this clause 8.2 shall not be subject to such indemnity and shall be solely for the account of the Seller and/or the relevant Seller Group Company. Any claim for indemnification under this clause 8.2 will be subject to the provisions of Schedule 1.

8.3 Neither Party will be obliged to Assume (or to cause any of its Group Companies to Assume) any Wrong Pocket Liability which cannot by its terms or by contract or by Applicable Law be so Assumed, provided that the Parties will cooperate and will use reasonable commercial endeavours to obtain such Consents as may be necessary in order to complete such Assumption. The Parties will cooperate so as to complete or procure the Assumption of such Wrong Pocket Liability as soon as practicable. If and when such Consents have been obtained, the Assumption of such Wrong Pocket Liability will be effected in accordance with clause 8.1 or 8.2 (as applicable).

8.4 Pending the Assumption of any Wrong Pocket Liability as provided in clause 8.1 or 8.2 (as applicable) and to the extent permitted by Applicable Law and the terms of the relevant Wrong Pocket Liability (if any), the Party whose Group retains such Wrong Pocket Liability shall, at the cost of the person intended to Assume such Wrong Pocket Liability, perform or procure the performance of all obligations in respect of such Wrong Pocket Liability and take such other actions as may reasonably be requested by the person intended to Assume such Wrong Pocket Liability in order to place the person intended to Assume such Wrong Pocket Liability in the same position it would have been in had such Wrong Pocket Liability been Assumed on or before the Completion Date to the intent and effect that as between themselves and their respective Group Companies and otherwise to the extent permitted by Applicable Law and the terms of the Wrong Pocket Liability, all the benefits and burdens relating to such Wrong Pocket Liability (including possession, use, risk of loss and damage, potential for gain, and control over such Wrong Pocket Liability) will inure from and after the Completion Date to the person intended to Assume such Wrong Pocket Liability.

8.5 The parties acknowledge that any two or more of clauses 7, 8 and 10 might apply in the case of a Liability relating to a Wrong Pocket Retained Asset or a Wrong Pocket Divested Liability. In such case, the clauses shall be construed so that no Loss of any party shall be compensated more than once.

9 [***]

10 Release from Guarantees

10.1 Without prejudice to clauses 8.1 and 8.2, the Seller shall use all reasonable endeavours to procure the absolute and unconditional release and discharge in full, as soon as reasonably practicable after the date of this Agreement, of each Security Obligation granted or entered into by any PLG Company (including any Security Interest on, over or affecting any of the Divested Assets) of which it is currently aware or of which it becomes aware and which relates to or arises from any Retained Liability or any other Liability of a Seller's Group Company, in each case at the cost of the Seller. The Seller will indemnify the relevant PLG Company on an after-Tax basis against all Liabilities, costs and expenses incurred by that PLG Company which were not discharged prior to the

Completion Date and which are related to or arise from any such Security Obligation. Any claim for indemnification under this clause 10.1 will be subject to the provisions of Schedule 1.

10.2 Without prejudice to clauses 8.1 and 8.2, the Buyer will use all reasonable endeavours to procure the absolute and unconditional release and discharge in full, as soon as reasonably practicable after the Completion Date, of each Security Obligation of which it becomes aware granted or entered into by any Seller's Group Company (including any Security Interest on, over or affecting any of the Retained Assets) which relates to or arises from any Divested Liability or any Liability of any PLG Company, in each case at the cost of the Buyer. The Buyer will indemnify the relevant Seller's Group Company on an after-Tax basis against all Liabilities, costs and expenses incurred by that Seller's Company which were not discharged prior to the Completion Date and which are related to or arise from any such Security Obligation.

10.3 Without prejudice to clauses 8.1 and 8.2, the Buyer shall use all reasonable endeavours to procure the absolute and unconditional release and discharge in full as soon as reasonably practicable after the Completion Date (or upon first becoming aware of such Security Obligation, if later) of each Security Obligation granted or entered into by any MP Group Company in respect of any liability of any PLG Company entered into prior to the date of this Agreement in each case at the cost of the Buyer. The Buyer will indemnify the relevant MP Group Company on an after-Tax basis against all liabilities, costs and expenses incurred by that MP Group Company which were not discharged prior to the Completion Date and which are related to or arise from any such Security Obligation.

10.4 Any claim for indemnification under this clause 10.2 will be subject to the provisions of Schedule 1.

10.5 This clause 10 will not apply with respect to any Security Obligation granted or entered into by any member of the Seller's Group or the Buyer's Group (including any Security Interest on, over or affecting any of its Assets) for or in respect of any Liability under the Transaction Documents.

11 Buyer's Undertakings

11.1 The Buyer undertakes to the Seller, that following Completion no PLG Company will instruct any person to, at any time during the period starting on the Completion Date and ending on the date which is 18 months from 29 June 2012, directly or indirectly solicit, engage or employ, or offer to engage or employ or contact with a view to engaging or employing, or enter into or offer to enter into any contract for services of, (whether paid or unpaid), any Restricted Person.

11.2 Clause 11.1 shall not prohibit any person from employing a Restricted Person who has responded to a bona fide recruitment advertisement not specifically targeted at such Restricted Person and provided that no instruction or encouragement is given to any employment agency or other third party to approach such Restricted Person in connection with such advertisement campaign.

11.3 Clause 11.1 shall not apply to any Restricted Person whose employment transfers to a PLG Company on Completion pursuant to the Transfer Legislation or by operation of Applicable Law.

11.4 The Buyer acknowledges and agrees that each undertaking under clause 11.1 is necessary in order to protect the legitimate business interests of the MP Group Companies.

11.5 In this clause 11 "Restricted Person" means any director, officer, employee or consultant of any of the MP Group Companies whose annual salary (not including bonus) under the terms of his or her appointment or employment as existing on 29 June 2012 was over £200,000.

11.6 The Buyer agrees that it will procure that no PLG Company will amend, terminate, vary or waive its rights under the EMI Group Global Transaction Documents or take any step that has in substance,

the same effect, without the prior written consent of the Seller (which consent may be withheld in its absolute discretion).

12 Legal Proceedings

12.1 The Parties agree that with respect to any legal proceeding commenced against any Retained Group Company and/or PLG Company on or after Completion that relates to facts, matters or circumstances existing or arising before, on or after Completion, control of the legal proceeding will be assumed by:

(a) a Retained Group Company, in the case of any Future Retained Legal Proceedings, and the Seller will use reasonable endeavours to have a Retained Group Company substituted for any PLG Company which may be named as a defendant in such Future Retained Legal Proceedings; provided, however, that no Retained Group Company will be required to make any such effort if the removal of any PLG Company would jeopardise insurance coverage or rights to indemnification from third parties applicable to such Future Retained Legal Proceeding;

(b) a PLG Company, in the case of any Future PLG Legal Proceedings, and the Buyer will use reasonable endeavours to have a PLG Company substituted for any Retained Group Company which may be named as a defendant in such Future PLG Legal Proceedings; provided, however, that no PLG Company will be required to make any such effort if the removal of any PLG Company would jeopardise insurance coverage or rights to indemnification from third parties applicable to such Future PLG Legal Proceeding; and

(c) except as provided in clauses (a) or (b) or as may be otherwise agreed by the Parties, a Retained Group Company and a PLG Company jointly in the case of any Future Joint Legal Proceedings; provided, however, that no member of either Group may settle a Future Joint Legal Proceeding without the prior written consent of the members of the other Group named or involved in such Future Joint Legal Proceeding, which consent will not be unreasonably withheld or delayed; and

(d) except as expressly provided in this Agreement or as may be otherwise agreed in writing by the Parties, each PLG Company and Retained Group Company separately.

12.2 In the case of control of legal proceedings being assumed by:

(a) a Retained Group Company pursuant to clause 12.1(a) then the Buyer shall procure that each PLG Company shall, insofar as they are permitted to do so and to the extent that they are indemnified to their reasonable satisfaction by the Seller or a Seller's Group Company, cooperate with such Retained Group Company in relation to such proceedings;

(b) a PLG Company pursuant to clause 12.1(b) then the Seller shall procure that each Seller's Group Company shall, insofar as they are permitted to do so and to the extent that they are indemnified to their reasonable satisfaction by the Buyer or a Buyer's Group Company, cooperate with such PLG Company in relation to such proceedings.

12.3 Each Party will, and will cause its Group Companies to, attempt in good faith to not accept service on behalf of any of the other Party's Group Companies, and will, and will cause its Group Companies to, use reasonable endeavours to deliver to the other any legal process or other documents incorrectly delivered to them or their agents as soon as possible following receipt.

12.4 Each Party will, and will cause its Group Companies to:

(a) use reasonable endeavours to continue to prosecute the Ongoing Joint Claims in good faith and in the same manner in which they have been prosecuted prior to Completion; and

(b) consult and negotiate with one another, in good faith and, recognising their mutual interests, seek to apportion as between the Parties:

(i) all legal and other costs incurred after Completion;

(ii) the aggregate of all damages, costs or other awards against the claimants or defendants after Completion; and

(iii) the aggregate of all costs or other awards in favour of the claimants or defendants after Completion

in each case in relation to the Ongoing Joint Claims.

12.5 Nothing in this clause 12 will affect in any way the express indemnification provisions of this Agreement or, for the avoidance of doubt, the Assumption or allocation of Liabilities as between the Parties as provided in this Agreement. Schedule 1 shall not apply to any indemnity arrangement established between the parties pursuant to clause 12.2.

12.6 For the avoidance of doubt the provisions of this clause 12 shall not apply in respect of any infringing digital services claims which have been brought by any Retained Group Company or any PLG Company prior to Completion ("Existing Digital Services Claims"). The Buyer and the Seller agree that each Retained Group Company and each PLG Company shall retain the conduct, cost and benefit of any Existing Digital Services Claims brought by it, irrespective of whether any repertoire cited in such Digital Services Claims is owned or controlled by that Retained Group Company's, or that PLG Company's, (as the case may be) Group after Completion.

12.7 In the event of any conflict or inconsistency between the provisions of this clause 12 and clause 8, the provisions of this clause 12 shall prevail.

13 Privileged Matters

13.1 The Parties recognise that certain legal and other professional services (both internal and external) have been and will be provided prior to and after the date of this Agreement and have been and will be rendered for the collective benefit of both PLG and the Retained Group, and that both the PLG Companies and the Retained Group Companies should be deemed to be the client with respect to such services for the purposes of asserting all privileges which may be asserted under Applicable Law; and with respect to such services the Parties agree as follows:

(a) no Party will be entitled to assert privilege with respect to such legal and other professional services provided prior to Completion against the other Party or any Group Company of the other Party;

(b) the Seller is entitled, on behalf of itself or any Retained Group Company, in perpetuity, to control the assertion or waiver of all privileges in connection with privileged advice or information that relates solely to the subject matter of any claims constituting Retained Liabilities, Retained Assets or any Liabilities or Assets of any Retained Group Company, now pending or which may be asserted in the future, in any lawsuits, legal proceedings, other proceedings, or information request by any Authority, initiated against or by any Retained Group Company, whether or not the privileged advice or information is in the possession of or under the control of the Retained Group or PLG;

(c) the Buyer is entitled, on behalf of itself or any PLG Company, in perpetuity, to control the assertion or waiver of all privileges in connection with privileged advice or information that relates solely to the subject matter of any claims constituting Divested Liabilities, Divested Assets or any Liabilities or Assets of any PLG Company, now pending or which may be asserted in the future, in any lawsuits, legal proceedings, other proceedings, or information request by any Authority, initiated against or by any PLG Company, whether or not the privileged advice or information is in the possession of or under the control of the Retained Group or PLG; and

(d) the Parties have a shared privilege, with equal right to assert or waive, subject to the restrictions in this clause 13, with respect to all privileges not allocated pursuant to the terms of clauses (b) or (c). All privileges relating to any claim, legal proceeding, litigation, dispute, information request by any Authority, or other matters, whether within existence or within reasonable contemplation, which involve both Retained Group Companies and PLG Companies in respect of which such parties retain any responsibility or Liability under this Agreement, are subject to a shared privilege among them.

13.2 No Party may waive any privilege which could be asserted under any Applicable Law in which the other Party has a shared privilege without the written consent of the other Party, which must not be unreasonably withheld or delayed. Written consent will be deemed to have been given by the other Party unless it makes a written objection within 10 Business Days after a written request is made for such consent.

13.3 If there is any litigation or dispute between or among the Parties or any of their respective Group Companies, either Party may waive a privilege in which the other Party or such Group Company has a shared privilege, without obtaining the consent of the other Party; provided that such waiver of a shared privilege will be effective only as to the use of advice or information with respect to the litigation or dispute between the relevant Parties and/or the applicable Group Companies, and will not operate as a waiver of the shared privilege with respect to any current or future dispute or legal proceeding with third parties.

