UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended September 30, 2016

OR

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

For the transition period from to

Commission File Number 001-32502

Warner Music Group Corp.

(Exact name of Registrant as specified in its charter)

Delaware	**13-4271875**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
1633 Broadway New York, NY	**10019**
(Address of principal executive offices)	**(Zip Code)**

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

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☒ No ☐

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 website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulations S-T (§232.405 of this chapter) during the preceding 12 months (or for shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if the disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendments to this Form 10-K. ☒

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 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 December 8, 2016 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.

INDEX

ITEM 1. BUSINESS

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K 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. These statements are based on current expectations, estimates, forecasts and projections about the industry in which we operate, management's beliefs and assumptions. Words such as "may," "will," "expect," "intend," "estimate," "anticipate," "believe," or "continue" or the negative thereof or variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions, which are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. We disclaim any duty to update or revise any forward-looking statements whether as a result of new information, future events or otherwise. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—'Safe Harbor' Statement Under Private Securities Litigation Reform Act of 1995."

Introduction

Warner Music Group Corp. (the "Company") was formed on November 21, 2003. We are 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.

Acquisition of Warner Music Group by Access Industries

Pursuant to the Agreement and Plan of Merger, dated as of May 6, 2011 (the "Merger Agreement"), by and among the Company, AI Entertainment Holdings LLC (formerly Airplanes Music LLC), a Delaware limited liability company ("Parent") and an affiliate of Access Industries, Inc. ("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"). In connection with the Merger, the Company delisted its common stock from the NYSE. The Company continues to voluntarily file with the SEC current and periodic reports that would be required to be filed with the SEC pursuant to Section 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") as provided for in certain covenants contained in the instruments covering its outstanding indebtedness. All of the Company's common stock is owned by affiliates of Access Industries, Inc.

PLG Acquisition

On July 1, 2013, the Company completed its acquisition (the "PLG Acquisition") of Parlophone Label Group ("PLG"). See "Company History" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" for a further discussion of the PLG Acquisition.

Our Company

We are one of the world's major music-based content companies. Our company is composed of two businesses: Recorded Music and Music Publishing. We believe we are the world's third-largest recorded music company and also the world's third-largest music publishing company. We are a global company, generating over half of our revenues in more than 50 countries outside of the United States. We generated revenues of $3.246 billion during the fiscal year ended September 30, 2016.

Our Recorded Music business produces revenue primarily through the marketing, sale and licensing of recorded music in various physical (such as CDs, Vinyl and DVDs) and digital (such as streaming and downloads) formats. We have one of the world's largest and most diverse recorded music catalogs. Our Recorded Music business also benefits from additional revenue streams associated with artists, including merchandising, fan clubs, sponsorships, concert promotions and artist management, among other areas. We often refer to these rights as "artist services and expanded-rights" and to the recording agreements which provide us with participations in such rights as "expanded-rights deals" or "360° deals." Prior to intersegment eliminations, our Recorded Music business generated revenues of $2.736 billion during the fiscal year ended September 30, 2016.

Our Music Publishing business owns and acquires rights to musical compositions, exploits and markets these compositions, and receives royalties or fees for their use. We publish music across a broad range of musical styles and hold rights in over one million copyrights from over 70,000 songwriters and composers. Prior to intersegment eliminations, our Music Publishing business generated revenues of $524 million during the fiscal year ended September 30, 2016.

Company History

Our history dates back to 1929, when Jack Warner, president of Warner Bros. Pictures, founded Music Publishers Holding Company ("MPHC") to acquire music copyrights as a means of providing inexpensive music for films. Encouraged by the success of MPHC, Warner Bros. extended its presence in the music industry with the founding of Warner Bros. Records in 1958 as a means of distributing movie soundtracks and further utilizing actors' contracts. For over 50 years, Warner Bros. Records has led the industry both creatively and financially with the discovery of many of the world's biggest recording artists. Warner Bros. Records acquired Frank Sinatra's Reprise Records in 1963. Our Atlantic Records label was launched in 1947 by Ahmet Ertegun and Herb Abramson as a small New York-based label focused on jazz and R&B and Elektra Records was founded in 1950 by Jac Holzman as a folk music label. Atlantic Records and Elektra Records were consolidated in 2004 to form the Atlantic Records Group. Since 1970, our international Recorded Music business has been responsible for the sale and marketing of our U.S. recording artists abroad as well as the discovery and development of international recording artists.

Chappell & Intersong Music Group, including Chappell & Co., a company whose history dates back to 1811, was acquired in 1987, expanding our Music Publishing business. We continue to diversify our presence through acquisitions and joint ventures with various labels, such as our acquisition of Ryko in 2006, our acquisition of a majority interest in Roadrunner Music Group B.V. ("Roadrunner") in 2007 (we also acquired the remaining interest in Roadrunner in 2010) and the acquisition of music publishing catalogs and businesses, such as the Non-Stop Music production music catalog in 2007 and Southside Independent Music Publishing in 2011.

On July 20, 2011, we completed the Merger with an affiliate of Access pursuant to which Access became the beneficial owner of 100% of our equity and our controlling shareholder.

On July 1, 2013, we completed the acquisition of PLG from Universal Music Group. PLG included a broad range of some of the world's best-known recordings and classic and contemporary artists spanning a wide array of musical genres. PLG was comprised of the historic Parlophone label and Chrysalis and Ensign labels in the U.K., as well as EMI Classics and Virgin Classics, and EMI's recorded music operations in Belgium, Czech Republic, Denmark, France, Norway, Poland, Portugal, Slovakia, Spain and Sweden. PLG's artists included Air, Alain Souchon, Camille, Coldplay, Daft Punk, Danger Mouse, David Bowie, David Guetta, Deep Purple, Duran Duran, Eliza Doolittle, Gorillaz, Iron Maiden, Jean-Louis Aubert, Jethro Tull, Julien Clerc, Kylie Minogue, M. Pokora, Magic System, Pablo Alborán, Pink Floyd, Roxette, Tina Turner and Tinie Tempah, as well as many developing and up-and-coming artists. PLG's EMI Classics and Virgin Classics brand names were not included with the PLG Acquisition. WMG has rebranded these businesses, respectively, as Warner Classics and Erato.

Warner Music Group is today home to a collection of record labels, including Asylum, Atlantic, Big Beat, Canvasback, Eastwest, Elektra, Erato, FFRR, Fueled by Ramen, Nonesuch, Parlophone, Reprise, Rhino, Roadrunner, Sire, Warner Bros., Warner Classics and Warner Music Nashville, as well as Warner/Chappell Music, one of the world's leading music publishers.

Our Business Strengths

We believe the following competitive strengths will enable us to grow our revenue and increase our margins and cash flow and to continue to generate recurring revenue through our diverse base of Recorded Music and Music Publishing assets:

Evergreen Catalog of Recorded Music and Music Publishing Content and Vibrant Roster of Recording Artists and Songwriters. We believe the depth and quality of our Recorded Music and Music Publishing catalogs stand out, with a collection of owned and controlled evergreen recordings and songs that generate steady cash flows. We believe these assets demonstrate our historical success in developing talent and will help to attract future talent in order to enable our continued success. We have been able to consistently attract, develop and retain successful recording artists and songwriters. Our talented artist and repertoire ("A&R") teams are focused on finding and nurturing future successful recording artists and songwriters, as evidenced by our roster of recording artists and songwriters and our recent successes in our Recorded Music and Music Publishing businesses. With the acquisition of PLG, we added a stable Recorded Music catalog with an attractive roster with strong new release potential. We believe our relative size, the strength and experience of our management team, our ability to respond to industry and consumer trends and challenges, our diverse array of genres, our large catalog of hit recordings and songs and our A&R skills will help us continue to generate steady cash flows.

Highly Diversified Revenue Base. Our revenue base is derived largely from recurring sources such as our Recorded Music and Music Publishing catalogs and new recordings and songs from our roster of recording artists and songwriters. In any given year, only a small percentage of our total revenue depends on recording artists and songwriters without an established track record and our revenue base does not depend on any single recording artist, songwriter, recording or song. We have built a large and diverse catalog of recordings and songs that covers a wide breadth of musical styles, including pop, rock, jazz, classical, country, R&B, hip-hop, rap, reggae, Latin, alternative, folk, blues, gospel and other Christian music. We are a significant player in each of our major geographic regions. In addition, our acquisition of PLG increased our capacity in local repertoire in Europe. Continuing to enter into additional expanded-rights deals will further diversify the revenue base of our Recorded Music business.

Flexible Cost Structure with Low Capital Expenditure Requirements. We have a highly variable cost structure, with substantial discretionary spending and minimal capital requirements beyond improving our IT infrastructure. We have contractual flexibility with regard to the timing and amounts of advances paid to recording artists and songwriters as well as discretion regarding future investment in new recording artists and songwriters, which allows us to respond to changing industry conditions. Our significant discretion with regard to the timing and expenditure of variable costs provides us with considerable flexibility in managing our expenses. In addition, our capital expenditure maintenance requirements are predictable. In order to improve operating efficiency, in 2013 we began a long-term capital expenditure plan to upgrade our IT systems. We expect to continue to make investments to upgrade our IT systems. In both fiscal years 2014 and 2015, we also incurred expenditures related to the relocation of our corporate headquarters and we expect to incur expenditures in fiscal year 2017 in connection with the consolidation of our West Coast operations. We also continue to focus on cost control by seeking sensible opportunities to convert fixed costs to variable costs, to enhance our effectiveness, flexibility, structure and performance by reducing and realigning long-term costs and continuing to implement changes to better align our workforce with the changing nature of the music industry by continuing to shift resources from our physical sales channels to efforts focused on digital distribution and emerging technologies and other new revenue streams.

Continued Transition to Higher-Margin Digital Platforms. We derive revenue from different digital business models and products, including digital streaming of both audio and video content and digital downloads of single tracks and albums. We have established ourselves as a leader in the music industry's transition to the digital era by expanding our distribution channels through strong partnerships and developing innovative products and services to further leverage our content and rights. For the fiscal year ended September 30, 2016, digital revenue represented approximately 46% of our total revenue versus 42% for the fiscal year ended September 30, 2015 and in fiscal year 2016 digital streaming was our largest source of Recorded Music revenue.

We have integrated the development of innovative digital products and strategies throughout our business and have established a culture of product innovation. Through our digital initiatives we have established strong relationships with our customers and have become a leader in the expanding worldwide digital music business. Due to the absence of certain costs associated with physical products, such as manufacturing, distribution, inventory and returns, we continue to experience higher margins on our digital product offerings than our physical product offerings.

Strong Management Team and Strategic Investor. Our management team has continued to successfully implement our business strategy, including delivering strong results in our digital business and continuing to diversify our revenue mix. At the same time, management has remained vigilant in managing costs and maintaining financial flexibility. During fiscal year 2013, our management team successfully completed the PLG Acquisition and related financing. During fiscal years 2012 to 2016, management completed several refinancings of our debt, lowering interest expenses. In addition, since our acquisition by Access Industries in July 2011, we have benefited from our partnership with Access, which has provided us with strategic direction and planning support to help us manage the ongoing transition in the recorded music industry.

Our Strategy

We expect to increase revenues and cash flow through the following business strategies:

Attract, Develop and Retain Established and Emerging Recording Artists and Songwriters. A critical element of our strategy is to produce a consistent flow of new music by finding, developing and retaining recording artists and songwriters who achieve long-term success. We expect to enhance the value of our assets by continuing to attract and develop new recording artists and songwriters with staying power and market potential. Our A&R teams seek to sign talented recording artists who will generate a meaningful level of revenues and increase the enduring value of our catalog on an ongoing basis. We also work to identify promising songwriters who write musical compositions that will augment the lasting value and stability of our music publishing catalog. We regularly evaluate our recording artist and songwriter rosters to ensure that we remain focused on developing the most promising and profitable talent and are committed to maintaining financial discipline in evaluating agreements with artists. We will also continue to evaluate opportunities to add to our catalog or acquire or make investments in companies engaged in businesses that are similar or complementary to ours on a selective basis.

Maximize the Value of Our Music Assets. Our relationships with recording artists and songwriters, along with our recorded music and music publishing catalogs are our most valuable assets. We intend to continue to exploit the value of these assets through a variety of distribution channels, formats and products to generate significant cash flow from our music-based content. We believe that the ability to monetize our music-based content will improve over time as we drive users and engagement across current and emerging distribution channels. We will seek to exploit the potential of previously under-monetized content in new channels, formats and product offerings. We will also continue to work with our partners to explore creative approaches and develop new deal structures and product offerings to take advantage of new distribution channels. We also intend to continue to expand our global footprint through strategic acquisitions, partnerships and organic growth in markets where we see opportunities to grow revenues.

Capitalize on Digital Distribution. The growth of digital formats will continue to produce new means for the distribution, exploitation and monetization of the assets of our Recorded Music and Music Publishing businesses. We believe that the continued development of legitimate online and mobile channels for the consumption of music-based content and increasing access to digital music services present significant promise and opportunity for the music industry. Legitimate digital music services offer ease of use, discovery, quality, portability and seamlessness relative to illegal alternatives. The latest annual survey conducted by MusicWatch in calendar year 2015 shows that legitimate digital music offerings have attracted large numbers of consumers. According to MusicWatch, a projected 42 million U.S. consumers age 13 and over bought digital music downloads in calendar year 2015, while a projected 156 million consumers age 13 and over streamed music online, through ad-supported services or paid subscriptions, over the same period.

We intend to continue to extend our global reach by executing deals with new partners and developing optimal business models that will enable us to monetize our content across various platforms, services and devices. In the twelve months ending on September 30, 2016, our Recorded Music digital revenue exceeded physical revenue. Research conducted by MusicWatch covering full calendar year 2015 activity shows that more than 40% of all U.S. Internet consumers age 13 and over used ad-supported Internet radio services like the free version of Pandora during 2015 and over half used online video services like YouTube to watch or listen to music videos; more than one in every five listened to music via ad-supported iterations of dedicated on-demand audio streaming services like Spotify, while usage of paid subscription versions of Internet radio and on-demand music streaming services approached the 10% mark during the period. In addition, with the number of total smartphones in use around the world expected to reach 4.7 billion by 2020 according to forecasts from PricewaterhouseCoopers, we expect that mobile will continue to represent significant opportunity for music-based content. Figures from comScore's July 2016 MobiLens Plus data release show that the uptake of music among users of such phones is significant: according to the data, more than half of existing smartphone users in the U.S. and 45% of their counterparts in the U.K., listened to music downloaded and stored or streamed on their handsets from services such as Apple Music and iTunes, Pandora, iHeartRadio, Deezer and Spotify, among other sources, during the month. We believe that the demand for music-related products, services and applications that are optimized for smartphones and tablets will continue to grow with the further development of these platforms.

Focus on Continued Management of Our Cost Structure. We plan to continue to maintain a disciplined approach to cost management in our business and to pursue additional cost savings with a focus on aligning our cost structure with our strategy and optimizing the implementation of our strategy. As part of this focus, we will continue to monitor industry conditions to ensure that our business remains aligned with industry trends. We also plan to continue to aggressively shift resources from our physical sales channels to efforts focused on digital distribution and other new revenue streams. As digital revenue makes up a greater portion of total revenue, we plan to manage our cost structure accordingly. In addition, we will continue to look for opportunities to convert fixed costs to variable costs through realigning or outsourcing certain functions or leveraging more effective IT systems where these initiatives provide additional cost savings. We are constantly monitoring our costs and seeking additional cost savings.

Contain Digital Piracy. Containing piracy is a major focus of the music industry and we, along with the rest of the industry, continue to take multiple measures through the development of new business models, technological innovation, litigation, education and the promotion of legislation and voluntary agreements to combat piracy, including filing civil lawsuits, participating in education programs, lobbying for tougher anti-piracy legislation and other initiatives to preserve the value of music copyrights. We expect that the effectiveness of technological measures to deter piracy will continue to improve including the ability to automate large-scale takedowns of infringing links, the identification of major brands advertising on rogue sites, sending notices via ISPs to repeat infringers and website/domain blocking and takedowns of infringing mobile applications. We believe these actions and technologies, in addition to the expansive growth of legitimate online and mobile music offerings, will help to limit the revenue lost to digital piracy. Research conducted by Ipsos, a recognized third-party market research firm, in conjunction with IFPI, shows that the net incidence of music piracy across 13 key countries in 2016 was contained year-over-year. However, a shift in the nature of such piracy was observed, with the incidence of downloading via file-sharing networks and cyberlockers decreasing from 25% to 19%, and the incidence of 'streamripping' increasing from 27% to 30%, across those countries over the same period.

Recorded Music (84%, 84% and 83% of consolidated revenues, before intersegment eliminations, for fiscal years ended September 30, 2016, 2015 and 2014)

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. We play an integral role in virtually all aspects of the recorded music value chain from discovering and developing talent to producing albums and marketing and promoting artists and their products.

In the United States, our Recorded Music operations are conducted principally through our major record labels—Warner Bros. Records and Atlantic Records. 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. We also conduct our Recorded Music operations through a collection of additional record labels including Asylum, Big Beat, Canvasback, Eastwest, Elektra, Erato, FFRR, Fueled by Ramen, Nonesuch, Parlophone, Reprise, Roadrunner, Sire, Warner Classics and Warner Music Nashville.

Outside the United States, our Recorded Music activities are conducted in more than 50 countries through various subsidiaries, affiliates and non-affiliated licensees. Internationally, we engage in the same activities as in the United States: discovering and signing artists and distributing, 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 the right to distribute our records to non-affiliated third-party record labels. Our international artist services operations include a network of concert promoters through which we provide resources to coordinate tours for our artists and other artists as well as management companies that guide artists with respect to their careers.

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

In addition to our Recorded Music products being sold in physical retail outlets, 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 digital download services such as Apple's iTunes and Google Play, and are offered by digital streaming services such as Apple Music, Deezer, Napster, Spotify and YouTube, including digital radio services such as iHeart Radio, Pandora and Sirius XM.

We have integrated the exploitation of digital content into all aspects of our business, including artist and repertoire ("A&R"), marketing, promotion and distribution. Our business development executives work closely with A&R departments to ensure that while a record is being produced, digital assets are also created with all distribution channels in mind, including streaming services, social networking sites, online portals and music-centered destinations. We also work side-by-side with our online and mobile partners to test new concepts. We believe existing and new digital businesses will be a significant source of growth and will provide new opportunities to successfully monetize our assets and create new revenue streams. The proportion of digital revenues attributed to each distribution channel varies by region and proportions may change as the roll out of new technologies continues. As an owner of music 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 have diversified our revenues beyond our traditional businesses by entering into expanded-rights deals with recording artists in order to partner with artists in other aspects of their careers. Under these agreements, we provide services to and participate in artists' activities outside the traditional recorded music business such as touring, merchandising and sponsorships. We have built artist services capabilities and platforms for exploiting this broader set of music-related rights and participating more widely in the monetization of the artist brands we help create.

We believe that entering into expanded-rights deals and enhancing our artist services capabilities in areas such as concert promotion and management has permitted us to diversify revenue streams and capitalize on other revenue opportunities. This provides for improved long-term relationships with artists and allows us to more effectively connect artists and fans.

A&R

We have a decades-long history of identifying and contracting with recording artists who become commercially successful. Our ability to select artists who are likely to be successful is a key element of our Recorded Music business strategy and spans all music genres and all major geographies and includes artists who achieve national, regional and international success. We believe that this success is directly attributable to our experienced global team of A&R executives, to the longstanding reputation and relationships that we have developed in the artistic community and to our effective management of this vital business function.

In the U.S., our major record labels identify potentially successful recording artists, sign them to recording agreements, collaborate with them to develop recordings of their work and market and sell these finished recordings to retail stores and legitimate digital channels. Increasingly, we are also expanding our participation in image and brand rights associated with artists, including merchandising, sponsorships, touring and artist management. Our labels scout and sign talent across all major music genres, including pop, rock, jazz, classical, country, R&B, hip-hop, rap, reggae, Latin, alternative, folk, blues, gospel and other Christian music. Internationally, we market and sell U.S. and local repertoire through our network of affiliates and licensees in more than 50 countries. With a roster of local artists performing in various local languages throughout the world, we have an ongoing commitment to developing local talent aimed at achieving national, regional or international success.

Many of our recording artists continue to appeal to audiences long after we cease to release their new recordings. We have an efficient process for sustaining sales across our catalog releases. Relative to our new releases, we spend comparatively small amounts on marketing for our catalog.

We maximize the value of our catalog of recorded music through our Rhino business unit and through activities of each of our record labels. We use our catalog as a source of material for re-releases, compilations, box sets and special package releases, which provide consumers with incremental exposure to familiar songs and artists.

Representative Worldwide Recorded Music Artists

3Oh!3	Death Cab for Cutie	Katherine Jenkins	Never Shout Never	Skrillex
A-ha	Deftones	Jane's Addiction	Nickelback	Slipknot
Air	Jason Derulo	Jethro Tull	Stevie Nicks	The Smiths
Airbourne	Disturbed	Johnny Hallyday	Nico and Vinz	Spandau Ballet
Andra Day	Donkeyboy	Julien Clerc	Notorious B.I.G.	Regina Spektor
Jean-Louis Aubert	The Doors	k.d. lang	Paolo Nutini	Staind
Avenged Sevenfold	Dream Theater	Kid Rock	Opeth	Rod Stewart
B.o.B	Duran Duran	Killswitch Engage	Pablo Alborán	The Streets
Frankie Ballard	Eagles	Kobukuro	Panic! At the Disco	Alain Souchon
The Baseballs	Brett Eldrege	Korn	Pantera	Stone Sour
Jeff Beck	Eliza Doolittle	Kraftwerk	Paramore	Stone Temple Pilots
Bee Gees	Missy Elliott	Jana Kramer	Laura Pausini	Superfly
Biffy Clyro	The Enemy	Larry the Cable Guy	Pendulum	Cole Swindell
Big Smo	Enya	Hugh Laurie	Christina Perri	Mariya Takeuchi
Billy Talent	Estelle	Led Zeppelin	Peter Fox	Serj Tankian
Birdy	Jimmy Fallon	Ligabue	Tom Petty	Tegan and Sara
The Black Keys	Flaming Lips	Lily Allen	Pink Floyd	Tina Turner
Black Sabbath	Fleetwood Mac	Linkin Park	Plan B	Tinie Tempah
Blur	Flo Rida	Lupé Fiasco	Plies	Theory of a Deadman
Miguel Bosé	Aretha Franklin	Lynyrd Skynyrd	Primal Scream	Rob Thomas
Michelle Branch	Foreigner	M. Pokora	Prince	T.I.
Bruno Mars	fun.	Machine Head	Charlie Puth	Trans-Siberian Orchestra
Michael Bublé	Kevin Gates	Christophe Maé	The Ramones	Trey Songz
Camille	Genesis	Magic System	Randy Travis	Ty Dolla $ign
The Cars	Gloriana	Maná	Red Hot Chili Peppers	Jolin Tsai
Cee Lo Green	Lukas Graham	Melanie Martinez	Bebe Rexha	Twenty One Pilots
Tracy Chapman	Gojira	Mastodon	Damien Rice	Twisted Sister
Ray Charles	Goo Goo Dolls	matchbox twenty	Kenny Rogers	Uncle Kracker
Charlie XCX	Josh Groban	MC Solaar	Roxette	Van Halen
Cher	Grateful Dead	Megadeath	Rudimental	Paul Wall
Chicago	Green Day	Bette Midler	Rumer	Westernhagen
Eric Clapton	Gorillaz	Luis Miguel	Rush	Wilco
Kelly Clarkson	Gucci Mane	Kylie Minogue	Todd Rundgren	Wiz Khalifa
Coldplay	David Guetta	Janelle Monáe	Alejandro Sanz	The Wombats
Phil Collins	Gym Class Heroes	The Monkees	Seal	Yes
Alice Cooper	Halestorm	Ashley Monroe	Sean Paul	Neil Young
The Corrs	Hard-Fi	Jason Mraz	Seeed	Young the Giant
Crosby, Stills & Nash	Emmylou Harris	Murderdolls	Ed Sheeran	Young Thug
Sheryl Crow	Hunter Hayes	Muse	Blake Shelton	Youssou N'Dour
Daft Punk	Faith Hill	Musiq Soulchild	Shinedown	ZZ Top
Dan + Shay	Iron Maiden	My Chemical Romance	Sigur Rós	
Danger Mouse	Jaheim	Nek	Simple Plan	
David Bowie	James Blunt	New Order	Skillet	

Recording Artists' Contracts

Our artists' contracts define the commercial relationship between our recording artists and our record labels. We negotiate recording agreements with artists that define our rights to use the artists' copyrighted recordings. In accordance with the terms of the contract, the artists receive royalties based on sales and other forms of exploitation of the artists' recorded works. We customarily provide up-front payments to artists called advances, which are recoupable by us from future royalties otherwise payable to artists. We also typically pay costs associated with the recording and production of albums, which in certain countries are treated as advances recoupable by us from future royalties. Our typical contract for a new artist covers a single initial album and provides us with a series of options to acquire subsequent albums from the artist. Royalty rates and advances are often increased for subsequent albums for which we have exercised our options. Many of our contracts contain a commitment from the record label to fund video production costs, at least a portion of which in certain countries is treated as advances recoupable by us from future royalties.

Our established artists' contracts generally provide for greater advances and higher royalty rates. Typically, established artists' contracts entitle us to fewer albums, and, of those, fewer are optional albums. In contrast to new artists' contracts, which typically give us ownership in the artist's work for the full term of copyright, some established artists' contracts provide us with an exclusive license for some fixed period of time. It is not unusual for us to renegotiate contract terms with a successful artist during the term of their existing agreement, sometimes in return for an increase in the number of albums that the artist is required to deliver.

While the duration of the contract may vary, our contracts typically grant us ownership for the duration of copyright. See "Intellectual Property-Copyrights." U.S. copyright law permits authors or their estates to terminate an assignment or license of copyright (for the U.S. only) after a set period of time in certain circumstances. See "Risk Factors—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."

We are also continuing to transition to other forms of business models with recording artists to adapt to changing industry conditions. The vast majority of the recording agreements we currently enter into are expanded-rights deals, in which we share in the touring, merchandising, sponsorship/endorsement, fan club or other non-traditional music revenues associated with those artists.

Marketing and Promotion

Our approach to marketing and promoting our artists and their recordings is comprehensive. Our goal is to maximize the likelihood of success for new releases as well as to stimulate the success of catalog releases. We seek to maximize the value of each release, and to help our artists develop an image that maximizes appeal to consumers.

We work to raise the profile of our artists, through an integrated marketing approach that covers all aspects of their interactions with music consumers. These activities include helping the artist develop creatively in each album release, setting strategic release dates and choosing radio singles, creating concepts for videos that are complementary to the artists' work and coordinating the promotion of albums to radio and television outlets. We also continue to experiment with ways to promote our artists through digital channels with initiatives such as windowing of content and creating product bundles by combining our existing album assets with other assets, such as bonus tracks and music videos. Digital distribution channels create greater marketing flexibility that can be more cost effective. For example, direct marketing is possible through access to consumers via websites and pre-release activity can be customized. When possible, we seek to add an additional personal component to our promotional efforts by facilitating television and radio coverage or live appearances for our key artists. Our corporate, label and artist websites provide additional marketing venues for our artists.

Before and after the release of an album, we coordinate and execute a marketing plan that addresses specific digital and physical retail strategies to promote the album. Aspects of these promotions include in-store appearances, advertising, displays and placement in album listening stations. These activities are overseen by our label marketing staffs to ensure that maximum visibility is achieved for the artist and the release.

Our approach to the marketing and promotion of recorded music is carefully coordinated to create the greatest sales momentum, while maintaining financial discipline. We have significant experience in our marketing and promotion departments, which we believe allows us to achieve an optimal balance between our marketing expenditure and the eventual sales of our artists' recordings. We use a budget-based approach to plan marketing and promotions, and we monitor all expenditures related to each release to ensure compliance with the agreed-upon budget. These planning processes are regularly evaluated based on updated artist retail sales reports and radio airplay data, so that a promotion plan can be quickly adjusted if necessary.

While marketing efforts extend to our catalog, most of the expenditure is directed toward new releases. Rhino specializes in marketing our catalog through compilations and reissues of previously released music and video titles, licensing tracks to third parties for various uses and coordinating film and television soundtrack opportunities with third-party film and television producers and studios.

Manufacturing, Packaging and Physical Distribution

Technicolor SA, a technology provider for the media and entertainment sectors, which acquired in 2015 the North American optical disc manufacturing and distribution assets from Cinram Group Inc. (collectively, with its affiliates and subsidiaries, "Cinram"), is currently our primary supplier of manufacturing, packaging and physical distribution services in the U.S. and Canada. We also have arrangements with other suppliers and distributors, in addition to Technicolor, as part of our manufacturing, packaging and physical distribution network throughout the rest of the world. We believe that the pricing terms of our manufacturing, packaging and physical distribution agreements reflect market rates.

Sales and Digital Distribution

We generate sales from the new releases of current artists and our catalog of recordings. In addition, we actively repackage music from our catalog to form new compilations. Our sales are generated in CD format, as well as through historical formats, such as vinyl albums, and digital formats including streaming and downloads.

Most of our physical sales represent purchases by a wholesale or retail distributor. Our sale and return policies are in accordance with wholesale and retailer requirements, applicable laws and regulations, territory- and customer-specific negotiations, and industry practice. We attempt to minimize the return of unsold product by working with retailers to manage inventory and SKU counts as well as monitoring shipments and sell-through data.

We sell our physical recorded music products through a variety of different retail and wholesale outlets including music specialty stores, general entertainment specialty stores, supermarkets, mass merchants and discounters, independent retailers and other traditional retailers. Although some of our retailers are specialized, many of our customers offer a substantial range of products other than music. The digital sales channel—both online and mobile—has become an increasingly important sales channel. Online sales include sales of traditional physical formats through both the online distribution arms of traditional retailers such as fye.com and walmart.com and traditional online physical retailers such as amazon.com, bestbuy.com and barnesandnoble.com. In addition, there has been a proliferation of legitimate online service providers, which sell digital music on a per-album or per-track basis or offer subscription and streaming services. Various mobile service providers also offer their subscribers the ability to stream or download music on mobile devices. We currently partner with a broad range of online service providers and mobile service providers, such as Amazon, Apple, Deezer, KKBox, Napster, Spotify, Telefonica, TIM, YouTube and Google, and are actively seeking to develop and grow our digital business. In digital formats, per-unit costs related directly to physical products such as manufacturing, distribution, inventory and return costs do not apply. While there are some digital-specific variable costs and infrastructure investments needed to produce, market and sell digital products, it is reasonable to expect that we will generally derive a higher contribution margin from digital sales than physical sales.

Our agreements with online and mobile service providers generally last one to three years. We believe that the short-term nature of our agreements enables us to maintain the flexibility that we need given the continuing changes to digital business models.

We enter into agreements with these service providers to make our masters available for access in digital formats (e.g., streaming, digital downloads, etc.). We then provide digital assets for our masters to these service providers in an accessible form. Our agreements with these service providers establish our fees for the distribution of our product, which vary based on the type of product being distributed. We typically receive accounting reports from these service providers on a monthly basis, detailing the distribution activity, with payments rendered on a monthly basis.

Our business has historically been seasonal. In the recorded music business, purchases have historically been heavily weighted towards the last three months of the calendar year. However, since the emergence of digital sales, we have noted our business is becoming less seasonal in nature and driven more by the timing of our releases. As digital revenue increases as a percentage of our total revenue, this may continue to affect the overall seasonality of our business. However, seasonality with respect to the sale of music in new formats, such as digital, is still developing.

Music Publishing (16%, 16% and 17% of consolidated revenues, before intersegment eliminations, for fiscal years ended September 30, 2016, 2015 and 2014)

While 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 are conducted principally through 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 70,000 songwriters and composers and a diverse range of genres including pop, rock, jazz, classical, country, R&B, hip-hop, rap, reggae, Latin, folk, blues, symphonic, soul, Broadway, techno, alternative, gospel and other Christian music. 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. We have an extensive production music library collectively branded as Warner/Chappell Production Music.

Music Publishing Portfolio

Representative Songwriters

Steve Aoki
Beyoncé
Belly
Michelle Branch
Brody Brown
Bruno Mars
Michael Bublé
Captain Cuts
Harry Chapin
Eric Clapton
Dido
Sean Douglas
Dream
Dr. Dre
Echosmith
fun.
Nicole Galyon
Kenneth Gamble and Leon Huff
George and Ira Gershwin
Barry Gibb
Brantley Gilbert
Ashley Gorley
Green Day
Halestorm
Jerome Harmon
Ben Hayslip
Brett James
Jay Z
Ian Kirkpatrick
Kool & the Gang
Lady Antebellum
Kendrick Lamar
Led Zeppelin
Lil Wayne
Little Big Town
Tove Lo
Madonna
Maná
Johnny Mercer
George Michael
Julia Michaels
Nick Monson
Van Morrison
Muse
Kacey Musgraves
Dave Mustaine
Tim Nichols
Nickelback
Paramore
Katy Perry
Plain White T's
Cole Porter
The Ramones
Pricilla Renea
Damien Rice
Rihanna
Liz Rose
Mort Shuman
Stephen Sondheim
Staind
A Thousand Horses
Justin Trantor
Twenty One Pilots
Van Halen
Kurt Weill
Barry White
Mike Will
John Williams
Lucinda Williams
Pharrell Williams
Wiz Kalifa
Wolf Cousins
Rob Zombie

Representative Songs

1950s and Prior	1960s	1970s
As Time Goes By	Build Me Up Buttercup	A Horse With No Name
Dream A Little Dream Of Me	Everyday People	Ain't No Stopping Us Now
Frosty The Snowman	For What It's Worth	Hot Stuff
Jingle Bell Rock	I Only Want To Be With You	Killing Me Softly
Misty	Save The Last Dance For Me	Layla
Night And Day	This Magic Moment	Listen To The Music
Summertime	Viva Las Vegas	Moondance
That's All Right	Walk On By	Stairway To Heaven
When I Fall In Love	When A Man Loves A Woman	Star Wars Theme
Winter Wonderland	Whole Lotta Love	Staying Alive

1980s	1990s	2000s	2010 and after
Celebration	Believe	American Idiot	Drunk In Love
Endless Love	Closing Time	Crazy	Firework
Eye Of The Tiger	Creep	Crazy In Love	Glad You Came
Flashdance	End Of The Road	Gotta Be Somebody	Grenade
Indiana Jones Theme	Gonna Make You Sweat	Hey There Delilah	Just The Way You Are
Jump	Livin' La Vida Loca	Home	Let It Go
Like A Prayer	Macarena	I Kissed A Girl	See You Again
Morning Train	MMMBop	Rockstar	Somebody That I Used To Know
Slow Hand	Sunny Came Home	Umbrella	Uptown Funk
The Wind Beneath My Wings	This Kiss	White Flag	We Are Young

Music Publishing Royalties

Warner/Chappell, as a copyright owner and/or administrator of copyrighted musical compositions, is entitled to receive royalties for the exploitation of musical compositions. We continually add new musical compositions to our catalog, and seek to acquire rights in songs that will generate substantial revenue over long periods of time.

Music publishers generally receive royalties pursuant to mechanical, public performance, synchronization and other licenses. In the U.S., music publishers collect and administer mechanical royalties, and statutory rates are established by the U.S. Copyright Act of 1976, as amended, for the royalty rates applicable to musical compositions for sales of recordings embodying those musical compositions. In the U.S., public performance royalties are typically administered and collected by performing rights organizations and in most countries outside the U.S., collection, administration and allocation of both mechanical and performance income are undertaken and regulated by governmental or quasi-governmental authorities. Throughout the world, each synchronization license is generally subject to negotiation with a prospective licensee and, by contract, music publishers pay a contractually required percentage of synchronization income to the songwriters or their heirs and to any co-publishers.

Warner/Chappell acquires copyrights or portions of copyrights and/or administration rights from songwriters or other third-party holders of rights in compositions. Typically, in either case, the grantor of rights retains a right to receive a percentage of revenues collected by Warner/Chappell. As an owner and/or administrator of compositions, we promote the use of those compositions by others. For example, we encourage recording artists to record and include our songs on their albums, offer opportunities to include our compositions in filmed entertainment, advertisements and digital media and advocate for the use of our compositions in live stage productions. Examples of music uses that generate publishing revenues include:

Performance: performance of the song to the general public

- Broadcast of music on television, radio and cable
- Live performance at a concert or other venue (e.g., arena concerts, nightclubs)
- Broadcast of music at sporting events, restaurants or bars
- Performance of music in staged theatrical productions

Digital: sale of recorded music in various digital formats

- Digital recordings such as digital downloads, streaming services and digital performance

Mechanical: sale of recorded music in various physical formats

- Physical recordings such as CDs, Vinyl and DVDs

Synchronization: use of the song in combination with visual images

- Films or television programs
- Television commercials
- Video games
- Merchandising, toys or novelty items

Other:

- Licensing of copyrights for use in printed sheet music

Composers' and Lyricists' Contracts

Warner/Chappell derives its rights through contracts with composers and lyricists (songwriters) or their heirs, and with third-party music publishers. In some instances, those contracts grant either 100% or some lesser percentage of copyright ownership in musical compositions and/or administration rights. In other instances, those contracts only convey to Warner/Chappell rights to administer musical compositions for a period of time without conveying a copyright ownership interest. Our contracts grant us exclusive exploitation rights in the territories concerned excepting any pre-existing arrangements. Many of our contracts grant us rights on a worldwide basis. Warner/Chappell customarily possesses administration rights for every musical composition created by the writer or composer during the duration of the contract.

While the duration of the contract may vary, many of our contracts grant us ownership and/or administration rights for the duration of copyright. See "Intellectual Property-Copyrights." U.S. copyright law permits authors or their estates to terminate an assignment or license of copyright (for the U.S. only) after a set period of time. See "Risk Factors—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."

Competition

In both Recorded Music and Music Publishing we compete based on price (to retailers in recorded music and to various end users in music publishing), on marketing and promotion (including both how we allocate our marketing and promotion resources as well as how much we spend on a dollar basis) and on artist signings. We believe we currently compete favorably in these areas.

Our Recorded Music business is also dependent on technological development, including access to, selection and viability of new technologies, and is subject to potential pressure from competitors as a result of their technological developments. In recent years, due to the growth in piracy, we have been forced to compete with illegal channels such as unauthorized, online, peer-to-peer filesharing and CD-R activity. See "Industry Overview—Recorded Music—Piracy." Additionally, we compete, to a lesser extent, for disposable consumer income with alternative forms of entertainment, content and leisure activities, such as cable and satellite television, pre-recorded films on DVD, the Internet, computers, mobile applications and video games.

The recorded music industry is highly competitive based on consumer preferences, and is rapidly changing. At its core, the recorded music business relies on the exploitation of artistic talent. As such, competitive strength is predicated upon the ability to continually develop and market new artists whose work gains commercial acceptance. According to Music and Copyright, in 2015, the three largest major record companies were Universal Music, Sony Music and us, which collectively accounted for 73% of worldwide recorded music sales. There are many mid-sized and smaller players in the industry that accounted for the remaining 27%, including independent music companies. Universal Music was the market leader with a 34% worldwide market share in 2015 after absorbing the bulk of the recorded music assets of the former EMI in late 2012, followed by Sony Music with a 23% share. We held a 17% share of worldwide recorded music sales globally in 2015.

The music publishing business is also highly competitive. The top three music publishers collectively accounted for 64% of the market. Based on Music & Copyright's most recent estimates published in April 2016, Sony/ATV was the market leader in music publishing in 2015 with a 28% share (reflecting its administration of the EMI music publishing assets). Universal Music Publishing, having acquired BMG Music Publishing Group in 2007, was the second largest music publisher with a 23% share, followed by us (Warner/Chappell) at 13%. There are many mid-sized and smaller players in the industry that represent the balance of the market, including many individual songwriters who publish their own works.

Intellectual Property

Copyrights

Our business, like that of other companies involved in music publishing and recorded music, rests on our ability to maintain rights in musical works and recordings through copyright protection. In the U.S., copyright protection for works created as "works made for hire" (*e.g.*, works of employees or certain specially commissioned works) on or after January 1, 1978 generally lasts for 95 years from first publication or 120 years from creation, whichever expires first. The period of copyright protection for works created on or after January 1, 1978 that are not "works made for hire" lasts for the life of the author plus 70 years. Works created and published or registered in the U.S. prior to January 1, 1978 generally enjoy a total copyright life of 95 years, subject to compliance with certain statutory provisions including notice and renewal. In the U.S., sound recordings created prior to February 15, 1972 are not subject to federal copyright protection but are protected by common law rights or state statutes, where applicable. The term of copyright in the European Union ("E.U.") for musical compositions in all member states lasts for the life of the author plus 70 years. In the E.U., the term of copyright for sound recordings lasts for 70 years from the date of release in respect of sound recordings that were still in copyright on November 1, 2013 and for 50 years from date of release in respect of sound recordings the copyright in which had expired by that date. The E.U. also recently harmonized the copyright term for joint musical works. In the case of a musical composition with words that is protected by copyright on or after November 1, 2013, E.U. member states are required to calculate the life of the author plus 70 years term from the date of death of the last surviving author of the lyrics and the composer of the musical composition, provided that both contributions were specifically created for the respective song.

We are largely dependent on legislation in each territory in which we operate to protect our rights against unauthorized reproduction, distribution, public performance or rental. In all territories where we operate, our products receive some degree of copyright protection, although the extent of effective protection varies widely. In a number of developing countries, the protection of copyright remains inadequate.

Technological changes have focused attention on the need for new legislation that will adequately protect the rights of producers. We actively lobby in favor of industry efforts to increase copyright protection and support the efforts of organizations such as the Recording Industry Association of America ("RIAA"), International Federation of the Phonographic Industry ("IFPI") and the World Intellectual Property Organization ("WIPO").

Trademarks

We consider our trademarks to be valuable assets to our business. As such, we endeavor to register our major trademarks in every country where we believe the protection of these trademarks is important for our business. Our major trademarks include Asylum, Atlantic, Elektra, Sire, Reprise, Parlophone, Rhino, WEA and Warner/Chappell. We also use certain trademarks pursuant to royalty-free license agreements. Of these, the duration of the license relating to the WARNER and WARNER MUSIC marks and "W" logo is perpetual. The duration of the license relating to the WARNER BROS. RECORDS mark and WB & Shield designs is fifteen years from February 29, 2004. Each of the licenses may be terminated under certain limited circumstances, which may include material breaches of the agreement, certain events of insolvency, and certain change of control events if we were to become controlled by a major filmed entertainment company. We actively monitor and protect against activities that might infringe, dilute, or otherwise harm our trademarks.

Joint Ventures

We have entered into joint venture arrangements pursuant to which we or our various subsidiary companies manufacture, distribute and market (in most cases, domestically and internationally) recordings owned by the joint ventures. An example of this arrangement is Frank Sinatra Enterprises, a joint venture established to administer licenses for use of Frank Sinatra's name and likeness and manage all aspects of his music, film and stage content.

Employees

As of September 30, 2016, we employed approximately 4,445 persons worldwide, including temporary and part-time employees. None of our employees in the U.S. are subject to a collective bargaining agreement, although certain employees in our non-domestic companies are covered by national labor agreements. We believe that our relationship with our employees is good.

Financial Information About Segments

Financial and other information by segment, and relating to foreign and domestic operations, and customer concentration for each of the last three fiscal years is set forth in Note 14 to the Consolidated Audited Financial Statements.

INDUSTRY OVERVIEW

Recorded Music

Recorded music is one of the primary mediums of entertainment for consumers worldwide and in calendar year 2015, according to IFPI, generated $15.0 billion in trade value of sales. Over time, major recorded music companies have built significant recorded music catalogs, which are long-lived assets that are exploited year after year. The sale of catalog material is typically more profitable than that of new releases, given lower development costs and more limited marketing costs. Through the end of the third calendar quarter of 2016 (i.e., the week ending September 29, 2016), according to SoundScan, 56% of all calendar year-to-date U.S. album unit sales, excluding streaming sales, were from recordings more than 18 months old, with 48% from recordings more than three years old.

According to IFPI, the top five territories (the U.S., Japan, the U.K., Germany, and France) collectively accounted for 72% of the related sales in the recorded music market in calendar year 2015. The U.S., which is the most significant exporter of music, is also the largest territory for recorded music sales, constituting 33% of total calendar year 2015 recorded music sales on a trade value basis. The U.S. and Japan are largely local music markets, with 93% and 87% of their calendar year 2015 physical music sales consisting of domestic repertoire, respectively. In contrast, markets like the U.K. have higher percentages of international sales, with international repertoire in that territory constituting 42% of physical music sales.

There has been a major shift in distribution of recorded music from specialty shops towards mass-market and online retailers in recent years. According to RIAA, record stores' share of U.S. music sales declined from 45% in calendar year 1999 to 30% in calendar year 2008, and according to the market research firm NPD, record/entertainment/electronics stores' share of U.S. music sales totaled 18% in 2009. U.S. mass-market and other stores' share grew from 38% in calendar 1999 to 54% in calendar year 2004, and with the subsequent growth of sales via online channels since that time, their share contracted to 28% in calendar year 2008. Mass-market retailers accounted for 15% of total industry unit sales calculated on a total album plus digital track equivalent (ten tracks per

album) unit basis in the U.S. in calendar year 2015, according to SoundScan data. In recent years, online sales of physical product as well as digital downloads have grown to represent an increasing share of U.S. unit sales and combined they accounted for 71% of total industry unit sales in calendar year 2015. In addition, revenues resulting from music streaming services now represent a significant share of the overall recorded music market in the U.S. Data published by the RIAA shows that when the streaming category was taken into account, it was responsible for 34% of total estimated industry retail value in calendar year 2015. In terms of genre, rock remains the most popular style of music in the U.S. overall, representing 25% of the music purchased and consumed on streaming services in the U.S. in calendar year 2015, as captured and calculated by Nielsen Entertainment, although genres such as rap/hip-hop, R&B, country, pop, electronic/dance music (EDM), and Latin music are also popular and outperform in specific formats.

According to RIAA, from calendar years 1990 to 1999, the U.S. recorded music industry grew at a compound annual growth rate of 7.6%. This growth, largely paralleled around the world, was driven by demand for music, the replacement of vinyl LPs and cassettes with CDs, price increases and strong economic growth. The industry began experiencing negative growth rates in calendar year 1999, on a global basis, primarily driven by an increase in digital piracy. Other drivers of this decline were and are the overall recessionary economic environment, 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. Since that time, annual dollar sales of physical music product in the U.S. are estimated to have declined at a compound annual growth rate of 12%, although there was a 2.5% year-over-year increase recorded in 2004. In calendar year 2015, the physical business experienced a 10% year-over-year decline on a value basis. However, U.S. performance figures through the first half of calendar year 2016 reflected an overall 8% year-over-year increase in estimated retail revenues, suggesting that revenues from streaming services are offsetting declines in other formats and could result in overall market improvement for the industry in calendar year 2016. While the 3% year-over-year increase in global trade revenues reported by IFPI for calendar year 2015 also indicates that the climate may be improving, the experience varies by market, with some markets still being adversely impacted to varying degrees by differing penetration levels of piracy-enabling technologies, such as broadband access and CD-R technology, and economic conditions.

Notwithstanding these factors, we believe that music industry results could continue to improve based on the continued mobilization of the industry as a whole against piracy and the development and broad adoption of legitimate digital distribution channels.

Piracy

One of the industry's biggest challenges is combating piracy. Music piracy exists in two primary forms: digital (which includes illegal downloading and CD-R piracy) and industrial:

- *Digital piracy* has grown dramatically, enabled by the increasing penetration of broadband Internet access and the ubiquity of powerful microprocessors, fast optical drives (particularly with writable media, such as CD-R) and large inexpensive disk storage in personal computers. The combination of these technologies has allowed consumers to easily, flawlessly and almost instantaneously make high-quality copies of music using a home computer by "ripping" or converting musical content from CDs into digital files, stored on local disks. These digital files can then be distributed for free over the Internet through anonymous peer-to-peer filesharing networks such as BitTorrent and Frostwire ("illegal downloading"). Alternatively, these files can be burned onto multiple CDs for physical distribution ("CD-R piracy"). IFPI identified more than 40 million infringing music files for removal online in 2015, a fraction of the tens of billions of files that are estimated to be downloaded illegally.
- *Industrial piracy* (also called counterfeiting or physical piracy) involves mass production of illegal CDs in factories. This form of piracy is largely concentrated in developing regions, and has existed for more than two decades. The sale of legitimate recorded music in these developing territories is limited by the dominance of pirated products, which are sold at substantially lower prices than legitimate products. Based upon most recent data available, the International Intellectual Property Alliance (IIPA) estimated that U.S. trade losses due to physical piracy of records and music in 39 key countries/territories around the world with copyright protection and/or enforcement deficiencies totaled $1.5 billion in 2009. At that time, the IIPA believed that piracy of records and music was most prevalent in territories such as Indonesia, China, the Philippines, Mexico, India and Argentina, where piracy levels were at 60% or above.

In 2003, the industry launched an intensive campaign to limit piracy that focused on four key initiatives:

- *Technological:* The technological measures against piracy are geared towards degrading the illegal filesharing process and tracking providers and consumers of pirated music. These measures include spoofing, watermarking, copy protection, the use of automated webcrawlers and access restrictions.

- *Educational:* Led by RIAA and IFPI, the industry launched an aggressive campaign of consumer education designed to spread awareness of the illegality of various forms of piracy through aggressive print and television advertisements. These efforts have yielded positive results in impacting consumer behaviors and attitudes with regard to filesharing of music. A survey conducted by The NPD Group, a market research firm, in December 2013 showed that about 1 in 10 U.S. Internet users aged 13 or older who stopped or decreased their usage of filesharing services for music in the year covered by the survey were motivated by concerns about being sued and/or the legality of such services, as well as moral implications. Research conducted by Ipsos across 13 countries, as cited in IFPI's Music Consumer Insight Report 2016, found that a majority (50%+) of respondents in various age groups from 13 – 64 years old agreed that "downloading/streaming music without permission is stealing."
- *Legal:* In conjunction with its educational efforts, the industry has taken aggressive legal action against commercial file-sharing sites, as well as cooperating with law-enforcement when criminal cases are appropriate. In April 2015, the industry reached a settlement agreement with Grooveshark that completely shut down its unauthorized streaming service. In September, the file-sharing sites Sharebeast and Albumjams.com, which were sources of a large number of pre-release leaks and millions of unpaid downloads, were shut down by the FBI. In addition, the industry has been successful in obtaining blocking orders in many countries, including the U.K., France, Italy, South Korea, Belgium, Spain and Portugal, that make it more difficult for end users to access infringing sites, such as BitTorrent sites. Finally, in both China and Russia, the courts have been more willing to issue rulings to combat unauthorized distribution. Such rulings allow for the potential growth of licensed services in these countries, which have been stymied by rampant content piracy.
- *Development of online and mobile alternatives:* We believe that the development and success of legitimate digital music channels will be an important driver of recorded music sales and monetization going forward, as they represent both revenue stream and a potential inhibitor of piracy. The music industry has been encouraged by the proliferation and success of legitimate digital music distribution options. We believe that these legitimate online distribution channels offer several advantages to illegal peer-to-peer networks, including greater ease of use, higher quality and more consistent music product, faster downloading and streaming, better search and discovery capabilities and seamless integration with portable digital music players. Legitimate online download stores and streaming music services began to be established in 2001 beginning with the launch of Rhapsody (currently known as Napster) in late 2001 and continuing through the launch of Apple's iTunes music store in April 2003. Since then, many others (both large and small) have launched download and ad-supported and subscription streaming music services, offering a variety of models, including per-track pricing, per-album pricing and monthly subscriptions. According to IFPI in the 2016 edition of their "Global Music Report" (formerly known as the annual "Recording Industry in Numbers" report), there are almost 400 legal digital music services providing alternatives to illegal filesharing in markets around the world, with major international services operating in more than 150 territories. Devices such as smartphones and tablets that are equipped with new capabilities are increasingly offering consumers greater capability to acquire and consume full-track downloads and streaming audio and video through mobile platforms as well as online. These devices are further facilitating usage of legitimate options.

These efforts are incremental to the long-standing push by organizations such as RIAA and IFPI to curb industrial piracy around the world. In addition to these actions, the music industry is increasingly coordinating with other similarly impacted industries (such as software and filmed entertainment) to combat piracy.

We believe these actions have contained piracy levels. A survey conducted by MusicWatch covering activity in the second calendar quarter of 2016 showed that incidence of peer-to-peer (P2P) sharing of music among U.S. Internet users aged 13 or older was essentially flat versus earlier quarters. The survey also reflected that other types of unauthorized music sharing, such as the downloading of music via mobile apps, and exchanging of music files via email and instant messaging (IM) services, was stable compared to the fourth calendar quarter of 2015.

Internationally, we believe governmental initiatives designed to protect intellectual property should also be helpful to the music industry and measures are being adopted in an increasing number of countries to achieve better ISP cooperation. Solutions to online piracy and making progress towards meaningful ISP cooperation against online piracy are also being adopted or pursued through government-sponsored negotiations of codes of practice or cross-industry agreements and remedies arising out of litigation, such as obtaining injunctions requiring ISPs to block access to infringing sites. We believe these actions, as well as other actions also currently being taken in many countries around the world, represent a positive trend internationally and a recognition by governments around the world that urgent action is required to reduce online piracy and in particular unlawful filesharing because of the harm caused to the creative industries. While these governmental actions have not come without some controversy, we continue to lobby for legislative change through music industry bodies and trade associations in jurisdictions where enforcement of copyright in the context of online piracy remains problematic due to existing local laws or prior court decisions.

Music Publishing

Background

Music publishing involves the acquisition of rights to, and licensing of, musical compositions (as opposed to recordings) from songwriters, composers or other rightsholders. Music publishing revenues are derived from five main royalty sources: Mechanical, Performance, Synchronization, Digital and Other.

In the U.S., mechanical royalties are collected by music publishers from recorded music companies or via The Harry Fox Agency, a non-exclusive licensing agent affiliated with SESAC, while outside the U.S., collection societies generally perform this function. Once mechanical royalties reach the publisher (either directly from record companies or from collection societies), percentages of those royalties are paid or credited to the writer or other rightsholder of the copyright in accordance with the underlying rights agreement. Mechanical royalties are paid at a penny rate of 9.1 cents per song per unit in the U.S. for physical formats (e.g., CDs and vinyl albums) and permanent digital downloads (recordings in excess of five minutes attract a higher rate). There are also rates set for interactive streaming and non-permanent downloads based on a formula that takes into account revenues paid by consumers or advertisers with certain minimum royalties that may apply depending on the type of service. "Controlled composition" provisions contained in some recording agreements may apply to the rates mentioned above pursuant to which artist/songwriters license their rights to their record companies for as little as 75% of the statutory rates. The current U.S. statutory mechanical rates will remain in effect through December 31, 2017. In most other territories, mechanical royalties are based on a percentage of wholesale prices for physical product and based on a percentage of consumer prices for digital products. In international markets, these rates are determined by multi-year collective bargaining agreements and rate tribunals.

Throughout the world, performance royalties are typically collected on behalf of publishers and songwriters by performance rights organizations and collection societies. Key performing rights organizations and collection societies include: The American Society of Composers, Authors and Publishers (ASCAP), SESAC and Broadcast Music, Inc. (BMI) in the U.S.; Mechanical-Copyright Protection Society and The Performing Right Society ("MCPS/PRS") in the U.K.; The German Copyright Society in Germany ("GEMA") and the Japanese Society for Rights of Authors, Composers and Publishers in Japan ("JASRAC"). The societies pay a percentage (which is set in each country) of the performance royalties to the copyright owner(s) or administrators (i.e., the publisher(s)), and a percentage directly to the songwriter(s), of the composition. Thus, the publisher generally retains the performance royalties it receives other than any amounts attributable to co-publishers.

The music publishing market has proven to be more resilient than the recorded music market in recent years as revenue streams other than mechanical royalties are largely unaffected by piracy, and are benefiting from additional sources of income from digital exploitation of music in streaming and downloads. The worldwide professional music publishing market was estimated to have generated $4.05 billion in revenues in calendar year 2014 according to figures published in April 2015 by Music & Copyright.

In addition, major publishers have the opportunity to generate significant value by the acquisition of other music publishers by extracting cost savings (as acquired libraries can be administered with little incremental cost) and by increasing revenues through more aggressive monetization efforts.

ITEM 1A. RISK FACTORS

In addition to the other information contained in this annual report on Form 10-K, 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

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 driven by consumer preferences that 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 increase the amounts they spend to discover, or to market and promote, recording artists and songwriters or reduce the prices of their products in an effort to expand market share. We may lose business if we are unable to sign successful recording artists or songwriters or to match the prices of the products 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, motion pictures and videogames in physical and digital formats.

If the recorded music industry fails to grow or streaming revenue fails to grow at a sufficient rate to offset download and physical sales declines, our prospects and our results of operations may be adversely affected.

In the last several years, recorded music sales have been mainly flat with some slight growth following a long period of decline, while legal digital music has experienced rapid growth since 2003, and revenue streams from downloading and streaming have emerged. In fact, growth in digital sales offset declines in physical sales in 2015. Streaming revenue is important as it is offsetting declines in downloads and physical sales and represents a growing area of our Recorded Music business. According to IFPI, digital downloads accounted for 45% of global digital revenues in 2015. Streaming revenue, which includes revenue from ad-supported and subscription services, accounted for 42% of digital revenues in 2015, up 10 percentage points year-over-year. Although revenues from digital downloads fell by 10.5% in 2015, the decline was offset by an increase in streaming revenue, helping digital revenues grow by 10.2%. Streaming models comprise a range of margins. For some streaming models, our margins are superior to those for downloads and for others, our margins are slightly less. We expect these trends to continue to impact our results for the foreseeable future. There can be no assurance that this growth pattern will persist or that digital revenue will grow at a rate sufficient to offset declines in physical sales. 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 sales and other exploitation of recorded music.

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 and videogames in physical and digital formats, 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 or profit margins associated with new digital business, including the impact of ad-supported music services, some of which may be able to avail themselves of "safe harbor" defenses against copyright infringement actions under copyright laws. Due to "safe harbor" defenses, revenue from ad-supported music services do not fully reflect increases in consumption. In addition, we are currently dependent on a small number of leading digital music services, 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 a small number of leading mass-market retailers such as Walmart and Target, as well as online retailers and digital music services such as Amazon, Apple Music and Google Play will continue to grow, which could further increase their negotiating leverage and put pressure on profit margins. See "—We are substantially dependent on a limited number of digital music services, 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 and otherwise exploit records is also intense. 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 and songwriters 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 and songwriters 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 to consumers.

We may have difficulty addressing the threats to our business associated with digital piracy.

The combined effect of the decreasing cost of electronic and computer equipment and related technology such as 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, 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 IFPI's 2009 Digital Music Report. Separately, data provided by comScore and Nielsen and publicly cited on IFPI's website indicates that 20% of Internet users globally still access unauthorized digital sites/services on desktop-based devices on a regular 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 risks from behaviors such as "sideloading" and mobile app-based downloading of unauthorized content. As the business shifts to streaming music or access models, piracy in these models is increasing. For example, the practice of "stream-ripping," where websites or software programs enable end-users to obtain an unauthorized copy of the audio file associated with a music video, is a growing practice among young people and in parts of the world with high mobile data costs. Research conducted by Ipsos, a recognized third-party market research firm, in conjunction with IFPI, reflects that 30% of consumers across 13 key countries engaged in stream-ripping activity in 2016, with incidence rising to 49% among 16 – 24 year olds. A substantial portion of our revenue comes from the sale of audio products and streaming services 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 and subscriptions is hard to quantify but we believe that illegal filesharing and other forms of unauthorized activity have a substantial negative impact on music sales. We are working to control this problem in a variety of ways including by 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 enabling 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 2011 study by Frontier Economics cited by IFPI, estimates that digitally pirated music, movies and software was valued at $30 billion to $75 billion and IFPI's 2015 Digital Music Report cited research conducted by MediaLink on behalf of the Digital Citizens Alliance that placed advertising revenues generated by 596 piracy sites at $227 million. Unauthorized copies and piracy have contributed to the decrease in the volume 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 fairly 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. Digital revenue streams of all kinds are important to offset continued declining revenue from physical CD sales. However, legitimate channels for digital distribution have existed for less than 20 years and we cannot predict their long-term 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 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 especially as an ever greater percentage of our digital revenue comes from sources other than downloads. 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 mix of digital services is changing and not all services will be equally remunerative. Ad-supported music services, some of which may be able to avail themselves of "safe harbor" defenses against copyright infringement actions under copyright laws, may be substitutional for more remunerative paid services. In addition, the transition to greater sales through digital channels has introduced uncertainty regarding the potential impact of the "unbundling" of the album on our business. In addition, if piracy continues unabated and legitimate digital distribution channels fail to continue 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 digital music services for the online sale or other exploitation of our music 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 digital music services that sell consumers digital music. We have limited ability to increase our wholesale prices to digital service providers as a small number of digital service providers control much of the legitimate digital music business. If these providers were to adopt a lower pricing model or if there were structural changes to other pricing models, we may receive substantially less for our music, which could cause a material reduction in our revenues, unless it is offset by a corresponding increase in the number of transactions. We currently enter into short-term contracts with some digital music providers or provide our content on an at will basis to others. There can be no assurance that we will be able to enter into new contracts with any digital music provider. Additionally, digital music services at present accept and make available for sale or other exploitation all the recordings that we and other distributors deliver to them. However, if digital music services 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 release schedules 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.

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. For example, our results for the fiscal year 2016 were impacted by the continued strengthening of the U.S. dollar against most currencies. See "—Unfavorable currency exchange rate fluctuations could adversely affect our results of operations." 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 employment arrangements. In fiscal year 2016, we did not have a direct employment arrangement with our CEO and certain of our other executive officers have at-will employment letters. Effective October 1, 2016, we began to pay our CEO as an employee but have not entered into an employment agreement with him. 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 revenues are 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 United States, mechanical royalty rates are set every five years pursuant to an administrative 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. Mechanical royalties are currently paid at a penny rate of 9.1 cents per song, per unit in the United States for physical formats (e.g., CDs and vinyl albums) and permanent digital downloads (recordings in excess of five minutes attract a higher rate) and 24 cents for ringtones. Outside the United States, mechanical and performance royalty rates are typically negotiated on an industry-wide basis. In most territories outside the United States, mechanical royalties are based on a percentage of wholesale prices for physical product and based on a percentage of consumer prices for digital products. 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 United States for webcasting and satellite radio are set every five years 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. The rates set for Recorded Music and Music Publishing income sources through legally prescribed rate-setting processes could have a material adverse impact on 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.

As of September 30, 2016, we had $1.627 billion of goodwill and $116 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. We performed an annual assessment, at July 1, 2016, of the recoverability of its goodwill and indefinite-lived intangibles as of September 30, 2016, 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 $2.201 billion of definite-lived intangible assets as of September 30, 2016. Financial Accounting Standard 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. No such events or circumstances were identified during the year ended September 30, 2016. 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, 58% of our revenues related to operations in foreign territories for the fiscal year ended September 30, 2016. From time to time, we enter into foreign exchange contracts to hedge the risk of unfavorable foreign currency exchange rate movements. During the current fiscal year, 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.

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 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. Such legislation could result in certain of our existing contracts with artists being declared unenforceable, or may restrict the terms under which we enter into contracts with artists in the future, either of which could adversely affect our results of operations. 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 adversely affect our results of operations and financial position.

We face a potential loss of catalog to the extent that our 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) have the opportunity to terminate our U.S. rights in musical compositions. However, we believe the effect of any potential termination 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 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. 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 outsource a significant portion of our IT infrastructure functions to a third-party. This outsourcing initiative is 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 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 systems. 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 systems. 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. 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. Since then, we have continued 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 addition, as PLG had meaningful operational overlap with our existing business we implemented a restructuring and integration plan and achieved cost savings in conjunction with the PLG Acquisition. In October 2016, we announced the creation of a new center of excellence for financial shared services in Nashville, Tennessee, which will combine our transactional financial functions in one location. To establish the new center, we will move some of our U.S. departments to Nashville.

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 ongoing or 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 previously set the compensation for Stephen Cooper, our CEO, pursuant to an arrangement between Mr. Cooper and Access, and we reimbursed Access for any compensation paid to Mr. Cooper pursuant to the Management Agreement. As of October 1, 2016, Mr. Cooper became an employee of ours paid directly by the Company. 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 may become 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. We may also, from time to time, pay dividends to our stockholders within the requirements of our debt agreements and applicable law. If we were to pay dividends, the funds used to make such dividend payments would not be available to service our indebtedness.

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.

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, privacy and data security laws and regulations around the world are being implemented rapidly and evolving. These new and evolving laws are likely to result in greater compliance burdens for companies with global operations. Globally, many government and consumer agencies have also called for new regulation and changes in industry practices with respect to information collected from consumers.

In October 2012, one of our subsidiaries entered into a consent agreement 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' verifiable 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 allegedly collected in violation of COPPA, among other requirements.

The Federal Trade Commission adopted certain revisions to its rule promulgated pursuant to COPPA, effective as of July 1, 2013, that may impose greater compliance burdens on us. COPPA imposes a number of obligations, such as obtaining verifiable parental permission on operators of websites, apps and other online services to the extent they collect certain information from children who are under 13 years of age. The changes broaden the applicability of COPPA, including by expanding the definition of "personal information" subject to the rule's parental consent and other obligations.

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 and our music-based content, security information breaches through cyber security attacks or otherwise could damage our reputation with customers, employees, vendors and artists, and we could incur substantial additional costs, become subject to litigation and our results of operations and financial condition could be adversely affected. 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. We may also be subject to cyber-attacks that target our music-based content, including not-yet-released songs or albums. The theft and premature release of this music-based content may adversely affect our reputation with current and potential artists and adversely impact our results of operations and financial condition. 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 September 30, 2016, our total consolidated indebtedness, including the current portion, was $2.812 billion. In addition, we would have been able to borrow up to $145 million under our Revolving Credit Facility as of September 30, 2016 (giving effect to approximately $5 million letters of credit outstanding under our Revolving Credit Facility as of September 30, 2016).

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 revolving portion of our 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 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 outstanding notes and the 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."

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

Acquisition Corp.'s ability to make scheduled payments on or to refinance its debt obligations depends on its 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. Acquisition Corp. may not maintain a level of cash flow 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.