13.4 If a dispute arises between or among the Parties or any of their respective Group Companies regarding whether a privilege should be waived to protect or advance the interest of any Party, each Party agrees that it will negotiate in good faith, will endeavour to minimise any prejudice to the rights of the other Party. For the purposes of clause 13.2, it shall be unreasonable for a Party to withhold its consent to a waiver for any purpose except to protect its own legitimate interests or to comply with Applicable Law.

13.5 Upon receipt by either Party or by any Group Company of any subpoena, demand for discovery, information request, or like request, which calls for the production or disclosure of Books or Records or other advice or information subject to a shared privilege or as to which the other Party has the sole right hereunder to assert a privilege, or if either Party obtains knowledge that any of its or its Group Companies' current or former officers or employees have received any subpoena, demand for discovery, information request, or like request which calls for the production or disclosure of such privileged Books or Records, advice or other information, such Party will promptly notify the other Party of the existence of the request and will provide the other Party with a reasonable opportunity to review the Books or Records, advice or other information (save to the extent such advice or Books or Records contain commercially sensitive information, in which case they shall be provided only to the lawyer of that other Party) and to assert any rights it or they may have under this clause 13 or otherwise to prevent the production or disclosure of such privileged advice or information.

14 Disclosure and use of information

The provisions of clause 21 (Announcements) and clause 22 (Confidentiality) of the PLG SPA shall apply to this Agreement, in each case *mutatis mutandis* as if they were provisions of this Agreement

15 Books and Records, Tax and audits

15.1 Each Party shall not, and will procure that each of its Group Companies shall not, take any action which the Party knew, or could (having made enquiry of the other Party) reasonably have known, would or would be likely to give rise to any Liability or increased Liability to Tax of any Group Company of the other Party (or any MP Group Company) concerning Tax periods that begin prior to Completion (or in respect of any MP Group Company, prior to 29 June 2012) including as a result of the total or partial withdrawal of any Surrender of Group Relief that was properly submitted to the relevant Taxing Authority on or before 29 June 2012.

15.2 Nothing in clause 15.1 shall prevent any Party or any of its Group Companies from undertaking the Reorganisation. In the event of a breach of clause 15.1, no Losses may be claimed by either Party. The sole remedy for the Buyer for any breach of clause 15.1 by the Seller shall be a further Surrender of Group Relief from the Seller's Group in accordance with the provisions at clause 11.3 of the Tax Deed. The sole remedy for the Seller for any breach of clause 15.1 by the Buyer shall be a further Surrender of Group Relief from the Buyer's Group in accordance with the provisions at clause 11.3 of the Tax Deed, replacing references to the Seller by the Buyer (and vice versa) and making any other necessary modifications

15.3 Each Party (in this clause 15.3 to 15.9 (inclusive), the "Relevant Party") will from Completion, and will procure that each of its Group Companies will from Completion, cooperate fully, as and to the extent reasonably requested in writing by the other Party (in this clause 15.3 to 15.9 (inclusive), the "Other Party") or by such other person as the Other Party may direct (in this clause 15.3 to 15.9 (inclusive), the "Other Person"), in connection with the preparation and filing of Tax Returns or reports by the Other Party or the Other Party's Group Companies or the Other Person or its Affiliates and any audits, examinations, or other administrative or judicial proceedings with respect to Taxes of the Other Party or the Other Person or the Other Party's Group Companies or the Other Person's Affiliates (such Tax Returns, reports, audits, examinations and proceedings, collectively, "Tax Matters").

15.4 Without limitation to clause 15.3, and except as restricted by Applicable Law, each Party (in this clause 15, the "Relevant Party") will, and will procure that its Group Companies, promptly upon written request by the other Party (in this clause 15, the "Other Party") or the Other Person (as defined in clause 15.3 provide to the Other Party or the Other Person (as applicable) copies of all Books and Records or other information (or originals if the Other Party or the Other Person has a reasonable need for an original) in existence as of Completion and in the possession or control of the Relevant Party or any of its Group Companies to the extent such Books and Records or other information:

(a) relate to the Other Party or any of its Group Companies or the conduct of the business of the Seller's Group (where the Other Party is the Seller) or the PLG Business (where the Other Party is the Buyer) or relates to the Other Person or any of its Affiliates or the conduct of the business of the Other Person prior to the date of this Agreement; or

(b) are requested in connection with Tax Matters,

and, in each case, is identified in the written request by the Other Party or the Other Person. Where Books and Records are requested in relation to an examination which an Auditing Party is

entitled to undertake, the written request shall be deemed to identify all Books and Records in the possession or control of the Relevant Party or any of its Group Companies which are required to be made available in connection with the relevant right to audit, provided that the written request identifies the Contract or Contracts under which the right of examination arises and the accounting periods in respect of which the examination is to be undertaken, which shall be sufficient to identify the Books and Records required to be produced in relation to such examination.

15.5 The Relevant Party will, and will procure that its Group Companies will make available employees and advisors during normal business hours and on reasonable prior notice to discuss and answer reasonable questions of the Other Party or the Other Person and its advisors concerning such Books and Records and information. The Other Party or Other Person shall reimburse the Relevant Party in respect of any expenses (other than internal costs of the Relevant Party or its Group Companies) reasonably incurred by the Relevant Party in complying with this clause 15.5.

15.6 If requested to do so in writing by the Other Party, the Relevant Party will also make available to the duly authorised representative of the Auditing Party during normal business hours and on reasonable prior notice such Books and Records in the possession or control of the Relevant Party or any of its Group Companies as the Auditing Party is entitled to examine in accordance with the terms of the relevant Contract. The Buyer and the Seller shall and shall procure that their respective Group Companies shall co-operate with each other in good faith in relation to examinations conducted by an Auditing Party which require the examination of Books and Records under this clause 15. The Other Party shall conduct all discussions, communications and negotiations with the Auditing Party and the Relevant Party will not concede, acknowledge or offer to settle any claims made by the Auditing Party without the prior written consent of the Other Party. Payments made to settle claims made by an Auditing Party constitute Liabilities in respect of which the provisions of clause 3 may apply.

15.7 If the Relevant Party becomes aware that it is in possession of Books and Records that meet the criteria set out in clause 15.4(a), it shall notify the Other Party within five business days. The Other Party or the Other Person may then seek to obtain such information pursuant to clause 15.4.

15.8 The Relevant Party will, and will procure that its Group Companies will:

(a) retain all Books and Records and other information in existence as of Completion and in its possession or control that are relevant to Tax Matters concerning Tax periods of the Other Party or its Group Companies or the Other Person or its group companies (as notified to the Relevant Party) that begin prior to Completion for the later of seven years from Completion and the expiry of the applicable periods of limitation with respect to such Tax periods, and abide by all record retention agreements entered into with any Taxing Authority (and for these purposes, the Relevant Party will notify the Other Party of any record retention agreement into which it has entered and any changes to the terms thereof); and

(b) retain all Books and Records and other information in existence as of Completion and in its possession and control that relates to the Other Party or its Group Companies or the conduct of the business of the Seller's Group (where the Other Party is the Seller) or the PLG Business (where the Other Party is the Buyer) or relates to the Other Person or any of its Affiliates or the conduct of the business of the Other Person prior to the date of this Agreement for ten years from the date of this Agreement,

or give the Other Party reasonable written notice prior to Transferring, destroying or discarding any such Books and Records or other information and, if the Other Party so requests within 30 days

following delivery of such notice, allow the Other Party to take possession of such Books and Records or other information.

15.9 The obligations of each Party under this clause 15:

(a) with respect to Tax Matters, will survive for the later of seven years from the date of this Agreement and the expiry of all applicable statutes of limitation related to Tax Matters; and

(b) with respect to any other matters, will survive for ten years from the date of this Agreement provided that termination of any obligations of each Party under this clause 15 shall be without prejudice to any accrued rights and obligations of the Parties under this clause 15.

16 Use of names

16.1 The Buyer undertakes (subject to any licence entered into by any Buyer's Group Company) that as soon as reasonably practicable after Completion and in any event within:

(a) twelve months of Completion it shall remove and cause the PLG Companies and each of their licensees and distributors to remove all Retained Trade Marks and any trade marks, trade names, brand marks, brand names, trade dress or logos relating to or confusingly similar to any Retained Trade Mark from all Artwork of the PLG Companies; and

(b) six months of Completion it shall remove and cause the PLG Companies and each of their licensees and distributors to remove all Retained Trade Marks and any trade marks, trade names, brand marks, brand names, trade dress or logos relating to or confusingly similar to any Retained Trade Mark from all signs, billboards and advertising materials of the PLG Companies and from all, company names, trading names, stationery, internet websites, domain names, URLs or email addresses maintained by or on behalf of the Buyer or the Buyers' Group

save that it shall not, and shall procure that no member of the Buyer's Group shall, in each case, during or after such period use any Retained Trade Mark:

(a) for any purposes other than the purposes for which it is used as at Completion; or

(b) in connection with any Music Publishing Activity.

16.2 Notwithstanding the provisions of clause 16.1 none of the Buyer, the Buyer's Group or the PLG Companies shall be obliged during the Sell-Off Period to remove any Retained Trade Mark from any physical product which has been manufactured or produced (and marked with such Retained Trade Mark) prior to the Completion Date ("EMI Sell Off Product"). None of the Buyer, the Buyer's Group or the PLG Companies shall sell or distribute any EMI Sell Off Product after the end of the Sell Off Period.

16.3 Notwithstanding the provisions of clauses 16.1 and 16.2, the Buyer undertakes that with effect from Completion it shall cease to use and shall remove and cause the PLG Companies to remove the trademarks "Virgin", "EMI Music" and any related trade marks owned by or licensed to any member of the Retained Group and any trademarks, trade names, brand marks, brand names, trade dress or logos relating to or confusingly similar to such trade marks from all Artwork, signs, billboards and advertising materials of the PLG Companies and from all, company names, trading names, stationery, internet websites, domain names, URLs or email addresses maintained by or on behalf of the Buyer, the Buyer's Group or any of the PLG Companies.

16.4 The Seller shall use its reasonable endeavours to procure, so far as it is able and is instructed by the Buyer to do so, that the PLG Companies shall, prior to Completion, and at the cost of the Buyer:

(a) remove the trademarks "Virgin", "EMI Music" and any related trademarks owned by or licensed to any member of the Retained Group and any trademarks, trade names, brand marks, brand names, trade dress or logos relating to or confusingly similar to such trade marks from all Artwork, signs, billboards and advertising materials of the PLG Companies and from all, company names, trading names, stationery, internet websites, domain names, URLs or email addresses maintained by or on behalf of PLG; and

(b) replace such trademarks and related trademarks and such similar trademarks, trade names, brand marks brand names, trade dress or logo with such trademarks, trade names brand marks, brand names, trade dress or logo as may be, as soon as practicable after the date of this Agreement, reasonably notified to the Seller by the Buyer ("Buyer Names"),

provided that the Seller shall have no obligation under or in respect of this clause 16.4 if the Buyer does not notify the Seller of the Buyer Names within a reasonable time period prior to Completion.

16.5 The Seller undertakes (subject to any licence entered into by any Seller's Group Company) that as soon as reasonably practicable after Completion and in any event within six months of Completion it shall remove and cause the Retained Group Companies and each of their licensees and distributors to remove all Divested Trade Marks and any names, trademarks, trade names, brand marks, brand names, trade dress or logos relating to or confusingly similar to any Divested Trade Mark from all Artwork, signs, billboards and advertising materials of the Retained Group Companies and from all, company names, trading names, stationery, internet websites, domain names, URLs or email addresses maintained by or on behalf of the Seller or the Seller's Group; save that it shall not, and shall procure that no member of the Seller's Group shall, during or after such six month period use any Divested Trade Mark for any purposes other than the purposes for which it is used as at the date of this Agreement.

16.6 Notwithstanding the provisions of clause 16.5 none of the Seller, the Seller's Group or the Retained Companies shall be obliged during the Sell-Off Period to remove any Divested Trade Mark from any physical product which has been manufactured or produced (and marked with such Divested Trade Mark) prior to the Completion Date ("PLG Sell Off Product"). None of the Seller, the Seller's Group or the Retained Companies shall sell or distribute any PLG Sell Off Product after the end of the Sell Off Period.

17 Separation Committee

17.1 The Parties shall establish a committee (the "Separation Committee"), which shall be constituted by two senior employees from each of their respective Groups who have the necessary skills, knowledge and experience to consider any additional issues that may arise in relation to the subject matter of this Agreement, and to determine any disputes arising out of or in connection with this Agreement or any other Separation Document.

17.2 In the event of any dispute arising out of or in connection with this Agreement being referred to the Separation Committee in accordance with clause 17.1, the members of the Separation Committee shall use their respective best endeavours to consult and negotiate with one another, in good faith and, recognising their mutual interests, attempt to reach a settlement of the dispute satisfactory to both parties within the timeframe referred to in clause 25.