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 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 Senior Term Loan Facility and Revolving Credit Facility contain a number of covenants that limit our 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 revolving portion of the Senior Credit Facilities depends upon satisfaction of these covenants. Events beyond our control can affect our ability to meet these covenants. In addition, under the credit agreement governing the revolving portion of our Senior Credit Facilities, a financial maintenance covenant is applicable if more than $30 million is drawn at the end of a quarter.

Our failure to comply with obligations under the instruments governing our 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. While subject to certain restrictions in our debt agreements, if we were to pay dividends to our shareholders, the funds used to make such dividend payments would not be available to service our indebtedness.

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 Senior Term Loan Facility and Revolving Credit Facility will not fully prohibit us, Holdings or our subsidiaries from incurring additional indebtedness 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.

Our ability to incur secured indebtedness is subject to compliance with certain secured leverage ratios that are calculated as of the date of incurrence. The amount of secured indebtedness that we are able to incur and the timing of any such incurrence under these ratios vary from time to time and are a function of several variables, including our outstanding indebtedness and our results of operations calculated as of specified dates or for certain periods.

A downgrade, suspension or withdrawal of the rating assigned by a rating agency to us could cause the liquidity or market value of our indebtedness to decline and our cost of capital to increase.

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 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We own studio and office facilities and also lease certain facilities in the ordinary course of business. Our worldwide headquarters are currently located at 1633 Broadway, New York, New York 10019, under a long-term lease ending July 31, 2029. The lease also includes a single option for us to extend the term for either five years or ten years. In addition, under certain conditions, we have the ability to lease additional space in the building and have a right of first refusal with regard to certain additional space. We also have a long-term lease ending on December 31, 2019, for office space in a building located at 3400 West Olive Avenue, Burbank, California 91505, used primarily by our Recorded Music business. We also have a five-year lease ending on September 30, 2017 for office space at 10585 Santa Monica Boulevard, Los Angeles, California 90025, used primarily by our Music Publishing business. As of October 7, 2016, we entered into a lease agreement for new office space located in the Ford Factory Building at 777 S. Santa Fe Avenue, Los Angeles, California, 90021, to be used as our new Los Angeles, California headquarters beginning on August 1, 2017 for an initial term of 12 years and 9 months with a single option to extend the term of the lease for 10 years. We also own other property and lease facilities elsewhere throughout the world as necessary to operate our businesses. We consider our properties adequate for our current needs.

ITEM 3. 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 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 U.S. 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 download purchasers. On March 19, 2014, plaintiffs filed a motion for class certification, which has now been fully briefed. Plaintiffs filed an operative consolidated amended complaint on September 25, 2015. The Company filed its answer to the fourth amended complaint on October 9, 2015, and filed an amended answer on November 3, 2015. A mediation took place on February 22, 2016, but the parties were unable to reach a resolution. 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. The potential outcomes of these claims that are reasonably possible cannot be determined at this time and an estimate of the reasonably possible loss or range of loss cannot presently be made.

Other Matters

In addition to the matter discussed above, the Company is 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, the Company establishes an accrual. In the currently pending proceedings, the amount of accrual is not 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) the results of ongoing discovery; (2) uncertain damage theories and demands; (3) a less than complete factual record; (4) uncertainty concerning legal theories and their resolution by courts or regulators; and (5) the unpredictable nature of the opposing party and its demands. However, the Company cannot predict with certainty the outcome of any litigation or the potential for future litigation. As such, the Company continuously monitors these proceedings as they develop and adjusts any accrual or disclosure as needed. Regardless of the outcome, litigation could have an adverse impact on the Company, including the Company's brand value, because of defense costs, diversion of management resources and other factors and it could have a material effect on the Company's results of operations for a given reporting period.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

There is no established public trading market for any class of our common equity. As of December 8, 2016, there were 1,055 shares of our common stock outstanding. Affiliates of Access Industries, Inc. currently own 100% of our common stock.

Dividend Policy

We did not pay any cash dividends to our stockholders in the fiscal years ended September 30, 2016, 2015 or 2014. Any future determination to pay dividends will be at the discretion of our Board of Directors and will depend on, among other things, our results of operations, cash requirements, financial condition, contractual restrictions and other factors our Board of Directors may deem relevant.

Our ability to pay dividends is restricted by covenants in the indentures governing our notes and in the credit agreements for our Term Loan Facility and the Revolving Credit Facility.

On December 2, 2016, our Board of Directors approved a special cash dividend of $54 million to be paid on January 3, 2017 to stockholders of record as of December 30, 2016.

ITEM 6. SELECTED FINANCIAL DATA

Our summary balance sheet data as of September 30, 2016 and 2015, and the statement of operations and other data for the fiscal years ended September 30, 2016, 2015 and 2014 have been derived from our audited financial statements included in this annual report on Form 10-K and should be read in conjunction with the audited financial statements and other financial information presented elsewhere herein. The selected financial information set forth below for all other periods has been derived from our audited financial statements that are not included in this annual report on Form 10-K.

The following table sets forth our selected historical financial and other data as of the dates and for the periods ended:

	Fiscal Year Ended September 30, 2016	Fiscal Year Ended September 30, 2015	Fiscal Year Ended September 30, 2014	Fiscal Year Ended September 30, 2013	Fiscal Year Ended September 30, 2012
			(in millions)		
Statement of Operations Data:					
Revenues	$ 3,246	$ 2,966	$ 3,027	$ 2,871	$ 2,780
Net income (loss) attributable to Warner Music Group Corp. (1) (2)	25	(91)	(308)	(198)	(112)
Balance Sheet Data (at period end):					
Cash and equivalents	$ 359	$ 246	$ 157	$ 155	$ 302
Total assets	5,369	5,621	5,909	6,210	5,228
Total debt (including current portion of long-term debt)	2,812	2,994	3,030	2,867	2,206
Warner Music Group Corp. equity	195	221	371	726	927
Cash Flow Data:					
Cash flows provided by (used in):					
Operating activities	$ 342	$ 222	$ 130	$ 159	$ 209
Investing activities	(8)	(95)	(155)	(808)	(58)
Financing activities	(216)	(19)	37	511	(3)
Capital expenditures	(42)	(63)	(76)	(34)	(32)

(1) Net income (loss) attributable to Warner Music Group Corp. for the fiscal year ended September 30, 2016 includes net loss on extinguishment of debt of $18 million, gain on sale of real estate of $24 million and net gain on divestitures primarily related to PLG of $9 million. Net loss attributable to Warner Music Group Corp. for the fiscal year ended September 30, 2015 includes $2 million of PLG restructuring charges and $5 million of PLG-related professional fees and integration costs. Net loss attributable to Warner Music Group Corp. for the fiscal year ended September 30, 2014 includes $50 million of PLG restructuring charges, $59 million of PLG-related professional fees and integration costs and loss on extinguishment of debt of $141 million. Net loss attributable to Warner Music Group Corp. for the fiscal year ended September 30, 2013 includes a transaction fee under the Management Agreement of $11 million related to the PLG Acquisition, $22 million of PLG restructuring charges, and $43 million of PLG-related professional fees and integration costs.

(2) Net income (loss) attributable to Warner Music Group Corp. includes severance charges unrelated to the PLG Acquisition of $11 million, $6 million, $7 million, $11 million and $42 million for the fiscal year ended September 30, 2016, the fiscal year ended September 30, 2015, the fiscal year ended September 30, 2014, the fiscal year ended September 30, 2013 and the fiscal year ended September 30, 2012, respectively.

ITEM 7. 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 audited financial statements included elsewhere in this Annual Report on Form 10-K for the fiscal year ended September 30, 2016 (the "Annual Report").

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

This Annual 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 Annual 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, our ability to compete in the highly competitive markets in which we operate, statements regarding our ability to develop talent and attract future talent, our ability to reduce future capital expenditures, our ability to monetize our music-based 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, 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 or retire our outstanding debt or notes in open market purchases, privately or otherwise, the impact on us of potential strategic transactions, our ability to fund our future capital needs and the effect of litigation on us. 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 Annual Report. Additionally, important factors could cause our actual results to differ materially from the forward-looking statements we make in this Annual Report. As stated elsewhere in this Annual Report, such risks, uncertainties and other important factors include, among others:

- the failure of the digital portion of the global recorded music industry to grow or grow at a significant rate to offset declines in the physical portion of the global recorded 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 digital piracy;
- 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 digital music services 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;
- 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;
- 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 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 ("IT") infrastructure and certain finance and accounting functions;
- our ability to maintain the security of information relating to our customers, employees and vendors and our music-based content;
- 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 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, together with its affiliates, 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;
- 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" of this Annual 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 Annual 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 Annual Report and are expressly qualified in their entirety by the cautionary statements included in this Annual 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.

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 audited 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 a discussion of factors 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 fiscal years ended September 30, 2016, September 30, 2015 and September 30, 2014. 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 fiscal years ended September 30, 2016, September 30, 2015 and September 30, 2014, as well as a discussion of our financial condition and liquidity as of September 30, 2016. The discussion of our financial condition and liquidity includes a summary of the key debt compliance measures under our debt agreements.
- *Critical Accounting Policies.* This section identifies those accounting policies that are considered important to the Company's results of operations and financial condition, require significant judgment and involve significant management estimates. The Company's significant accounting policies, including those considered to be critical accounting policies, are summarized in Note 2 to the accompanying Consolidated Financial Statements.

Use of OIBDA

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

Use of Constant Currency

As exchange rates are an important factor in understanding period to period comparisons, we believe the presentation of revenue on a constant-currency basis in addition to reported revenue helps improve the ability to understand our operating results and evaluate our performance in comparison to prior periods. Constant-currency information compares revenue between periods as if exchange rates had remained constant period over period. We use revenue on a constant-currency basis as one measure to evaluate our performance. We calculate constant currency by calculating prior-year results using current-year foreign currency exchange rates. We generally refer to such amounts calculated on a constant-currency basis as "excluding the impact of foreign currency exchange rates." These results should be considered in addition to, not as a substitute for, revenue reported in accordance with U.S. GAAP. Revenue on a constant-currency basis, as we present 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. We play an integral role in virtually all aspects of the recorded music value chain from discovering and developing talent to producing albums and marketing and promoting artists and their products.

In the United States, our Recorded Music operations are conducted principally through our major record labels—Warner Bros. Records and Atlantic Records. 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. We also conduct our Recorded Music operations through a collection of additional record labels, including, Asylum, Big Beat, Canvasback, Eastwest, Elektra, Erato, FFRR, Fueled by Ramen, Nonesuch, Parlophone, Reprise, Roadrunner, Sire, Warner Classics and Warner Music Nashville.

Outside the United States, our Recorded Music activities are conducted in more than 50 countries through various subsidiaries, affiliates and non-affiliated licensees. Internationally, we engage in the same activities as in the United States: discovering and signing artists and distributing, 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 the right to distribute our records to non-affiliated third-party record labels. Our international artist services operations include a network of concert promoters through which we provide resources to coordinate tours for our artists and other artists as well as management companies that guide artists with respect to their careers.

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

In addition to our Recorded Music products being sold in physical retail outlets, 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 digital download services such as Apple's iTunes and Google Play, and are offered by digital streaming services such as Apple Music, Deezer, Napster, Spotify and YouTube, including digital radio services such as iHeart Radio, Pandora and Sirius XM.

We have integrated the exploitation of digital content into all aspects of our business, including artist and repertoire ("A&R"), marketing, promotion and distribution. Our business development executives work closely with A&R departments to ensure that while a record is being produced, digital assets are also created with all distribution channels in mind, including streaming services, social networking sites, online portals and music-centered destinations. We also work side-by-side with our online and mobile partners to test new concepts. We believe existing and new digital businesses will be a significant source of growth and will provide new opportunities to successfully monetize our assets and create new revenue streams. The proportion of digital revenues attributed to each distribution channel varies by region and proportions may change as the roll out of new technologies continues. As an owner of music 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 have diversified our revenues beyond our traditional businesses by entering into expanded-rights deals with recording artists in order to partner with artists in other aspects of their careers. Under these agreements, we provide services to and participate in artists' activities outside the traditional recorded music business such as touring, merchandising and sponsorships. We have built artist services capabilities and platforms for exploiting this broader set of music-related rights and participating more widely in the monetization of the artist brands we help create.

We believe that entering into expanded-rights deals and enhancing our artist services capabilities in areas such as concert promotion and management has permitted us to diversify revenue streams and capitalize on other revenue opportunities. This provides for improved long-term relationships with artists and allows us to more effectively connect artists and fans.

Recorded Music revenues are derived from four main sources:

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

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

- *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; and (iii) creating master recordings in the studio;
- *Product costs*—the costs to manufacture, package and distribute products to wholesale and retail distribution outlets, the royalty costs associated with distributing products of independent labels to wholesale and retail distribution outlets, as well as the costs related to our artist services business;
- *Selling and marketing expenses*—the costs associated with the promotion and marketing of artists and recorded music products, including costs to produce music videos for promotional purposes and artist tour support; and
- *General and administrative expenses*—the costs associated with general overhead and other administrative expenses.

Music Publishing Operations

While recorded music is focused on 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 are conducted principally through 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 70,000 songwriters and composers and a diverse range of genres including pop, rock, jazz, classical, country, R&B, hip-hop, rap, reggae, Latin, folk, blues, symphonic, soul, Broadway, techno, alternative, gospel and other Christian music. 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. We have an extensive production music library collectively branded as Warner/Chappell Production Music.

Music Publishing revenues are derived from five main sources:

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

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

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

Recent Developments

Pandora

On April 17, 2014, we joined with UMG Recordings, Inc., Sony Music Entertainment, Capitol Records, LLC and ABKCO Music & Records, Inc. in a lawsuit brought against Pandora Media Inc. in the Supreme Court of the State of New York, alleging copyright infringement for Pandora's use of pre-1972 sound recordings. A settlement was reached on October 23, 2015 pursuant to which Pandora will pay the plaintiffs a total of $90 million and the plaintiffs dismissed their lawsuit with prejudice. Of the total $90 million, $60 million was paid upon settlement and the remaining amount was paid in four equal installments of $7.5 million from January 1, 2016 through October 1, 2016. The settlement resolves all past claims as to Pandora's use of pre-1972 recordings owned or controlled by the plaintiffs and enables Pandora, without any additional payment, to reproduce, perform and broadcast such recordings in the United States through December 31, 2016. The allocation of the settlement proceeds among the plaintiffs was determined in November 2016 and the settlement proceeds were distributed accordingly. This resulted in a cash distribution to the Company of $18 million which will be recognized in revenue during fiscal year 2017. We intend to share our allocation of the settlement proceeds with our artists on the same basis as statutory revenue from Pandora is shared, i.e., the artist share of our allocation will be paid to artists by SoundExchange.

Sirius XM

On September 11, 2013, we joined with Capitol Records, LLC, Sony Music Entertainment, UMG Recordings, Inc. and ABKCO Music & Records, Inc. in a lawsuit brought in California Superior Court against Sirius XM Radio Inc., alleging copyright infringement for Sirius XM's use of pre-1972 sound recordings under California law. A nation-wide settlement was reached on June 17, 2015 pursuant to which Sirius XM paid the plaintiffs, in the aggregate, $210 million on July 29, 2015 and the plaintiffs dismissed their lawsuit with prejudice. The settlement resolves all past claims as to Sirius XM's use of pre-1972 recordings owned or controlled by the plaintiffs and enables Sirius XM, without any additional payment, to reproduce, perform and broadcast such recordings in the United States through December 31, 2017. As part of the settlement, Sirius XM has the right, to be exercised before December 31, 2017, to enter into a license with each plaintiff to reproduce, perform and broadcast its pre-1972 recordings from January 1, 2018 through December 31, 2022. The royalty rate for each such license will be determined by negotiation or, if the parties are unable to agree, binding arbitration on a willing buyer/willing seller standard. The allocation of the settlement proceeds among the plaintiffs was determined and the settlement proceeds were distributed accordingly. This resulted in a cash distribution to the Company of $33 million of which $28 million was recognized in revenue during the 2016 fiscal year. The balance will be recognized in revenue ratably over the next five quarters. We are sharing our allocation of the settlement proceeds with our artists on the same basis as statutory revenue from Sirius XM is shared, i.e., the artist share of our allocation is being paid to artists by SoundExchange.

November 2016 Senior Term Loan Credit Agreement Amendment

On November 21, 2016, Acquisition Corp received lender consent to an amendment (the "November 2016 Senior Term Loan Amendment") to the Senior Term Loan Credit Agreement governing Acquisition Corp.'s Senior Term Loan Facility, which extended the maturity date of the Senior Term Loan Credit Agreement to November 1, 2023, subject, in certain circumstances, to a springing maturity inside the maturity date of certain of the Acquisition Corp.'s other outstanding indebtedness and increased the principal amount outstanding by $27.5 million to $1,006 million.

5.625% Existing Secured Notes Redemption

On November 21, 2016, Acquisition Corp. redeemed 10%, or $27.5 million, of its 5.625% Senior Secured Notes due 2022 (the "5.625% Secured Notes"). The redemption price was equal to 103% of the principal amount of the 5.625% Secured Notes, plus accrued and unpaid interest to, but not including the redemption date. Following the partial redemption by Acquisition Corp. of the 5.625% Secured Notes, $247.5 million of the 5.625% Secured Notes remain outstanding.

October 2016 Refinancing Transactions

On October 18, 2016, Acquisition Corp. issued €345 million in aggregate principal amount of its 4.125% Senior Secured Notes due 2024 and $250 million in aggregate principal amount of its 4.875% Senior Secured Notes due 2024. Acquisition Corp. used the net proceeds to pay the consideration in the tender offers and satisfy and discharge its 2021 Senior Secured Notes as described below. See "Financial Condition and Liquidity" for more information.

On October 18, 2016, Acquisition Corp. accepted for purchase in connection with tender offers for its 6.000% Senior Secured Notes due 2021 (the "Existing Dollar Notes") and 6.250% Senior Secured Notes due 2021 (the "Existing Euro Notes" and, together with the Existing Dollar Notes, the "2021 Senior Secured Notes") the 2021 Senior Secured Notes that had been validly tendered and not validly withdrawn at or prior to 5:00 p.m., New York City time on October 17, 2016 (the "Expiration Time"). Acquisition Corp. then issued a notice of redemption on October 18, 2016 with respect to the remaining 2021 Senior Secured Notes not accepted for payment pursuant to the tender offers. Following payment of the 2021 Senior Secured Notes tendered at or prior to the Expiration Time, Acquisition Corp. deposited with the Trustee for the 2021 Senior Secured Notes not accepted for purchase in the tender offers funds sufficient to satisfy all obligations remaining to the date of redemption, which redemption date will be January 15, 2017, under the applicable indenture governing the 2021 Senior Secured Notes. These transactions are collectively referred to as the "October 2016 Refinancing Transactions."

Factors Affecting Results of Operations and Financial Condition

PLG-Related Costs

We incurred certain costs, primarily representing professional fees, related to our participation in a sales process, which resulted in the sale of Parlophone Label Group by Universal Music Group. Subsequent to the close of the PLG Acquisition, we also incurred other integration and other nonrecurring costs related to the PLG Acquisition. Total professional fees and integration costs amounted to approximately $5 million for the fiscal year ended September 30, 2015 and $59 million for the fiscal year ended September 30, 2014, and were recorded in the consolidated statements of operation within general and administrative expense. All material integration costs were incurred at the end of fiscal 2015. No PLG-related costs were incurred for the fiscal year ended September 30, 2016.

Restructuring Costs and Expected Cost Savings and Other Synergies from the PLG Acquisition

In conjunction with the PLG Acquisition, we undertook a plan to achieve cost savings (the "Restructuring Plan"), primarily through headcount reductions and real estate consolidation. The Restructuring Plan was approved by our CEO. As of September 30, 2015, the Restructuring Plan was complete and resulted in approximately $74 million in restructuring costs, which were made up of employee-related costs of $67 million, real estate costs of $6 million and other costs of $1 million. Total restructuring costs of $2 million were incurred in the fiscal year ended September 30, 2015 with respect to these actions, which consisted of $2 million of real estate costs. Total restructuring costs of $50 million were incurred during the fiscal year ended September 30, 2014 with respect to these actions, which consisted of $45 million of employee-related costs, $4 million of real estate costs and $1 million of other costs. Total cash payments of $74 million were made under the Restructuring Plan. Employee-related costs include all cash compensation and other employee benefits paid to terminated employees. Real estate costs include costs that will continue to be incurred without economic benefit to us, such as, among others, operating lease payments for office space no longer being used and moving costs incurred during relocation, costs incurred to close a facility and IT costs to wire a new facility.

The $74 million in restructuring costs do not include other integration and other nonrecurring costs related to the PLG Acquisition noted above, which do not qualify as restructuring costs. These actions were completed and resulted in cost savings and other synergies of approximately $70 million.

PLG Working Capital Adjustment

We recorded the final working capital adjustment of $38 million (£23 million) related to our PLG Acquisition in the fiscal year ended September 30, 2014. We also released various asset and liability balances as they are settled as a result of the final completion statement. This represents the finalization of the purchase price for PLG and resulted in a charge of $4 million recorded to the income statement as the measurement period for this acquisition has closed. We have accrued for the impact in our results for the year ended September 30, 2014 as it represents the culmination of our previously estimated adjusted purchase price for PLG. The cash payment of this final amount was paid during the first quarter of fiscal 2015.

Severance Charges

We recorded severance charges unrelated to the PLG Acquisition of $11 million, $6 million, and $7 million for the fiscal years ended September 30, 2016, 2015 and 2014, respectively. These charges resulted from actions taken to further align our cost structure with industry trends and other cost-containment initiatives.

Acquisition of Gold Typhoon

On July 22, 2014, we acquired the music catalog and current roster of recording artists of Gold Typhoon Group, one of the most successful independent music companies operating in the Greater China Region. The Gold Typhoon catalog is one of the largest and most acclaimed collections of local pop and rock music from China, Hong Kong and Taiwan, including many influential and popular releases from the early 1990s until the present day.

Sale of Non-Core Assets

During the fiscal year ended September 30, 2016, we sold several non-core assets including real estate and divestitures related to PLG and other non-core assets. The cash received for these sales was $42 million and $45 million, respectively. The net gain recognized for each of these sales was $24 million and $9 million, respectively.

2014 Debt Refinancing

On April 9, 2014, the Company completed a refinancing of its $765 million of 11.5% Senior Notes due 2018 (the "2014 Refinancing"). In connection with the 2014 Refinancing, the Company issued $275 million in aggregate principal amount of its 5.625% Senior Secured Notes due 2022 and $660 million in aggregate principal amount of its 6.750% Senior Notes due 2022 and repaid $765 million of 11.50% Senior Notes due 2018.

July 2016 Senior Term Loan Credit Agreement Amendment

On July 15, 2016, Acquisition Corp. received lender consent to an amendment (the "Senior Term Loan Credit Agreement Amendment") to the credit agreement, dated November 1, 2012 (as amended by the amendment dated as of May 9, 2013, the "Senior Term Loan Credit Agreement"), governing Acquisition Corp.'s senior secured term loan facility with Credit Suisse AG, as administrative agent, and the other financial institutions and lenders from time to time party thereto (the "Senior Term Loan Facility") described under "Liquidity—Senior Term Loan Facility." The Senior Term Loan Credit Agreement Amendment (among other changes) conforms certain baskets governing the ability to incur debt and liens to the equivalent provisions applicable to the notes offered. The effectiveness of such changes to the baskets was subject to certain conditions, which have now been satisfied by the completed issuance and sale of the July 2016 Notes Offering and the prepayment, pursuant to the prepayment notice dated July 22, 2016, of $295.5 million of the Tranche B Term Loans (as defined in the Senior Term Loan Credit Agreement) with the net proceeds from the sale of the July 2016 Notes Offering.

July 2016 Notes Offering

On July 27, 2016, Acquisition Corp. issued $300 million in aggregate principal amount of its 5.00% Senior Secured Notes due 2023. Acquisition Corp. used the net proceeds for the prepayment of $295.5 million of its outstanding Senior Term Loan Facility due 2020. See "Financial Condition and Liquidity" for more information.

Holdings Debt Redemptions

On February 16, 2016, Holdings redeemed $50 million of its $150 million outstanding 13.75% Senior Notes due 2019 (the "Holdings Notes"). The redemption price for the Holdings Notes was equal to 106.875% of the principal amount of the Holdings Notes, plus accrued and unpaid interest to, but not including, the redemption date. Following the partial redemption by Holdings of the Holdings Notes, $100 million of the Holdings Notes remained outstanding.

On July 1, 2016, Holdings redeemed the remaining $100 million of its outstanding 13.75% Senior Notes due 2019 at the redemption price, which was equal to 106.875% of the principal amount, plus accrued and unpaid interest to, but not including, the redemption date.

Revolving Credit Agreement Amendment

On June 13, 2016, Acquisition Corp. received unanimous lender consent to an amendment (the "Revolving Credit Agreement Amendment") to the credit agreement, dated November 1, 2012 (as amended by the amendments dated as of April 23, 2013 and March 25, 2014, the "Revolving Credit Agreement"), governing the Company's senior secured revolving credit facility with Credit Suisse AG, as administrative agent, and the other financial institutions and lenders from time to time party thereto (the "Revolving Credit Facility") described under "Liquidity—Revolving Credit Facility." The Revolving Credit Agreement Amendment became effective on June 13, 2016. The Revolving Credit Agreement Amendment (among other changes) (i) extends the maturity date of the Revolving Credit Facility to April 1, 2021 and (ii) replaces the financial covenant with a flat senior secured leverage ratio of 4.625:1.00 (with no step-down), applicable only when the Revolving Credit Facility is drawn in excess of a certain amount at the end of a quarter.

Open Market Purchases

On March 11, 2016, Acquisition Corp. purchased, in the open market, approximately $25 million of its $660 million outstanding 6.75% Senior Notes due 2022. The acquired notes were subsequently retired. Following retirement of the acquired notes, approximately $635 million of the 6.75% Senior Notes due 2022 notes remain outstanding.

Other Business Models to Drive Incremental Revenue

Artist Services and Expanded-Rights Deals

As another means to offset declines in physical revenues and download revenues in Recorded Music, for many years we have signed recording artists to expanded-rights deals. Under our expanded-rights deals, we participate in the recording artist's revenue streams, other than from recorded music sales, such as touring, merchandising and sponsorships. 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 11% of our total revenue during fiscal year ended September 30, 2016. Artist services and expanded-rights revenue will fluctuate from period to period depending upon touring schedules, among other things. Margins for the various artist services and expanded-rights 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, participation in revenue from touring under our expanded-rights deals typically flows straight through to operating income with little associated cost. Revenue from some of our artist services businesses such as our management business and revenue from participation in touring and sponsorships under our expanded-rights deals are all high margin, while merchandising revenue under our expanded-rights deals and revenue from some of our artist services businesses such as our concert promotion businesses tend to be lower margin than our traditional revenue streams in Recorded Music.

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 will provide 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, will pay Access a specified annual fee equal to approximately $9 million based on a formula contained in the agreement and reimburse Access for certain expenses incurred performing services under the agreement. The annual fee is payable quarterly. The Company and Holdings agreed to indemnify Access and certain of its affiliates against all liabilities arising out of performance of the Management Agreement.

Such costs incurred by the Company were approximately $9 million, $9 million and $8 million for the fiscal years ended September 30, 2016, 2015 and 2014, respectively, which includes the annual fee, but excludes $2 million of expenses reimbursed related to certain consultants with full time roles at the Company for each of the fiscal years ended September 30, 2016, 2015 and 2014.

RESULTS OF OPERATIONS

Fiscal Year Ended September 30, 2016 Compared with Fiscal Year Ended September 30, 2015 and Fiscal Year Ended September 30, 2014

Consolidated Results

Revenues

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

	For the Fiscal Year Ended September 30,			*2016 vs. 2015*		*2015 vs. 2014*	
	2016	**2015**	**2014**	**$ Change**	**% Change**	**$ Change**	**% Change**
Revenue by Type							
Physical	$ 726	$ 767	$ 822	$ (41)	-5%	$ (55)	-7%
Digital	1,364	1,145	1,103	219	19%	42	4%
Total Physical and Digital	2,090	1,912	1,925	178	9%	(13)	-1%
Artist services and expanded-rights	368	301	332	67	22%	(31)	-9%
Licensing	278	288	269	(10)	-4%	19	7%
Total Recorded Music	**2,736**	**2,501**	**2,526**	**235**	**9%**	**(25)**	**-1%**
Performance	193	184	206	9	5%	(22)	-11%
Digital	141	99	97	42	42%	2	2%
Mechanical	70	86	101	(16)	-19%	(15)	-15%
Synchronization	110	103	102	7	7%	1	1%
Other	10	10	11	—	—%	(1)	-9%
Total Music Publishing	**524**	**482**	**517**	**42**	**9%**	**(35)**	**-7%**
Intersegment eliminations	(14)	(17)	(16)	3	-18%	(1)	6%
Total Revenue	**$ 3,246**	**$ 2,966**	**$ 3,027**	**$ 280**	**9%**	**$ (61)**	**-2%**
Revenue by Geographical Location							
U.S. Recorded Music	$ 1,129	$ 980	$ 948	$ 149	15%	$ 32	3%
U.S. Music Publishing	231	191	193	40	21%	(2)	-1%
Total U.S.	**1,360**	**1,171**	**1,141**	**189**	**16%**	**30**	**3%**
International Recorded Music	1,607	1,521	1,578	86	6%	(57)	-4%
International Music Publishing	293	291	324	2	1%	(33)	-10%
Total International	**1,900**	**1,812**	**1,902**	**88**	**5%**	**(90)**	**-5%**
Intersegment eliminations	(14)	(17)	(16)	3	-18%	(1)	6%
Total Revenue	**$ 3,246**	**$ 2,966**	**$ 3,027**	**$ 280**	**9%**	**$ (61)**	**-2%**

Total Revenue

2016 vs. 2015

Total revenue increased by $280 million, or 9%, to $3.246 billion for the fiscal year ended September 30, 2016 from $2.966 billion for the fiscal year ended September 30, 2015. Excluding the unfavorable impact of foreign currency exchange rates, total revenue increased by $377 million, or 13%. Prior to intersegment eliminations, Recorded Music and Music Publishing revenues represented 84% and 16% of revenues for both the fiscal year ended September 30, 2016 and the fiscal year ended September 30, 2015. Prior to intersegment eliminations, U.S. and international revenues represented 42% and 58% of total revenues for the fiscal year ended September 30, 2016 and 39% and 61% of total revenues for the fiscal year ended September 30, 2015.

Total digital revenues after intersegment eliminations increased by $260 million, or 21%, to $1.499 billion for the fiscal year ended September 30, 2016 from $1.239 billion for the fiscal year ended September 30, 2015. Excluding the unfavorable impact of foreign currency exchange rates, total digital revenue after intersegment eliminations increased by $293 million, or 24%. Total digital revenues represented 46% and 42% of consolidated revenues for the fiscal year ended September 30, 2016 and September 30, 2015, respectively. Prior to intersegment eliminations, total digital revenues for the fiscal year ended September 30, 2016 were comprised of U.S. revenues of $802 million and international revenues of $703 million, or 53% and 47% of total digital revenues, respectively. Prior to intersegment eliminations, total digital revenues for the fiscal year ended September 30, 2015 were comprised of U.S. revenues of $629 million and international revenues of $615 million, or 51% and 49% of total digital revenues, respectively.

Recorded Music revenues increased by $235 million, or 9%, to $2.736 billion for the fiscal year ended September 30, 2016 from $2.501 billion for the fiscal year ended September 30, 2015. Excluding the unfavorable impact of foreign currency exchange rates, Recorded Music revenue increased by $312 million, or 13%. U.S. Recorded Music revenues were $1,129 million and $980 million, or 41% and 39% of consolidated Recorded Music revenues for the fiscal year ended September 30, 2016 and September 30, 2015, respectively. International Recorded Music revenues were $1.607 billion and $1.521 billion, or 59% and 61% of consolidated Recorded Music revenues for the fiscal year ended September 30, 2016 and September 30, 2015, respectively.

The overall increase in Recorded Music revenue was driven by increases in digital revenue and artist services and expanded-rights revenue, partially offset by decreases in physical revenue and licensing revenue. Digital revenue increased by $219 million to $1,364 million for the fiscal year ended September 30, 2016 from $1,145 million for the fiscal year ended September 30, 2015 as a result of strong success from Coldplay, Twenty One Pilots, Fetty Wap, Charlie Puth and Ed Sheeran and the continued growth in streaming services. The increase in digital revenue was also attributable to the impact of the legal settlement with Sirius XM of $28 million. Revenue from streaming services grew by $305 million to $908 million for the fiscal year ended September 30, 2016 from $603 million for the fiscal year ended September 30, 2015 and was partially offset by digital download declines of $87 million to $434 million for the fiscal year ended September 30, 2016 from $521 million for the fiscal year ended September 30, 2015. Artist services and expanded-rights revenue increased by $67 million primarily due to the success of the Johnny Hallyday tour in France and successful tours in Italy and Japan. Physical revenue decreased by $41 million primarily due to the shift from physical revenue to digital revenue. Licensing revenue decreased by $10 million due to the unfavorable impact of foreign currency exchange rates of $12 million.

Music Publishing revenues increased by $42 million, or 9%, to $524 million for the fiscal year ended September 30, 2016 from $482 million for the fiscal year ended September 30, 2015. Excluding the unfavorable impact of foreign currency exchange rates, Music Publishing revenue increased by $62 million, or 13%. U.S. Music Publishing revenues were $231 million and $191 million, or 44% and 40%, of consolidated Music Publishing revenues for the fiscal year ended September 30, 2016 and September 30, 2015, respectively. International Music Publishing revenues were $293 million and $291 million, or 56% and 60%, of consolidated Music Publishing revenues for the fiscal year ended September 30, 2016 and September 30, 2015, respectively.

The overall increase in Music Publishing revenue was mainly driven by the increases in digital revenue of $42 million, performance revenue of $9 million and synchronization revenue of $7 million, partially offset by a decrease in mechanical revenue of $16 million. The increase in digital revenue was due to increases in streaming of $37 million and digital downloads and other revenue of $5 million. Performance revenue increased due to increased market share in the United States. Synchronization revenue increased due to increased activity during the year. The decrease in mechanical revenue was attributable to the ongoing shift towards digital products in the industry.

2015 vs. 2014

Total revenue decreased by $61 million, or 2%, to $2.966 billion for the fiscal year ended September 30, 2015 from $3.027 billion for the fiscal year ended September 30, 2014. Excluding the unfavorable impact of foreign currency exchange rates, total revenue increased by $173 million, or 6%. Prior to intersegment eliminations, Recorded Music and Music Publishing revenues represented 84% and 16% of revenues for the fiscal year ended September 30, 2015 and 83% and 17% of revenues for the fiscal year ended September 30, 2014. Prior to intersegment eliminations, U.S. and international revenues represented 39% and 61% of total revenues for the fiscal year ended September 30, 2015 and 37% and 63% of total revenues for the fiscal year ended September 30, 2014.

Total digital revenues after intersegment eliminations increased by $43 million, or 4%, to $1.239 billion for the fiscal year ended September 30, 2015 from $1.196 billion for the fiscal year ended September 30, 2014. Excluding the unfavorable impact of foreign currency exchange rates, total digital revenue after intersegment eliminations increased by $113 million, or 10%. Total digital revenues represented 42% and 40% of consolidated revenues for the fiscal year ended September 30, 2015 and September 30, 2014, respectively. Prior to intersegment eliminations, total digital revenues for the fiscal year ended September 30, 2015 were comprised of U.S. revenues of $629 million and international revenues of $615 million, or 51% and 49% of total digital revenues, respectively. Prior to intersegment eliminations, total digital revenues for the fiscal year ended September 30, 2014 were comprised of U.S. revenues of $594 million and international revenues of $606 million, or each 50% of total digital revenues.

Recorded Music revenues decreased by $25 million, or 1%, to $2.501 billion for the fiscal year ended September 30, 2015 from $2.526 billion for the fiscal year ended September 30, 2014. Excluding the unfavorable impact of foreign currency exchange rates, Recorded Music revenue increased by $168 million, or 7%. U.S. Recorded Music revenues were $980 million and $948 million, or 39% and 38% of consolidated Recorded Music revenues for the fiscal year ended September 30, 2015 and September 30, 2014, respectively. International Recorded Music revenues were $1.521 billion and $1.578 billion, or 61% and 62% of consolidated Recorded Music revenues for the fiscal year ended September 30, 2015 and September 30, 2014, respectively.

The overall decrease in Recorded Music revenue was driven by the unfavorable impact of foreign currency exchange rates. Excluding the unfavorable impact of foreign currency exchange rates, Recorded Music revenue increased due to increases in physical revenue of $15 million, digital revenue of $107 million, licensing revenue of $40 million and artist services and expanded-rights revenue of $6 million. Physical revenue decreased by $55 million, or increased by $15 million excluding the unfavorable impact of foreign currency exchange rates, as a result of physically-centric releases from key artists such as Josh Groban, Pink Floyd and Led Zeppelin, as well as local releases in physically-centric territories such as France. The impact of these releases partially offset the continued shift from physical to digital sales in the recorded music industry. Digital revenue increased by $42 million, or $107 million excluding the unfavorable impact of foreign currency exchange rates, as a result of strong releases from David Guetta and Wiz Khalifa, as well as the carryover success of Ed Sheeran's album "x", Michael Bublé's album "Christmas" and Coldplay's album "Ghost Stories", and the continued growth in streaming. Revenue from streaming services grew by $126 million and was partially offset by digital download declines of $72 million. Licensing revenue increased by $19 million, or $40 million excluding the unfavorable impact of foreign currency exchange rates, as a result of increased synchronization activity in the year as well as the inclusion of PLG repertoire in broadcast fee income for the first time since the completion of the PLG Acquisition in certain territories. Artist services and expanded-rights revenue decreased by $31 million, or increased by $6 million excluding the unfavorable impact of foreign currency exchange rates, due to the timing of tours from artists such as Ed Sheeran, Bruno Mars and Skrillex.

Music Publishing revenues decreased by $35 million, or 7%, to $482 million for the fiscal year ended September 30, 2015 from $517 million for the fiscal year ended September 30, 2014. Excluding the unfavorable impact of foreign currency exchange rates, Music Publishing revenue increased by $6 million, or 1%. U.S. Music Publishing revenues were $191 million and $193 million, or 40% and 37%, of consolidated Music Publishing revenues for the fiscal year ended September 30, 2015 and September 30, 2014, respectively. International Music Publishing revenues were $291 million and $324 million, or 60% and 63%, of consolidated Music Publishing revenues for the fiscal year ended September 30, 2015 and September 30, 2014, respectively.

The decrease in Music Publishing revenue was due to the unfavorable impact of foreign currency exchange rates. Excluding the unfavorable impact of foreign currency exchange rates, Music Publishing revenue increased due to increases in digital revenue of $7 million and synchronization revenue of $6 million, partially offset by decreases in performance revenue of $1 million and mechanical revenue of $6 million. The increase in digital revenue was primarily due to an increase in streaming services revenue of $12 million partially offset by a decrease in download revenue of $3 million, excluding the unfavorable impact of foreign currency exchange rates. Synchronization revenue increased primarily due to increased activity and timing of society distributions. The offsetting decrease in performance revenue and mechanical revenue is attributable to an ongoing shift towards digital products in the industry.

Revenue by Geographical Location

2016 vs. 2015

U.S. revenue increased by $189 million, or 16%, to $1.360 billion for the fiscal year ended September 30, 2016 from $1.171 billion for the fiscal year ended September 30, 2015. U.S. Recorded Music revenue increased by $149 million or 15%. The primary factor was the increase in U.S. Recorded Music digital revenue, which increased by $138 million due to strong releases from Twenty One Pilots and Fetty Wap, the continued growth in streaming services and the impact of the Sirius XM legal settlement. U.S. artist services and expanded-rights revenue increased by $14 million due to merchandise revenue generated from successful U.S. artist tours. U.S. physical revenue increased by $10 million primarily due to strong releases from Coldplay, Grateful Dead and Twenty One Pilots. U.S. Licensing revenue declined $13 million due to a decrease in synchronization activity. U.S. Music Publishing revenues increased by $40 million or 21%. The primary factor was the increase in U.S. Music Publishing digital revenue, which increased by $35 million due to increases in streaming services and digital downloads. U.S Performance revenue increased by $9 million due to an increase in market share and U.S. synchronization revenue increased by $7 million due to increased activity. U.S. mechanical revenue declined $12 million due to the ongoing shift towards digital products in the industry.

International revenue increased by $88 million, or 5%, to $1.900 billion for the fiscal year ended September 30, 2016 from $1.812 billion for the fiscal year ended September 30, 2015. Excluding the unfavorable impact of foreign currency exchange rates, International revenue increased by $185 million or 11%. International Recorded Music revenue increased $86 million primarily due to increases in digital revenue of $81 million, artist services and expanded-rights revenue of $53 million and licensing revenue of $3 million, partially offset by a decrease in physical revenue of $51 million. International Recorded Music digital revenue increased due to a $136 million increase in streaming services revenue, partially offset by $56 million decline in digital download revenue. The increase in streaming revenue was due to the continued adoption of streaming models internationally and the success from Coldplay, Twenty One Pilots and Ed Sheeran. International Recorded Music artist services and expanded-rights revenue increased due to strong concert promotion revenue in Europe as a result of the Johnny Hallyday tour in France and successful tours in Italy and Japan. The main driver of the increase in International Recorded Music licensing revenue was increased licensing revenue from the U.K., partially offset by the unfavorable impact of foreign currency exchange rates. International Recorded Music physical revenue decreased due to the unfavorable impact of foreign currency exchange rates of $29 million and the continued shift from physical

revenue to digital revenue. The increase in International Music Publishing revenue of $2 million was due to the increase in digital revenue, partially offset by a decrease in mechanical revenue and the unfavorable impact of foreign currency exchange rates. Excluding the unfavorable impact of foreign currency exchange rates, International Music Publishing Revenue increased by $22 million or 8%.

2015 vs. 2014

U.S. revenues increased by $30 million, or 3%, to $1.171 billion for the fiscal year ended September 30, 2015 from $1.141 billion for the fiscal year ended September 30, 2014. U.S. Recorded Music revenue increased by $32 million or 3%. The primary factor was the increase in U.S. Recorded Music digital revenue, which increased by $36 million due to strong releases and the continued growth in streaming services. U.S Licensing revenue increased by $7 million due to an increase in synchronization activity and U.S. artist services and expanded-rights revenue increased by $6 million due to the timing of tours. U.S. Recorded Music physical revenue declined $17 million due to stronger physically-centric releases in the prior year and the continued shift from physical to digital sales in the recorded music industry. U.S. Music Publishing revenues declined $2 million primarily due to a $1 million decline in U.S. Music Publishing digital revenue and a $1 million decrease in U.S. Music Publishing other revenue. U.S. Music Publishing performance, mechanical and synchronization revenue remained flat year over year.

International revenues decreased by $90 million, or 5%, to $1.812 billion for the fiscal year ended September 30, 2015 from $1.902 billion for the fiscal year ended September 30, 2014. Excluding the unfavorable impact of foreign currency exchange rates, International revenue increased by $144 million or 9%. International Recorded Music revenue decreased $57 million primarily due to decreases in physical revenue of $38 million and artist services and expanded-rights revenue of $37 million, partially offset by increases in digital revenue of $6 million and licensing revenue of $12 million. International Recorded Music physical revenue decreased due to the unfavorable impact of foreign currency exchange rates of $70 million, partially offset by the success of key physically-centric international artists such as Pink Floyd and Led Zeppelin as well as local release success in local territories outside of the U.S. and U.K., including France. International Recorded Music artist services and expanded-rights revenue decreased by $37 million due to the unfavorable impact of foreign currency exchange rates. The main driver of the increase in International Recorded Music digital revenue was a $64 million increase in streaming services revenue due to the increasing availability of streaming access models internationally and strong releases from Ed Sheeran, David Guetta, and Wiz Khalifa. This growth in streaming was partially offset by a $49 million decline in digital download revenue. The main driver of the increase in International Recorded Music licensing revenue was the inclusion of PLG repertoire in broadcast fee income and the timing of collection society distributions. The decrease in International Music Publishing revenue of $33 million was due to the unfavorable impact of foreign currency exchange rates. Excluding the unfavorable impact of foreign currency exchange rates, International Music Publishing Revenue increased by $8 million or 3%.

Cost of revenues

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

	For the Fiscal Year Ended September 30,			*2016 vs. 2015*		*2015 vs. 2014*	
	2016	2015	2014	$ Change	% Change	$ Change	% Change
Artist and repertoire costs	$ 1,113	$ 980	$ 998	$ 133	14%	$ (18)	-2%
Product costs	594	531	572	63	12%	(41)	-7%
Total cost of revenues	**$ 1,707**	**$ 1,511**	**$ 1,570**	**$ 196**	**13%**	**$ (59)**	**-4%**

2016 vs. 2015

Our cost of revenues increased by $196 million, or 13%, to $1.707 billion for the fiscal year ended September 30, 2016 from $1.511 billion for the fiscal year ended September 30, 2015. Expressed as a percentage of revenues, cost of revenues increased to 53% for the fiscal year ended September 30, 2016 from 51% for the fiscal year ended September 30, 2015.

Artist and repertoire costs increased by $133 million, or 14%, to $1,113 million for the fiscal year ended September 30, 2016 from $980 million for the fiscal year ended September 30, 2015. Artist and repertoire costs as a percentage of revenues increased to 34% for the fiscal year ended September 30, 2016 from 33% for the fiscal year ended September 30, 2015. The increase was primarily driven by the mix of revenue.

Product costs increased by $63 million, or 12%, to $594 million for the fiscal year ended September 30, 2016 from $531 million for the fiscal year ended September 30, 2015. Product costs as a percentage of revenues remained flat 18% for both the fiscal year ended September 30, 2016 and the fiscal year ended September 30, 2015.

2015 vs. 2014

Our cost of revenues decreased by $59 million, or 4%, to $1.511 billion for the fiscal year ended September 30, 2015 from $1.570 billion for the fiscal year ended September 30, 2014. Expressed as a percentage of revenues, cost of revenues decreased to 51% for the fiscal year ended September 30, 2015 from 52% for the fiscal year ended September 30, 2014.

Artist and repertoire costs decreased by $18 million, or 2%, to $980 million for the fiscal year ended September 30, 2015 from $998 million for the fiscal year ended September 30, 2014. Artist and repertoire costs as a percentage of revenues remained flat at 33% for both the fiscal year ended September 30, 2015 and the fiscal year ended September 30, 2014.

Product costs decreased by $41 million, or 7%, to $531 million for the fiscal year ended September 30, 2015 from $572 million for the fiscal year ended September 30, 2014. Product costs as a percentage of revenue decreased to 18% for the fiscal year ended September 30, 2015 from 19% for the fiscal year ended September 30, 2014. The decrease was primarily driven by lower costs associated with the decline in artist services and expanded-rights revenue, which tends to have higher costs and yield lower margins than our traditional revenue streams.

Selling, general and administrative expenses

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

	For the Fiscal Year Ended September 30,			*2016 vs. 2015*		*2015 vs. 2014*	
	2016	**2015**	**2014**	**$ Change**	**% Change**	**$ Change**	**% Change**
General and administrative expense (1)	$ 584	$ 586	$ 659	$ (2)	—%	$ (73)	-11%
Selling and marketing expense	437	428	451	9	2%	(23)	-5%
Distribution expense	61	59	62	2	3%	(3)	-5%
Total selling, general and administrative expense	**$ 1,082**	**$ 1,073**	**$ 1,172**	**$ 9**	**1%**	**$ (99)**	**-8%**

(1) Includes depreciation expense of $50 million, $54 million and $55 million for the fiscal year ended September 30, 2016, 2015 and 2014, respectively.

2016 vs. 2015

Total selling, general and administrative expense increased by $9 million, or 1%, to $1.082 billion for the fiscal year ended September 30, 2016 from $1.073 billion for the fiscal year ended September 30, 2015. Expressed as a percentage of revenues, selling, general and administrative expenses decreased to 33% for the fiscal year ended September 30, 2016 from 36% for the fiscal year ended September 30, 2015.

General and administrative expenses decreased by $2 million, or 0%, to $584 million for the fiscal year ended September 30, 2016 from $586 million for the fiscal year ended September 30, 2015. The decline in general and administrative expense was primarily due to a net gain on divestitures of $9 million, net gain on contract termination of $6 million, decline in PLG Acquisition related costs of $5 million, a decline in non-recurring facilities costs of $7 million, and ongoing savings from cost management efforts. These decreases were partially offset by costs related to the Happy Birthday settlement and an increase in variable compensation expense of $24 million associated with improved operating performance. Expressed as a percentage of revenue, general and administrative expense decreased to 18% for the fiscal year ended September 30, 2016 from 20% for the fiscal year ended September 30, 2015.

Selling and marketing expense increased by $9 million, or 2%, to $437 million for the fiscal year ended September 30, 2016 from $428 million for the fiscal year ended September 30, 2015. Selling and marketing expense increased in line with the increase in revenue. Expressed as a percentage of revenues, selling and marketing expense remained flat at 14% for the fiscal years ended September 30, 2016 and September 30, 2015.

Distribution expense increased by $2 million, or 3%, to $61 million for the fiscal year ended September 30, 2016 from $59 million for the fiscal year ended September 30, 2015. Expressed as a percentage of revenues, distribution expense remained flat at 2% for both the fiscal year ended September 30, 2016 and September 30, 2015.

2015 vs. 2014

Total selling, general and administrative expense decreased by $99 million, or 8%, to $1.073 billion for the fiscal year ended September 30, 2015 from $1.172 billion for the fiscal year ended September 30, 2014. Expressed as a percentage of revenues, selling, general and administrative expenses decreased to 36% for the fiscal year ended September 30, 2015 from 39% for the fiscal year ended September 30, 2014.

General and administrative expenses decreased by $73 million, or 11%, to $586 million for the fiscal year ended September 30, 2015 from $659 million for the fiscal year ended September 30, 2014. The decline in general and administrative expense was primarily due to a decline in restructuring costs of $38 million, decreased professional fees and other integration costs primarily associated with the PLG Acquisition of $54 million, decline in facilities cost of $10 million related to the move to our new corporate headquarters and savings resulting from cost-containment initiatives. These decreases were partially offset by increased variable compensation expense of $30 million, primarily due to non-recurring performance driven reductions in bonus expense in the prior year. Expressed as a percentage of revenue, general and administrative expense decreased to 20% for the fiscal year ended September 30, 2015 from 22% for the fiscal year ended September 30, 2014.

Selling and marketing expense decreased by $23 million, or 5%, to $428 million for the fiscal year ended September 30, 2015 from $451 million for the fiscal year ended September 30, 2014. Selling and marketing expense decreased in line with the decrease in revenue. Expressed as a percentage of revenues, selling and marketing expense decreased to 14% for the fiscal year ended September 30, 2015 from 15% for the fiscal year ended September 30, 2014.

Distribution expense decreased by $3 million, or 5%, to $59 million for the fiscal year ended September 30, 2015 from $62 million for the fiscal year ended September 30, 2014. Expressed as a percentage of revenues, distribution expense remained flat at 2% for both the fiscal year ended September 30, 2015 and September 30, 2014.

Reconciliation of Consolidated OIBDA to Operating Income and Net Income (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 Fiscal Year Ended September 30,			*2016 vs. 2015*		*2015 vs. 2014*	
	2016	**2015**	**2014**	**$ Change**	**% Change**	**$ Change**	**% Change**
OIBDA	$ 507	$ 436	$ 340	$ 71	16%	$ 96	28%
Depreciation expense	(50)	(54)	(55)	4	-7%	1	-2%
Amortization expense	(243)	(255)	(266)	12	-5%	11	-4%
Operating income	**214**	**127**	**19**	**87**	**69%**	**108**	**—%**
Loss on extinguishment of debt	(18)	—	(141)	(18)	—%	141	-100%
Interest expense, net	(173)	(181)	(203)	8	-4%	22	-11%
Other income (expense), net	18	(21)	(4)	39	—%	(17)	—%
Income (loss) before income taxes	**41**	**(75)**	**(329)**	**116**	**—%**	**254**	**-77%**
Income tax (expense) benefit	(11)	(13)	26	2	-15%	(39)	-150%
Net income (loss)	**30**	**(88)**	**(303)**	**118**	**-134%**	**215**	**-71%**
Less: Income attributable to noncontrolling interest	(5)	(3)	(5)	(2)	67%	2	-40%
Net income (loss) attributable to Warner Music Group Corp.	**$ 25**	**$ (91)**	**$ (308)**	**$ 116**	**-128%**	**$ 217**	**-71%**

OIBDA

2016 vs. 2015

Our OIBDA increased by $71 million, or 16%, to $507 million for the fiscal year ended September 30, 2016 as compared to $436 million for the fiscal year ended September 30, 2015 primarily as a result of higher revenues. Expressed as a percentage of total revenue, OIBDA increased to 16% for the fiscal year ended September 30, 2016 from 15% for the fiscal year ended September 30, 2015.

2015 vs. 2014

Our OIBDA increased by $96 million, or 28%, to $436 million for the fiscal year ended September 30, 2015 as compared to $340 million for the fiscal year ended September 30, 2014 primarily as a result of continued cost-containment initiatives and lower restructuring and integration costs related to the PLG Acquisition. Expressed as a percentage of total revenue, OIBDA increased to 15% for the fiscal year ended September 30, 2015 from 11% for the fiscal year ended September 30, 2014 mainly due to the decrease in PLG restructuring and integration costs, as noted above.

Depreciation expense

2016 vs. 2015

Our depreciation expense decreased by $4 million, or 7%, to $50 million for the fiscal year ended September 30, 2016 from $54 million for the fiscal year ended September 30, 2015 due to assets becoming fully depreciated.

2015 vs. 2014

Our depreciation expense decreased by $1 million, or 2%, to $54 million for the fiscal year ended September 30, 2015 from $55 million for the fiscal year ended September 30, 2014 due to the impact of foreign currency exchange rates.

Amortization expense

2016 vs. 2015

Amortization expense decreased by $12 million, or 5%, to $243 million for the fiscal year ended September 30, 2016 from $255 million for the fiscal year ended September 30, 2015 due to the impact of foreign currency exchange rates and intangible assets becoming fully amortized.

2015 vs. 2014

Amortization expense decreased by $11 million, or 4%, to $255 million for the fiscal year ended September 30, 2015 from $266 million for the fiscal year ended September 30, 2014 due to the impact of foreign currency exchange rates.

Operating income

2016 vs. 2015

Our operating income increased $87 million to $214 million for the fiscal year ended September 30, 2016 from $127 million for the fiscal year ended September 30, 2015. The increase in operating income was due to the factors that led to the increase in OIBDA and lower depreciation and amortization expense as noted above.

2015 vs. 2014

Our operating income increased $108 million to $127 million for the fiscal year ended September 30, 2015 from $19 million for the fiscal year ended September 30, 2014. The increase in operating income was due to the factors that led to the increase in OIBDA and lower depreciation and amortization expense as noted above.

Loss on extinguishment of debt

2016 vs. 2015

We recorded a loss on extinguishment of debt in the amount of $18 million for the fiscal year ended September 30, 2016. There was no such activity or comparable charges in the fiscal year ended September 30, 2015. Please refer to Note 6 of our Consolidated Financial Statements for further discussion.

2015 vs. 2014

We recorded a loss on extinguishment of debt in the amount of $141 million for the fiscal year ended September 30, 2014. There was no such activity or comparable charges in the fiscal year ended September 30, 2015.

Interest expense, net

2016 vs. 2015

Our interest expense, net, decreased by $8 million, or 4% to $173 million for the fiscal year ended September 30, 2016 from $181 million for the fiscal year ended September 30, 2015. This was primarily driven by the reduction in our debt, interest rates and no borrowings under the Revolving Credit Facility in the current fiscal year.

2015 vs. 2014

Our interest expense, net, decreased by $22 million, or 11% to $181 million for the fiscal year ended September 30, 2015 from $203 million for the fiscal year ended September 30, 2014. This was primarily driven by lower interest rates as a result of our refinancing in fiscal 2014.

Other income (expense), net

2016 vs. 2015

Other income (expense), net, increased by $39 million to $18 million for the fiscal year ended September 30, 2016 from other operating expense of $21 million for the fiscal year ended September 30, 2015. Other income (expense), net, primarily consists of currency exchange movements associated with our Euro denominated debt, gains and losses on our derivative assets and liabilities and intercompany receivables and payables that are short term in nature. The current year income is primarily due to a non-recurring gain on sale of real estate of $24 million, partially offset by losses on our intercompany loans of $7 million for the fiscal year ended September 30, 2016.

2015 vs. 2014

Other expense, net, increased by $17 million to $21 million for the fiscal year ended September 30, 2015 from $4 million for the fiscal year ended September 30, 2014. Other expense primarily consists of currency exchange movements associated with our Euro denominated debt and intercompany receivables and payables that are short term in nature. The current year expense is primarily due to currency exchange gains on our Euro denominated debt of $24 million, partially offset by losses on our intercompany loans of $50 million.

Income tax (expense) benefit

2016 vs. 2015

We incurred income tax expense of $11 million for the fiscal year ended September 30, 2016 compared to an income tax expense of $13 million for the fiscal year ended September 30, 2015. The net decrease of $2 million in income tax expense primarily relates to the tax benefit of reduction in income tax rates in the U.K. and Italy offset by an increase in income tax expense as a result of higher pretax income.

2015 vs. 2014

We incurred income tax expense of $13 million for the fiscal year ended September 30, 2015 compared to an income tax benefit of $26 million for the fiscal year ended September 30, 2014. The increase of $39 million in income tax expense primarily relates to a lower pretax loss and the impact of the losses in certain jurisdictions for which no tax benefit could be recorded for the fiscal year ended September 30, 2015.

Net income (loss)

2016 vs. 2015

Our net income (loss) increased by $118 million, to net income of $30 million for the fiscal year ended September 30, 2016 as compared to a net loss of $88 million for the fiscal year ended September 30, 2015 as a result of the factors described above. The increase in income was driven by the increase in operating income and the factors described above.

2015 vs. 2014

Our net loss decreased by $215 million, to $88 million for the fiscal year ended September 30, 2015 as compared to $303 million for the fiscal year ended September 30, 2014 as a result of the factors described above. The smaller loss was driven by the increase in operating income and the factors described above.

Noncontrolling interest

2016 vs. 2015

Net income attributable to noncontrolling interests was $5 million for the fiscal year ended September 30, 2016 and $3 million for the fiscal year ended September 30, 2015.

2015 vs. 2014

Net income attributable to noncontrolling interests was $3 million for the fiscal year ended September 30, 2015 and $5 million for the fiscal year ended September 30, 2014.

Business Segment Results

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

	For the Fiscal Year Ended September 30,			*2016 vs. 2015*		*2015 vs. 2014*	
	2016	**2015**	**2014**	**$ Change**	**% Change**	**$ Change**	**% Change**
Recorded Music							
Revenue	$ 2,736	$ 2,501	$ 2,526	$ 235	9%	$ (25)	-1%
OIBDA	459	379	267	80	21%	112	42%
Operating income	247	151	31	96	64%	$ 120	—%
Music Publishing							
Revenue	524	482	517	42	9%	$ (35)	-7%
OIBDA	138	146	166	(8)	-6%	(20)	-12%
Operating income	68	77	94	(9)	-12%	$ (17)	-18%
Corporate expenses and eliminations							
Revenue elimination	(14)	(17)	(16)	3	-18%	$ (1)	6%
OIBDA	(90)	(89)	(93)	(1)	1%	4	-4%
Operating loss	(101)	(101)	(106)	—	—%	$ 5	-5%
Total							
Revenue	3,246	2,966	3,027	280	9%	$ (61)	-2%
OIBDA	507	436	340	71	16%	96	28%
Operating income	214	127	19	87	69%	$ 108	—%

Recorded Music

Revenues

2016 vs. 2015

Recorded Music revenues increased by $235 million, or 9%, to $2.736 billion for the fiscal year ended September 30, 2016 from $2.501 billion for the fiscal year ended September 30, 2015. U.S. Recorded Music revenues were $1,129 million and $980 million, or 41% and 39% of consolidated Recorded Music revenues for the fiscal year ended September 30, 2016 and September 30, 2015, respectively. International Recorded Music revenues were $1.607 billion and $1.521 billion, or 59% and 61% of consolidated Recorded Music revenues for the fiscal year ended September 30, 2016 and September 30, 2015, respectively.

The overall increase in Recorded Music revenue was mainly driven by strong releases and streaming revenue growth as described in the "Total Revenues" and "Revenue by Geographical Location" sections above.

2015 vs. 2014

Recorded Music revenues decreased by $25 million, or 1%, to $2.501 billion for the fiscal year ended September 30, 2015 from $2.526 billion for the fiscal year ended September 30, 2014. U.S. Recorded Music revenues were $980 million and $948 million, or 39% and 38% of consolidated Recorded Music revenues for the fiscal year ended September 30, 2015 and September 30, 2014, respectively. International Recorded Music revenues were $1.521 billion and $1.578 billion, or 61% and 62% of consolidated Recorded Music revenues for the fiscal year ended September 30, 2015 and September 30, 2014, respectively.

The overall decrease in Recorded Music revenue was mainly driven by the unfavorable impact of foreign currency exchange rates as described in the "Total Revenues" and "Revenue by Geographical Location" sections above.

Cost of revenues

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

	For the Fiscal Year Ended September 30,			*2016 vs. 2015*		*2015 vs. 2014*	
	2016	**2015**	**2014**	**$ Change**	**% Change**	**$ Change**	**% Change**
Artist and repertoire costs	$ 810	$ 725	$ 725	$ 85	12%	$ —	—%
Product costs	594	531	572	63	12%	(41)	-7%
Total cost of revenues	**$ 1,404**	**$ 1,256**	**$ 1,297**	**$ 148**	**12%**	**$ (41)**	**-3%**

2016 vs. 2015

Recorded Music cost of revenues increased by $148 million, or 12%, to $1.404 billion for the fiscal year ended September 30, 2016 from $1.256 billion for the fiscal year ended September 30, 2015. Artist and repertoire costs as a percentage of revenue increased to 30% for the fiscal year ended September 30, 2016 from 29% for the fiscal year ended September 30, 2015 due to a change in the revenue mix. Specifically, the increase was driven by royalty expense on higher concert promotion revenue and strong performance from lower margin repertoire. The increase in Recorded Music product costs was primarily driven by an increase in artist services and expanded-rights revenue, specifically an increase in concert promotion revenue. Expressed as a percentage of Recorded Music revenues, cost of revenues increased to 51% for the fiscal year ended September 30, 2016 from 50% for the fiscal year ended September 30, 2015.

2015 vs. 2014

Recorded Music cost of revenues decreased by $41 million, or 3%, to $1.256 billion for the fiscal year ended September 30, 2015 from $1.297 billion for the fiscal year ended September 30, 2014. Artist and repertoire costs remained flat year over year. The decrease in Recorded Music product costs was primarily driven by lower costs associated with artist services and expanded-rights revenue, specifically the decline in concert promotion revenue, which tends to have higher costs and yield lower margins than our traditional revenue streams. Expressed as a percentage of Recorded Music revenues, cost of revenues decreased to 50% for the fiscal year ended September 30, 2015 from 51% for the fiscal year ended September 30, 2014.

Selling, general and administrative expense

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

	For the Fiscal Year Ended September 30,			2016 vs. 2015		2015 vs. 2014	
	2016	2015	2014	$ Change	% Change	$ Change	% Change
General and administrative expense (1)	$ 412	$ 420	$ 489	$ (8)	-2%	$ (69)	-14%
Selling and marketing expense	432	423	446	9	2%	(23)	-5%
Distribution expense	61	59	62	2	3%	(3)	-5%
Total selling, general and administrative expense	**$ 905**	**$ 902**	**$ 997**	**$ 3**	**0%**	**$ (95)**	**-10%**

(1) Includes depreciation expense of $32 million, $36 million, and $35 million for the fiscal year ended September 30, 2016, 2015 and 2014, respectively.

2016 vs. 2015

Recorded Music selling, general and administrative expense increased by $3 million, or 0%, to $905 million for the fiscal year ended September 30, 2016 from $902 million for the fiscal year ended September 30, 2015. The decrease in Recorded Music general and administrative expense was primarily due to a net gain on contract termination of $6 million, a net gain on divestitures of $6 million, decline in PLG Acquisition related costs of $5 million, a $3 million decline in IT-related costs and ongoing savings from cost management efforts. These decreases were offset by increased variable compensation expense of $15 million associated with improved operating performance. Selling and marketing expense increased in line with the increase in revenue. Expressed as a percentage of Recorded Music revenue, Recorded Music selling, general and administrative expense decreased to 33% for the fiscal year ended September 30, 2016 from 36% for the fiscal year ended September 30, 2015.

2015 vs. 2014

Recorded Music selling, general and administrative expense decreased by $95 million, or 10%, to $902 million for the fiscal year ended September 30, 2015 from $997 million for the fiscal year ended September 30, 2014. The decrease in Recorded Music general and administrative expense was primarily due to a decline in restructuring costs of $40 million, decreased professional fees and other integration costs primarily associated with the PLG Acquisition of $54 million and cost savings related to cost-containment initiatives, partially offset by increased variable compensation expense of $30 million, primarily due to non-recurring performance driven reductions in bonus expense in the prior year. Expressed as a percentage of Recorded Music revenue, Recorded Music selling, general and administrative expense decreased to 36% for the fiscal year ended September 30, 2015 from 40% for the fiscal year ended September 30, 2014.

OIBDA and Operating income

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

	For the Fiscal Year Ended September 30,			2016 vs. 2015		2015 vs. 2014	
	2016	2015	2014	$ Change	% Change	$ Change	% Change
OIBDA	$ 459	$ 379	$ 267	$ 80	21%	$ 112	42%
Depreciation and amortization	(212)	(228)	(236)	16	-7%	8	-3%
Operating income	**$ 247**	**$ 151**	**$ 31**	**$ 96**	64%	**$ 120**	—%

2016 vs. 2015

Recorded Music OIBDA increased by $80 million, or 21%, to $459 million for the fiscal year ended September 30, 2016 from $379 million for the fiscal year ended September 30, 2015 primarily as a result of higher Recorded Music revenues. Expressed as a percentage of Recorded Music revenues, Recorded Music OIBDA increased to 17% for the fiscal year ended September 30, 2016 from 15% for the fiscal year ended September 30, 2015.