17.3 If the Separation Committee agrees upon a resolution or disposition of any dispute arising out of or in connection with this Agreement, the Separation Committee will sign a statement setting out the terms of the resolution or disposition and the Parties will ensure that the resolution or disposition is fully and promptly carried out.

17.4 The Separation Committee shall meet from time to time as agreed between the Parties.

17.5 The Separation Committee shall be entitled to invite any person to attend their meetings, and shall determine its own remit and procedures and otherwise regulate itself as it may consider appropriate.

18 Insurance Policies

18.1 In respect of any of the Insurance Policies, the Seller's Group shall maintain in force such policies up to the Completion Date.

18.2 In the event that any PLG Company is, after Completion, entitled to claim under the Insurance Policies in relation to any matter arising prior to Completion, the Seller shall not, and shall procure that no Seller's Group Company shall, knowingly do any act or thing which would prevent such PLG Company from exercising such entitlement.

18.3 The Buyer acknowledges and agrees that neither the Seller nor any Seller's Group Company shall have any obligation after the Completion Date to pay any premium or other amount in relation to the Insurance Policies or to do any act or thing in relation to the Insurance Policies, and shall not have any liability whatsoever after the Completion Date to the PLG Companies, the Buyer or any other person in relation to the Insurance Policies including without limitation as a result of any failure by the insurers under the Insurance Policies to pay any claim made against the Insurance Policies at any time.

19 Interaction with other Separation Documents

19.1 In the event of any conflict or inconsistency between the provisions of this Agreement and any other Separation Document, the provisions of that other Separation Document shall prevail.

19.2 If, at any time after the date of this Agreement, any Party or any of its Group Companies is required, pursuant to this Agreement, to provide any service and is also required, pursuant to any other Separation Document, to provide the same or a similar or equivalent service, the relevant service shall, to the extent the two services are the same, similar or equivalent, be provided in accordance with the terms of such other Separation Document. For the avoidance of doubt, if any Party or any of its Group Companies is liable to pay a fee or charge for any service provided under any other Separation Document and is not liable to pay a fee or charge for such service (or any similar service) under this Agreement, such Party or Group Company (as the case may be) shall receive such service in accordance with such other Separation Document and shall not contend that it is permitted to receive such service for no fee or charge in accordance with this Agreement.

20 Costs

20.1 Except where this Agreement provides otherwise, each Party will pay its own costs and expenses relating to the negotiation, preparation, execution and performance by it of this Agreement and of each document referred to in it.

21 General

21.1 A variation of this Agreement is valid only if it is in writing and signed by or on behalf of each Party.

21.2 The failure to exercise or delay in exercising a right or remedy provided by this Agreement or by Applicable Law does not impair or constitute a waiver of the right or remedy or an impairment of or

a waiver of other rights or remedies. No single or partial exercise of a right or remedy provided by this Agreement or by Applicable Law prevents further exercise of the right or remedy or the exercise of another right or remedy.

21.3 Each Party's rights and remedies contained in this Agreement are cumulative and not exclusive of rights or remedies provided by Applicable Law.

21.4 Except as provided in clauses 21.5 and 22.3, a person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

21.5 Each Party's Group Companies may enforce this Agreement subject to and in accordance with the provisions of the Contracts (Rights of Third Parties) Act 1999, but each Party will have management of any claim on behalf of its Group Companies.

21.6 If at any time any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under Applicable Law in any jurisdiction, it will not affect or impair:

(a) the legality, validity or enforceability in that jurisdiction of any other provision of this Agreement; or

(b) the legality, validity or enforceability under the law of any other jurisdiction of that or any other provision of this Agreement.

21.7 Nothing in this Agreement and no action taken by the Parties under this Agreement is to be construed as constituting a partnership, joint venture or agency relationship between the Parties.

21.8 Each Party agrees to use its best endeavours following the date of this Agreement to ensure that it and its Group Companies do such acts and things as may reasonably be necessary, to the extent that such act or thing is within the power and control of that Party, for the purpose of giving to the other Party (and each of the other Party's Group Companies) the full benefit of all relevant provisions of this Agreement.

21.9 Each of the Seller and the Buyer undertakes to the other that it shall, and shall procure that each of its Group Companies shall, comply fully with this Agreement.

21.10 Each Party warrants to the other Party that:

(a) it is validly existing and is a company duly organised under the Applicable Laws of its jurisdiction of organisation;

(b) the execution and delivery of, and the performance by it of its obligations under this Agreement will not result in a breach of any provision of its memorandum or articles of association or by Applicable Laws or equivalent constitutional documents; and

(c) it has the power and authority to execute, deliver and perform its obligations under this Agreement and the transactions contemplated by them.

21.11 In the event that the PLG SPA terminates in accordance with its terms, this Agreement shall then lapse (other than clauses 14 (Disclosure and use of information), 20 (Costs) and 27 (Governing Law) which shall remain in full force and effect) and no party to this Agreement shall have any liability to any other party under this Agreement or in respect of the subject matter of this Agreement save in relation to the clauses of this Agreement which remain in force.

22 Entire Agreement

22.1 Subject to clause 22.4 and 22.5, this Agreement, the Tax Deed and the Separation Documents constitute the entire agreement between the Parties relating to their respective subject matters. They supersede all prior drafts, agreements, undertakings, representations, warranties and arrangements of any nature whatsoever, whether or not in writing, between the Parties in relation to those subject matters.

22.2 Accordingly, subject to clause 22.4, each Party agrees that:

(a) it has not entered into this Agreement or any other Separation Document in reliance on any representation other than as expressly set out in the relevant Separation Document and will not contend to the contrary; and

(b) none of the other Party's Group Companies or any employee, director, agent or officer of the other Party or any of the other Party's Group Companies has any liability of any kind to the Party for any representations that are not expressly set out in the relevant Separation Document.

22.3 A Party's Group Companies, and each employee, director or agent of a Party or any of its Group Companies may enforce the terms of this clause 22 subject to and in accordance with the provisions of the Contracts (Rights of Third Parties) Act 1999.

22.4 Nothing in this clause 22 will limit any liability of any Party arising from any fraud of such Party.

22.5 In case of any conflict or inconsistency between this Agreement and the provisions in the Tax Deed, the provisions in the Tax Deed shall prevail.

23 Assignment

The provisions of clause 24 (Assignment and Transfer) of the PLG SPA shall apply to this Agreement *mutatis mutandis* as if they were provisions of this Agreement.

24 Notices

24.1 Any communication to be given in connection with this Agreement shall be in writing in English except where expressly provided otherwise and shall either be delivered by hand or sent by first class prepaid post or by email. Delivery by courier shall be regarded as delivery by hand.

24.2 Such communication shall be sent to the address of the relevant party referred to in this Agreement or email address set out below or to such other address or email address as may previously have been communicated to the other party in accordance with this clause 24.2 and clause 24.5. Each communication shall be marked for the attention of the relevant person.

Party	Email address	Address	For the attention of:
Seller	[***]	[***]	[***]
Copy to SJ Berwin LLP	[***]	[***]	[***]
Buyer	[***]	[***]	[***]
Copy to:			
Olswang LLP	[***]	[***]	[***]

24.3 A communication shall be deemed to have been served:

(a) if delivered by hand at the address referred to in clause 24.2, at the time of delivery;

(b) if sent by first class prepaid post to the address referred to in clause 24.2, at the expiration of two clear days after the time of posting; and

(c) if sent by email to the email address specified in that clause at the time of completion of transmission by the sender.

If a communication would otherwise be deemed to have been delivered outside normal business hours (being 9:30 a.m. to 5:30 p.m. on a Business Day) in the time zone of the territory of the recipient under the preceding provisions of this clause 24.3, it shall be deemed to have been delivered at the next opening of such business hours in the territory of the recipient.

24.4 In proving service of the communication, it shall be sufficient to show that delivery by hand was made or that the envelope containing the communication was properly addressed and posted as a first class prepaid letter or that the email was transmitted to the correct email address, whether or not opened or read by the recipient.

24.5 A party may notify the other parties to this Agreement of a change to its name, relevant person, address or email address for the purposes of clause 24.2 provided that such notification shall only be effective on:

(a) the date specified in the notification as the date on which the change is to take place; or

(b) if no date is specified or the date specified is less than five clear Business Days after the date on which notice is deemed to have been served, the date falling five clear Business Days after notice of any such change is deemed to have been given.

24.6 For the avoidance of doubt, the parties agree that the provisions of clauses 24.1, 24.2, 24.3, 24.4 and 24.5 shall not apply in relation to the service of any claim form, application notice, order, judgment or other document relating to or in connection with any proceeding, suit or action arising out of or in connection with this Agreement.

25 Dispute escalation

25.1 The resolution of any differences or disputes arising out of or in connection with this Agreement or any other Separation Document shall be as follows:

(a) by either party referring the matter in dispute to the Separation Committee in the first instance, save that if the Separation Committee has not been constituted, in which case the process for referral to the chief executive officers at sub-paragraph (b) below shall apply immediately;

(b) if after the expiry of ten Business Days from such referral the matter remains unresolved, then the matter shall be referred by either party to the chief executive officers of each of Warner Music Group Inc. and Universal Music Group Limited, who shall use their respective reasonable endeavours to resolve the dispute in accordance with the spirit and purport of the relevant Separation Document;

(c) if after the expiry of ten Business Days from the time the matter in dispute was referred to the chief executive officers in accordance with clause 25.1(b) the matter remains unresolved, the chief executive officers shall agree whether the matter is one which is capable of resolution by an independent accountant. If they so agree, the provisions of Part 1 of Schedule 2 shall apply. If they fail to so agree within 10 further Business Days, the matter shall (unless the Parties agree otherwise or one Party refuses) be referred for

mediation at the Centre for Effective Dispute Resolution in accordance with the provisions of Part 2 of Schedule 2; and

(d) if the dispute fails to be resolved by mediation as further set out in the provisions of Part 2 of Schedule 2 or is not referred to mediation either Party may refer it to arbitration in accordance with the provisions set out in clause 26.

26 Arbitration

26.1 Subject to the provisions of clause 25 and Part 2 of Schedule 2, all disputes arising out of or in connection with this Agreement or any other Separation Document, including any question regarding its existence, validity or termination, shall be referred to and finally resolved by arbitration under the Arbitration Rules of the London Court of International Arbitration ("LCIA"), which are deemed to be incorporated by reference into this clause 26. The LCIA schedule of arbitration costs in effect at the commencement of the arbitration shall apply to any arbitration commenced pursuant to this clause 26.

26.2 The tribunal shall consist of a sole arbitrator to be appointed in accordance with the said rules of the LCIA.

26.3 The seat, or legal place, of arbitration shall be London. The language of the arbitration shall be English.

26.4 For the avoidance of doubt, if a dispute between the Parties is the subject to arbitration pursuant to this clause 26, the parties waive any right to refer any question of law or any right of appeal on the law and/or the merits to any court, to the extent that such waiver can validly be made.

26.5 Nothing in this Agreement shall be construed as preventing a party from seeking conservatory and/or interim relief in any court of competent jurisdiction in relation to this Agreement or any other Separation Document.

27 Governing Law

This Agreement and all non-contractual or other obligations arising out of or in connection with it are governed by and construed in accordance with English law. Any matter, claim or dispute arising out of or in connection with this Agreement, whether contractual or non-contractual, is to be governed by and determined in accordance with English law.

28 Counterparts

This Agreement may be executed in any number of counterparts, each of which when executed and delivered is an original and all of which together evidence the same agreement.

EXECUTED by the parties:

Executed on behalf of EGH1 BV acting by:

/s/ Andrew Brown
signature of director

Andrew Brown
print name of director

Director

in the presence of:

/s/ Matthew Pearson
signature of witness

Matthew Pearson
print name of witness

Address
SJ Berwin LLP
10 Queen Street Place
London

Occupation
Trainee Solicitor

Executed by WARNER MUSIC HOLDINGS
LIMITED acting by:

/s/ Paul Robinson
signature of director

Paul Robinson
print name of director

Director

in the presence of:

/s/ Thomas Marcotullio
signature of witness

Thomas Marcotullio
print name of witness

Address

75 Rockefeller Plaza
New York, NY 10019

Occupation

Lawyer

Exhibit 10.5

12.14.12

December 21, 2012
Effective as of January 1, 2013

Brian Roberts
c/o Warner Music Inc.
75 Rockefeller Plaza
New York, NY 10019

Dear Brian,

This letter summarizes the terms of your continued employment with Warner Music Inc. (" Company"), as described below. You and Company both acknowledge and agree that effective as of January 1, 2013 (" Effective Date"), your employment agreement with Company, dated November 10, 2011 (the "Prior Employment Agreement"), shall be terminated. Upon the termination of your Prior Employment Agreement, your employment with Company will be "at-will". This means that either you or Company will have the right to end the employment relationship for any reason, at any time, with or without notice and with or without cause. Your at-will status shall not be affected by this letter and your at-will relationship with Company cannot be changed by anything that is said or written or by conduct unless such change is specifically acknowledged in a document that is signed by an authorized executive of Company.

In addition, you and Company both acknowledge and agree that as of the Effective Date, you will (i) become a Service Member (as such term is defined in the in the Limited Liability Company Agreement of WMG Management Holdings, LLC, dated January 1, 2013 (the " LLC Agreement")) of WMG Management Holdings, LLC and (ii) be eligible to participate in the Warner Music Group Corp. Senior Management Free Cash Flow Plan (the " Plan"), in each case, in accordance with the terms and conditions of the LLC Agreement and the Plan, as applicable, and shall be subject to the applicable terms and conditions therein. For the avoidance of doubt, in the event of a conflict between the terms and conditions of the LLC Agreement or the Plan and the terms and conditions contained herein, the terms of the LLC Agreement or Plan, as applicable, shall govern. Notwithstanding anything to the contrary in this letter, any entitlements that you may have under the Plan shall be treated in accordance with the terms and conditions therein.

The terms of your at-will employment shall be as follows:

1. Position: Executive Vice President & Chief Financial Officer, Warner Music Inc.

2. Annual salary: $550,000 per year. You will be paid in accordance with Company's normal payroll practices.

3. Annual FCF Bonus: You shall be entitled to receive an Annual FCF Bonus (as such term is defined in the Plan) in accordance with, and subject to the terms and conditions of, the Plan; provided that Free Cash Flow (as defined in the Plan) for the relevant fiscal year is greater than zero. You acknowledge and agree that, for all periods from and after the Effective Date, an

Annual FCF Bonus shall be your only bonus from Company and its affiliates. For the avoidance of doubt, your annual bonus for the Company's 2012 fiscal year shall be determined in accordance with Company's 2012 bonus plan and your Prior Employment Agreement.

4. Benefits: While you are employed hereunder, 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, vacation, 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 of your employment.

5. Exclusivity: Your employment with Company shall be full-time and exclusive, except for your services to WMG Management Holdings, LLC; provided, however, to the extent such activities do not interfere with the performance of your duties hereunder, you shall not be precluded from the activities listed on Schedule A hereto. During the term of your employment, you shall be subject to the Non-Competition restrictions as set forth in Section 3.6(a) of the LCC Agreement.

6. Reporting: You shall work under the supervision and direction of the senior executive officers of Company and shall perform such duties as you shall reasonably be directed to perform by such senior officers.

7. Termination by Company for "Cause": Company may at any time while you are employed by Company, 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) ceasing to perform your material duties to Company or any of its affiliates (other than as a result of vacation, approved leave, or your incapacity due to physical or mental illness or injury), which failure amounts to an extended neglect of such duties, (ii) engaging in conduct that is demonstrably and materially injurious to the business of Company or any of its affiliates, (iii) conviction of, or plea of guilty or no contest to, any misdemeanor involving as a material element fraud, dishonesty or sale or possession of illicit substances, or to a felony, (iv) failing to follow the lawful instructions of Company's board of directors or your direct superiors to the extent such instructions have been communicated to you, or (v) your breach of any material covenant contained in this letter. 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 (i), (iv) or (v) above shall be susceptible of cure, if you fail to cure such cause for termination within fifteen (15) days after the date of such notice, termination shall be effective upon the expiration of such fifteen (15)-day period, and if you cure such cause within such fifteen (15)-day period, such notice of termination shall be ineffective. In all other cases, notice of termination shall be effective on the date thereof. In the event of a termination of your employment by Company for Cause, you shall have no further rights to payments or benefits from Company other than the right to receive any accrued but unpaid salary, accrued vacation pay, any unreimbursed expenses and any accrued but unpaid benefits, in each case to the date of your termination and in accordance with the applicable Company plan or policy (collectively, the "Basic Termination Payments"), except that any entitlements you may have under the Plan shall be governed by its terms.

8. Termination by Company other than for "Cause": Company may at any time while you are employed by Company terminate your employment for any reason other than for Cause. In the

event of a termination by Company other than for Cause, death or disability, your sole remedy shall be that you shall be eligible to receive (i) the Basic Termination Payments and (ii) subject to your execution of a release, in Company's standard form, as in effect at the time of your termination (the " Release"), and such Release having become irrevocable, within seventy (70) days following the date of termination of your employment, the Termination Payments (as such term is defined below), except that any entitlements you may have under the Plan shall be governed by its terms. Any Termination Payments payable to you under this letter shall be made by Company in accordance with its regular payroll practices, commencing on the next possible pay cycle following your date of termination, at the same salary rate as was in effect as of your date of termination, for the applicable period as is necessary to cause the full amount due to be paid; provided, that such period shall not exceed fifty-two weeks (such period, the " Payment Period"); provided further that (i) the first installment shall not be paid prior to the first possible payroll cycle after the Release becomes non-revocable or (ii) if the seventy (70) day period for execution and non-revocation of the Release begins in one calendar year and ends in a subsequent calendar year, the first of the installments of your severance pay shall be paid on the first payroll cycle after the seventieth (70th) day following the date your employment terminates, and in each case will include any installments that would previously have been paid if the Release had been effective on the date of your termination of employment. Following the delivery of an executed release pursuant to this section, you shall have no duty to seek substitute employment, and Company shall have no right of offset against any amounts paid to you under this section with respect to any compensation or fees thereafter received by you from any employment thereafter obtained or consultancy arrangement thereafter entered into by you.

For the purposes of this letter, the "Termination Payments" shall mean an amount equal to (x) seventy-five percent (75%) of your annual salary in effect at the time of your termination if the termination or resignation, as applicable, to which such payment relates occurs on or prior to the first anniversary of the Effective Date; or (y) fifty percent (50%) of your annual salary in effect at the time of your termination if the termination or resignation, as applicable, to which such payment relates occurs following the first anniversary of the Effective Date.

9. Termination by You for "Good Reason": In the event that your employment is terminated due to a resignation by you for "Good Reason" (as defined below), (i) you shall be eligible to receive (A) the Basic Termination Payments and (B) subject to your execution of the Release, and such release having become irrevocable, within seventy (70) days of the date of your termination of employment, the Termination Payments, payable on the terms, condition and schedule set forth in Section 8 hereof. For the avoidance of doubt, any entitlements you may have under the Plan shall be governed by its terms. "Good Reason" shall mean: (x) a material reduction in your annual salary or your Annual FCF Bonus percentage, (y) a failure by Company to pay to you any annual salary which has become payable and due to you in accordance with the terms herein, or (z) a failure by Company to pay to you any entitlement which has become payable and due to you in accordance with the terms of the Plan; provided that, within thirty (30) days following any such reduction or failure, (1) you shall have delivered written notice to Company of your intention to terminate your employment for Good Reason, which notice specifies in reasonable detail the circumstances claimed to give rise to your right to terminate your employment for Good Reason, (2) you shall have provided Company with thirty (30) days after receipt of such notice to cure such circumstances, and (3) failing a cure, you shall have terminated your employment within thirty (30) days after the expiration of the thirty (30)-day period set forth in clause (2).

10. COBRA Benefits: Under the Consolidated Omnibus Budget Reconciliation Act (" COBRA"), as amended, you may have the right, at your expense, to elect to continue your and/or your dependents' current medical health insurance coverage including dental and vision insurance coverage under the group insurance plan maintained by Company. Further information regarding COBRA's coverage, including enrollment forms and premium quotations, will be sent to you separately.

11. Restrictive Covenants: You hereby agree that you shall comply with and be subject to the Restrictive Covenants set forth in Section 3.6 of the LLC Agreement.

12. Indemnity: During the term of your employment and thereafter, Company shall indemnify you against expenses (including but not limited to final judgments and amounts paid in settlement to which Company has consented in writing, which consent shall not be unreasonably withheld) in connection with litigation against you arising out of the performance of your duties hereunder; provided that (i) the foregoing indemnity shall only apply to matters for which you perform your duties for Company in good faith and in a manner you reasonably believe to be in or not opposed to the best interests of Company and not in contravention of the instructions of any senior officer of Company and (ii) you shall have provided Company with prompt notice of the commencement of any such litigation. Company will provide defense counsel selected by Company. You agree to cooperate in connection with any such litigation.

13. Complete Agreement: This letter, the Plan, the LLC Agreement and the election form that you executed and submitted to Company on or prior to the Effective Date in connection with your participation in the Plan set forth the entire agreement and understanding between you and Company with respect to your at-will employment with Company, and supersede and terminate any and all prior agreements, arrangements and understandings, including without limitation, your Prior Employment Agreement governing the subject matter thereof. No representation, promise or inducement with respect to your at-will employment with Company has been made by either party that is not embodied in this letter, and neither party shall be bound by or liable for any such alleged representation, promise or inducement not herein set forth.

14. Miscellaneous:

a. You acknowledge that services to be rendered by you under this letter are of a special, unique and intellectual character which gives them peculiar value, and that a breach or threatened breach of any provision in this letter, 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 letter. The provisions of this section shall not be construed as a waiver by Company of any rights which Company may have to damages or any other remedy.

b. This letter shall be governed by and construed according to the laws of the State of New York as applicable to agreements executed in and to be wholly performed within such State. In the unlikely event that differences arise between the parties related to or arising from this letter that are not resolved by mutual agreement, to facilitate a judicial resolution and save time

and expense of both parties, Company and you agree not to demand a trial by jury in any action, proceeding or counterclaim.

c. As an at-will employee, you will be expected to comply with all of Company's policies and procedures, including Company's Compliance & Ethics Program, as in effect from time to time. Please understand that Company reserves the right to interpret, change, supplement and discontinue any policies, rules, benefit plans and programs at any time in its sole discretion.

d. All payments made to you hereunder shall be subject to applicable withholding and social security taxes and other ordinary and customary payroll deductions.

e. This letter is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended (the " Code") and will be interpreted in a manner intended to comply with Section 409A of the Code (and any related regulations or other pronouncements). Amounts payable under this letter shall be deemed not to be a "deferral of compensation" subject to Section 409A of the Code to the extent provided in the exceptions set forth in Treas. Reg. Section 1.409A-1(b)(4) ("short-term deferrals") and Treas. Reg. Section 1.409A-1(b)(9) ("separation pay plans") and other applicable provisions of Treas. Reg. Section 1.409A-1 through A-6. References under this letter to a termination of your employment shall be deemed to refer to the date upon which you have experienced a "separation from service" within the meaning of Section 409A of the Code. Notwithstanding anything herein to the contrary, (i) if at the time of your separation from service with Company you are a "specified employee" as defined in Section 409A of the Code (and any related regulations or other pronouncements thereunder) and the deferral of the commencement of any payments or benefits otherwise payable hereunder as a result of such termination of employment is necessary in order to prevent any accelerated or additional tax under Section 409A of the Code, then Company will defer the commencement of the payment of any such payments or benefits hereunder (without any reduction in such payments or benefits ultimately paid or provided to you) until the date that is six months following your separation from service (or the earliest date as is permitted under Section 409A of the Code), at which point all payments deferred pursuant to this Paragraph 14(e) shall be paid to you in a lump sum and (ii) if any other payments of money or other benefits due to you hereunder could cause the application of an accelerated or additional tax under Section 409A of the Code, such payments or other benefits shall be deferred if deferral will make such payment or other benefits compliant under Section 409A of the Code, or otherwise such payment or other benefits shall be restructured, to the extent possible, in a manner, determined by Company, that does not cause such an accelerated or additional tax. To the extent any reimbursements or in-kind benefits due to you under this letter constitute "deferred compensation" under Section 409A of the Code, any such reimbursements or in-kind benefits shall be paid to you in a manner consistent with Treas. Reg. Section 1.409A-3(i)(1)(iv). Each payment made under this letter shall be designated as a "separate payment" within the meaning of Section 409A of the Code. For the avoidance of doubt, any continued health benefit plan coverage that you are entitled to receive following your termination of employment is expected to be exempt from Section 409A of the Code and, as such, shall not be subject to delay pursuant to this paragraph.

If the foregoing correctly sets forth our understanding, please sign below and return this letter to Company.

Yours Sincerely,

WARNER MUSIC INC.

By: /s/ Mark Ansorge

Accepted and Agreed:

/s/ Brian Robert
BRIAN ROBERTS

SCHEDULE A

(a) You shall not be precluded 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, 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. In addition, to the extent such activities do not interfere with the performance of your duties hereunder, you shall not be precluded from on occasion rendering services to charitable organizations.