Recorded Music operating income increased by $96 million to $247 million for the fiscal year ended September 30, 2016 from $151 million for the fiscal year ended September 30, 2015 mainly due to the factors that led to the increase in Recorded Music OIBDA noted above and a decrease in depreciation and amortization expense.

2015 vs. 2014

Recorded Music OIBDA increased by $112 million, or 42%, to $379 million for the fiscal year ended September 30, 2015 from $267 million for the fiscal year ended September 30, 2014 primarily as a result of decreased restructuring and other integration costs related to the PLG Acquisition. Expressed as a percentage of Recorded Music revenues, Recorded Music OIBDA increased to 15% for the fiscal year ended September 30, 2015 from 11% for the fiscal year ended September 30, 2014 mainly due to the decreased costs related to PLG Acquisition as noted above.

Recorded Music operating income increased by $120 million to $151 million for the fiscal year ended September 30, 2015 from $31 million for the fiscal year ended September 30, 2014 mainly due to the factors that led to the increase in Recorded Music OIBDA noted above.

Music Publishing

Revenues

2016 vs. 2015

Music Publishing revenues increased by $42 million, or 9%, to $524 million for the fiscal year ended September 30, 2016 from $482 million for the fiscal year ended September 30, 2015. U.S. Music Publishing revenues were $231 million and $191 million, or 44% and 40%, of Music Publishing revenues for the fiscal year ended September 30, 2016 and September 30, 2015, respectively. International Music Publishing revenues were $293 million and $291 million, or 56% and 60%, of Music Publishing revenues for the fiscal year ended September 30, 2016 and September 30, 2015, respectively.

The overall increase in Music Publishing revenue was mainly driven by the increase in digital revenues as described in the "Total Revenues" and "Revenue by Geographical Location" sections above.

2015 vs. 2014

Music Publishing revenues decreased by $35 million, or 7%, to $482 million for the fiscal year ended September 30, 2015 from $517 million for the fiscal year ended September 30, 2014. U.S. Music Publishing revenues were $191 million and $193 million, or 40% and 37%, of Music Publishing revenues for the fiscal year ended September 30, 2015 and September 30, 2014, respectively. International Music Publishing revenues were $291 million and $324 million, or 60% and 63%, of Music Publishing revenues for the fiscal year ended September 30, 2015 and September 30, 2014, respectively.

The overall decrease in Music Publishing revenue was mainly driven by the unfavorable impact of foreign currency exchange rates, which resulted in decreases in performance revenue and mechanical revenue offset by increases in digital revenue and synchronization revenue as described in the "Total Revenues" and "Revenue by Geographical Location" sections above.

Cost of revenues

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

	For the Fiscal Year Ended September 30,			*2016 vs. 2015*		*2015 vs. 2014*	
	2016	2015	2014	$ Change	% Change	$ Change	% Change
Artist and repertoire costs	$ 317	$ 272	$ 289	$ 45	17%	$ (17)	-6%
Total cost of revenues	**$ 317**	**$ 272**	**$ 289**	**$ 45**	**17%**	**$ (17)**	**-6%**

2016 vs. 2015

Music Publishing cost of revenues increased by $45 million, or 17%, to $317 million for the fiscal year ended September 30, 2016 from $272 million for the fiscal year ended September 30, 2015 due to a change in revenue mix. Expressed as a percentage of Music Publishing revenue, Music Publishing cost of revenues increased to 61% for the fiscal year ended September 30, 2016 from 56% for the fiscal year ended September 30, 2015.

2015 vs. 2014

Music Publishing cost of revenues decreased by $17 million, or 6%, to $272 million for the fiscal year ended September 30, 2015 from $289 million for the fiscal year ended September 30, 2014, primarily driven by the decrease in revenue. Expressed as a percentage of Music Publishing revenue, Music Publishing cost of revenues remained flat at 56% for the fiscal year ended September 30, 2015 and September 30, 2014.

Selling, general and administrative expense

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

	For the Fiscal Year Ended September 30,			*2016 vs. 2015*		*2015 vs. 2014*	
	2016	2015	2014	$ Change	% Change	$ Change	% Change
General and administrative expense (1)	$ 75	$ 68	$ 67	$ 7	10%	$ 1	2%
Selling and marketing expense	1	2	2	(1)	-50%	—	—%
Total selling, general and administrative expense	**$ 76**	**$ 70**	**$ 69**	**$ 6**	**9%**	**$ 1**	**1%**

(1) Includes depreciation expense of $7 million, $6 million, and $7 million for the fiscal year ended September 30, 2016, 2015 and 2014, respectively.

2016 vs. 2015

Music Publishing selling, general and administrative expense increased by $6 million, or 9%, to $76 million for the fiscal year ended September 30, 2016 as compared to $70 million for the fiscal year ended September 30, 2015. The increase in general and administrative expense was due to costs related to the Happy Birthday settlement and severance charges taken in the current year. Excluding the impact of these non-recurring items, Music Publishing selling, general and administrative expense remained relatively flat for the fiscal year ended September 30, 2016 and September 30, 2015. Expressed as a percentage of Music Publishing revenues, Music Publishing selling, general and administrative revenues remained flat at 15% for the fiscal years ended September 30, 2016 and September 30, 2015.

2015 vs. 2014

Music Publishing selling, general and administrative expense increased by $1 million, or 1%, to $70 million for the fiscal year ended September 30, 2015 as compared to $69 million for the fiscal year ended September 30, 2014. The increase in general and administrative expense was due to increases in variable compensation expense and other non-recurring items offset by the $6 million reversal of a previously accrued earnout during the fiscal year ended September 30, 2014. Expressed as a percentage of Music Publishing revenues, Music Publishing selling, general and administrative expense increased to 15% for the fiscal year ended September 30, 2015 from 13% for the fiscal year ended September 30, 2014.

OIBDA and Operating income

Music Publishing operating income includes the following amounts (in millions):

	For the Fiscal Year Ended September 30,			*2016 vs. 2015*		*2015 vs. 2014*	
	2016	2015	2014	$ Change	% Change	$ Change	% Change
OIBDA	$ 138	$ 146	$ 166	$ (8)	-6%	$ (20)	-12%
Depreciation and amortization	(70)	(69)	(72)	(1)	1%	3	-4%
Operating income	**$ 68**	**$ 77**	**$ 94**	**$ (9)**	**-12%**	**$ (17)**	**-18%**

2016 vs. 2015

Music Publishing OIBDA decreased by $8 million, or 6%, to $138 million for the fiscal year ended September 30, 2016 from $146 million for the fiscal year ended September 30, 2015 as a result of higher proportionate artist and repertoire costs and costs related to the Happy Birthday settlement and severance charges, as noted above. Expressed as a percentage of Music Publishing revenues, Music Publishing OIBDA margin decreased to 26% for the fiscal year ended September 30, 2016 from 30% for the fiscal year ended September 30, 2015.

Music Publishing operating income decreased by $9 million to $68 million for the fiscal year ended September 30, 2016 from $77 million for the fiscal year ended September 30, 2015 due to the factors that led to the decrease in Music Publishing OIBDA noted above.

2015 vs. 2014

Music Publishing OIBDA decreased by $20 million, or 12%, to $146 million for the fiscal year ended September 30, 2015 from $166 million for the fiscal year ended September 30, 2014 as a result of lower Music Publishing revenue noted above and a one-time benefit of $6 million related to the reversal of a previously accrued earnout in 2014. Expressed as a percentage of Music Publishing revenues, Music Publishing OIBDA margin decreased to 30% for the fiscal year ended September 30, 2015 from 32% for the fiscal year ended September 30, 2014.

Music Publishing operating income decreased by $17 million due to the decrease in OIBDA noted above partially offset by the $3 million decrease in Music Publishing depreciation and amortization expense due to the unfavorable impact of foreign currency exchange rates.

Corporate Expenses and Eliminations

2016 vs. 2015

Our OIBDA loss from corporate expenses and eliminations increased by $1 million to $90 million for the fiscal year ended September 30, 2016 from $89 million for the fiscal year ended September 30, 2015 due to an increase in variable compensation associated with improved operating performance, partially offset by prior year facilities costs associated with moving to our new headquarters and prior year expenses related to ongoing cost containment initiatives.

Our operating loss from corporate expenses and eliminations remained flat at $101 million for the fiscal year ended September 30, 2016 and for the fiscal year ended September 30, 2015.

2015 vs. 2014

Our OIBDA loss from corporate expenses and eliminations decreased by $4 million to $89 million for the fiscal year ended September 30, 2015 from $93 million for the fiscal year ended September 30, 2014. The decrease was primarily due to a decline in facilities cost associated with moving to our new headquarters and the current year benefit of ongoing cost-containment initiatives, partially offset by higher variable compensation in 2015 due to non-recurring performance driven reductions in bonus expense in the prior year.

Our operating loss from corporate expenses and eliminations decreased by $5 million to $101 million for the fiscal year ended September 30, 2015 from $106 million for the fiscal year ended September 30, 2014 due to the decrease in OIBDA loss noted above.

FINANCIAL CONDITION AND LIQUIDITY

Financial Condition at September 30, 2015

At September 30, 2016, we had $2.812 billion of debt, $359 million of cash and equivalents (net debt of $2.453 billion, defined as total debt less cash and equivalents) and $195 million of Warner Music Group Corp. equity. This compares to $2.994 billion of debt, $246 million of cash and equivalents (net debt of $2.748 billion) and $221 million of Warner Music Group Corp. equity at September 30, 2015.

The $26 million decrease in Warner Music Group Corp.'s equity during the fiscal year ended September 30, 2016 was due to foreign currency adjustments of $44 million and an increase in minimum pension liability of $7 million, partially offset by net income of $25 million.

Cash Flows

The following table summarizes our historical cash flows. The financial data for fiscal years ended September 30, 2016, September 30, 2015 and September 30, 2014 have been derived from our audited financial statements included elsewhere herein.

	For the Fiscal Year Ended September 30,		
	2016	2015	2014
Cash provided by (used in):			
Operating Activities	$ 342	$ 222	$ 130
Investing Activities	(8)	(95)	(155)
Financing Activities	(216)	(19)	37

Operating Activities

Cash provided by operating activities was $342 million for the fiscal year ended September 30, 2016 compared to $222 million for the fiscal year ended September 30, 2015 and $130 million for the fiscal year ended September 30, 2014. The primary drivers of the $120 million increase in cash provided by operating activities during the current year were an increase in comparative OIBDA of $71 million and the benefit of changes in working capital from operations, including an increase in accounts payable, accrued liabilities and royalty payables, partially offset by a decrease in accrued interest and deferred revenue as a source of cash.

The increase in results from operating activities for the fiscal year ended September 30, 2015 compared to the fiscal year ended September 30, 2014 reflected the increase in OIBDA of $96 million and lower comparative cash interest payments of $33 million due to our lower cost of debt. Offsetting this was the final PLG Acquisition cash payment of $38 million related to the final working capital adjustment, a decline in deferred revenue as a source of cash due to the timing of contractual advances on large digital service deals, and a decline in accounts receivable as a source of cash due to timing of sales.

Investing Activities

Cash used in investing activities was $8 million for the fiscal year ended September 30, 2016, compared to $95 million for the fiscal year ended September 30, 2015 and $155 million for the fiscal year ended September 30, 2014.

Cash used in investing activities of $8 million for the fiscal year ended September 30, 2016 consisted of $42 million of capital expenditures mainly related to IT, $28 million of business investments and acquisitions and $25 million to acquire music publishing rights, partially offset by $42 million of proceeds from the sale of real estate and $45 million of proceeds from divestitures.

Cash used in investing activities of $95 million for the fiscal year ended September 30, 2015 consisted of $16 million of net business acquisitions, $16 million to acquire music publishing rights and $63 million of capital expenditures mainly related to IT.

Cash used in investing activities of $155 million for the fiscal year ended September 30, 2014 consisted of $53 million, net of business acquisitions, $26 million to acquire music publishing rights and $76 million for capital expenditures mainly related to IT. The business acquisition payments represent cash paid for new acquisitions as well as contingent consideration on business acquisitions completed in prior years.

Financing Activities

Cash used in financing activities was $216 million for the fiscal year ended September 30, 2016 compared to cash used in financing activities of $19 million for the fiscal year ended September 30, 2015 and cash provided by financing activities of $37 million for the fiscal year ended September 30, 2014.

The $216 million of cash used in financing activities for the fiscal year ended September 30, 2016 represented the repayment of $150 million of Holdings 13.75% Senior Notes, $10 million of financing costs paid, open market repurchase of approximately $25 million of Acquisition Corp. 6.75% Senior Notes, repayment of Acquisition Corp. Senior Term Loan Facility of $296 million, $13 million in amortization payments on Acquisition Corp.'s Senior Term Loan Facility, $4 million of deferred financing costs paid, $14 million of repayments on our capital lease obligation and $5 million of distributions to our non-controlling interest holders, partially offset by $300 million proceeds from issuance of Acquisition Corp. 5.00% Senior Secured Notes.

The $19 million of cash used in financing activities for the fiscal year ended September 30, 2015 represented $13 million in amortization payments on the Senior Term Loan Facility, $3 million of repayments on our capital lease obligation and $3 million of distributions to our non-controlling interest holders.

The $37 million of cash provided by financing activities for the fiscal year ended September 30, 2014 reflected the $53 million net proceeds from the 2014 Refinancing, which included proceeds from the issuance of $935 million in new notes offset by $765 million in repayment of principal debt, $104 million of premiums and consent fees and $13 million of deferred financing costs. It also included $10 million in amortization payments on the Senior Term Loan Facility, $3 million of repayments on our capital lease obligation and $3 million of distributions to our non-controlling interest holders.

There were no drawdowns on the Revolving Credit Facility during the fiscal year ended September 30, 2016. The total gross amount of proceeds from the Revolving Credit Facility of $258 million and $600 million during the fiscal years ended September 30, 2015 and 2014, respectively, were an aggregate of all drawdowns during each period. Individual amounts were drawn and repaid in full during the period, with no Revolving Credit Facility balance outstanding at September 30, 2015 or 2014.

Liquidity

Our primary sources of liquidity are the cash flows generated from our subsidiaries' operations, available cash and equivalents and funds available for drawing under our Revolving Credit Facility. These sources of liquidity are needed to fund our debt service requirements, working capital requirements, capital expenditure requirements, strategic acquisitions and investments, and any dividends, prepayments of debt or repurchases or retirement of our outstanding debt or 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 twelve months.

Revolving Credit Facility

On November 1, 2012 (the "2012 Refinancing Closing Date"), Acquisition Corp. entered into a credit agreement dated November 1, 2012, as amended by the amendment dated as of April 23, 2013, the amendment dated April 9, 2014 and the amendment dated June 13, 2016 (the "Revolving Credit Agreement"), for a senior secured revolving credit facility with Credit Suisse AG, as administrative agent, and the other financial institutions and lenders from time to time party thereto (the "Revolving Credit Facility"). The final maturity of the Revolving Credit Facility is April 1, 2021.

Acquisition Corp. is the borrower (the "Revolving Borrower") under the Revolving Credit Agreement which provides for a revolving credit facility in the amount of up to $150 million (the "Commitments") and includes a $50 million letter of credit sub-facility. Amounts are available under the Revolving Credit Facility in U.S. dollars, euros or pounds Sterling. The Revolving Credit Agreement permits loans for general corporate purposes and may also be utilized to issue letters of credit. Borrowings under the Revolving Credit Agreement bear interest at the Revolving Borrower's election at a rate equal to (i) the rate for deposits in the borrowing currency in the London interbank market (adjusted for maximum reserves) for the applicable interest period ("Revolving LIBOR") plus 2.00% 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 0.5% and (z) the one-month Revolving LIBOR plus 1.0% per annum, plus, in each case, 1.00% per annum.

Prepayments

If, at any time, the aggregate amount of outstanding loans (including letters of credit outstanding thereunder) exceeds the commitments under the Revolving Credit Facility, 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 Revolving Credit Facility and amounts prepaid may be reborrowed, subject to then effective commitments under the Revolving Credit Facility.

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

Ranking

The indebtedness incurred under the 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 Revolving Credit Facility, including the Senior Term Loan Facility, Acquisition Corp.'s 5.625% Senior Secured Notes due 2022 (the "5.625% Existing Secured Notes"), Acquisition Corp's 5.000% Senior Secured Notes due 2023 (the "5.000% Existing Secured Notes" and, together with the 5.625% Existing Secured Notes, the "Existing Secured Notes"), Acquisition Corp.'s 4.125% Senior Secured Notes due 2024 (the "New Euro Notes") and Acquisition Corp.'s 4.875% Senior Secured Notes due 2024 (the "New Dollar Notes" and, together with the New Euro Notes, the "New Senior Secured Notes"). Indebtedness incurred under the 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 Senior Term Loan Credit Agreement, the Existing Secured Notes, the New Senior Secured Notes and any future senior secured credit facility; is effectively senior to the Revolving Borrower's existing and future unsecured senior indebtedness, including Acquisition Corp.'s 6.750% Senior Notes due 2022 (the "Existing Senior Notes"), to the extent of the value of the collateral securing the 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)).

Guarantees

All obligations under the Revolving Credit Facility are guaranteed by the Revolving Borrower's existing subsidiaries that guarantee the Existing Secured Notes, the New Senior Secured Notes and each other direct and indirect wholly owned U.S. subsidiary of the Revolving Borrower, other than certain excluded subsidiaries and are secured by substantially all assets of the Revolving Borrower and each subsidiary guarantor to the extent required under the security agreement securing the Existing Secured Notes, the New Senior Secured Notes, including a perfected pledge of all the equity interests of the Revolving Borrower and of any subsidiary guarantor, mortgages on certain real property and certain intellectual property.

Covenants, Representations and Warranties

The 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 senior secured leverage ratio of 4.625:1.00 (with no step-down), which will be tested only at the end of any fiscal quarter 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.

Senior Term Loan Facility

On November 1, 2012, Acquisition Corp. entered into a $600 million senior secured term loan credit facility, dated November 1, 2012, pursuant to a credit agreement, as amended by the amendments dated May 9, 2013 and July 13, 2016, (the "Senior Term Loan Credit Agreement") with Credit Suisse AG, as administrative agent and collateral agent, and the other financial institutions and lenders from time to time party thereto (as described below, the "Senior Term Loan Facility" and, together with the Revolving Credit Facility, the "Senior Credit Facilities").

General

Acquisition Corp. is the borrower under the Senior Term Loan Facility (the "Term Loan Borrower"). On May 9, 2013, the Term Loan Borrower entered into an amendment to the Senior Term Loan Facility among the Term Loan Borrower, Holdings, the subsidiaries of the Term Loan Borrower party thereto, Credit Suisse AG, as administrative agent, and the other financial institutions and lenders from time to time party thereto, providing for the refinancing of the then outstanding term loan and for a $820 million senior secured incremental term loan facility, which was drawn on July 1, 2013. On July 15, 2016, the Term Loan Borrower entered into an amendment to the Senior Term Loan Credit Agreement with Credit Suisse AG, as administrative agent, and the other financial institutions and lenders from time to time party thereto, providing for (among other changes) conforming certain baskets governing the ability to incur debt and liens to the equivalent provisions applicable to the 5.000% Existing Secured Notes. The effectiveness of such changes to the baskets was subject to certain conditions, which were satisfied by the completed issuance and sale of the 5.000% Existing Secured Notes and the prepayment, pursuant to the prepayment notice dated July 22, 2016, of $295.5 million of the Tranche B Term Loans (as defined in the Senior Term Loan Credit Agreement) with the net proceeds from the sale of the 5.000% Existing Secured Notes. On November 21, 2016, the Term Loan Borrower entered into an amendment to the Senior Term Loan Credit Agreement, which extended the maturity date to November 1, 2023, subject, in certain circumstances to a springing maturity inside the maturity date of certain of the Term Loan Borrower's other outstanding indebtedness and increased the principal amount outstanding by $27.5 million to $1,006 million. As of September 30, 2016, the Senior Term Loan Facility provides for term loans thereunder (the "Term Loans") in an amount of up to $975 million.

The loans outstanding under the Senior Term Loan Facility mature on November 1, 2023, subject, in certain circumstances to a springing maturity inside the maturity date of certain of the Term Loan Borrower's other outstanding indebtedness.

In addition, the Senior Term Loan Credit Agreement provides the right for individual lenders to extend the maturity date of their loans upon the request of the Term Loan Borrower and without the consent of any other lender.

Subject to certain conditions, without the consent of the then existing lenders (but subject to the receipt of commitments), the Senior Term Loan Facility may be expanded (or a new term loan facility entered into) by up to the greater of (i) $300 million and (ii) such additional amount as would not cause the net senior secured leverage ratio, after giving effect to the incurrence of such additional amount and any use of proceeds thereof, to exceed 4.00:1.00.

Interest Rates and Fees

The loans under the Senior Term Loan Credit Agreement bear interest 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*"), plus 2.75%, or (ii) the base rate, which will be the highest of (x) the corporate base rate established by the administrative agent as its prime rate in effect at its principal office in New York City from time to time, (y) 0.50% in excess of the overnight federal funds rate and (z) one-month Term Loan LIBOR, plus 1.00% per annum, plus, in each case, 1.75%. The loans under the Term Loan Credit Agreement are subject to a Term Loan LIBOR "floor" of 1.00%.

Prepayments

The Senior Term Loan Facility is subject to mandatory prepayment and reduction in an amount equal to (a) 50% of excess cash flow (as defined in the Senior Term Loan Credit Agreement), with reductions to 25% and zero based upon achievement of a net senior secured leverage ratio of less than or equal to 2.00:1.00 or 1.50:1.00, respectively, (b) 100% of the net cash proceeds received from the incurrence of indebtedness by the Term Loan Borrower or any of its restricted subsidiaries (other than indebtedness permitted under the Senior Term Loan Facility), and (c) 100% of the net cash proceeds of all non-ordinary course asset sales or other dispositions of property by the Term Loan Borrower and its restricted subsidiaries (including certain insurance and condemnation proceeds) in excess of $75 million and subject to the right of the Term Loan Borrower and its restricted subsidiaries to reinvest such proceeds within a specified period of time, and other exceptions. Voluntary prepayments of borrowings under the Senior Term Loan Facility are permitted at any time, in minimum principal amounts of $1 million or a whole multiple of $500,000 in excess thereof, subject to reimbursement of the lenders' redeployment costs actually incurred in the case of a prepayment of adjusted LIBOR borrowings other than on the last day of the relevant interest period.

Guarantee; Security

All obligations under the Senior Term Loan Facility are guaranteed by each direct and indirect U.S. restricted subsidiary of the Term Loan Borrower, other than certain excluded subsidiaries.

All obligations of the Term Loan Borrower and each guarantor are secured on an equal basis with the Existing Secured Notes and the New Senior Secured Notes by a perfected security interest in the capital stock of the Term Loan Borrower and substantially all tangible and intangible assets of the Term Loan Borrower and each guarantor, including the capital stock of each direct material U.S. subsidiary of the Term Loan Borrower and each guarantor, and 65% of each series of capital stock of any non-U.S. subsidiary held directly by the Term Loan Borrower or any guarantor, subject to exceptions for fee owned real property with a value of less than $5 million, leasehold interests including requirements to deliver landlord lien waivers, estoppels and collateral access waivers, assets specifically requiring perfection through control agreements and other customary exceptions.

Covenants, Representations and Warranties

The Senior Term Loan Facility contains customary representations and warranties and customary affirmative and negative covenants. The negative covenants are incurrence-based high yield covenants and limit the ability of the Term Loan Borrower and its restricted subsidiaries to:

- incur additional indebtedness or issue certain preferred shares;
- pay dividends, redeem stock or make other distributions;
- repurchase, prepay or redeem subordinated indebtedness;
- make investments;
- create restrictions on the ability of our restricted subsidiaries to pay dividends to us or make other intercompany transfers;
- create liens;
- transfer or sell assets;
- consolidate, merge, sell or otherwise dispose of all or substantially all of our assets;
- enter into certain transactions with affiliates; and
- designate subsidiaries as unrestricted subsidiaries.

The negative covenants are subject to customary exceptions. There are no financial covenants included in the Senior Term Loan Credit Agreement.

Events of Default

Events of default under the Senior Term Loan Credit Agreement are limited to nonpayment of principal when due, nonpayment of interest or other amounts, inaccuracy of representations or warranties in any material respect, violation of covenants, cross default and cross acceleration to other material debt, certain bankruptcy or insolvency events, certain ERISA events, certain material judgments, actual or asserted invalidity of security interests in excess of $50 million, and upon a change of control, in each case subject to customary thresholds, notice and grace period provisions.

Existing Senior Secured Notes

As of September 30, 2016, Acquisition Corp. had outstanding $450 million of its Existing Dollar Notes and €157.5 million of its Existing Euro Notes. As part of the October 2016 Refinancing Transactions, Acquisition Corp. refinanced all of the 2021 Senior Secured Notes. On October 18, 2016, Acquisition Corp. accepted for purchase in connection with tender offers the Existing Dollar Notes and the Existing Euro Notes that had been validly tendered and not validly withdrawn at or prior to the Expiration Time. Following payment for the 2021 Senior Secured Notes tendered at or prior to the Expiration Time, we deposited with the trustee for the 2021 Senior Secured Notes funds sufficient to satisfy all obligations remaining under the indentures with respect to the 2021 Senior Secured Notes not accepted for payment on October 18, 2016. The trustee then entered into Satisfaction and Discharge of Indentures, each dated as of October 18, 2016, with respect to each indenture governing the 2021 Senior Secured Notes, discharging our obligations under the 2021 Senior Secured Notes. The remaining notes will be redeemed on January 15, 2017. See "—Recent Developments—October 2016 Refinancing Transactions".

General

On November 1, 2012, Acquisition Corp. issued (i) $500 million in aggregate principal amount of its Existing Dollar Notes and (ii) €175 million in aggregate principal amount of its Existing Euro Notes under the Indenture, dated as of November 1, 2012 (the "Senior Secured Base Indenture"), among Acquisition Corp., 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 "Existing Euro Supplemental Indenture"), among Acquisition Corp., the guarantors party thereto and the Trustee, in the case of the Existing Euro Notes, and the Second Supplemental Indenture, dated as of November 1, 2012, among Acquisition Corp., the guarantors party thereto and the Trustee, in the case of the Existing Dollar Notes (the "Existing Dollar Supplemental Indenture"). On April 9, 2014, Acquisition Corp. issued $275 million in aggregate principal amount of its 5.625% Existing Secured Notes under the Senior Secured Base Indenture, as supplemented by the Fourth Supplemental Indenture, dated as of April 9, 2014, among Acquisition Corp., the guarantors party thereto and the Trustee (the "5.625% Supplemental Indenture"). On July 27, 2016, Acquisition Corp. issued $300 million in aggregate principal amount of its 5.000% Existing Secured Notes under the Senior Secured Base Indenture, as supplemented by the Fifth Supplemental Indenture, dated as of July 27, 2016, among Acquisition Corp., the guarantors party thereto, Credit Suisse AG, as Notes Authorized Agent and Collateral Agent, and the Trustee (the "5.000% Supplemental Indenture" and, the Senior Secured Base Indenture, together with the Existing Euro Supplemental Indenture, the Existing Dollar Supplemental Indenture, the 5.625% Supplemental Indenture, or the 5.000% Supplemental Indenture, as applicable, the "Existing Senior Secured Notes Indenture").

Interest on the 5.625% Existing Secured Notes accrues at the rate of 5.625% per annum and is payable semi-annually in arrears on April 15 and October 15, commencing on October 15, 2014. Interest on the 5.000% Existing Secured Notes accrues at a rate of 5.000% per annum and is payable semi-monthly in arrears on February 1 and August 1, commencing on February 1, 2017.

On June 21, 2013, Acquisition Corp. redeemed $50 million in aggregate principal amount of its outstanding 6.000% Senior Secured Notes due 2021 and €17.5 million in aggregate principal amount of its outstanding 6.250% Senior Secured Notes due 2021. On February 16, 2016, Holdings redeemed $50 million of its $150 million outstanding Holdings Notes and redeemed the remaining $100 million of the Holdings Notes on July 1, 2016.

Ranking

The Existing Secured Notes are Acquisition Corp.'s senior secured obligations. The Existing Secured 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 Senior Secured Notes and indebtedness under the Senior Credit Facilities; are effectively senior to Acquisition Corp.'s existing and future unsecured senior indebtedness, including the Existing Senior Notes, to the extent of the value of the collateral securing the Existing Secured Notes; 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; Security

The Existing Secured Notes are fully and unconditionally guaranteed on a senior secured basis by each of Acquisition Corp.'s existing direct or indirect wholly owned domestic 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 New Senior Secured Notes and indebtedness under the Senior Credit Facility; ranks equally in right of payment to all of such subsidiary guarantor's existing and future secured indebtedness, including such subsidiary guarantor's guarantee of the Existing Senior Notes, to the extent of the value of the collateral securing the Existing Secured Notes; 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 Existing Secured Notes may be released in certain circumstances. The Existing Secured Notes are not guaranteed by Holdings.

On November 16, 2012, the Company issued a guarantee whereby it fully and unconditionally guaranteed on a senior secured basis, the payments of Acquisition Corp. on the 2021 Senior Secured Notes. On May 7, 2014, the Company issued a guarantee whereby it fully and unconditionally guaranteed on a senior secured basis, the payments of Acquisition Corp. on the 5.625% Existing Secured Notes. On July 27, 2016, the Company issued a guarantee whereby it fully and unconditionally guaranteed on a senior secured basis, the payments of Acquisition Corp. on the 5.000% Existing Secured Notes.

The obligations of Acquisition Corp. and each subsidiary guarantor under the Existing Secured Notes are secured by substantially all assets of Acquisition Corp. and each subsidiary guarantor to the extent required under the security agreement securing the Existing Secured Notes and the Senior Credit Facility, including a perfected pledge of all the equity interests of Acquisition Corp. and of any subsidiary guarantor, mortgages on certain real property and certain intellectual property.

Optional Redemption

5.625% Existing Secured Notes

At any time prior to April 15, 2017, Acquisition Corp. may on any one or more occasions redeem up to 40% of the aggregate principal amount of 5.625% Existing Secured Notes (including the aggregate principal amount of any additional notes of the same series) issued under the Existing Senior Secured Notes Indenture, at its option, at a redemption price equal to 105.625% of the principal amount of the 5.625% Existing Secured Notes redeemed, plus accrued and unpaid interest thereon, if any, to the date of redemption (subject to the rights of holders of 5.625% Existing Secured 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 5.625% Existing Secured Notes originally issued under the Existing Senior Secured Notes Indenture (including the aggregate principal amount of any additional notes of the same series) 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 5.625% Existing Secured Notes may be redeemed, in whole or in part, at any time prior to April 15, 2017, at the option of Acquisition Corp., at a redemption price equal to 100% of the principal amount of the 5.625% Existing Secured Notes redeemed plus the applicable make whole premium 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 April 15, 2017, Acquisition Corp. may redeem all or a part of the 5.625% Existing Secured 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 5.625% Existing Secured Notes to be redeemed to the applicable redemption date, if redeemed during the twelve-month period beginning on April 15 of the years indicated below:

Year	Percentage
2017	104.219%
2018	102.813%
2019	101.406%
2020 and thereafter	100.000%

In addition, during any 12-month period prior to April 15, 2017, Acquisition Corp. will be entitled to redeem up to 10% of the original aggregate principal amount of the 5.625% Existing Secured Notes (including the principal amount of any additional notes 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).

5.000% Existing Secured Notes

At any time prior to August 1, 2019, Acquisition Corp. may on any one or more occasions redeem up to 40% of the aggregate principal amount of the 5.000% Existing Secured Notes (including the aggregate principal amount of any additional notes constituting 5.000% Existing Secured Notes) issued under the Existing Senior Secured Notes Indenture, at its option, at a redemption price equal to 105% of the principal amount of the 5.000% Existing Secured Notes redeemed, plus accrued and unpaid interest thereon, if any, to the date of redemption (subject to the rights of holders of 5.000% Existing Secured 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 the 5.000% Existing Secured Notes originally issued under the Existing Senior Secured Notes Indenture (including the aggregate principal amount of any additional securities constituting 5.000% Existing Secured Notes issued under the Existing Senior Secured Notes Indenture) remains outstanding immediately after the occurrence of such redemption; and

(2) the redemption occurs within 180 days of the date of, and may be conditioned upon, the closing of such equity offering.

The 5.000% Existing Secured Notes may be redeemed, in whole or in part, at any time prior to August 1, 2019, at the option of Acquisition Corp., at a redemption price equal to 100% of the principal amount of the 5.000% Existing Secured 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 August 1, 2019, Acquisition Corp. may redeem all or a part of the 5.000% Existing Secured 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 5.000% Existing Secured Notes to be redeemed to the applicable redemption date, if redeemed during the twelve-month period beginning on August 1 of the years indicated below:

Year	Percentage
2019	102.500%
2020	101.250%
2021 and thereafter	100.000%

In addition, during any 12-month period prior to August 1, 2019, Acquisition Corp. will be entitled to redeem up to 10% of the original aggregate principal amount of the 5.000% Existing Secured Notes (including the principal amount of any additional notes 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 certain events constituting a change of control, Acquisition Corp. is required to make an offer to repurchase all of the Existing Secured 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 Existing Senior Secured 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 Existing Senior Secured Notes Indenture are limited to: the nonpayment of principal or interest when due, violation of covenants and other agreements contained in the Existing Notes Indentures, cross payment default after final maturity and cross acceleration of certain material debt; certain bankruptcy and insolvency events, material judgment defaults, actual or asserted invalidity of a guarantee of a significant subsidiary, or of security interests in excess of $50 million, 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 Existing Secured Notes to become or to be declared due and payable.

New Senior Secured Notes

On October 18, 2016, Acquisition Corp. issued and sold $250 million in aggregate principal amount of its 4.875% Senior Secured Notes due 2024 (the "New Dollar Notes") and €345 million in aggregate principal amount of its 4.125% Senior Secured Notes due 2024 (the "New Euro Notes" and, together with the New Dollar Notes, the "New Senior Secured Notes") under the Senior Secured Base Indenture, as supplemented by (i) in the case of the New Dollar Notes, the Sixth Supplemental Indenture, dated as of October 18, 2016 (the "Sixth Supplemental Indenture") and (ii) in the case of the New Euro Notes, the Seventh Supplemental Indenture, dated as of October 18, 2016 (the "Seventh Supplemental Indenture" and the Secured Notes Base Indenture with the Sixth Supplemental Indenture and the Seventh Supplemental Indenture, as applicable, the "October 2016 Secured Notes Indenture"), among Acquisition Corp., the guarantors party thereto and the Trustee.

Interest on the New Dollar Notes will accrue at the rate of 4.875% per annum and will be payable semi-annually in arrears on May 1 and November 1, commencing on May 1, 2017. Interest on the New Euro Notes will accrue at the rate of 4.125% per annum and will be payable semi-annually in arrears on May 1 and November 1, commencing on May 1, 2017.

Ranking

The New Senior Secured 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 New Senior Secured Notes, including the Existing Secured Notes and the Senior Credit Facilities. The New Senior Secured Notes rank senior in right of payment to Acquisition Corp.'s subordinated indebtedness; rank equally in right of payment with all of Acquisition Corp.'s existing and future senior indebtedness, including the Existing Unsecured Notes, the Existing Secured Notes and indebtedness under Acquisition Corp.'s Senior Credit Facilities and any future senior secured credit facility; are effectively senior to Acquisition Corp.'s unsecured senior indebtedness, including the Existing Unsecured Notes, to the extent of the value of the collateral securing the New Senior Secured Notes; and are structurally subordinated in right of payment 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)).

Guarantees

The New Senior Secured Notes are fully and unconditionally guaranteed on a senior secured basis by each of Acquisition Corp.'s existing direct or indirect wholly-owned domestic restricted subsidiaries and by any such subsidiaries that guarantee obligations of Acquisition Corp. under the 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 New Senior Secured Notes (including the subsidiary guarantor's guarantee of obligations under the Existing Secured Notes and the 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 the Existing 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 the Senior Credit Facilities and any future senior secured credit facility, the Existing Secured Notes and the Existing Unsecured Notes; 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 Acquisition Corp. or one of its subsidiary guarantors). Any subsidiary guarantee of the New Senior Secured Notes may be released in certain circumstances. On the October 18, 2016, the Company issued a guarantee whereby it fully and unconditionally guaranteed (the "Guarantee") the payments of Acquisition Corp. on the New Senior Secured Notes.

Optional Redemption

New Dollar Notes

At any time prior to November 1, 2019, Acquisition Corp. may on any one or more occasions redeem up to 40% of the aggregate principal amount of the New Dollar Notes (including the aggregate principal amount of any additional securities constituting New Dollar Notes) issued under the October 2016 Secured Notes Indenture, at its option, at a redemption price equal to 104.875% of the principal amount of the New Dollar Notes redeemed, plus accrued and unpaid interest thereon, if any, to the date of redemption (subject to the rights of holders of New 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 the New Dollar Notes originally issued under the October 2016 Secured Notes Indenture (including the aggregate principal amount of any additional securities constituting New Dollar Notes issued under the October 2016 Secured Notes Indenture) remains outstanding immediately after the occurrence of such redemption; and

(2) the redemption occurs within 180 days of the date of, and may be conditioned upon, the closing of such equity offering.

The New Dollar Notes may be redeemed, in whole or in part, at any time prior to November 1, 2019, at the option of Acquisition Corp, at a redemption price equal to 100% of the principal amount of the New 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 November 1, 2019, Acquisition Corp. may redeem all or a part of the New 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 New Dollar Notes to be redeemed to the applicable redemption date, if redeemed during the twelve-month period beginning on November 1 of the years indicated below:

Year	Percentage
2019	103.656%
2020	102.438%
2021	101.219%
2022 and thereafter	100.000%

In addition, during any 12-month period prior to November 1, 2019, Acquisition Corp. will be entitled to redeem up to 10% of the original aggregate principal amount of the New 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).

New Euro Notes

At any time prior to November 1, 2019, Acquisition Corp. may on any one or more occasions redeem up to 40% of the aggregate principal amount of the New Euro Notes (including the aggregate principal amount of any additional securities constituting New Euro Notes) issued under the October 2016 Secured Notes Indenture, at its option, at a redemption price equal to 104.125% of the principal amount of the New Euro Notes redeemed, plus accrued and unpaid interest thereon, if any, to the date of redemption (subject to the rights of holders of New 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 the New Euro Notes originally issued under the October 2016 Secured Notes Indenture (including the aggregate principal amount of any additional securities constituting New Euro Notes issued under the October 2016 Secured Notes Indenture) remains outstanding immediately after the occurrence of such redemption; and

(2) the redemption occurs within 180 days of the date of, and may be conditioned upon, the closing of such equity offering.

The New Euro Notes may be redeemed, in whole or in part, at any time prior to November 1, 2019, at the option of Acquisition Corp., at a redemption price equal to 100% of the principal amount of the New 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 November 1, 2019, Acquisition Corp. may redeem all or a part of the New 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 New Euro Notes to be redeemed to the applicable redemption date, if redeemed during the twelve-month period beginning on November 1 of the years indicated below:

Year	Percentage
2019	103.094%
2020	102.063%
2021	101.031%
2022 and thereafter	100.000%

In addition, during any 12-month period prior to November 1, 2019, Acquisition Corp. will be entitled to redeem up to 10% of the original aggregate principal amount of the New 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 Secured Notes Base Indenture, each holder of the New Senior Secured Notes has the right to require Acquisition Corp. to repurchase some or all of such holder's New Senior Secured 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 October 2016 Secured Notes 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 October 2016 Secured Notes Indenture also provides for events of default which, if any of them occurs, would permit or require the principal of and accrued interest on the New Senior Secured Notes to become or to be declared due and payable.

New Unsecured Notes

On April 9, 2014, Acquisition Corp. issued $660 million in aggregate principal amount of its 6.750% Senior Notes due 2022 (the "New Unsecured Notes") under the Indenture, dated as of April 9, 2014 (the "New Unsecured Notes Base Indenture"), among Acquisition Corp., the guarantors party thereto and the Trustee, as supplemented by the First Supplemental Indenture, dated as of April 9, 2014 (the "New Unsecured Notes Supplemental Indenture" and, together with the New Unsecured Notes Base Indenture, the "New Unsecured Notes Indenture"), among the Acquisition Corp., the guarantors party thereto and the Trustee. Following the retirement of notes acquired in open market purchases on March 11, 2016, approximately $635 million of the New Unsecured Notes remain outstanding.

Interest on the New Unsecured Notes will accrue at the rate of 6.750% per annum and will be payable semi-annually in arrears on April 15 and October 15, commencing on October 15, 2014.

Ranking

The New Unsecured Notes are Acquisition Corp.'s senior unsecured obligations. The New Unsecured Notes rank senior in right of payment to Acquisition Corp.'s subordinated indebtedness; rank equally in right of payment with all of Acquisition Corp.'s existing and future senior indebtedness, including the Existing Senior Secured Notes, the New Senior Secured Notes and indebtedness outstanding under the Senior Credit Facilities and any future senior secured credit facility; are effectively subordinated to Acquisition Corp.'s secured senior indebtedness, including the Existing Senior Secured Notes, the New Senior Secured Notes and indebtedness under the Senior Credit Facilities and any future senior secured credit facility, to the extent of the value of the collateral securing such indebtedness; and are structurally subordinated in right of payment 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).

Guarantees

The New Unsecured Notes are fully and unconditionally guaranteed on a senior unsecured basis by the subsidiary guarantors. Each subsidiary guarantee is a senior unsecured obligation of such subsidiary guarantor. Each subsidiary guarantee ranks senior in right of payment to all subordinated obligations of the subsidiary guarantor; is effectively subordinated to the subsidiary guarantor's existing secured obligations, including the subsidiary guarantor's guarantee of the Existing Senior Secured Notes, the New Senior Secured Notes and obligations under the Senior Credit Facilities and any future senior secured credit facility, 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 the Existing Senior Secured Notes, the New Senior Secured Notes and the Senior Credit Facilities and any future senior secured credit facility; 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 Acquisition Corp. or one of its subsidiary guarantors). Any subsidiary guarantee of the New Unsecured Notes may be released in certain circumstances. On May 7, 2014, the Parent issued a guarantee whereby it agreed to fully and unconditionally guarantee the payments of Acquisition Corp. on the New Senior Unsecured Notes.

Optional Redemption

At any time prior to April 15, 2017, Acquisition Corp. may on any one or more occasions redeem up to 40% of the aggregate principal amount of New Unsecured Notes (including the aggregate principal amount of any additional securities constituting New Unsecured Notes) issued under the New Unsecured Notes Indenture, at its option, at a redemption price equal to 106.750% of the principal amount of the New Unsecured Notes redeemed, plus accrued and unpaid interest thereon, if any, to the date of redemption (subject to the rights of holders of New Unsecured 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 New Unsecured Notes originally issued under the New Unsecured Notes Indenture (including the aggregate principal amount of any additional securities constituting New Unsecured Notes issued under the New Unsecured 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.

The New Unsecured Notes may be redeemed, in whole or in part, at any time prior to April 15, 2017, at the option of Acquisition Corp., at a redemption price equal to 100% of the principal amount of the New Unsecured 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 April 15, 2017, Acquisition Corp. may redeem all or a part of the New Unsecured 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 New Unsecured Notes to be redeemed to the applicable redemption date, if redeemed during the twelve-month period beginning on April 15 of the years indicated below:

Year	Percentage
2017	105.063%
2018	103.375%
2019	101.688%
2020 and thereafter	100.000%

Change of Control

Upon the occurrence of a change of control, which is defined in the New Unsecured Notes Base Indenture, each holder of the New Unsecured Notes has the right to require Acquisition Corp. to repurchase some or all of such holder's New Unsecured 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 New Unsecured Notes 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 New Unsecured Notes Indenture also provides for events of default which, if any of them occurs, would permit or require the principal of and accrued interest on New Unsecured Notes to become or to be declared due and payable.

Existing Debt as of September 30, 2016

As of September 30, 2016, our long-term debt, including the current portion, was as follows (in millions):

Revolving Credit Facility—Acquisition Corp. (a)	$	—
Senior Term Loan Facility due 2020—Acquisition Corp. (b)		975
5.625% Senior Secured Notes due 2022—Acquisition Corp.		275
6.00% Senior Secured Notes due 2021—Acquisition Corp.		450
6.25% Senior Secured Notes due 2021—Acquisition Corp. (c)		177
5.00% Senior Notes due 2022—Acquisition Corp.		300
6.75% Senior Notes due 2022—Acquisition Corp.		635
Total long-term debt, including the current portion (d)	$	2,812

(a) Reflects $150 million of commitments under the Revolving Credit Facility, less letters of credit outstanding of approximately $5 million at September 30, 2016. There were no loans outstanding under the Revolving Credit Facility at September 30, 2016.

(b) Principal amount of $978 million less unamortized discount of $3 million at September 30, 2016.

(c) Face amount of €158 million. Amount above represents the dollar equivalent of such notes at September 30, 2016.

(d) Total long-term debt, including the current portion does not reflect the October 2016 tender offers for, and satisfaction and discharge of, the 6.000% Senior Secured Notes due 2021 and the 6.250% Senior Secured Notes due 2021, the October issuance of 4.125% Senior Secured Notes due 2024 and 4.875% Senior Secured Notes due 2024, the November 2016 Senior Term Loan Credit Agreement Amendment, or the November redemption of the 5.625% Senior Secured Notes due 2022. See "Recent Developments – Tender Offers and Satisfaction and Discharge" and "Liquidity – New Senior Secured Notes."

Covenant Compliance

The Company was in compliance with its covenants under its outstanding notes, Revolving Credit Facility and Senior Term Loan Facility as of September 30, 2016.

Our 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 Revolving Credit Facility. Our ability to borrow funds under our Revolving Credit Facility may depend upon our ability to meet the leverage ratio test at the end of a fiscal quarter to the extent we have drawn a certain amount of revolving loans. 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); (6) transaction expenses and (7) share-based compensation expense. It also includes an adjustment for the pro forma impact of certain projected cost-savings and synergies. The indentures governing our notes and our Senior Term Loan Facility use financial measures called "Consolidated EBITDA" or "EBITDA" that have the same definition as Consolidated EBITDA as defined under the Credit Agreement governing the Revolving Credit Facility.

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 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 from operating activities as those terms are defined by U.S. GAAP and does not necessarily indicate whether cash flows will be sufficient to fund cash needs. While 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. In addition, our debt instruments require that the leverage ratio be calculated on a pro forma basis for certain transactions including acquisitions as if such transactions had occurred on the first date of the measurement period and may include expected cost savings and synergies resulting from or related to any such transaction. There can be no assurances that any such cost savings or synergies will be achieved in full.

The following is a reconciliation of net income, which is a U.S. GAAP measure of our operating results, to Consolidated EBITDA as defined, and the calculation of the Senior Secured 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, or twelve months ended September 30, 2016. 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 September 30, 2016
Net Income	$ 58
Income tax expense	11
Interest expense, net	159
Depreciation and amortization	293
Loss on extinguishment of debt (a)	4
Net gain on divestiture of business and assets dispositions (b)	(33)
Restructuring costs (c)	11
Net hedging and foreign exchange losses (d)	7
Management fees (e)	9
Transaction costs (f)	2
Business optimization expenses (g)	7
Equity based compensation expense (h)	23
Other non-cash charges (i)	(5)
Pro forma impact of specified transactions (j)	9
Pro Forma Consolidated EBITDA	**$ 555**
Senior Secured Indebtedness (k)	**$ 2,030**
Leverage Ratio (l)	**3.66x**

(a) Reflects net loss incurred on the early extinguishment of our debt incurred as part of the July 2016 debt redemption.
(b) Reflects net gain on divestiture of business and asset dispositions, mainly the sale of real estate.
(c) Reflects severance costs and other restructuring related expenses.
(d) Reflects net losses from hedging activities and realized losses due to foreign exchange.
(e) 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). Pursuant to the Company's and Holdings' management agreement with Access, the base amount of the annual fee is approximately $9 million, subject to certain potential upward adjustments.
(f) Reflects mainly integration and other nonrecurring costs.
(g) Reflects primarily costs associated with IT systems updates.
(h) Reflects compensation expense related to the Warner Music Group Corp. Senior Management Free Cash Flow Plan.
(i) Reflects cash payments related to previous non-cash charges, including but not limited to loss on lease terminations related to our corporate headquarters consolidation.
(j) Reflects expected savings resulting from our cost-containment initiatives.
(k) Reflects the principal balance of senior secured debt at Acquisition Corp. of approximately $2.180 billion, less cash and equivalents of $150 million.
(l) Reflects the ratio of Senior Secured Indebtedness, including Revolving Credit Agreement Indebtedness, to Pro Forma Consolidated EBITDA as of the twelve months ended September 30, 2016. This is calculated net of cash and equivalents of the Company as of September 30, 2016 not exceeding $150 million. If the outstanding aggregate principal amount of borrowings under our Revolving Credit Facility is greater than $30 million at the end of a fiscal quarter, the maximum leverage ratio permitted under our Revolving Credit Facility is 4.625:1.00. The Company's Revolving Credit Facility does not impose any "leverage ratio" restrictions on the Company when the aggregate principal amount of borrowings under the Revolving Credit Facility is less than or equal to $30 million at the end of a fiscal quarter.

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 Senior Term Loan Facility. However, our ability to continue to fund these items and to reduce debt may be affected by general economic, financial, competitive, legislative and regulatory factors, as well as other industry-specific factors such as the ability to control music piracy and the continued transition from physical to digital sales in the recorded music business. We and our affiliates continue to evaluate opportunities to, from time to time depending on market conditions and prices, contractual restrictions, our financial liquidity and other factors, seek to pay dividends or prepay outstanding debt or repurchase or retire Acquisition Corp.'s outstanding debt or debt securities in open market purchases, privately negotiated purchases or otherwise. The amounts involved in any such transactions, individually or in the aggregate, may be material and may be funded from available cash or from additional borrowings. In addition, we may from time to time, depending on market conditions and prices, contractual restrictions, our financial liquidity and other factors, seek to refinance our Senior Credit Facilities or our outstanding debt or debt securities with existing cash and/or with funds provided from additional borrowings.

Contractual and Other Obligations

Firm Commitments

The following table summarizes the Company's aggregate contractual obligations at September 30, 2016, and the estimated timing and effect that such obligations are expected to have on the Company's liquidity and cash flow in future periods.

Firm Commitments and Outstanding Debt	Less than 1 year	1-3 years	4-5 years	After 5 years	Total
			(in millions)		
Secured Notes (1)	$ —	$ —	$ 627	$ 575	$ 1,202
Interest on Secured Notes (1)	69	137	118	45	369
Unsecured WMG Notes (1)	—	—	—	635	635
Interest on Unsecured WMG Notes (1)	43	86	86	43	258
Senior Term Loan Facility (1)	—	—	978	—	978
Interest on Senior Term Loan Facility (1)	28	74	41	—	143
Operating leases (2)	51	86	67	200	404
Artist, songwriter and co-publisher commitments (3)	288	*	*	*	288
Management Fees (4)	9	18	18	**	45
Minimum funding commitments to investees and other obligations (5)	1	1	—	—	2
Total firm commitments and outstanding debt	$ 489	$ 402	$ 1,935	$ 1,498	$ 4,324

The following is a description of our firmly committed contractual obligations at September 30, 2016:

(1) Outstanding debt obligations consist of the Senior Term Loan Facility, Existing Dollar Notes, Existing Euro Notes, Existing Secured Notes and New Unsecured Notes. These obligations have been presented based on the principal amounts due, current and long term as of September 30, 2016. Amounts do not include any fair value adjustments, bond premiums or discounts and does not reflect the settlement of the tender offers for, or the satisfaction and discharge of, the Existing Euro Notes and the Existing Dollar Notes, the issuance of the New Euro Notes and New Dollar Notes on October 18, 2016, the increase in the Senior Term Loan Facility principal amount on November 21, 2016 or the partial redemption of the 5.625% Secured Notes. See "Recent Developments" and "Liquidity – New Senior Secured Notes."

(2) Operating lease obligations primarily relate to the minimum lease rental obligations for our real estate and operating equipment in various locations around the world. These obligations have been presented without the benefit of $10 million of total sublease income expected to be received under non-cancelable agreements. These obligations have also been presented without the commitments under the Restructuring Plan as set forth in Note 9 to the Consolidated Financial Statements.

(3) The Company routinely enters into long-term commitments with artists, songwriters and publishers for the future delivery of music product. Such commitments generally become due only upon delivery and Company acceptance of albums from the artists or future musical compositions by songwriters and publishers. Additionally, such commitments are typically cancelable at the Company's discretion, generally without penalty. Based on contractual obligations, aggregate firm commitments to such talent approximate $288 million at September 30, 2016. The aggregate firm commitments expected for the next 12 month period based on contractual obligations and the Company's expected release schedule approximates $166 million at September 30, 2016.

(4) Pursuant to the Management Agreement, the Company, or one or more of its subsidiaries, will pay Access an annual fee initially equal to the greater of (i) the sum of (x) a base amount of approximately $9 million and (y) 1.5% of the aggregate amount of Acquired EBITDA (as defined in the Management Agreement) as at such time and (ii) 1.5% of the EBITDA (as defined in the indenture governing the redeemed WMG Holdings Corp. 13.75% Senior Notes due 2019 as required by the Management Agreement) of the Company for the applicable fiscal year, plus expenses. The Company or one or more of its subsidiaries will also pay Access a specified transaction fee for certain types of transactions completed by Holdings or one or more of its subsidiaries, plus expenses.

(5) We have minimum funding commitments and other related obligations to support the operations of various investments, which are reflected in the table above. Other long-term liabilities include $13 million and $14 million of liabilities for uncertain tax positions as of September 30, 2016 and September 30, 2015, respectively. We are unable to accurately predict when these amounts will be realized or released.

* Because the timing of payment, and even whether payment occurs, is dependent upon the timing of delivery of albums and musical compositions from talent, the timing and amount of payment of these commitments as presented in the above summary can vary significantly.

** Per the above explanation, the minimum annual fee will be approximately $9 million per year. This amount may vary based on the terms described above; and will continue as long as the Management Agreement remains unmodified and effective.

CRITICAL ACCOUNTING POLICIES

The SEC's Financial Reporting Release No. 60, "Cautionary Advice Regarding Disclosure About Critical Accounting Policies" ("FRR 60"), suggests companies provide additional disclosure and commentary on those accounting policies considered most critical. FRR 60 considers an accounting policy to be critical if it is important to our financial condition and results, and requires significant judgment and estimates on the part of management in our application. We believe the following list represents critical accounting policies as contemplated by FRR 60. For a summary of all of our significant accounting policies, see Note 2 to our audited Consolidated Financial Statements included elsewhere herein.

Business Combinations

We account for our business acquisitions under the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 805, Business Combinations ("ASC 805") guidance for business combinations. The total cost of acquisitions is allocated to the underlying identifiable net assets based on their respective estimated fair values. The excess of the purchase price over the estimated fair values of the net assets acquired is recorded as goodwill. Determining the fair value of assets acquired and liabilities assumed requires management's judgment and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates, asset lives and market multiples, among other items. If our assumptions or estimates in the fair value calculation change, the fair value of our acquired intangible assets could change; this would also change the value of our goodwill.

Accounting for Goodwill and Other Intangible Assets

We account for our goodwill and other indefinite-lived intangible assets as required by FASB Accounting Standards Codification ("ASC") Topic 350, Intangibles—Goodwill and Other ("ASC 350"). Under ASC 350, we do not amortize goodwill, including the goodwill included in the carrying value of investments accounted for using the equity method of accounting, and certain other intangible assets deemed to have an indefinite useful life. ASC 350 requires that goodwill and certain intangible assets be assessed for impairment using fair value measurement techniques on an annual basis and when events occur that may suggest that the fair value of such assets cannot support the carrying value. ASC 350 gives an entity the option to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If an entity determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the two-step impairment test is unnecessary. However, if an entity concludes otherwise, then it is required to perform the step one of the two-step process. The first step of the goodwill impairment test is used to identify potential impairment by comparing the fair value of a reporting unit with its net book value (or carrying amount), including goodwill.

In performing the first step, management determines the fair value of its reporting units using a combination of a discounted cash flow ("DCF") analysis and a market-based approach. Determining fair value requires significant judgment concerning the assumptions used in the valuation model, including discount rates, the amount and timing of expected future cash flows and, growth rates, as well as relevant comparable company earnings multiples for the market-based approach including the determination of whether a premium or discount should be applied to those comparables. The cash flows employed in the DCF analysis are based on management's most recent budgets and business plans and when applicable, various growth rates have been assumed for years beyond the current business plan periods. Any forecast contains a degree of uncertainty and modifications to these cash flows could significantly increase or decrease the fair value of a reporting unit. For example, if revenue from sales of physical products continues to decline and the revenue from sales of digital products does not continue to grow as expected and we are unable to adjust costs accordingly, it could have a negative impact on future impairment tests. In determining which discount rate to utilize, management determines the appropriate weighted average cost of capital ("WACC") for each reporting unit. Management considers many factors in selecting a WACC, including the market view of risk for each individual reporting unit, the appropriate capital structure and the appropriate borrowing rates for each reporting unit. The selection of a WACC is subjective and modification to this rate could significantly increase or decrease the fair value of a reporting unit.

If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired and the second step of the impairment test is unnecessary. If the carrying amount of a reporting unit exceeds its fair value, the second step of the goodwill impairment test is performed to measure the amount of impairment loss, if any. The second step of the goodwill impairment test compares the implied fair value of the reporting unit's goodwill with the carrying amount of that goodwill. If the carrying amount of the reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination. That is, the fair value of the reporting unit is allocated to all of the assets and liabilities of that unit (including any unrecognized intangible assets) as if the reporting unit had been acquired in a business combination and the fair value of the reporting unit was the purchase price paid to acquire the reporting unit.

As of September 30, 2016, we had recorded goodwill in the amount of $1.627 billion, including $1.163 billion and $464 million for Recorded Music and Music Publishing, respectively, primarily related to the Merger and PLG Acquisition. We test our goodwill and other indefinite-lived intangible assets for impairment on an annual basis in the fourth quarter of each fiscal year as of July 1. The performance of our fiscal 2016 impairment analysis did not result in an impairment of the Company's goodwill and other indefinite-lived intangible assets. The discount rates utilized in the fiscal 2016 analysis ranged from 7% to 12% while the terminal growth rates used in the DCF analysis ranged from 1% to 2%. The fair values of all our reporting units were in excess of their carrying value as of our annual impairment test. The fair value of Music Publishing reporting unit was close to its carrying value and was 11% in excess of its carrying value at September 30, 2016.

If our assumptions or estimates in the fair value calculation change, we could incur impairment charges in future periods. For example, if the discount rates or terminal growth rates utilized in our fiscal 2016 annual impairment testing increased or decreased, respectively, by approximately 50-150 basis points, the estimated fair value of our Music Publishing reporting unit would have fallen below its carrying value. If our growth assumptions in the streaming business do not occur, they could have a negative effect on our estimated fair values, although a decrease of 50-150 basis points in the growth rate assumption would not cause the fair value of the reporting unit to fall below its carrying value.

The impairment test for other intangible assets not subject to amortization involves a comparison of the estimated fair value of the intangible asset with its carrying value. If the carrying value of the intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to that excess. The estimates of fair value of intangible assets not subject to amortization are determined using a DCF analysis. Common among such approaches is the "relief from royalty" methodology, which is used in estimating the fair value of the Company's trademarks. Discount rate assumptions are based on an assessment of the risk inherent in the projected future cash flows generated by the respective intangible assets. Also subject to judgment are assumptions about royalty rates, which are based on the estimated rates at which similar trademarks are being licensed in the marketplace.

See Note 5 to the Consolidated Financial Statements for a further discussion of our goodwill and intangible assets.

Revenue and Cost Recognition

Sales Returns and Uncollectible Accounts

In accordance with practice in the recorded music industry and as customary in many territories, certain products (such as CDs and DVDs) are sold to customers with the right to return unsold items. Under FASB ASC Topic 605, Revenue Recognition, revenues from such sales are recognized when the products are shipped based on gross sales less a provision for future estimated returns.

In determining the estimate of physical product sales that will be returned, management analyzes vendor sales of product historical returns trend, current economic conditions, changes in customer demand and commercial acceptance of our products. Based on this information, management reserves a percentage of each dollar of physical product sales that provide the customer with the right of return.

Similarly, management evaluates accounts receivables to determine if they will ultimately be collected. In performing this evaluation, significant judgments and estimates are involved, including an analysis of specific risks on a customer-by-customer basis for larger accounts and customers, and a receivables aging analysis that determines the percent that has historically been uncollected by aged category. Based on this information, management provides a reserve for the estimated amounts believed to be uncollectible.

Based on management's analysis of sales returns and uncollectible accounts, reserves totaling $52 million and $56 million were established at September 30, 2016 and September 30, 2015, respectively. The ratio of our receivable allowances to gross accounts receivables was 14% at September 30, 2016 and 14% at September 30, 2015.

Gross Versus Net Revenue Classification

In the normal course of business, we act as an intermediary or agent with respect to certain payments received from third parties. For example, we distribute music product on behalf of third-party record labels.

The accounting issue encountered in these arrangements is whether we should report revenue based on the "gross" amount billed to the customer or on the "net" amount received from the customer after participation and other royalties paid to third parties. To the extent revenues are recorded gross (in the full amount billed), any participations and royalties paid to third parties are recorded as expenses so that the net amount (gross revenues, less expenses) flows through operating income. Accordingly, the impact on operating income is the same, whether we record the revenue on a gross basis or net basis (less related participations and royalties).

Determining whether revenue should be reported gross or net is based on an assessment of whether we are acting as the "principal" in a transaction or acting as an "agent" in the transaction. To the extent we are acting as a principal in a transaction, we report as revenue the payments received on a gross basis. To the extent we are acting as an agent in a transaction, we report as revenue the payments received less participations and royalties paid to third parties, i.e., on a net basis. The determination of whether we are serving as principal or agent in a transaction is judgmental in nature and based on an evaluation of the terms of an arrangement.

In determining whether we serve as principal or agent in these arrangements, we follow the guidance in FASB ASC Subtopic 605-45, Principal Agent Considerations ("ASC 605-45"). Pursuant to such guidance, we serve as the principal in transactions where we have the substantial risks and rewards of ownership. The indicators that we have substantial risks and rewards of ownership are as follows:

- we are the supplier of the products or services to the customer;
- we have latitude in establishing prices;
- we have the contractual relationship with the ultimate customer;
- we modify and service the product purchased to meet the ultimate customer specifications;
- we have discretion in supplier selection; and
- we have credit risk.

Conversely, pursuant to ASC 605-45, we serve as agent in arrangements where we do not have substantial risks and rewards of ownership. The indicators that we do not have substantial risks and rewards of ownership are as follows:

- the supplier (not the Company) is responsible for providing the product or service to the customer;
- the supplier (not the Company) has latitude in establishing prices;
- the amount we earn is fixed;
- the supplier (not the Company) has credit risk; and
- the supplier (not the Company) has general inventory risk for a product before it is sold.

Based on the above criteria and for the more significant transactions that we have evaluated, we record the distribution of product on behalf of third-party record labels on a gross basis, subject to the terms of the contract. Recorded music compilations distributed by other record companies where we have a right to participate in the profits are recorded on a net basis.

Accounting for Royalty Advances

We regularly commit to and pay royalty advances to our recording artists and songwriters in respect of future sales. We account for these advances under the related guidance in FASB ASC Topic 928, Entertainment—Music ("ASC 928"). Under ASC 928, we capitalize as assets certain advances that we believe are recoverable from future royalties to be earned by the recording artist or songwriter. Advances vary in both amount and expected life based on the underlying recording artist or songwriter. Advances to recording artists or songwriters with a history of successful commercial acceptability will typically be larger than advances to a newer or unproven recording artist or songwriter. In addition, in most cases these advances represent a multi-album release or multi-song obligation and the number of albums releases and songs will vary by recording artist or songwriter.

Management's decision to capitalize an advance to a recording artist or songwriter as an asset requires significant judgment as to the recoverability of the advance. The recoverability is assessed upon initial commitment of the advance based upon management's forecast of anticipated revenue from the sale of future and existing albums or songs. In determining whether the advance is recoverable, management evaluates the current and past popularity of the recording artist or songwriter, the sales history of the recording artist or songwriter, the initial or expected commercial acceptability of the product, the current and past popularity of the genre of music that the product is designed to appeal to, and other relevant factors. Based upon this information, management expenses the portion of any advance that it believes is not recoverable. In most cases, advances to recording artists or songwriters without a history of success and evidence of current or past popularity will be expensed immediately. Advances are individually assessed for recoverability continuously and at minimum on a quarterly basis. As part of the ongoing assessment of recoverability, we monitor the projection of future sales based on the current environment, the recording artist's or songwriter's ability to meet their contractual obligations as well as our intent to support future album releases or songs from the recording artist or songwriter. To the extent that a portion of an outstanding advance is no longer deemed recoverable, that amount will be expensed in the period the determination is made.

We had $324 million and $325 million of advances in our balance sheet at September 30, 2016 and September 30, 2015, respectively. We believe such advances are recoverable through future royalties to be earned by the applicable recording artists and songwriters.

Accounting for Income Taxes

As part of the process of preparing the Consolidated Financial Statements, we are required to estimate income taxes payable in each of the jurisdictions in which we operate. This process involves estimating the actual current tax expense together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included within our consolidated balance sheets. FASB ASC Topic 740, Income Taxes ("ASC 740"), requires a valuation allowance be established when it is more likely than not that all or a portion of deferred tax assets will not be realized. In circumstances where there is sufficient negative evidence, establishment of a valuation allowance must be considered. We believe that cumulative losses in the most recent three-year period generally represent sufficient negative evidence to consider a valuation allowance under the provisions of ASC 740. As a result, we determined that certain of our deferred tax assets required the establishment of a valuation allowance.

The realization of the remaining deferred tax assets is primarily dependent on forecasted future taxable income. Any reduction in estimated forecasted future taxable income may require that we record additional valuation allowances against our deferred tax assets on which a valuation allowance has not previously been established. The valuation allowance that has been established will be maintained until there is sufficient positive evidence to conclude that it is more likely than not that such assets will be realized. An ongoing pattern of profitability will generally be considered as sufficient positive evidence. Our income tax expense recorded in the future may be reduced to the extent of offsetting decreases in our valuation allowance. The establishment and reversal of valuation allowances could have a significant negative or positive impact on our future earnings.