Exhibit 10.6

12.14.12

December 21, 2012
Effective January 1, 2013

Cameron Strang
c/o Warner/Chappell Music, Inc.
10585 Santa Monica Boulevard
Los Angeles, CA 90025

Dear Cameron,

This letter summarizes the terms of your continued employment with Warner/Chappell Music, Inc. (" Company"), as described below. You and Company both acknowledge and agree that effective as of January 1, 2013 (" Effective Date"), your employment agreement with Company, dated December 29, 2010 as amended May 20, 2012, effective January 1, 2012 (the " Prior Employment Agreement ") shall be terminated. Upon the termination of your Prior Employment Agreement, your employment with Company will be "at-will". This means that either you or Company will have the right to end the employment relationship for any reason, at any time, with or without notice and with or without cause. Your at-will status shall not be affected by this letter and your at-will relationship with Company cannot be changed by anything that is said or written or by conduct unless such change is specifically acknowledged in a document that is signed by an authorized executive of Company.

In addition, you and Company both acknowledge and agree that as of the Effective Date, you will (i) become a Service Member (as such term is defined in the in the Limited Liability Company Agreement of WMG Management Holdings, LLC, dated January 1, 2013 (the " LLC Agreement")) of WMG Management Holdings, LLC and (ii) be eligible to participate in the Warner Music Group Corp. Senior Management Free Cash Flow Plan (the " Plan"), in each case, in accordance with the terms and conditions of the LLC Agreement and the Plan, as applicable, and shall be subject to the applicable terms and conditions therein. For the avoidance of doubt, in the event of a conflict between the terms and conditions of the LLC Agreement or the Plan and the terms and conditions contained herein, the terms of the LLC Agreement or Plan, as applicable, shall govern. Notwithstanding anything to the contrary in this letter, any entitlements that you may have under the Plan shall be treated in accordance with the terms and conditions therein.

The terms of your at-will employment shall be as follows:

1. Position: Chief Executive Officer and Chairman of Company

2. Annual salary: $2,250,000 per year. You will be paid in accordance with Company's normal payroll practices.

3. Annual FCF Bonus: You shall be entitled to receive an Annual FCF Bonus (as such term is defined in the Plan) in accordance with, and subject to the terms and conditions of, the Plan;

provided that Free Cash Flow (as defined in the Plan) for the relevant fiscal year is greater than zero. You acknowledge and agree that, for all periods from and after the Effective Date, an Annual FCF Bonus shall be your only bonus from Company and its affiliates. For the avoidance of doubt, your annual bonus for the Company's 2012 fiscal year shall be determined in accordance with Company's 2012 bonus plan and your Prior Employment Agreement.

4. Benefits: While you are employed hereunder, 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, vacation, 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 of your employment.

5. Exclusivity: Your employment with Company shall be full-time and exclusive, except for your services to WMG Management Holdings, LLC; provided, however, to the extent such activities do not interfere with the performance of your duties hereunder, you shall not be precluded from the activities listed on Schedule A hereto. During the term of your employment, you shall be subject to the Non-Competition restrictions as set forth in Section 3.6(a) of the LCC Agreement.

6. Reporting: You shall work under the supervision and direction of the senior executive officers of WMG and shall perform such duties as you shall reasonably be directed to perform by such senior officers.

7. Termination by Company for "Cause": Company may at any time while you are employed by Company, 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) ceasing to perform your material duties to Company or any of its affiliates (other than as a result of vacation, approved leave, or your incapacity due to physical or mental illness or injury), which failure amounts to an extended neglect of such duties, (ii) engaging in conduct that is demonstrably and materially injurious to the business of Company or any of its affiliates, (iii) conviction of, or plea of guilty or no contest to, any misdemeanor involving as a material element fraud, dishonesty or sale or possession of illicit substances, or to a felony, (iv) failing to follow the lawful instructions of Company's board of directors or your direct superiors to the extent such instructions have been communicated to you, or (v) your breach of any material covenant contained in this letter. 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 (i), (iv) or (v) above shall be susceptible of cure, if you fail to cure such cause for termination within fifteen (15) days after the date of such notice, termination shall be effective upon the expiration of such fifteen (15)-day period, and if you cure such cause within such fifteen (15)-day period, such notice of termination shall be ineffective. In all other cases, notice of termination shall be effective on the date thereof. In the event of a termination of your employment by Company for Cause, you shall have no further rights to payments or benefits from Company other than the right to receive any accrued but unpaid salary, accrued vacation pay, any unreimbursed expenses and any accrued but unpaid benefits, in each case to the date of your termination and in accordance with the applicable Company plan or policy (collectively, the "Basic Termination Payments"), except that any entitlements you may have under the Plan shall be governed by its terms.

8. Termination by Company other than for "Cause": Company may at any time while you are employed by Company terminate your employment for any reason other than for Cause. In the event of a termination by Company other than for Cause, death or disability, your sole remedy shall be that you shall be eligible to receive (i) the Basic Termination Payments and (ii) subject to your execution of a release, in Company's standard form, as in effect at the time of your termination (the "Release"), and such Release having become irrevocable, within seventy (70) days following the date of termination of your employment, the Termination Payments (as such term is defined below), except that any entitlements you may have under the Plan shall be governed by its terms. Any Termination Payments payable to you under this letter shall be made by Company in accordance with its regular payroll practices, commencing on the next possible pay cycle following your date of termination, at the same salary rate as was in effect as of your date of termination, for the applicable period as is necessary to cause the full amount due to be paid; provided, that such period shall not exceed fifty-two weeks (such period, the " Payment Period"); provided further that (i) the first installment shall not be paid prior to the first possible payroll cycle after the Release becomes non-revocable or (ii) if the seventy (70) day period for execution and non-revocation of the Release begins in one calendar year and ends in a subsequent calendar year, the first of the installments of your severance pay shall be paid on the first payroll cycle after the seventieth (70th) day following the date your employment terminates, and in each case will include any installments that would previously have been paid if the Release had been effective on the date of your termination of employment. Following the delivery of an executed release pursuant to this section, you shall have no duty to seek substitute employment, and Company shall have no right of offset against any amounts paid to you under this section with respect to any compensation or fees thereafter received by you from any employment thereafter obtained or consultancy arrangement thereafter entered into by you.

For the purposes of this letter, the "Termination Payments" shall mean an amount equal to (x) seventy-five percent (75%) of your annual salary in effect at the time of your termination if the termination or resignation, as applicable, to which such payment relates occurs on or prior to the first anniversary of the Effective Date; or (y) fifty percent (50%) of your annual salary in effect at the time of your termination if the termination or resignation, as applicable, to which such payment relates occurs following the first anniversary of the Effective Date.

9. Termination by You for "Good Reason": In the event that your employment is terminated due to a resignation by you for "Good Reason" (as defined below), (i) you shall be eligible to receive (A) the Basic Termination Payments and (B) subject to your execution of the Release, and such release having become irrevocable, within seventy (70) days of the date of your termination of employment, the Termination Payments, payable on the terms, condition and schedule set forth in Section 8 hereof. For the avoidance of doubt, any entitlements you may have under the Plan shall be governed by its terms. "Good Reason" shall mean: (x) a material reduction in your annual salary or your Annual FCF Bonus percentage, (y) a failure by Company to pay to you any annual salary which has become payable and due to you in accordance with the terms herein, or (z) a failure by Company to pay to you any entitlement which has become payable and due to you in accordance with the terms of the Plan; provided that, within thirty (30) days following any such reduction or failure, (1) you shall have delivered written notice to Company of your intention to terminate your employment for Good Reason, which notice specifies in reasonable detail the circumstances claimed to give rise to your right to terminate your employment for Good Reason, (2) you shall have provided Company with thirty (30) days after receipt of such notice to cure such

circumstances, and (3) failing a cure, you shall have terminated your employment within thirty (30) days after the expiration of the thirty (30)-day period set forth in clause (2).

10. COBRA Benefits: Under the Consolidated Omnibus Budget Reconciliation Act (" COBRA"), as amended, you may have the right, at your expense, to elect to continue your and/or your dependents' current medical health insurance coverage including dental and vision insurance coverage under the group insurance plan maintained by Company. Further information regarding COBRA's coverage, including enrollment forms and premium quotations, will be sent to you separately.

11. Restrictive Covenants: You hereby agree that you shall comply with and be subject to the Restrictive Covenants set forth in Section 3.6 of the LLC Agreement.

12. Indemnity: During the term of your employment and thereafter, Company shall indemnify you against expenses (including but not limited to final judgments and amounts paid in settlement to which Company has consented in writing, which consent shall not be unreasonably withheld) in connection with litigation against you arising out of the performance of your duties hereunder; provided that (i) the foregoing indemnity shall only apply to matters for which you perform your duties for Company in good faith and in a manner you reasonably believe to be in or not opposed to the best interests of Company and not in contravention of the instructions of any senior officer of Company and (ii) you shall have provided Company with prompt notice of the commencement of any such litigation. Company will provide defense counsel selected by Company. You agree to cooperate in connection with any such litigation.

13. Complete Agreement: This letter, the Plan, the LLC Agreement and the election form that you executed and submitted to Company on or prior to the Effective Date in connection with your participation in the Plan set forth the entire agreement and understanding between you and Company with respect to your at-will employment with Company, and supersede and terminate any and all prior agreements, arrangements and understandings, including without limitation, your Prior Employment Agreement governing the subject matter thereof. No representation, promise or inducement with respect to your at-will employment with Company has been made by either party that is not embodied in this letter, and neither party shall be bound by or liable for any such alleged representation, promise or inducement not herein set forth.

14. Miscellaneous:

a. You acknowledge that services to be rendered by you under this letter are of a special, unique and intellectual character which gives them peculiar value, and that a breach or threatened breach of any provision in this letter, 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 letter. The provisions of this section shall not be construed as a waiver by Company of any rights which Company may have to damages or any other remedy.

b. This letter 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.

c. As an at-will employee, you will be expected to comply with all of Company's policies and procedures, including Company's Compliance & Ethics Program, as in effect from time to time. Please understand that Company reserves the right to interpret, change, supplement and discontinue any policies, rules, benefit plans and programs at any time in its sole discretion.

d. All payments made to you hereunder shall be subject to applicable withholding and social security taxes and other ordinary and customary payroll deductions.

e. This letter is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended (the " Code") and will be interpreted in a manner intended to comply with Section 409A of the Code (and any related regulations or other pronouncements). Amounts payable under this letter shall be deemed not to be a "deferral of compensation" subject to Section 409A of the Code to the extent provided in the exceptions set forth in Treas. Reg. Section 1.409A-1(b)(4) ("short-term deferrals") and Treas. Reg. Section 1.409A-1(b)(9) ("separation pay plans") and other applicable provisions of Treas. Reg. Section 1.409A-1 through A-6. References under this letter to a termination of your employment shall be deemed to refer to the date upon which you have experienced a "separation from service" within the meaning of Section 409A of the Code. Notwithstanding anything herein to the contrary, (i) if at the time of your separation from service with Company you are a "specified employee" as defined in Section 409A of the Code (and any related regulations or other pronouncements thereunder) and the deferral of the commencement of any payments or benefits otherwise payable hereunder as a result of such termination of employment is necessary in order to prevent any accelerated or additional tax under Section 409A of the Code, then Company will defer the commencement of the payment of any such payments or benefits hereunder (without any reduction in such payments or benefits ultimately paid or provided to you) until the date that is six months following your separation from service (or the earliest date as is permitted under Section 409A of the Code), at which point all payments deferred pursuant to this Paragraph 14(e) shall be paid to you in a lump sum and (ii) if any other payments of money or other benefits due to you hereunder could cause the application of an accelerated or additional tax under Section 409A of the Code, such payments or other benefits shall be deferred if deferral will make such payment or other benefits compliant under Section 409A of the Code, or otherwise such payment or other benefits shall be restructured, to the extent possible, in a manner, determined by Company, that does not cause such an accelerated or additional tax. To the extent any reimbursements or in-kind benefits due to you under this letter constitute "deferred compensation" under Section 409A of the Code, any such reimbursements or in-kind benefits shall be paid to you in a manner consistent with Treas. Reg. Section 1.409A-3(i)(1)(iv). Each payment made under this letter shall be designated as a "separate payment" within the meaning of Section 409A of the Code. For the avoidance of doubt, any continued health benefit plan coverage that you are entitled to receive following your termination of employment is expected to be exempt from Section 409A of the Code and, as such, shall not be subject to delay pursuant to this paragraph.

If the foregoing correctly sets forth our understanding, please sign below and return this letter to Company.

Yours Sincerely,

WARNER/CHAPPELL MUSIC INC.

By: /s/ Mark Ansorge

Accepted and Agreed:

/s/ Cameron Strang
CAMERON STRANG

SCHEDULE A

(a) 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 or Warner Music Inc. 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.

(b) You shall not be precluded from participating in charitable, civic, educational, professional, community or industry affairs.

(c) You shall not be precluded from serving on the boards of directors of non-profit organizations.

(d) You shall not be precluded from serving on the boards of directors of for-profit companies; provided that you receive the prior written approval of the person to whom you report hereunder.