From time to time, the Company engages in transactions in which the tax consequences may be subject to uncertainty. Significant judgment is required in assessing and estimating the tax consequences of these transactions. The Company prepares and files tax returns based on its interpretation of tax laws and regulations. In the normal course of business, the Company's tax returns are subject to examination by various taxing authorities. Such examinations may result in future tax and interest assessments by these taxing authorities. In determining the Company's tax provision for financial reporting purposes, the Company establishes a reserve for uncertain tax positions unless such positions are determined to be more likely than not of being sustained upon examination based on their technical merits. There is considerable judgment involved in determining whether positions taken on the Company's tax returns are more likely than not of being sustained.

Accounting for Share-based Compensation

Share-based compensation represents compensation payment for which the amounts are based on the fair market value of the Company's shares. The Company's Senior Management Long Term Incentive Plan is classified as a liability rather than equity under ASC 718. Liability classified share-based compensation costs are measured at fair value each reporting date until settlement. Because it is not practical for the Company to estimate the volatility of its share price needed to use the fair value approach since our stock is not currently publically traded, the Company has made a policy election that whenever share-based payment awards are required to be measured as a liability, the Company will use the intrinsic value method to measure the costs. Under the intrinsic value method, the Company obtains a valuation of our presumed stock price at least annually (or more frequently for significant changes in the business) and re-measures the related awards using this new price, recognizing compensation costs for the difference between the existing price and new price.

Determining fair value requires significant judgment concerning the assumptions used in the valuation model, including discount rates, the amount and timing of expected future cash flows and, growth rates, as well as relevant comparable company earnings multiples for the market-based approach including the determination of whether a premium or discount should be applied to those comparables. The cash flows employed in the DCF analysis are based on management's most recent budgets and business plans and when applicable, various growth rates have been assumed for years beyond the current business plan periods. Any forecast contains a degree of uncertainty and modifications to these cash flows could significantly increase or decrease the fair value of the presumed share price. For example, if revenue from sales of physical products continues to decline and the revenue from sales of digital products does not continue to grow as expected and we are unable to adjust costs accordingly, it could have a negative impact on future pricing. In determining which discount rate to utilize, management determines the appropriate weighted average cost of capital ("WACC") for the Company. Management considers many factors in selecting a WACC, including the market view of risk, the appropriate capital structure and the appropriate borrowing rates for the Company. The selection of a WACC is subjective and modification to this rate could significantly increase or decrease the fair value of our presumed share price.

New Accounting Principles

In addition to the critical accounting policies discussed above, we adopted several new accounting policies during the past three years. None of these new accounting principles had a material effect on our audited financial statements. See Note 2 to our audited Consolidated Financial Statements included elsewhere herein for a complete summary of all our significant accounting policies.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As discussed in Note 13 to our audited Consolidated Financial Statements, the Company is exposed to market risk arising from changes in market rates and prices, including movements in foreign currency exchange rates and interest rates. As of September 30, 2016, other than as described below, there have been no material changes to the Company's exposure to market risk since September 30, 2015.

Foreign Currency Risk

Within our global business operations we have transactional exposures that may be adversely affected by changes in foreign currency exchange rates relative to the U.S. dollar. We may at times choose to use foreign exchange currency derivatives, primarily forward contracts, to manage the risk associated with the volatility of future cash flows denominated in foreign currencies, such as unremitted or future royalties and license fees owed to our U.S. domestic companies for the sale, or anticipated sale, of U.S.- copyrighted products sold abroad that may be adversely affected by changes in foreign currency exchange rates. We focus on managing the level of exposure to the risk of foreign currency exchange rate fluctuations on major currencies, which can include the British Pound, Euro, Japanese Yen, Canadian Dollar, Swedish Krona, and Australian Dollar, and in many cases we have natural hedges where we have expenses associated with local operations in the local currency that offset the revenue in local currency and our Euro-denominated debt, which can offset declines in the Euro. As of September 30, 2016, the Company had no outstanding hedge contracts.

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 fiscal year end, we typically perform a sensitivity analysis assuming a hypothetical 10% depreciation of the U.S. dollar against foreign currencies from prevailing foreign currency exchange rates and assuming no change in interest rates. As we have no hedge contracts outstanding as of September 30, 2016, the fair value of the foreign exchange forward contracts would have no impact. Hypothetically, even if there was a decrease in the fair value of the forward contracts, because our foreign exchange contracts are entered into for hedging purposes, these losses would be largely offset by gains on the underlying transactions.

Interest Rate Risk

We had $2.815 billion of principal debt outstanding at September 30, 2016, of which $0.978 billion was variable-rate debt and $1.837 billion was fixed-rate debt. As such, we are exposed to changes in interest rates. At September 30, 2016, 65% of the Company's debt was at a fixed-rate. In addition, at September 30, 2016, all of our floating rate debt under our Senior Term Loan Facility was subject to a LIBOR floor of 1.0%, which is in excess of the current LIBOR rate. The LIBOR floor has effectively turned these LIBOR loans into fixed rate debt until such time as the LIBOR rate moves higher than the floor.

Based on the level of interest rates prevailing at September 30, 2016, the fair value of the fixed-rate and variable-rate debt was approximately $2.896 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 decrease the fair value of the fixed-rate debt by approximately $8 million or increase the fair value of the fixed-rate debt by approximately $7 million. Due to the LIBOR floor of 1%, a 25 basis point increase or decrease in the level of interest rates would have no impact on the fair value of the Company's variable-rate debt. 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.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

WARNER MUSIC GROUP CORP.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Contents

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the U.S. Securities Exchange Act of 1934, as amended. Management designed our internal control systems in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. Our internal control over financial reporting includes 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 our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of management and directors 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 internal control systems include the controls themselves, monitoring and internal auditing practices and actions taken to correct deficiencies as identified and are augmented by written policies, an organizational structure providing for division of responsibilities, careful selection and training of qualified financial personnel and a program of internal audits.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control —Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework). Based on its evaluation, our management concluded that our internal control over financial reporting was effective as of September 30, 2016.

Report of Independent Registered Public Accounting Firm

The Board of Directors of Warner Music Group Corp.:

We have audited the accompanying consolidated balance sheet of Warner Music Group Corp. and subsidiaries (the Company) as of September 30, 2016 and 2015, and the related consolidated statements of operations, comprehensive loss, cash flows and equity for the years then ended. In connection with our audits of the consolidated financial statements, we have also audited the related supplementary information and financial statement schedule II as listed in the accompanying index to Item 8. The consolidated financial statements, supplementary information and financial statement schedule II are the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements, supplementary information and financial statement schedule II based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Warner Music Group Corp. and subsidiaries as of September 30, 2016 and 2015, and the results of its operations and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related supplementary information and financial statement schedule II, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

/s/ KPMG LLP

New York, New York
December 8, 2016

Report of Independent Registered Public Accounting Firm

The Board of Directors of Warner Music Group Corp.:

We have audited the accompanying consolidated statements of operations, comprehensive loss, equity and cash flows of Warner Music Group Corp. for the year ended September 30, 2014. Our audit also included the Supplementary Information and Financial Statement Schedule II listed in the index at Item 8 for the period ended September 30, 2014. These financial statements, supplementary information and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements, supplementary information and schedule based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects the consolidated results of the Company's operations and its cash flows for the year ended September 30, 2014, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related Supplementary Information and Financial Statement Schedule II for the period ended September 30, 2014, when considered in relation to the basic consolidated financial statements as a whole, present fairly in all material respects the information set forth therein.

/s/ Ernst & Young LLP

New York, New York
December 11, 2014

Warner Music Group Corp.

Consolidated Balance Sheets

	September 30, 2016	September 30, 2015
	(in millions)	
Assets		
Current assets:		
Cash and equivalents	$ 359	$ 246
Accounts receivable, net of allowances of $52 million and $56 million	329	349
Inventories	41	42
Royalty advances expected to be recouped within one year	128	130
Prepaid and other current assets	51	60
Total current assets	908	827
Royalty advances expected to be recouped after one year	196	195
Property, plant and equipment, net	203	220
Goodwill	1,627	1,632
Intangible assets subject to amortization, net	2,201	2,514
Intangible assets not subject to amortization	116	119
Other assets	118	114
Total assets	$ 5,369	$ 5,621
Liabilities and Equity		
Current liabilities:		
Accounts payable	$ 204	$ 173
Accrued royalties	1,104	1,087
Accrued liabilities	297	296
Accrued interest	38	58
Deferred revenue	178	206
Current portion of long-term debt	—	13
Other current liabilities	21	24
Total current liabilities	1,842	1,857
Long-term debt	2,812	2,981
Deferred tax liabilities, net	269	302
Other noncurrent liabilities	236	242
Total liabilities	$ 5,159	$ 5,382
Equity:		
Common stock ($0.001 par value; 10,000 shares authorized; 1,055 shares issued and outstanding)	$ —	$ —
Additional paid-in capital	1,128	1,128
Accumulated deficit	(715)	(740)
Accumulated other comprehensive loss, net	(218)	(167)
Total Warner Music Group Corp. equity	195	221
Noncontrolling interest	15	18
Total equity	210	239
Total liabilities and equity	$ 5,369	$ 5,621

See accompanying notes

Warner Music Group Corp.

Consolidated Statements of Operations

	Fiscal Year Ended September 30, 2016	Fiscal Year Ended September 30, 2015	Fiscal Year Ended September 30, 2014
		(in millions)	
Revenues	$ 3,246	$ 2,966	$ 3,027
Costs and expenses:			
Cost of revenue	(1,707)	(1,511)	(1,570)
Selling, general and administrative expenses (a)	(1,082)	(1,073)	(1,172)
Amortization expense	(243)	(255)	(266)
Total costs and expenses	(3,032)	(2,839)	(3,008)
Operating income	214	127	19
Loss on extinguishment of debt	(18)	—	(141)
Interest expense, net	(173)	(181)	(203)
Other income (expense)	18	(21)	(4)
Income (loss) before income taxes	41	(75)	(329)
Income tax (expense) benefit	(11)	(13)	26
Net income (loss)	30	(88)	(303)
Less: Income attributable to noncontrolling interest	(5)	(3)	(5)
Net income (loss) attributable to Warner Music Group Corp.	$ 25	$ (91)	$ (308)
(a) Includes depreciation expense of:	$ (50)	$ (54)	$ (55)

See accompanying notes

Warner Music Group Corp.

Consolidated Statements of Comprehensive Loss

	Fiscal Year Ended September 30, 2016	Fiscal Year Ended September 30, 2015	Fiscal Year Ended September 30, 2014
		(in millions)	
Net income (loss)	$ 30	$ (88)	$ (303)
Other comprehensive loss, net of tax			
Foreign currency adjustment	(44)	(59)	(41)
Minimum pension liability	(7)	—	(6)
Other comprehensive loss, net of tax	(51)	(59)	(47)
Total comprehensive loss	(21)	(147)	(350)
Less: Income attributable to noncontrolling interest	(5)	(3)	(5)
Comprehensive loss attributable to Warner Music Group Corp.	$ (26)	$ (150)	$ (355)

See accompanying notes

Warner Music Group Corp.

Consolidated Statements of Cash Flows

	Fiscal Year Ended September 30, 2016	Fiscal Year Ended September 30, 2015	Fiscal Year Ended September 30, 2014
		(in millions)	
Cash flows from operating activities			
Net income (loss)	$ 30	$ (88)	$ (303)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	293	309	321
Unrealized gains/losses and remeasurement of foreign denominated loans	—	28	(39)
Deferred income taxes	(26)	(11)	(55)
Loss on extinguishment of debt	18	—	141
Net gain on divestitures	(9)	—	(2)
Gain on sale of real estate	(24)	—	—
Non-cash interest expense	11	11	13
Non-cash share-based compensation expense	23	3	8
Changes in operating assets and liabilities:			
Accounts receivable	17	6	72
Inventories	—	(6)	(7)
Royalty advances	(13)	(46)	(32)
Accounts payable and accrued liabilities	23	(17)	(87)
Royalty payables	49	27	25
Accrued interest	(20)	(2)	(15)
Deferred revenue	(35)	12	95
Other balance sheet changes	5	(4)	(5)
Net cash provided by operating activities	342	222	130
Cash flows from investing activities			
Acquisition of music publishing rights, net	(25)	(16)	(26)
Capital expenditures	(42)	(63)	(76)
Investments and acquisitions of businesses, net	(28)	(16)	(53)
Divestitures, net of cash on hand	45	—	—
Proceeds from the sale of real estate	42	—	—
Net cash used in investing activities	(8)	(95)	(155)
Cash flows from financing activities			
Proceeds from the Revolving Credit Facility	—	258	600
Repayment of the Revolving Credit Facility	—	(258)	(600)
Repayment of Acquisition Corp. Senior Term Loan Facility	(309)	(13)	(10)
Proceeds from issuance of Acquisition Corp. 5.00% Senior Secured Notes	300	—	—
Proceeds from issuance of Acquisition Corp. 5.265% Senior Secured Notes	—	—	275
Proceeds from issuance of Acquisition Corp. 6.750% Senior Notes	—	—	660
Repayment of Acquisition Corp. 11.5% Senior Notes	—	—	(765)
Repayment of Holdings 13.75% Senior Notes	(150)	—	—
Repayment of Acquisition Corp. 6.750% Senior Notes	(24)	—	—
Financing costs paid	(10)	—	(104)
Deferred financing costs paid	(4)	—	(13)
Distribution to noncontrolling interest holder	(5)	(3)	(3)
Repayment of capital lease obligations	(14)	(3)	(3)
Net cash used in financing activities	(216)	(19)	37
Effect of exchange rate changes on cash and equivalents	(5)	(19)	(10)
Net increase in cash and equivalents	113	89	2
Cash and equivalents at beginning of period	246	157	155
Cash and equivalents at end of period	$ 359	$ 246	$ 157

See accompanying notes

Warner Music Group Corp.

Consolidated Statements of Equity

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Warner Music Group Corp. Equity	Noncontrolling Interest	Total Equity
	Shares	Value						
	(in millions, except share amounts)							
Balance at September 30, 2013	**1,055**	**$ —**	**$ 1,128**	**$ (341)**	**$ (61)**	**$ 726**	**$ 17**	**$ 743**
Net (loss) income	—	—	—	(308)	—	(308)	5	(303)
Other comprehensive loss, net of tax	—	—	—	—	(47)	(47)	—	(47)
Distribution to noncontrolling interest holders	—	—	—	—	—	—	(3)	(3)
Balance at September 30, 2014	**1,055**	**$ —**	**$ 1,128**	**$ (649)**	**$ (108)**	**$ 371**	**$ 19**	**$ 390**
Net (loss) income	—	—	—	(91)	—	(91)	3	(88)
Other comprehensive loss, net of tax	—	—	—	—	(59)	(59)	—	(59)
Distribution to noncontrolling interest holders	—	—	—	—	—	—	(4)	(4)
Balance at September 30, 2015	**1,055**	**$ —**	**$ 1,128**	**$ (740)**	**$ (167)**	**$ 221**	**$ 18**	**$ 239**
Net income	—	—	—	25	—	25	5	30
Other comprehensive loss, net of tax	—	—	—	—	(51)	(51)	—	(51)
Disposal of noncontrolling interest related to divestiture	—	—	—	—	—	—	(3)	(3)
Distribution to noncontrolling interest holders	—	—	—	—	—	—	(5)	(5)
Balance at September 30, 2016	**1,055**	**$ —**	**$ 1,128**	**$ (715)**	**$ (218)**	**$ 195**	**$ 15**	**$ 210**

See accompanying notes

1. Description of Business

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

Acquisition of Warner Music Group by Access Industries

Pursuant to an Agreement and Plan of Merger, dated as of May 6, 2011 (the "Merger Agreement"), by and among the Company, AI Entertainment Holdings LLC (formerly Airplanes Music LLC), a Delaware limited liability company ("Parent") and an affiliate of Access Industries, Inc. ("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"). In connection with the Merger, the Company delisted its common stock from the NYSE. The Company continues voluntarily to file with the SEC current and periodic reports that would be required to be filed with the SEC pursuant to Section 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") as provided for in certain covenants contained in the instruments covering its outstanding indebtedness.

Acquisition of Parlophone Label Group

On July 1, 2013, the Company completed its acquisition of Parlophone Label Group.

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. 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.

In the United States, Recorded Music operations are conducted principally through the Company's major record labels—Warner Bros. Records and Atlantic Records. 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. The Company also conducts its Recorded Music operations through a collection of additional record labels, including, Asylum, Big Beat, Canvasback, Eastwest, Elektra, Erato, FFRR, Fueled by Ramen, Nonesuch, Parlophone, Reprise, Roadrunner, Sire, Warner Classics and Warner Music Nashville.

Outside the United States, Recorded Music activities are conducted in more than 50 countries through various subsidiaries, affiliates and non-affiliated licensees. Internationally, the Company engages in the same activities as in the United States: 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 domestic record labels have international rights. In certain smaller markets, the Company licenses the right to distribute the Company's records to non-affiliated third-party record labels. The Company's international artist services operations include a network of concert promoters through which it provides resources to coordinate tours for the Company's artists and other artists as well as management companies that guide artists with respect to their careers.

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

In addition to the Company's Recorded Music products being sold in physical retail outlets, Recorded Music products are also sold in physical form to online physical retailers such as Amazon.com and bestbuy.com and in digital form to online digital download services such as Apple's iTunes and Google Play, and are offered by digital streaming services such as Apple Music, Deezer, Napster, Spotify and YouTube, including digital radio services such as iHeart Radio, Pandora and Sirius XM.

The Company has integrated the exploitation of digital content into all aspects of its business, including artist and repertoire ("A&R"), marketing, promotion and distribution. The Company's business development executives work closely with A&R departments to ensure that while a record is being produced, digital assets are also created with all distribution channels in mind, including streaming services, social networking sites, online portals and music-centered destinations. The Company also works side by side with its online and mobile partners to test new concepts. The Company believes existing and new digital businesses will be a significant source of growth and will provide new opportunities to successfully monetize its assets and create new revenue streams. The proportion of digital revenues attributed to each distribution channel varies by region and proportions may change as the roll out of new technologies continues. As an owner of music 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 has diversified its revenues beyond its traditional businesses by entering into expanded-rights deals with recording artists in order to partner with artists in other aspects of their careers. Under these agreements, the Company provides services to and participates in artists' activities outside the traditional recorded music business such as touring, merchandising and sponsorships. The Company has built artist services capabilities and platforms for exploiting this broader set of music-related rights and participating more widely in the monetization of the artist brands it helps create.

The Company believes that entering into expanded-rights deals and enhancing its artist services capabilities in areas such as concert promotion and management have permitted it to diversify revenue streams and capitalize on other revenue opportunities. This provides for improved long-term relationships with artists and allows the Company to more effectively connect artists and fans.

Music Publishing Operations

While 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, the Company's Music Publishing business garners a share of the revenues generated from use of the composition.

The Company's Music Publishing operations are conducted principally through 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 70,000 songwriters and composers and a diverse range of genres including pop, rock, jazz, classical, country, R&B, hip-hop, rap, reggae, Latin, folk, blues, symphonic, soul, Broadway, techno, alternative, gospel and other Christian music. 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. The Company has an extensive production music library collectively branded as Warner/Chappell Production Music.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included.

The Company maintains a 52-53 week fiscal year ending on the last Friday in each reporting period. The fiscal year ended September 30, 2016 ended on September 30, 2016, the fiscal year ended September 30, 2015 ended on September 25, 2015, and the fiscal year ended September 30, 2014 ended on September 26, 2014. For convenience purposes, the Company continues to date its financial statements as of September 30.

Basis of Consolidation

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

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

Reclassifications

Certain reclassifications have been made to the prior fiscal years' consolidated financial statements to conform to the current fiscal-year presentation.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the Consolidated Financial Statements and the accompanying notes. Actual results could differ from those estimates.

Business Combinations

The Company accounts for its business acquisitions under the FASB ASC Topic 805, Business Combinations ("ASC 805") guidance for business combinations. The total cost of acquisitions is allocated to the underlying identifiable net assets based on their respective estimated fair values. The excess of the purchase price over the estimated fair values of the net assets acquired is recorded as goodwill. Determining the fair value of assets acquired and liabilities assumed requires management's judgment and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates, asset lives and market multiples, among other items.

Cash and Equivalents

The Company considers all highly liquid investments with maturities of three months or less at the date of purchase to be cash equivalents. The Company includes checks outstanding at year end as a component of accounts payable, instead of a reduction in its cash balance where there is not a right of offset in the related bank accounts.

Accounts Receivable

Credit is extended to customers based upon an evaluation of the customer's financial condition. Accounts receivable are recorded at net realizable value.

Sales Returns and Allowance for Doubtful Accounts

Management's estimate of physical recorded music products that will be returned, and the amount of receivables that will ultimately be collected is an area of judgment affecting reported revenues and operating income. In determining the estimate of physical product sales that will be returned, management analyzes vendor sales of product, historical return trends, current economic conditions, changes in customer demand and commercial acceptance of our products. Based on this information, management reserves a percentage of each dollar of physical product sales that provide the customer with the right of return. The provision for such sales returns is reflected as a reduction in the revenues from the related sale.

Similarly, the Company monitors customer credit risk related to accounts receivable. Significant judgments and estimates are involved in evaluating if such amounts will ultimately be fully collected. On an ongoing basis, the Company tracks customer exposure based on news reports, ratings agency information, reviews of customer financial data and direct dialogue with customers. Counterparties that are determined to be of a higher risk are evaluated to assess whether the payment terms previously granted to them should be modified. The Company also monitors payment levels from customers, and a provision for estimated uncollectible amounts is maintained based on such payment levels, historical experience, management's views on trends in the overall receivable agings and, for larger accounts, analyses of specific risks on a customer specific basis.

Concentration of Credit Risk

Customer credit risk represents the potential for financial loss if a customer is unwilling or unable to meet its agreed upon contractual payment obligations. The Company has no Recorded Music customers that individually represent more than 10% of the Company's consolidated gross accounts receivable. As such, the Company does not believe there is any significant collection risk.

In the Music Publishing business, the Company collects a significant portion of its royalties from copyright collection societies around the world. Collection societies and associations generally are not-for-profit organizations that represent composers, songwriters and music publishers. These organizations seek to protect the rights of their members by licensing, collecting license fees and distributing royalties for the use of the members' works. Accordingly, the Company does not believe there is any significant collection risk from such societies.

Inventories

Inventories consist of DVDs, CDs, Vinyl and related music products. Inventories are stated at the lower of cost or estimated realizable value. Cost is determined using first-in, first-out ("FIFO") and average cost methods, which approximate cost under the FIFO method. Returned goods included in inventory are valued at estimated realizable value, but not in excess of cost.

Derivative and Financial Instruments

The Company accounts for these investments as required by the FASB ASC Topic 815, Derivatives and Hedging ("ASC 815"), which requires that all derivative instruments be recognized on the balance sheet at fair value. ASC 815 also provides that, for derivative instruments that qualify for hedge accounting, changes in the fair value are either (a) offset against the change in fair value of the hedged assets, liabilities, or firm commitments through earnings or (b) recognized in equity until the hedged item is recognized in earnings, depending on whether the derivative is being used to hedge changes in fair value or cash flows. In addition, the ineffective portion of a derivative's change in fair value is immediately recognized in earnings.

The carrying value of the Company's financial instruments approximates fair value, except for certain differences relating to long-term, fixed-rate debt (see Note 16) and other financial instruments that are not significant. The fair value of financial instruments is generally determined by reference to market values resulting from trading on a national securities exchange or an over-the-counter market. In cases where quoted market prices are not available, fair value is based on estimates using present value or other valuation techniques.

Property, Plant and Equipment

Property, plant and equipment existing at the date of the Merger or acquired in conjunction with subsequent business combinations are recorded at fair value. All other additions are recorded at historical cost. Depreciation is calculated using the straight-line method based upon the estimated useful lives of depreciable assets as follows: five to seven years for furniture and fixtures, periods of up to five years for computer equipment and periods of up to five years for machinery and equipment. Buildings are depreciated over periods of up to forty years. Leasehold improvements are depreciated over the life of the lease or estimated useful lives of the improvements, whichever period is shorter.

Internal-Use Software Development Costs

As required by FASB ASC Subtopic 350-40, Internal-Use Software ("ASC 350-40"), the Company capitalizes certain external and internal computer software costs incurred during the application development stage. The application development stage generally includes software design and configuration, coding, testing and installation activities. Training and maintenance costs are expensed as incurred, while upgrades and enhancements are capitalized if it is probable that such expenditures will result in additional functionality. Capitalized software costs are depreciated over the estimated useful life of the underlying project on a straight-line basis, generally not exceeding five years and are recorded as a component of depreciation expense.

Accounting for Goodwill and Other Intangible Assets

In accordance with FASB ASC Topic 350, Intangibles-Goodwill and Other ("ASC 350"), the Company accounts for business combinations using the acquisition method of accounting and accordingly, the assets and liabilities of the acquired entities are recorded at their estimated fair values at the acquisition date. Goodwill represents the excess of the purchase price over the fair value of net assets, including the amount assigned to identifiable intangible assets. Pursuant to this guidance, the Company does not amortize the goodwill balance and instead, performs an annual impairment test to assess the fair value of goodwill over its carrying value. Identifiable intangible assets with finite lives are amortized over their useful lives.

Goodwill impairment is determined using a two-step process. The first step involves a comparison of the estimated fair value of the reporting unit to its carrying amount, including goodwill. If the estimated fair value of the reporting unit exceeds its carrying amount, its goodwill is not impaired and the second step of the impairment test is not necessary. If the carrying amount of the reporting unit exceeds its estimated fair value, then the second step of the goodwill impairment test must be performed. The second step of the goodwill impairment test compares the implied fair value of the reporting unit goodwill with its carrying amount to measure the amount of impairment, if any. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination. If the carrying amount of the reporting unit goodwill exceeds the implied fair value of that goodwill, an impairment is recognized in an amount equal to that excess. Goodwill is tested annually for impairment during the fourth quarter of each fiscal year as of July 1 or earlier upon the occurrence of certain events or substantive changes in circumstances.

The Company performs an annual impairment test of its indefinite-lived intangible assets as of July 1 of each fiscal year, unless events occur which trigger the need for an earlier impairment test. The impairment test involves a comparison of the estimated fair value of the intangible asset with its carrying value. If the carrying value of the intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to that excess. The estimates of fair value of intangible assets not subject to amortization are determined using a DCF analysis. Common among such an approach is the "relief from royalty" methodology, which is used in estimating the fair value of the Company's trademarks. Discount rate assumptions are based on an assessment of the risk inherent in the projected future cash flows generated by the respective intangible assets. Also subject to judgment are assumptions about royalty rates, which are based on the estimated rates at which similar trademarks are being licensed in the marketplace.

The impairment tests require management to make assumptions about future conditions impacting the value of the indefinite-lived intangible assets, including projected growth rates, cost of capital, effective tax rates, tax amortization periods, royalty rates, market share and others.

Valuation of Long-Lived Assets

The Company periodically reviews the carrying value of its long-lived assets, including finite lived intangibles, property, plant and equipment and amortizable intangible assets, whenever events or changes in circumstances indicate that the carrying value may not be recoverable or that the lives assigned may no longer be appropriate. To the extent the estimated future cash inflows attributable to the asset, less estimated future cash outflows, are less than the carrying amount, an impairment loss is recognized in an amount equal to the difference between the carrying value of such asset and its fair value. Assets to be disposed of and for which there is a committed plan to dispose of the assets, whether through sale or abandonment, are reported at the lower of carrying value or fair value less costs to sell. If it is determined that events and circumstances warrant a revision to the remaining period of amortization, an asset's remaining useful life would be changed, and the remaining carrying amount of the asset would be amortized prospectively over that revised remaining useful life.

Foreign Currency Translation

The financial position and operating results of substantially all foreign operations are consolidated using the local currency as the functional currency. Local currency assets and liabilities are translated at the rates of exchange on the balance sheet date, and local currency revenues and expenses are translated at average rates of exchange during the period. Resulting translation gains or losses are included in the accompanying consolidated statements of equity as a component of accumulated other comprehensive loss.

Revenues

Recorded Music

As required by FASB ASC Topic 605, Revenue Recognition ("ASC 605"), the Company recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable and collection is probable.

Revenues from the sale of physical Recorded Music products are recognized upon delivery, which occurs once the product has been shipped and title and risk of loss have been transferred. In accordance with industry practice and as is customary in many territories, certain products, such as CDs and DVDs, are sold to customers with the right to return unsold items. Revenues from such sales are generally recognized upon shipment based on gross sales less a provision for future estimated returns. Revenues from the sale of Recorded Music products through digital distribution channels are recognized when the products are sold and related sales accounting reports are delivered by the providers.

Music Publishing

Music Publishing revenues are earned from the receipt of royalties relating to the licensing of rights in musical compositions, and the sale of published sheet music and songbooks. The receipt of royalties principally relates to amounts earned from the public performance of copyrighted material, the mechanical reproduction of copyrighted material on recorded media including digital formats, and the use of copyrighted material in synchronization with visual images. Consistent with industry practice, music publishing royalties, except for synchronization royalties, generally are recognized as revenue when cash is received. Synchronization revenue is recognized as revenue on an accrual basis when all revenue recognition criteria are met in accordance with ASC 605.

Gross Versus Net Revenue Classification

In the normal course of business, the Company acts as an intermediary or agent with respect to certain payments received from third parties. For example, the Company distributes music product on behalf of third-party record labels. As required by FASB ASC Subtopic 605-45, Principal Agent Considerations, such transactions are recorded on a "gross" or "net" basis depending on whether the Company is acting as the "principal" in the transaction or acting as an "agent" in the transaction. The Company serves as the principal in transactions in which it has substantial risks and rewards of ownership and, accordingly, revenues are recorded on a gross basis. For those transactions in which the Company does not have substantial risks and rewards of ownership, the Company is considered an agent and, accordingly, revenues are recorded on a net basis.

To the extent revenues are recorded on a gross basis, any participations and royalties paid to third parties are recorded as expenses so that the net amount (gross revenues less expenses) flows through operating income. To the extent revenues are recorded on a net basis, revenues are reported based on the amounts received, less participations and royalties paid to third parties. In both cases, the impact on operating income is the same whether the Company records the revenues on a gross or net basis.

Based on an evaluation of the individual terms of each contract and whether the Company is acting as principal or agent, the Company generally records revenues from the distribution of recorded music product on behalf of third-party record labels on a gross basis. However, revenues are recorded on a net basis for recorded music compilations distributed by other record companies where the Company has a right to participate in the profits.

Royalty Advances and Royalty Costs

The Company regularly commits to and pays royalty advances to its recording artists and songwriters in respect of future sales. The Company accounts for these advances under the related guidance in FASB ASC Topic 928, Entertainment—Music ("ASC 928"). Under ASC 928, the Company capitalizes as assets certain advances that it believes are recoverable from future royalties to be earned by the recording artist or songwriter. Advances vary in both amount and expected life based on the underlying recording artist or songwriter.

The Company's decision to capitalize an advance to a recording artist or songwriter as an asset requires significant judgment as to the recoverability of the advance. The recoverability is assessed upon initial commitment of the advance based upon the Company's forecast of anticipated revenue from the sale of future and existing albums or songs. In determining whether the advance is recoverable, the Company evaluates the current and past popularity of the recording artist or songwriter, the sales history of the recording artist or songwriter, the initial or expected commercial acceptability of the product, the current and past popularity of the genre of music that the product is designed to appeal to, and other relevant factors. Based upon this information, the Company expenses the portion of any advance that it believes is not recoverable. In most cases, advances to recording artists or songwriters without a history of success and evidence of current or past popularity will be expensed immediately. Significant advances are individually assessed for recoverability continuously and at minimum on a quarterly basis. As part of the ongoing assessment of recoverability, the Company monitors the projection of future sales based on the current environment, the recording artist's or songwriter's ability to meet their contractual obligations as well as the Company's intent to support future album releases or songs from the recording artist or songwriter. To the extent that a portion of an outstanding advance is no longer deemed recoverable, that amount will be expensed in the period the determination is made.

Advertising

As required by the FASB ASC Subtopic 720-35, Advertising Costs ("ASC 720-35"), advertising costs, including costs to produce music videos used for promotional purposes, are expensed as incurred. Advertising expense amounted to approximately $91 million, $88 million, and $83 million for the fiscal years ended September 30, 2016, 2015 and 2014, respectively. Deferred advertising costs, which principally relate to advertisements that have been paid for but not been exhibited or services that have not been received, were not material for all periods presented.

Shipping and Handling

The costs associated with shipping goods to customers are recorded as cost of revenues. Shipping and handling charges billed to customers are included in revenues.

Share-Based Compensation

The Company accounts for share-based payments as required by FASB ASC Topic 718, Compensation-Stock Compensation ("ASC 718"). ASC 718 requires all share-based payments to employees, including grants of employee stock options, to be recognized as compensation expense. Under the fair value recognition provision of ASC 718, equity classified share-based compensation cost is measured at the grant date based on the fair value of the award and is recognized as expense over the vesting period.

Under the recognition provision of ASC 718, liability classified share-based compensation costs are measured each reporting date until settlement. The Company's policy is to measure share-based compensation costs using the intrinsic value method instead of fair value as it is not practical to estimate the volatility of its share price. During fiscal year 2013, the Company initiated a long term incentive plan that has liability classification for share-based compensation awards. The plan was in place during fiscal years 2014, 2015 and 2016.