(e) You shall not be precluded from managing your passive investment in New West Records, LLC (collectively with its affiliates, "New West"), provided, that (i) you are permitted to remain a member of New West and, to the extent such rights and duties do not conflict with your duties to Company hereunder, exercise all rights of a member and fulfill all fiduciary and other duties of a member; (ii) you are permitted to consult periodically with other investors of New West on governance or administrative matters relating to their/your investment in New West; and (iii) you are permitted from time to time to provide information to the officers of New West regarding matters related to artists that were under contract or in negotiations with New West as of January 1, 2011. As of January 1, 2011 and while employed by Company, you will not encourage or facilitate any new business opportunities or new relationships between New West and any recording artist or songwriter. For purposes of clarification, except as specifically set forth in clauses (i), (ii) and (iii) above, you shall not directly or indirectly advise or participate in the management or business operations of New West without Warner Music Group's prior written consent; provided, that notwithstanding anything in this Agreement, for a period of 30 days following January 1, 2011, you may work with New West management to smoothly transfer your duties and authority to them. It is agreed that New West is not a party to this Agreement and shall not in any manner be restricted by or liable for any breach of this Agreement.

Exhibit 10.7

WARNER MUSIC GROUP CORP.
SENIOR MANAGEMENT FREE CASH FLOW PLAN

Warner Music Group Corp., a Delaware corporation (the "**Company**"), hereby establishes this Warner Music Group Corp. Senior Management Free Cash Flow Plan (the "**Plan**"), effective January 1, 2013 (the "**Effective Date**"), for the purpose of attracting and retaining high quality executives and promoting in them increased efficiency and an interest in the successful operation of the Company. The Plan is intended to, and shall be interpreted to, comply in all respects with Section 409A of the Code and those provisions of ERISA applicable to an unfunded plan maintained primarily to provide deferred compensation benefits for a select group of "management or highly compensated employees."

ARTICLE I
TITLE AND DEFINITIONS

1.1 "**Access**" means AI Entertainment Holdings LLC and its Affiliates.

1.2 "**Affiliate**" means, with respect to any Person, any other Person, directly or indirectly, controlling, controlled by or under common control with, such Person, where "control" means the power to direct the affairs of a Person by reason of ownership of voting securities, by contract or otherwise.

1.3 "**Annual FCF Bonus(es)**" shall mean amounts paid to a Participant by the Company annually in the form of discretionary or incentive compensation pursuant to Section 3.1 to the extent such amounts qualify as "fiscal year compensation" within the meaning of Treas. Reg. § 1.409A-2(a)(6).

1.4 "**Base Investment Price**" shall mean $111.47.

1.5 "**Cause**", with respect a Participant, shall mean the Company or its Affiliate having "cause" to terminate such Participant's employment or service, as defined in any existing employment, consulting or any other agreement between the Participant and the Company or any of its Affiliates or, in the absence of such an employment, consulting or other agreement, upon (i) the Participant having ceased to perform his or her material duties to the LLC, the Company or any of its Affiliates (other than as a result of vacation, approved leave or his or her incapacity due to physical or mental illness or injury), which failure amounts to an extended neglect of such duties, (ii) the Participant engaging in conduct that is demonstrably and materially injurious to the business of the Company or any of its Affiliates, (iii) the Participant having been convicted of, or pled guilty or no contest to, any misdemeanor involving as a material element fraud, dishonesty or the sale or possession of illicit substances, or to a felony, (iv) the failure of the Participant to follow the lawful instructions of the Company's Board of Directors or his or her direct superiors to the extent such instructions have been communicated to the Participant or (v) the Participant having breached any material covenant contained in the LLC Agreement or any employment letter or agreement between the Company or any of its Affiliates and the Participant.

1.6 "**Change in Control**" shall mean the occurrence of:

(1) 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 or other equity securities either (x) 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 (y) 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;

(2) any transaction or series of related transactions, whether or not the Company is a party thereto, after giving effect to which in excess of 50% of the Company's voting power is owned by any Person or group (as defined in Section 13(d) of the Securities Exchange Act of 1934, as amended) (other than the Company, Access or any of their respective Affiliates), excluding any bona fide primary or secondary public offering following the occurrence of an initial public offering of the Company's Common Stock;

(3) a sale, lease or other disposition of all or substantially all of the assets of the Company and its subsidiaries to any Person or group (other than the Company, Access or any of their respective Affiliates); or

(4) with respect to a Participant who is employed by a Company Division, a sale, lease or other disposition of all or substantially all of the assets of such Company Division to any Person or group (other than the Company, Access or any of their respective Affiliates);

provided that any Change in Control shall also constitute a change in control event within the meaning of the events described in Section 409A(a)(2)(A)(v) of the Code and the related regulations.

1.7 "**Code**" shall mean the Internal Revenue Code of 1986, as amended, as interpreted by Treasury regulations and applicable authorities promulgated thereunder.

1.8 "**Committee**" shall mean the person or persons appointed by the Board of Directors of the Company to administer the Plan in accordance with Article IX.

1.9 "**Company's Common Stock**" shall mean the common stock, par value $0.001 per share, of the Company.

1.10 "**Company Divisions**" shall mean the "Music Publishing" and "Recorded Music" business segments of the Company and its Affiliates as reported in the Company's Consolidated Audited Financial Statements (and any other business segment as may be reported from time to time in such audited financial statements).

1.11 "**Compensation**" shall mean all amounts eligible for deferral for a particular Plan Year under Section 4.1.

1.12 "**Deferral Account**" shall mean the Account maintained for each Participant which is granted and credited with Deferred Equity Units in respect of Participant deferrals pursuant to Section 5.1.

1.13 "**Deferred Amount**" shall have the meaning set forth in Section 4.1.

1.14 "**Deferred Equity Unit**" shall mean a contractual right to receive the Settlement Payment, on the terms and conditions set forth in Article VII.

1.15 "**Deferred Percentage**" shall have the meaning set forth in Section 4.1.

1.16 "**Disability**" shall, with respect to a Participant, have the meaning set forth in the long-term disability plan of the Company or its Affiliate applicable to such Participant.

1.17 "**Dividend Equivalents**" shall mean the rights granted under Section 5.3 to receive payments in cash based on dividends made with respect to shares of the Company's Common Stock.

1.18 "**Effective Date**" shall have the meaning set forth in the preamble.

1.19 "**Eligible Employee**" shall mean a highly compensated or management level employee of the Company selected by the Committee to be eligible to participate in the Plan. Each Eligible Employee shall be an "accredited investor" as such term is defined in Rule 501(a) of the Securities Act of 1933, as amended.

1.20 "**Equity Unit**" shall mean one Class A Unit of Management Holdings, LLC, having the terms and conditions set forth in the LLC Agreement.

1.21 "**ERISA**" shall mean the Employee Retirement Income Security Act of 1974, as amended, including Department of Labor and Treasury regulations and applicable authorities promulgated thereunder.

1.22 "**Fair Market Value**" shall mean, with respect to shares of the Company's Common Stock, as of any particular date of determination prior to an Initial Public Offering, the per share value on such date of a share of the Company's Common Stock that would be paid by a willing buyer to an unaffiliated willing seller, without any discount for minority interest, lack of liquidity, transfer restrictions or forfeiture risks, as determined by a valuation of the Company's Common Stock (taking into account the Fully-Diluted Company Equity) that shall have been performed by a nationally recognized independent valuation firm or as otherwise determined in good faith by the Committee taking into account such factors as the Committee deems appropriate, including, but not limited to, the earnings and other financial and operating information of the Company in recent periods, the value of the Company's tangible and intangible assets, the present value of anticipated future cash-flows of the Company, the history and management of the Company, the general condition of the securities markets and the market value of securities of companies engaged in businesses similar to those of the Company. Following an Initial Public Offering, "Fair Market Value" of a share of the Company's Common Stock shall mean, as of any particular date of determination, the mid-point between the high and the low trading prices for such date per share of the Company's Common Stock as reported on the principal stock exchange on which the shares of the Company's Common Stock are then listed.

1.23 "**FCF Bonus Pool**" shall mean the amount of Free Cash Flow allocated pursuant to Section 3.1.

1.24 "**Fractional Company Share**" shall mean one-ten-thousandth (1/10,000) of a share of the Company's Common Stock.

1.25 "**Free Cash Flow**" shall mean, with respect to a Plan Year, the amount of the Company's consolidated cash flow provided by operating activities determined in accordance with U.S. generally accepted accounting principles less capital expenditures, cash paid or received for investments, working capital changes (meaning the change in current assets over current liabilities during the Plan Year), interest payments and cash taxes, and plus any management fees paid to Access by the Company in such Plan Year; provided that for any Plan Year, the Committee may increase or decrease the amount of Free Cash Flow to take into account material purchases or payments made by the Company.

1.26 "**Fully-Diluted Company Equity**" shall mean, as of any particular date, the sum (without duplication) of all outstanding (i) shares of the Company's Common Stock (including Fractional Company Shares), (ii) Deferred Equity Units (assuming all Deferred Equity Units are then settled for Fractional Company Shares pursuant to Article VII) and (iii) other equity or equity-based interests in the Company.

1.27 "**Good Reason**", with respect a Participant, shall mean the Participant having "good reason" to terminate the Participant's employment or service, as defined in any existing employment, consulting or any other agreement between such Participant and the Company or any of its Affiliates or, in the absence of such an employment, consulting or other agreement, following (i) a material reduction in such Participant's annual salary or Annual FCF Bonus percentage allocation, (ii) a failure by the Company or any of its Affiliates to pay to such Participant any annual salary which has become payable and due to him or her in accordance with the terms of any employment letter or agreement between the Company or any of its Affiliates and such Participant, or (iii) a failure by the Company or Management Holdings, LLC to pay to such Participant any entitlement which has become payable and due to him or her in accordance with the terms of the Plan; provided that, within 30 days following any such reduction or failure, (A) such Participant shall have delivered written notice to the Company of his or her intention to terminate his or her employment for Good Reason, which notice specifies in reasonable detail the circumstances claimed to give rise to his or her right to terminate his or her employment for Good Reason, (B) such Participant shall have provided the Company with 30 days after receipt of such notice to cure such circumstances and (C) failing a cure, such Participant shall have terminated his or her employment within 30 days after the expiration of the 30-day period set forth in the preceding clause (B).

1.28 "**Initial Public Offering**" means the first underwritten public offering of the Company's Common Stock.

1.29 "**LLC Agreement**" shall mean the Limited Liability Company Agreement of Management Holdings, LLC, as amended, supplemented or modified in accordance with its terms.

1.30 "**Management Holdings, LLC**" shall mean WMG Management Holdings, LLC, a Delaware limited liability company.

1.31 "**Matching Equity Unit**" shall mean one Class B Unit of Management Holdings, LLC, having the terms and conditions set forth in the LLC Agreement.

1.32 "**Maximum Deferred Amount**", for a Participant, shall mean the product of (x) the Maximum Unit Allocation and (y) the Base Investment Price.

1.33 "**Maximum Unit Allocation**", for a Participant, shall mean the maximum number of Deferred Equity Units available for acquisition by the Participant, as determined by the Committee.

1.34 "**Participant**" shall mean any Eligible Employee who becomes a Participant in the Plan in accordance with Article II.

1.35 "**Participant Election(s)**" shall mean the forms or procedures by which a Participant makes elections with respect to voluntary deferrals of his or her Compensation.

1.36 "**Person**" shall mean any individual, partnership, corporation, association, trust, joint venture, unincorporated organization or other entity.

1.37 "**Plan Year**" shall mean each fiscal year of the Company following the Effective Date, commencing October 1 and ending September 30, or such other fiscal year as may be determined by the Company's Board of Directors.

1.38 "**Pro Rata Annual FCF Bonus**" means, as of any particular date, for a Participant, (x) the Annual FCF Bonus that the Participant would have earned as an Annual FCF Bonus in respect of a Plan Year if the Participant's employment with the Company and its Affiliates had continued until the last day of such Plan Year, based on the Company's projected Free Cash Flow for such fiscal year as of the end of the month immediately preceding such date (projected on a reasonable basis using information then available to the Company), multiplied by (y) a fraction, the numerator of which is the number of days that have elapsed from the first day of such Plan Year (or such later enrollment period as may be applicable) and the denominator of which is 365; provided that any Pro Rata Annual FCF Bonus in respect of a Plan Year shall be determined without regard to a change in the Company's fiscal year that is effective for other purposes during such Plan Year.

1.39 "**Redemption Date**" shall have the meaning set forth in Section 7.1.

1.40 "**Settlement Payment**" shall have the meaning set forth in Section 7.1.

1.41 "**Termination Payment Date**" shall have the meaning set forth in Section 7.5(b).

ARTICLE II
PARTICIPATION

An Eligible Employee shall become a Participant in the Plan by completing and submitting to the Committee the appropriate Participant Elections, including such other documentation and information as the Committee may reasonably request, during the enrollment period established by the Committee prior to the Effective Date (or such later enrollment period as may be applicable).

ARTICLE III
FREE CASH FLOW BONUS POOL

3.1 Allocation of Free Cash Flow Bonus Pool. For each Plan Year, the Company shall allocate 7.5% of the Company's Free Cash Flow for such fiscal year, if any, to the FCF Bonus Pool. The amount of Free Cash Flow available for the FCF Bonus Pool in respect of a Plan Year will depend on the Company's financial results and performance in such Plan Year and shall be determined by the Committee in good faith consistent with the objectives of this Plan, shortly after the end of each fiscal year, after review of the Company's quality of revenue, profit and cash flow results for such Plan Year, and may be positive, zero or negative. The Committee shall provide each Participant with its calculations of Free Cash Flow for each Plan Year within 15 days of its determination. In the event that Free Cash Flow in respect of a Plan Year is zero or negative, then no Annual FCF Bonuses shall be paid in respect of such Plan Year. Prior to the Effective Date (except for newly-hired Eligible Employees), each Participant will be allocated a fixed percentage of the FCF Bonus Pool.

3.2 Payment of Annual FCF Bonuses. Subject to Article IV and the other terms and conditions of the Plan, (i) Annual FCF Bonuses shall be paid to Participants no later than March 15th of the calendar year after the end of the Plan Year in respect of which the Company earned the applicable Free Cash Flow and (ii) except as provided in Section 7.5(a)(1), each Participant's right to payment of an Annual FCF Bonus shall be contingent upon the continued employment of the Participant through the applicable payment date, and any

Annual FCF Bonuses not yet paid shall automatically be forfeited upon termination of a Participant's employment for any reason, except as may be determined otherwise by the Committee.

3.3 Form of Payment. Except to the extent that an Annual FCF Bonus is deferred pursuant to Article IV, Annual FCF Bonuses shall be paid in cash.

ARTICLE IV
DEFERRAL ELECTIONS

4.1 Elections to Defer Compensation. Unless otherwise determined by the Committee in accordance with Section 409A of the Code, a Participant may elect to defer only Compensation attributable to services provided in a fiscal year or calendar year that commences after the time an election is made. Unless otherwise determined by the Committee in accordance with Section 409A of the Code (or except as otherwise set forth in the Plan), Participants shall make their deferral elections by submitting their Participant Elections prior to December 31, 2012 with respect to Annual FCF Bonuses to be earned under the Plan, and such Participant Elections will be irrevocable for all Plan Years and all purposes of the Plan. Participants may defer between 50% and 100% (in 1 percentage point increments) of the pre-tax amounts of the Annual FCF Bonuses payable in respect of such Plan Year (such percentage, a " **Deferred Percentage**" and, such amount, a "**Deferred Amount**") to acquire an equivalent percentage of the Deferred Equity Units available to such Participant under the Plan; provided that with respect to a Deferral Election made between October 1 and December 31, 2012, the Deferred Percentage for the 2013 Plan Year shall not exceed 75%. In the case of newly-hired Eligible Employees, a deferral election may be made within 30 days following such Eligible Employee's date of hire (subject to all plan aggregation rules in Section 409A of the Code and the related regulations) with respect to Compensation earned after the date of such election.

4.2 Offering Limitations. Prior to the enrollment period for the Plan, the Committee shall establish a Maximum Unit Allocation that may be acquired under the Plan by an Eligible Employee in all Plan Years, in the aggregate. Unless otherwise determined by the Committee, (i) the amount of Annual FCF Bonuses that a Participant may defer under the Plan, in the aggregate, in all Plan Years shall not exceed such Participant's Maximum Deferred Amount and (ii) the number of Deferred Equity Units that a Participant shall have the right to purchase under the Plan, in the aggregate, in all Plan Years shall not exceed such Participant's Maximum Unit Allocation.

ARTICLE V
DEFERRED EQUITY UNITS AND OTHER ENTITLEMENTS

5.1 Deferred Equity Units.

(a) The Company shall establish and maintain Deferral Accounts for each Participant. Subject to Section 4.2, for each Plan Year prior to the 2020 Plan Year, at the time that Annual FCF Bonuses for such Plan Year are paid, a Participant shall be granted and credited with a number of Deferred Equity Units equal to the number obtained by dividing (x) the Participant's Deferred Amount for such Plan Year by (y) the Base Investment Price, and rounded down to the nearest cent. For the avoidance of doubt, no Deferred Equity Units shall be granted or credited for the 2020 Plan Year or any succeeding Plan Year.

(b) Notwithstanding anything to the contrary in the Plan, (i) the amount, if any, of a Participant's Annual FCF Bonuses in respect of any Plan Year that (taken together with such Participant's Annual FCF Bonuses deferred into the Plan in prior Plan Years) exceeds his or her Maximum Deferred Amount shall be paid

to such Participant in cash at the time that Annual FCF Bonuses in respect of such Plan Year are paid and (ii) unless otherwise determined by the Committee, at no time shall a Participant's Deferral Account be granted or credited with a number of Deferred Equity Units that exceeds such Participant's Maximum Unit Allocation.

5.2 Matching Equity Units. Matching Equity Units shall be issued at the times and in the amounts provided by the LLC Agreement, and subject to the terms and conditions, including regarding distributions, vesting, forfeiture and redemption, that are provided in the LLC Agreement. Matching Equity Units shall vest on the schedule provided in the LLC Agreement.

5.3 Dividend Equivalents. When cash dividends are paid on shares of the Company's Common Stock, each Deferred Equity Unit shall participate in such dividends, on a pro rata basis, as if the Fractional Company Share underlying such Deferred Equity Unit was then issued and outstanding.

5.4 Maximum Allocation under the Plan. At no time may the total number of shares of the Company's Common Stock (including all Fractional Company Shares) underlying all outstanding:

(1) Deferred Equity Units (assuming all Deferred Equity Units are settled for Fractional Company Shares pursuant to Article VII) and Equity Units acquired following settlement of Deferred Equity Units, in the aggregate, exceed 3.75% of the Fully-Diluted Company Equity or 41.0959 shares of the Company's Common Stock;

(2) Matching Equity Units (assuming all Matching Equity Units are redeemed for Fractional Company Shares pursuant to the LLC Agreement) and Equity Units acquired following redemption of Matching Equity Units, in the aggregate, exceed 3.75% of the Fully-Diluted Company Equity or 41.0959 shares of the Company's Common Stock; and

(3) Deferred Equity Units (assuming such settlement), Matching Equity Units (assuming such redemption) and Equity Units, in the aggregate, exceed 7.5% of the Fully-Diluted Company Equity or 82.1918 shares of the Company's Common Stock.

Except as provided in the LLC Agreement, following any redemption of Matching Equity Units or Equity Units from a Participant by the LLC or shares of the Company's Common Stock by the Company in connection with his or her termination of employment, the Fractional Company Shares that were covered by such redeemed Matching Equity Units or Equity Units shall again be available, in the Committee's sole discretion, for allocation under the Plan. Notwithstanding the foregoing, repurchases, whether directly or indirectly, of any shares of the Company's Common Stock from Access, taken alone, shall not result in any violation of the percentage limits set forth in this Section 5.4.

5.5 Adjustment Events. The number and kind of shares or other equity interests to which the Fractional Company Shares and Deferred Equity Units may relate and the number and kinds of securities deliverable shall be proportionally adjusted to reflect, as deemed equitable and appropriate by the Committee, any stock dividend, stock split, share combination, recapitalization, merger, consolidation, reorganization, exchange of shares or any other similar event affecting the Company's Common Stock, the Matching Equity Units or the Equity Units.

ARTICLE VI
VESTING

6.1 Vesting of Deferred Equity Units. A Participant shall be vested at all times in the Deferred Equity Units amounts granted and credited to the Participant's Deferral Account and in the Dividend Equivalents.

ARTICLE VII
SETTLEMENT AND REDEMPTION

7.1 Scheduled Settlement of Deferred Equity Units. Except as otherwise provided in this Article VII, the Company shall cancel and settle each Participant's Deferred Equity Units, without payment by the Participant, in three equal installments in December of 2018, 2019 and 2020 (each such date, a "**Redemption Date**"), on a per Deferred Equity Unit basis, for, at the Participant's election as communicated to the Company in writing by December 1st of such year, either (x) a cash amount equal to the Fair Market Value of one Fractional Company Share on the Redemption Date or (y) one Fractional Company Share (a "**Settlement Payment**"). Prior to each Redemption Date and anniversary of such Redemption Date prior to December 31, 2020, the Committee shall notify each Participant of its most recent determination of the Fair Market Value of a share of the Company's Common Stock (and shall provide each Participant with a copy of any independent valuation of such Fair Market Value). A Participant may specify that a Settlement Payment be made in a ratio of cash and Fractional Company Shares. Notwithstanding the foregoing, the Redemption Dates for any Deferred Equity Units acquired with an Annual FCF Bonus paid in respect of a Plan Year following the 2015 Plan Year shall be in December of the earlier of (A) the second succeeding calendar year after such acquisition or at such other times as the Committee may determine in accordance with the Plan and Section 409A of the Code and (B) the 2020 calendar year. The Committee may change the Redemption Dates for Deferred Equity Units acquired with respect to Plan Years after 2015 at any time prior to the commencement of the Plan Year in respect of which the Annual FCF Bonus used to purchase such Deferred Equity Units is earned, subject to compliance with Section 409A of the Code.

7.2 Contribution to Management Holdings, LLC. Immediately upon receipt of any Fractional Company Shares delivered to a Participant pursuant to this Article VII, the Participant shall contribute those Fractional Company Shares to Management Holdings, LLC in exchange for an equal number of Equity Units.

7.3 Annual Redemption Right. On each Redemption Date following the Redemption Date on which a Deferred Equity Unit is settled other than for cash and on each one-year anniversary of such Redemption Date thereafter until December 31, 2020, each Participant shall be entitled to the redemption, upon written notice to the Company no later than December 1st of the year in which such Redemption Date occurs, of all or any portion of such Participant's Equity Units for a cash payment equal to the Fair Market Value of one Fractional Company Share on the date of redemption. Notwithstanding the foregoing, a Participant's right to redeem Equity Units pursuant to this Section 7.3 shall be limited to the maximum number of Deferred Equity Units that would have been redeemable by the Participant if the Participant were then employed by the Company or any of its Affiliates. Any redemption of Equity Units pursuant to this Section 7.3 shall be made in accordance with the terms and conditions of the LLC Agreement.

7.4 Mandatory Redemption. In December 2020, the Company shall cancel and settle each Deferred Equity Units then outstanding for a cash payment equal to the then current Fair Market Value of one Fractional Company Share.

7.5 Consequences of Termination of Employment. Following any termination of employment of a Participant with the Company and its Affiliates, the Participant shall cease immediately to participate in the Plan, and neither the Plan, the Company or any of its Affiliates shall have any obligations to the Participant in respect of the Plan, an Annual FCF Bonus, the Deferred Equity Units or Dividend Equivalents, except as set forth in this Section 7.5:

(a) *Annual FCF Bonus*.

(1) if the Participant's employment is terminated by the Company without Cause, by the Participant for Good Reason or by reason of the Participant's death or Disability following the last day of the first fiscal quarter of a Plan Year, the Company shall pay the Participant in cash (x) the Deferred Percentage of his or her Pro Rata Annual FCF Bonus for such Plan Year on the Participant's Termination Payment Date provided in Section 7.5(b) and (y) the remaining portion of such Pro Rata Annual FCF Bonus on the date that continuing Participants are paid Annual FCF Bonuses in respect of such Plan Year; or

(2) if the Participant's employment terminates for any other reason (i.e., by the Company for Cause or by the Participant without Good Reason, other than death or Disability), any unpaid Annual FCF Bonus shall be forfeited.

(b) *Deferred Equity Units*. No later than December 31st of the calendar year in which the Participant's employment terminates, on a date within such calendar year following the Participant's termination of employment as the Company determines in its sole discretion (each such date, a " **Termination Payment Date**"), each of the Participant's Deferred Equity Units shall be cancelled and settled, for:

(1) if the Participant's employment terminates for any reason (including by reason of resignation, death or disability) other than for Cause, at the Company's option, (i) a cash payment equal to the Fair Market Value of one Fractional Company Share on the date of the Participant's termination of employment or (ii) subject to Section 7.2, one Fractional Company Share; or

(2) if the Participant's employment is terminated for Cause, at the Company's option, a cash payment or a fractional share of the Company's Common Stock equal to the lesser of (x) the Base Investment Price and (y) the Fair Market Value of one Fractional Company Share on the date of the Participant's termination of employment.

(c) *Matching Equity Units*. Matching Equity Units shall be subject to forfeiture or redemption on the terms and conditions set forth in the LLC Agreement.

(d) *Equity Units*. Equity Units may or shall be redeemed on the terms and conditions set forth in Section 7.3 and the LLC Agreement.

(e) *Dividend Equivalents*. All rights to receive Dividend Equivalents with respect to a Deferred Equity Unit shall terminate upon the earlier of the Redemption Date for such Deferred Equity Unit or termination of employment.

(f) *Determinations*. For purposes of the Plan, any determinations with respect to a Participant's termination of employment (including the date thereof) shall be made by the Committee (or the Company).

7.6 Rounding for Fractional Shares. Payments in shares of the Company's Common Stock pursuant to this Article VII shall be rounded down to the nearest Fractional Company Share, and the Company shall pay the remainder in cash.

7.7 Cash Funding for Redemptions of Equity Units. It is anticipated that cash redemptions of Equity Units pursuant to the Plan and LLC Agreement will be made either by (i) Management Holdings, LLC, using cash contributed to Management Holdings, LLC or (ii) Management Holdings, LLC distributing the Fractional Company Shares underlying such Equity Units to the holder of such Equity Units and, immediately following such distribution, the Company redeeming such Fractional Company Shares from such employee holder in cash for their then current Fair Market Value; provided that if such a redemption of Fractional Company Shares by the Company (or the payment of a dividend by a subsidiary of the Company to fund such a redemption) would result in a violation of the terms or provisions of, or a default or an event of default under, any guaranty, financing or security agreement or document entered into by the Company or any of its subsidiaries from time to time or the Company's certificate of incorporation or if the Company has no funds legally available to make such redemption in compliance with Delaware law, then the Company shall not be obligated to redeem such Fractional Company Shares and instead Management Holdings, LLC shall redeem the applicable Equity Units for cash.

7.8 Restrictions Applicable to Equity Units. All Equity Units delivered to a Participant pursuant to this Article VII shall be governed by the terms and conditions of the LLC Agreement, and, as a condition to any such delivery, the Participant recipient shall execute a counterpart to the LLC Agreement, in a form acceptable to the Company, by which the Participant shall agree to become a member of the LLC and be bound by the terms and conditions of the LLC Agreement.

ARTICLE VIII
CHANGE OF CONTROL

8.1 Effect of a Change in Control. In connection with a Change in Control:

(a) *Annual FCF Bonuses*. If a Change in Control occurs prior to the date on which Deferred Equity Units are allocated to Deferral Accounts for a Plan Year, each Participant's Deferral Account, immediately prior to such Change in Control, shall be granted and credited with a number of Deferred Equity Units equal to the number obtained by multiplying (i) the Deferred Percentage by (ii) the quotient obtained by dividing (x) such Participant's Pro Rata Annual FCF Bonus for such Plan Year by (y) the Base Investment Price, and rounded down to the nearest cent;

(b) *Deferred Equity Units*. Each outstanding Deferred Equity Unit shall, in the Committee's discretion, either be (x) cancelled and settled, without payment by any Participant, for one Fractional Company Share immediately prior to the Change in Control or (y) within 30 days following a Change in Control, cancelled in exchange for a payment of the price per Fractional Company Share (calculated as a product of one share of the Company's Common Stock) received in connection with the transaction(s) resulting in the Change in Control;

(c) *Matching Equity Units*. Each outstanding Matching Equity Unit shall be treated in accordance with the LLC Agreement; and

(d) *Equity Units*. Each outstanding Equity Unit shall be treated in accordance with the LLC Agreement.

ARTICLE IX
ADMINISTRATION

9.1 Committee. The Plan shall be administered by the Committee, which shall have the exclusive right and full discretion (i) to appoint agents to act on its behalf, (ii) to interpret the Plan, (iii) to decide any and all matters arising under the Plan (including the right to remedy possible ambiguities, inconsistencies or admissions), (iv) to make, amend and rescind such rules as it deems necessary for the proper administration of the Plan and (v) to make all other determinations and resolve all questions of fact necessary or advisable for the administration of the Plan, including determinations regarding eligibility to participate in the Plan. All good faith interpretations of the Committee with respect to any matter under the Plan shall be final, conclusive and binding on all persons affected thereby. No member of the Committee or agent thereof shall be liable for any determination, decision or action made in good faith with respect to the Plan. The Company will indemnify and hold harmless the members of the Committee and its agents from and against any and all liabilities, costs and expenses incurred by such persons as a result of any act or omission in connection with the performance of such persons' duties, responsibilities and obligations under the Plan, other than such liabilities, costs and expenses as may result from the bad faith, willful misconduct or criminal acts of such persons.

9.2 409A Compliance. The Plan is intended to be administered in a manner consistent with the requirements, where applicable, of Section 409A of the Code and the Plan shall be administered, interpreted and construed consistent with that intent and where reasonably possible and practicable, the Plan shall be administered and interpreted in a manner to avoid the imposition on a Participant of immediate tax recognition and additional taxes pursuant to Section 409A of the Code. A Participant's right to receive any installment payment under the Plan shall, for purposes of Section 409A of the Code, be treated as a right to receive a series of separate and distinct payments. In addition, with respect to any payments or deemed payments under the Plan subject to Section 409A of the Code, references to a Participant's "termination of employment" (and corollary terms) with the Company and its Affiliates means the Participant's "separation from service" (as defined in Section 409A of the Code) with the Company and its Affiliates. Notwithstanding anything to the contrary contained in the Plan, any payment made under the Plan at a time permitted by Section 409A of the Code shall be deemed timely paid for all purposes of the Plan. Notwithstanding anything to the contrary contained in the Plan, the Committee may amend the Plan to the extent it deems necessary or appropriate to comply with Section 409A of the Code. Notwithstanding anything to the contrary contained in the Plan or any other agreement to which the Company or any of its Affiliates is bound or is a party, none of the Company, any of its Affiliates, the Committee or any of their respective officers, directors, employees or agents shall have any liability whatsoever to any Participant or any other person in the event Section 409A of the Code applies to any payments under the Plan in a manner that results in adverse tax consequences for a Participant or his or her heirs.

9.3 Delay for "Specified Employees". In the event that any payment under the Plan is required to be delayed pursuant to Section 409A of the Code because a Participant is deemed to be a "specified employee" within the meaning of Section 409A(a)(2)(B)(1) of the Code and the related regulations, such payment shall be made, or the first installment of such payment shall be made, within 90 days of the first business day following the six-month anniversary of the Participant's "separation from service."

9.4 Freedom of Action. Nothing in the Plan shall be construed as limiting or preventing the Committee, the Company or any of its Affiliates from taking any action that in good faith it deems appropriate or in its best interest (as determined in its sole and absolute discretion) and no Participant (or person claiming by or through a Participant) shall have any right relating to the diminishment in the value of any Fractional

Company Shares, Deferred Equity Units, Matching Equity Units, Equity Units, Dividend Equivalents or any associated return as a result of any such action. The foregoing shall not constitute a waiver by a Participant of the terms and provisions of the Plan. Unless the context otherwise requires, any determination under the Plan by the Committee or the Company shall be in their sole and absolute discretion.

ARTICLE X
MISCELLANEOUS

10.1 Amendment or Termination of Plan. The Company may, at any time, direct the Committee to amend or terminate the Plan, except that no such amendment or termination may adversely affect a Participant's Deferred Equity Units, Matching Equity Units or Dividend Equivalents. If the Company terminates the Plan, no further amounts shall be paid or deferred under the Plan, and outstanding Deferred Equity Amounts and Dividend Equivalents shall be treated in accordance with the provisions of the Plan as in effect prior to the Plan's termination.

10.2 Unsecured General Creditor. Any payment due under the Plan shall be paid from the general funds of the Company, and each Participant and his or her heirs shall be no more than unsecured general creditors of the Company with no special or prior right to any assets of the Company for payment of any obligations under the Plan. It is the intention of the Company that the Plan be unfunded for purposes of ERISA and the Code.

10.3 Requirements of Law. The issuance of Fractional Company Shares and Equity Units pursuant to the Plan shall be subject to all applicable laws, rules and regulations and to such approvals by any governmental agencies or national securities exchanges as may be required.

10.4 Restriction Against Assignment. Deferred Equity Units, Dividend Equivalents and the other rights and entitlements under the Plan are not assignable or transferable, in whole or in part, and may not, directly or indirectly, be offered, transferred, sold, pledged, assigned, alienated, hypothecated or otherwise disposed of or encumbered (including without limitation by gift, operation of law or otherwise) other than by will or by the laws of descent and distribution upon a Participant's death.

10.5 Withholding. Whenever Annual FCF Bonuses, Settlement Payments, Dividend Equivalents or any other payments or deemed payments under the Plan are to be paid or delivered to a Participant, the Company and its Affiliates shall have the power to withhold, or require the Participant to remit to the Company or any of its Affiliates, an amount sufficient to satisfy the statutory minimum federal, state and local withholding tax requirements relating to such payments, and the Company may defer the payment and delivery of any such Annual FCF Bonuses, Settlement Payments, Dividend Equivalents or any other payments or deemed payments under the Plan until the date such tax withholding requirements are satisfied or, if earlier, the last day of the calendar year in which such payments or deemed payment would otherwise have been made to the Participant; provided that if a Participant has not remitted or the Company has not withheld the amounts necessary to satisfy the withholding tax requirements prior to the last day of such calendar year then the Participant shall forfeit the payments or deemed payments subject to such withholding tax requirements. The Committee may, in its discretion, permit a Participant to elect, subject to such conditions as the Committee shall impose, to satisfy his or her withholding obligation relating to a Settlement Payment with Fractional Company Shares.

10.6 Employment Not Guaranteed. Nothing contained in the Plan nor any action taken hereunder shall be construed as a contract of employment or as giving any Participant any right to continue the provision of services in any capacity whatsoever to the Company or any of its Affiliates.

10.7 Successors of the Company. The rights and obligations of the Company under the Plan shall inure to the benefit of, and shall be binding upon, the successors and assigns of the Company.

10.8 Notice. Any notice or filing required or permitted to be given to the Company or a Participant under the Plan shall be sufficient if in writing and hand-delivered or sent by registered or certified mail, in the case of the Company, to the principal office of the Company, directed to the attention of the Committee, and in the case of a Participant, to the last known address of the Participant indicated on the employment records of the Company. Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification. Notices to the Company may be permitted by electronic communication according to specifications established by the Committee.

10.9 No Conflict with LLC Agreement. Nothing contained in the Plan is intended to conflict with the terms and conditions of the LLC Agreement and to the extent any such conflict exists with respect to Matching Equity Units or Equity Units, expressly or by implication, the terms and conditions of the LLC Agreement shall control.

10.10 Severability of Provisions. If any provision of the Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof, and the Plan shall be construed and enforced as if such provision had not been included.

10.11 Headings, etc. Headings and subheadings in the Plan are inserted for convenience of reference only and are not to be considered in the construction of the provisions hereof. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine or neuter, as the identity of the person or persons may require. As the context may require, the singular may be read as the plural and the plural as the singular.

10.12 Governing Law. The Plan is intended to be an unfunded plan maintained primarily to provide deferred compensation benefits for a select group of "management or highly compensated employees" within the meaning of Sections 201, 301 and 401 of ERISA and therefore to be exempt from Parts 2, 3 and 4 of Title I of ERISA. In the event any provision of, or legal issue relating to, the Plan is not fully preempted by federal law, such issue or provision shall be governed by the laws of the State of New York.

Exhibit 10.8

WARNER MUSIC INC.
75 Rockefeller Plaza
New York, New York 10019

February 11, 2013
Effective January 1, 2013

Brian Roberts
c/o Warner Music Inc.
75 Rockefeller Plaza
New York, NY 10019

Dear Brian:

Please refer to the letter between Warner Music Inc. ("Company") and you dated December 21, 2012, effective as of January 1, 2013 (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 provide that your salary shall be $650,000 per year, effective January 1, 2013.

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 agreement to Company.

WARNER MUSIC INC.

By: /s/ Mark Ansorge

Accepted and Agreed:

/s/ Brian Roberts
Brian Roberts

Exhibit 31.1

CHIEF EXECUTIVE OFFICER CERTIFICATION

I, Stephen Cooper, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended December 31, 2012 of Warner Music Group Corp. (the "Registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Dated: February 14, 2013

/S/ STEPHEN COOPER

Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CHIEF FINANCIAL OFFICER CERTIFICATION

I, Brian Roberts, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended December 31, 2012 of Warner Music Group Corp. (the "Registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Dated: February 14, 2013

/S/ BRIAN ROBERTS

Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit 32.1

Certification of the Chief Executive Officer
Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Warner Music Group Corp. (the "Company") on Form 10-Q for the period ended December 31, 2012 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen Cooper, Chief Executive Officer of the Company certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 14, 2013

/S/ STEPHEN COOPER

Stephen Cooper
Chief Executive Officer

Exhibit 32.2

Certification of the Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Warner Music Group Corp. (the "Company") on Form 10-Q for the period ended December 31, 2012 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Brian Roberts, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 14, 2013

/S/ BRIAN ROBERTS

Brian Roberts
Chief Financial Officer