Income Taxes

Income taxes are provided using the asset and liability method presented by FASB ASC Topic 740, Income Taxes ("ASC 740"). Under this method, income taxes (i.e., deferred tax assets, deferred tax liabilities, taxes currently payable/refunds receivable and tax expense) are recorded based on amounts refundable or payable in the current fiscal year and include the results of any differences between U.S. GAAP and tax reporting. Deferred income taxes reflect the tax effect of net operating loss, capital loss and general business credit carry forwards and the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial statements and income tax purposes, as determined under enacted tax laws and rates. Valuation allowances are established when management determines that it is more likely than not that some portion or the entire deferred tax asset will not be realized. The financial effect of changes in tax laws or rates is accounted for in the period of enactment.

From time to time, the Company engages in transactions in which the tax consequences may be subject to uncertainty. Significant judgment is required in assessing and estimating the tax consequences of these transactions. The Company prepares and files tax returns based on its interpretation of tax laws and regulations. In the normal course of business, the Company's tax returns are subject to examination by various taxing authorities. Such examinations may result in future tax and interest assessments by these taxing authorities. In determining the Company's tax provision for financial reporting purposes, the Company establishes a reserve for uncertain tax positions unless such positions are determined to be more likely than not of being sustained upon examination based on their technical merits. There is considerable judgment involved in determining whether positions taken on the Company's tax returns are more likely than not of being sustained.

New Accounting Pronouncements

During the first quarter of fiscal 2016, the Company adopted ASU 2015-17, Balance Sheet Classification of Deferred Taxes ("ASU 2015-17"). ASU 2015-17 requires that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. The Company has elected to adopt this standard retrospectively, and thus the reclassification of prior period balances has been made. The application of ASU 2015-17 to the Company's September 30, 2015 Consolidated Balance Sheets resulted in a decrease to current deferred tax assets of $52 million, an increase to non-current deferred tax assets of $2 million, and a decrease to non-current deferred tax liabilities of $50 million.

In May 2014, the FASB issued guidance codified in ASC 606, Revenue Recognition – Revenue from Contracts with Customers ("ASC 606"), which replaces the guidance in former ASC 605, Revenue Recognition and ASC 928, Entertainment – Music. The amendment was the result of a joint effort by the FASB and the International Accounting Standards Board to improve financial reporting by creating common revenue recognition guidance for U.S. GAAP and international financial reporting standards ("IFRS"). The joint project clarifies the principles for recognizing revenue and develops a common revenue standard for U.S. GAAP and IFRS. ASC 606 is effective for annual periods beginning after December 15, 2017, and interim periods within those years. Early adoption is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. The update may be applied using one of two methods: retrospective application to each prior reporting period presented, or retrospective application with the cumulative effect of initially applying the update recognized at the date of initial application. The Company is currently evaluating the transition method that will be elected and the impact of the update on its financial statements and disclosures.

In August 2014, the FASB issued ASU 2014-15, Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern ("ASU 2014-15"). This ASU will explicitly require management to assess an entity's ability to continue as a going concern, and to provide related disclosure when substantial doubt exists. ASU 2014-15 will be effective in the first annual period ending after December 15, 2016, and interim periods thereafter. Earlier adoption is permitted. The Company does not expect the adoption of this guidance to have a material effect on our consolidated financial statements.

In April 2015, the FASB issued ASU 2015-03, Simplifying the Presentation of Debt Issuance Costs ("ASU 2015-03"). This ASU will require that debt issuance costs are presented as a direct deduction to the related debt in the liability section of the balance sheet, rather than presented as an asset. ASU 2015-03 will be effective for annual periods beginning after December 15, 2015, and interim periods within those years. Earlier adoption is permitted. The adoption of this standard is not expected to have a significant impact on the Company's financial statements, other than presentation.

In January 2016, the FASB issued ASU 2016-01, Recognition and Measurement of Financial Assets and Financial Liabilities ("ASU 2016-01"). This ASU will require that equity investments are measured at fair value with changes in fair value recognized in net income. The Company may elect to measure equity investments that do not have a readily determinable fair value at cost minus impairment, if any, plus or minus changes resulting from observable price. ASU 2016-01 will be effective for annual periods beginning after December 15, 2017, and interim periods within those years. Earlier adoption is permitted. The adoption of this standard is not expected to have a significant impact on the Company's financial statements, other than disclosure.

In February 2016, the FASB issued ASU 2016-02, Leases ("ASU 2016-02"). This ASU establishes a right-of-use ("ROU") model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of operations. ASU 2016-02 will be effective for annual periods beginning after December 15, 2018, and interim periods within those years. Earlier adoption is permitted. The Company is evaluating the impact of the adoption of this standard on its financial statements and disclosures.

In March 2016, the FASB issued ASU 2016-05, Derivatives and Hedging: Effect of Derivative Contract Novations on Existing Hedge Accounting Relationships ("ASU 2016-05") and ASU 2016-06, Derivatives and Hedging: Contingent Put and Call Options in Debt Instruments ("ASU 2016-06"). ASU 2016-05 clarifies that a change in the counterparty to a derivative instrument that has been designated as a hedging instrument does not, in and of itself, require dedesignation of that hedging relationship provided that all other hedge accounting criteria continue to be met. ASU 2016-06 clarifies the steps required to determine bifurcation of an embedded derivative. ASU 2016- 05 and ASU 2016-06 are effective for annual periods beginning after December 15, 2016, and interim periods within those years. Early adoption is permitted. The guidance may be adopted prospectively or by a modified retrospective approach. The adoption of this standard is not expected to have a significant impact on the Company's financial statements.

In March 2016, the FASB issued ASU 2016-09, Compensation - Stock Compensation ("ASU 2016-09"). This ASU provides amended guidance which simplifies the accounting for share-based payment transactions involving multiple aspects of the accounting for share-based transactions, including income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. ASU 2016-09 is effective for annual periods beginning after December 15, 2016, and interim periods within those years. Early adoption is permitted. The Company is evaluating the impact of the adoption of this standard on its financial statements and disclosures.

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments ("ASU 2016-15"). This ASU provides specific guidance of how certain cash receipts and cash payments should be presented and classified in the statement of cash flows. ASU 2016-15 is effective for annual periods beginning after December 15, 2017, and interim periods within those years. Early adoption is permitted. The adoption of this standard is not expected to have a significant impact on the Company's financial statements, other than presentation.

In October 2016, the FASB issued ASU 2016-16, Income Taxes: Intra-Entity Transfers of Assets Other Than Inventory ("ASU 2016-16"). This ASU requires the recognition of current and deferred income taxes for intra-entity asset transfers when the transaction occurs. ASU 2016-16 is effective for annual periods beginning after December 15, 2017, and interim periods within those years. Early adoption is permitted. The adoption of this standard is not expected to have a significant impact on the Company's financial statements, other than the presentation of gross deferred tax assets and valuation allowance in Note 7 to the accompanying Consolidated Financial Statements.

3. Comprehensive Income (Loss)

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

	Foreign Currency Translation Loss	Minimum Pension Liability Adjustment	Accumulated Other Comprehensive Loss, net
		(in millions)	
Balance at September 30, 2013	**$ (57)**	**$ (4)**	**$ (61)**
Other comprehensive loss (a)	(41)	(6)	(47)
Amounts reclassified from accumulated other comprehensive income	—	—	—
Balance at September 30, 2014	**$ (98)**	**$ (10)**	**$ (108)**
Other comprehensive loss (a)	(59)	—	(59)
Amounts reclassified from accumulated other comprehensive income	—	—	—
Balance at September 30, 2015	**$ (157)**	**$ (10)**	**$ (167)**
Other comprehensive loss (a)	(44)	(6)	(50)
Amounts reclassified from accumulated other comprehensive income	—	(1)	(1)
Balance at September 30, 2016	**$ (201)**	**$ (17)**	**$ (218)**

(a) Foreign currency translation adjustments include intra-entity foreign currency transactions that are of a long-term investment nature of $(108) million, $(63) million and $(13) million during the fiscal year ended September 30, 2016, 2015 and 2014, respectively.

4. Property, Plant and Equipment

Property, plant and equipment consist of the following:

	September 30, 2016	September 30, 2015
	(in millions)	
Land	$ 11	$ 15
Buildings and improvements	90	98
Furniture and fixtures	10	10
Computer hardware and software	232	203
Construction in progress	15	20
Machinery and equipment	11	11
Gross Property, Plant and Equipment	$ 369	$ 357
Less accumulated depreciation	(166)	(137)
Net Property, Plant and Equipment	$ 203	$ 220

During the fiscal year ended September 30, 2016 the Company sold real estate resulting in a gain of $24 million.

5. Goodwill and Intangible Assets

Goodwill

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

	Recorded Music	Music Publishing	Total
		(in millions)	
Balance at September 30, 2014	**$ 1,197**	**$ 464**	**$ 1,661**
Acquisitions	3	—	3
Dispositions	—	—	—
Other adjustments	(32)	—	(32)
Balance at September 30, 2015	**$ 1,168**	**$ 464**	**$ 1,632**
Acquisitions	13	—	13
Dispositions	(12)	—	(12)
Other adjustments	(6)	—	(6)
Balance at September 30, 2016	**$ 1,163**	**$ 464**	**$ 1,627**

The increase in goodwill during the fiscal years ended September 30, 2016 and September 30, 2015 includes goodwill associated with immaterial acquisitions. The decrease in goodwill during the fiscal year ended September 30, 2016 includes goodwill associated with immaterial dispositions. The other adjustments during both the fiscal years ended September 30, 2016 and 2015 primarily represent foreign currency movements.

The Company performs its annual goodwill impairment test in accordance with ASC 350 during the fourth quarter of each fiscal year as of July 1. The Company may conduct an earlier review if events or circumstances occur that would suggest the carrying value of the Company's goodwill may not be recoverable. The performance of the annual fiscal 2016 impairment analysis did not result in an impairment of the Company's goodwill.

Intangible Assets

Intangible assets consist of the following:

	Weighted Average Useful Life	September 30, 2016	September 30, 2015
		(in millions)	
Intangible assets subject to amortization:			
Recorded music catalog	10 years	$ 923	$ 992
Music publishing copyrights	27 years	1,504	1,497
Artist and songwriter contracts	13 years	883	926
Trademarks	7 years	7	7
Other intangible assets	8 years	5	—
Total gross intangible asset subject to amortization		3,322	3,422
Accumulated amortization		(1,121)	(908)
Total net intangible assets subject to amortization		2,201	2,514
Intangible assets not subject to amortization:			
Trademarks and tradenames	Indefinite	116	119
Total net other intangible assets		$ 2,317	$ 2,633

Amortization

Based on the amount of intangible assets subject to amortization at September 30, 2016, the expected amortization for each of the next five fiscal years and thereafter are as follows:

	Fiscal Years Ended September 30, (in millions)
2017	$ 205
2018	205
2019	190
2020	175
2021	175
Thereafter	1,251
	$ 2,201

The life of all acquired intangible assets is evaluated based on the expected future cash flows associated with the asset. The expected amortization expense above reflects estimated useful lives assigned to the Company's identifiable, finite-lived intangible assets primarily established in the accounting for the Merger and the PLG Acquisition.

6. Debt

Debt Capitalization

Long-term debt, including the current portion, consists of the following:

	September 30, 2016	September 30, 2015
	(in millions)	
Revolving Credit Facility—Acquisition Corp. (a)	$ —	$ —
Senior Term Loan Facility due 2020—Acquisition Corp. (b)	975	1,282
5.625% Senior Secured Notes due 2022—Acquisition Corp.	275	275
6.00% Senior Secured Notes due 2021—Acquisition Corp.	450	450
6.25% Senior Secured Notes due 2021—Acquisition Corp. (c)	177	177
5.00% Senior Secured Notes due 2023—Acquisition Corp.	300	—
6.75% Senior Notes due 2022—Acquisition Corp.	635	660
13.75% Senior Notes due 2019—Holdings	—	150
Total debt	2,812	2,994
Less: current portion	—	13
Total long-term debt (d)	$ 2,812	$ 2,981

(a) Reflects $150 million of commitments under the Revolving Credit Facility, less letters of credit outstanding of approximately $5 million and $5 million at September 30, 2016 and September 30, 2015, respectively. There were no loans outstanding under the Revolving Credit Facility at September 30, 2016 or September 30, 2015.

(b) Principal amount of $978 million and $1.287 billion less unamortized discount of $3 million and $5 million at September 30, 2016 and September 30, 2015, respectively. Of this amount, $13 million, representing the scheduled amortization of the Term Loan, was included in the current portion of long term debt at September 30, 2015. The maturity date was extended to November 1, 2023, subject, in certain circumstances, to a springing maturity inside the maturity of certain of Acquisition Corp.'s other indebtedness.

(c) Face amount of €158 million. Above amounts represent the dollar equivalent of such notes at September 30, 2016 and September 30, 2015.

(d) Total long-term debt, including the current portion does not reflect the October 2016 tender offers for, and satisfaction and discharge of, the 6.000% Senior Secured Notes due 2021 and the 6.250% Senior Secured Notes due 2021, the October issuance of 4.125% Senior Secured Notes due 2024 and 4.875% Senior Secured Notes due 2024, the November 2016 Senior Term Loan Credit Agreement Amendment, or the November redemption of the 5.625% Senior Secured Notes due 2022. See "Recent Developments – Tender Offers and Satisfaction and Discharge" and "Liquidity – New Senior Secured Notes."

Debt Redemptions and Prepayments

On February 16, 2016, Holdings redeemed $50 million of its $150 million outstanding 13.75% Senior Notes due 2019. The Company recorded a loss on extinguishment of debt of approximately $5 million, which represents the premium paid on early redemption and unamortized deferred financing costs.

On July 1, 2016, Holdings redeemed the remaining $100 million of its outstanding 13.75% Senior Notes due 2019. The Company recorded a loss on extinguishment of debt of approximately $10 million as a result of this debt redemption, which represents the premium paid on early redemption and unamortized deferred financing costs.

On July 27, 2016, Acquisition Corp. prepaid $295.5 million of its outstanding Senior Term Loan Facility due 2020. The Company recorded a loss on extinguishment of debt of approximately $4 million, which represents the unamortized discount and unamortized deferred financing costs.

Open Market Purchases

On March 11, 2016, Acquisition Corp. purchased, in the open market, approximately $25 million of its $660 million outstanding 6.75% Senior Notes due 2022. The acquired notes were subsequently retired. Following retirement of the acquired notes, approximately $635 million of the 6.75% Senior Notes due 2022 remain outstanding.

Notes Offering

On July 27, 2016, Acquisition Corp. issued $300 million in aggregate principal amount of its 5.00% Senior Secured Notes due 2023 (the "Notes Offering"). Acquisition Corp. used the net proceeds for the prepayment of $295.5 million of its outstanding Senior Term Loan Facility due 2020.

2014 Debt Refinancing

On April 9, 2014, the Company completed a refinancing of part of its outstanding debt (the "2014 Refinancing"). In connection with the 2014 Refinancing, the Company issued $275 million in aggregate principal amount of its 5.625% Senior Secured Notes due 2022 (the "New Senior Secured Notes") and $660 million in aggregate principal amount of its 6.750% Senior Notes due 2022 (the "New Unsecured Notes").

In connection with the 2014 Refinancing, the Company used $869 million, to redeem or repurchase the Company's previously outstanding $765 million 11.5% Senior Notes due 2018 and to pay tender/call premiums of $85 million and consent fees of approximately $19 million. The Company also paid approximately $3 million in accrued interest with respect to the notes redeemed or repurchased.

The Company recorded a loss on extinguishment of debt of approximately $141 million in the fiscal year ended September 30, 2014, which represents the difference between the redemption payment and the carrying value of the debt, which included the principal value of $765 million, less unamortized discounts of $13 million and unamortized debt issuance costs of $24 million.

Interest Rates

The loans under the Revolving Credit Facility bear interest at Revolving Borrower's election at a rate equal to (i) the rate for deposits in the borrowing currency in the London interbank market (adjusted for maximum reserves) for the applicable interest period ("Revolving LIBOR"), plus 2.00% 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) 0.50% in excess of the overnight federal funds rate and (z) the one-month Revolving LIBOR plus 1.0% per annum, plus, in each case, 1.00% 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 loans under the Senior Term Loan Facility 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"), plus 2.75% per annum, or (ii) the base rate, which is the highest of (x) the corporate base rate established by the administrative agent as its prime rate in effect at its principal office in New York City from time to time, (y) 0.50% in excess of the overnight federal funds rate and (z) one-month Term Loan LIBOR, plus 1.00% per annum, plus, in each case, 1.75% per annum. The loans under the Senior Term Loan Facility Credit Agreement are subject to a Term Loan LIBOR "floor" of 1.00%. 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.

Maturity of Senior Term Loan Facility

The loans outstanding under the Senior Term Loan Facility mature on July 1, 2020. The maturity date was extended to November 1, 2023, subject, in certain circumstances, to a springing maturity inside the maturity of certain of Acquisition Corp.'s other indebtedness. Please refer to "Recent Developments – November 2016 Senior Term Loan Credit Agreement Amendment" for further discussion.

Maturity of Revolving Credit Facility

The maturity date of the Revolving Credit Facility is April 1, 2021.

Maturities of Senior Notes and Senior Secured Notes

As of September 30, 2016, there are no scheduled maturities of notes until 2021, when $627 million is scheduled to mature. Thereafter, $1.210 billion is scheduled to mature.

Interest Expense, net

Total interest expense, net, was $173 million, $181 million, and $203 million for the fiscal years ended September 30, 2016, 2015 and 2014, respectively. The weighted-average interest rate of the Company's total debt was 5.3% at September 30, 2016, 5.6% at September 30, 2015 and 5.6% at September 30, 2014.

7. Income Taxes

The domestic and foreign pretax (loss) income from continuing operations is as follows:

	Fiscal Year Ended September 30, 2016	Fiscal Year Ended September 30, 2015	Fiscal Year Ended September 30, 2014
	(in millions)		
Domestic	$ 35	$ (18)	$ (153)
Foreign	6	(57)	(176)
Total	$ 41	$ (75)	$ (329)

Current and deferred income taxes (tax benefits) provided are as follows:

	Fiscal Year Ended September 30, 2016	Fiscal Year Ended September 30, 2015	Fiscal Year Ended September 30, 2014
	(in millions)		
Federal:			
Current	$ —	$ —	$ —
Deferred	3	4	(7)
Foreign:			
Current (a)	39	40	35
Deferred	(30)	(33)	(55)
U.S. State:			
Current	3	3	(6)
Deferred	(4)	(1)	7
Total	$ 11	$ 13	$ (26)

(a) Includes withholding taxes of $17 million, $13 million and $11 million for the fiscal year ended September 30, 2016, for the fiscal year ended September 30, 2015, and for the fiscal year ended September 30, 2014, respectively.

The differences between the U.S. federal statutory income tax rate of 35% and income taxes provided are as follows:

	Fiscal Year Ended September 30, 2016	Fiscal Year Ended September 30, 2015	Fiscal Year Ended September 30, 2014
	(in millions)		
Taxes on income at the U.S. federal statutory rate	$ 14	$ (26)	$ (115)
U.S. state and local taxes	(1)	2	1
Foreign income taxed at different rates, including withholding taxes	12	11	(15)
Increase in valuation allowance	19	34	101
Release of valuation allowance	(26)	(5)	(3)
Change in tax rates	(10)	(2)	1
Other	3	(1)	4
Total income tax (benefit) expense	$ 11	$ 13	$ (26)

For the fiscal year ended September 30, 2016 and for the fiscal year ended September 30, 2015, the Company incurred losses in certain foreign territories and has offset the tax benefit associated with these losses with a valuation allowance as the Company has determined that it is more likely than not that these losses will not be utilized. The balance of the U.S. tax attributes remaining at September 30, 2016 continues to be offset by a full valuation allowance as the Company has determined that it is more likely than not that these attributes will not be realized. Significant components of the Company's net deferred tax assets (liabilities) are summarized below:

	September 30, 2016	September 30, 2015
	(in millions)	
Deferred tax assets:		
Allowances and reserves	$ 34	$ 40
Employee benefits and compensation	47	47
Other accruals	82	76
Tax attribute carry forwards	475	552
Other	3	2
Total deferred tax assets	641	717
Valuation allowance	(310)	(344)
Net deferred tax assets	331	373
Deferred tax liabilities:		
Depreciation, amortization and artist advances	(26)	(23)
Intangible assets	(572)	(650)
Total deferred tax liabilities	(598)	(673)
Net deferred tax liabilities	$ (267)	$ (300)

During the fiscal year ended September 30, 2016, the Company's valuation allowance decreased primarily as a result of utilization of U.S. loss carryforwards and the conversion of U.S. foreign tax credits to deductions.

At September 30, 2016, the Company has U.S. federal tax net operating loss carry-forwards of $548 million, which will begin to expire in fiscal year 2027. The Company also has tax net operating loss carry-forwards, with no expiration date, in the U.K., France and Spain of $92 million, $119 million and $40 million, respectively, and other tax net operating loss carry forwards in state, local and foreign jurisdictions that expire in various periods. In addition, the Company has foreign tax credit carry-forwards for U.S. tax purposes of $147 million. During the year ended September 30, 2016 the Company converted $31 million of expiring foreign tax credits to deductions. The remaining foreign tax credits will begin to expire in fiscal year 2018.

U.S. income and foreign withholding taxes have not been recorded on indefinitely reinvested earnings of certain foreign subsidiaries of approximately $211 million at September 30, 2016. As such, no deferred income taxes have been provided for these undistributed earnings. Should these earnings be distributed, foreign tax credits and net operating losses may be available to reduce the additional federal income tax that would be payable. However, availability of these foreign tax credits is subject to limitations which make it impracticable to estimate the amount of the ultimate tax liability, if any, on these accumulated foreign earnings.

The Company classifies interest and penalties related to uncertain tax positions as a component of income tax expense. As of September 30, 2016 and September 30, 2015, the Company had accrued $3 million and $3 million of interest and penalties, respectively.

A reconciliation of the beginning and ending amount of unrecognized tax benefits, including interest and penalties, are as follows (in millions):

Balance at September 30, 2013	$ 30
Additions for current year tax positions	10
Additions for prior year tax positions	1
Subtractions for prior year tax positions	(14)
Balance at September 30, 2014	$ 27
Additions for current year tax positions	8
Additions for prior year tax positions	9
Subtractions for prior year tax positions	(9)
Balance at September 30, 2015	$ 35
Additions for current year tax positions	7
Additions for prior year tax positions	1
Subtractions for prior year tax positions	(13)
Balance at September 30, 2016	$ 30

Included in the total unrecognized tax benefits at September 30, 2016 and 2015 are $30 million and $35 million, respectively, that if recognized, would favorably affect the effective income tax rate. The Company has determined that is reasonably possible that its existing reserve for uncertain tax positions as of September 30, 2016 could decrease by up to approximately $17 million related to various ongoing audits and settlement discussions in various foreign jurisdictions.

The Company and its subsidiaries file income tax returns in the U.S. and various foreign jurisdictions. The Company has completed tax audits in the U.S. for tax years ended through September 30, 2008, in the U.K. for the tax years ending through September 30, 2013, in Canada for tax years ended through September 30, 2013, in Germany for the tax years ending through September 30, 2009 and in Japan for the tax years ending through September 30, 2007. The Company is at various stages in the tax audit process in certain foreign and local jurisdictions.

8. Employee Benefit Plans

Certain international employees, such as those in Germany and Japan, participate in locally sponsored defined benefit plans, which are not considered to be material either individually or in the aggregate and have a combined projected benefit obligation of approximately $83 million and $69 million as of September 30, 2016 and 2015, respectively. Pension benefits under the plans are based on formulas that reflect the employees' years of service and compensation levels during their employment period. The Company had unfunded pension liabilities relating to these plans of approximately $56 million and $45 million recorded in its balance sheets as of September 30, 2016 and 2015, respectively. The Company uses a September 30 measurement date for its plans. For the fiscal year ended September 30, 2016, September 30, 2015, and September 30, 2014, pension expense amounted to $4 million, $4 million, and $4 million, respectively.

Certain employees also participate in defined contribution plans. The Company's contributions to the defined contribution plans are based upon a percentage of the employees' elected contributions. The Company's defined contribution plan expense amounted to approximately $5 million for the fiscal year ended September 30, 2016, $4 million for the fiscal year ended September 30, 2015, and $5 million for the fiscal year ended September 30, 2014.

9. Restructuring

In conjunction with the PLG Acquisition, the Company undertook a plan to achieve cost savings (the "Restructuring Plan"), primarily through headcount reductions. The Restructuring Plan was approved by the CEO prior to the close of the PLG Acquisition. No restructuring costs were incurred in the fiscal year ended September 30, 2016. The Restructuring Plan was complete in the fiscal year ended September 30, 2015 and resulted in approximately $74 million in restructuring charges, which were made up of employee-related costs of $67 million, real estate costs of $6 million and other costs of $1 million. Total restructuring costs of $2 million were incurred in the fiscal year ended September 30, 2015 with respect to these actions, which consist of $2 million of real estate costs. Total restructuring costs of $50 million were incurred in the fiscal year ended September 30, 2014 with respect to these actions, which consisted of $45 million of employee-related costs, $4 million of real estate costs and $1 million of other costs. Total cash payments of $74 million were made under the Restructuring Plan. Employee-related costs include all cash compensation and other employee benefits paid to terminated employees. Real estate costs include costs that will continue to be incurred without economic benefit to us, such as, among others, operating lease payments for office space no longer being used and moving costs incurred during relocation, costs incurred to close a facility and IT costs to wire a new facility.

Total restructuring activity is as follows:

	Employee-related Costs	Real Estate Costs	Other	Total
		(in millions)		
Balance at September 30, 2014	**$ 12**	**$ 1**	**$ —**	**$ 13**
Restructuring expense	—	2	—	2
Cash payments	(10)	(3)	—	(13)
Balance at September 30, 2015	**$ 2**	**$ —**	**$ —**	**$ 2**
Restructuring expense	—	—	—	—
Cash payments	(2)	—	—	(2)
Balance at September 30, 2016	**$ —**	**$ —**	**$ —**	**$ —**

The restructuring accrual is recorded in other current liabilities on the consolidated balance sheet. These balances reflect estimated future cash outlays.

A summary of the charges in the consolidated statements of operations resulting from the Restructuring Plan is shown below:

	Fiscal Year Ended September 30, 2016	Fiscal Year Ended September 30, 2015	Fiscal Year Ended September 30, 2014
		(in millions)	
Selling, general and administrative expenses	$ —	$ 2	$ 50
Total restructuring expense	**$ —**	**$ 2**	**$ 50**

All of the above expenses were recorded in the Recorded Music reportable segment.

10. Share-Based Compensation Plans

Effective January 1, 2013, eligible individuals were invited to participate in the Senior Management Free Cash Flow Plan (the "Plan"). Eligible individuals include any employee, consultant or officer of the Company or any of its affiliates, who is selected by the Company's Compensation Committee to participate in the Plan. Under the Plan, participants are allocated a specific portion of the Company's free cash flow to use to purchase the equivalent of Company stock through the acquisition of deferred equity units. Participants also receive a grant of profit interests in a purposely established LLC holding company (the "LLC") that represent an economic entitlement to future appreciation over an equivalent number of shares of Company stock ("matching units"). The Company's Board of Directors authorized the issuance of up to 82.1918 shares of the Company's common stock pursuant to the Plan, 41.0959 in respect of deferred equity units and 41.0959 in respect of matching units. The LLC currently owns 55 issued and outstanding shares. Each deferred equity unit is equivalent to 1/10,000 of a share of Company stock. The Company will allocate units to active participants each Plan year at the time that annual free cash flow bonuses for such Plan year are determined and may grant unallocated units under the Plan to certain members of current or future management. At the time that annual free cash flow bonuses for such Plan year are determined, a participant shall be credited a number of deferred equity units based on their respective allocation divided by $107.13 (the grant date intrinsic value) and an equal number of the related matching units will be allocated. The

redemption price of the deferred equity units will equal the fair market value of a fractional share of the Company's stock on the date of the settlement and the redemption price for the matching units will equal the excess, if any, of the then fair market value of one Company fractional share over the grant date intrinsic value of one fractional share.

The Company accounts for share-based payments as required by ASC 718. ASC 718 requires all share-based payments to employees to be recognized as compensation expense. Under the recognition provision of ASC 718, liability classified share-based compensation costs are measured each reporting date until settlement. The Company's policy is to measure share-based compensation costs to employees using the intrinsic value method instead of fair value as it is not practical to estimate the volatility of its share price. In accordance with ASC 718, the Company measures share-based compensation costs to non-employees at fair value under ASC 820, which does not allow for use of the intrinsic method.

For accounting purposes, the grant date was established at the point the Company and the participant reached a mutual understanding of the key terms and conditions, in this case the date at which the participant accepted the invitation to participate in the Plan. For accounting purposes, deferred equity units are deemed to generally vest between one and seven years and matching equity units granted under the Plan are deemed to vest two years after the allocation to the participant's account. All deferred and matching equity units will be settled in three installments in December 2018, 2019, and 2020. The deferred units will be settled at the participant's election for cash equal to the fair market value or one fractional company share. The matching units will be settled for cash equal to the redemption price. In December 2020, all outstanding units become mandatorily redeemable at the then redemption price. Due to this mandatory redemption clause, the Company has classified the awards under the Plan as liability awards. Dividend distributions, if any, are also paid out on vested deferred equity units and are calculated on the same basis as the Company's common shares. The Company has applied a graded (tranche-by-tranche) attribution method and expenses share-based compensation on an accelerated basis over the vesting period of the share award.

The following is a summary of the Company's share awards:

	Deferred Equity Units	Matching Equity Units	Deferred Equity Units Weighted-Average Fair Value	Matching Equity Units Weighted-Average Intrinsic Value	Deferred Equity Units Weighted-Average Grant-Date Intrinsic Value	Matching Equity Units Weighted-Average Grant-Date Intrinsic Value
Unvested units at September 30, 2014	**19**	**24**	**$ 132.92**	**$ 25.79**	**$ 107.13**	**$ —**
Granted	3	3	132.92	—	107.13	—
Vested	(2)	—	132.92	25.79	107.13	—
Forfeited	(2)	(2)	132.92	25.79	107.13	—
Unvested units at September 30, 2015	**18**	**25**	**$ 135.00**	**$ 27.87**	**$ 107.13**	**$ —**
Granted	9	9	135.00	—	107.13	—
Vested	(7)	(5)	135.00	27.87	107.13	—
Forfeited	(1)	(1)	135.00	27.87	107.13	—
Unvested units at September 30, 2016	**19**	**28**	**$ 142.21**	**$ 35.08**	**$ 107.13**	**$ —**

The weighted-average grant date intrinsic value of deferred equity unit awards for the fiscal year ended September 30, 2016 was $107.13. The fair value of these deferred equity units at September 30, 2016 was $142.21. The weighted-average grant date intrinsic value of deferred equity unit awards for the period ended September 30, 2015 was $107.13. The fair value of these deferred equity units at September 30, 2015 was $135.00. The weighted-average grant date intrinsic value of deferred equity unit awards for the period ended September 30, 2014 was $107.13. The fair value of these deferred equity units at September 30, 2014 was $132.92.

Compensation Expense

The Company recognized non-cash share-based compensation expense of $23 million for the fiscal year ended September 30, 2016. Of the $23 million, $13 million related to awards for employees and $10 million related to awards for non-employees for the fiscal year ended September 30, 2016. The Company recognized non-cash share-based compensation of $3 million for the fiscal year ended September 30, 2015. Of the $3 million, $1 million related to awards for employees and $2 million related to awards for non-employees for the fiscal year ended September 30, 2015. The Company recognized non-cash share-based compensation of $8 million for the fiscal year ended September 30, 2014. Of the $8 million, $5 million related to awards for employees and $3 million related to awards for non-employees for the fiscal year ended September 30, 2014.

In addition, at September 30, 2016, September 30, 2015 and September 30, 2014, the Company had approximately $2 million, $7 million and $12 million, respectively, of unrecognized compensation costs related to its unvested share awards. As of September 30, 2016, the remaining weighted average period over which total compensation related to unvested awards is expected to be recognized is 1 year.

11. Related Party Transactions

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 will provide 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, will pay Access a specified annual fee equal to approximately $9 million based on a formula contained in the agreement and reimburse Access for certain expenses incurred performing services under the agreement. The annual fee is payable quarterly. The Company and Holdings agreed to indemnify Access and certain of its affiliates against all liabilities arising out of performance of the Management Agreement.

Such costs incurred by the Company were approximately $9 million, $9 million and $8 million for the fiscal years ended September 30, 2016, 2015 and 2014, respectively, which includes the annual fee, but excludes $2 million of expenses reimbursed related to certain consultants with full time roles at the Company for each of the fiscal years ended September 30, 2016, 2015 and 2014. Such amounts have been included as a component of selling, general and administrative expense in the accompanying statements of operations.

Lease Arrangements with Related Party

On July 29, 2014, AI Wrights Holdings Limited, an affiliate of Access, entered into a lease and related agreements with Warner/Chappell Music Limited and WMG Acquisition (UK) Limited, subsidiaries of the Company, for the lease of 27 Wrights Lane, Kensington, London. The Company had been the tenant of the building, which Access acquired during the fiscal year 2014. Subsequent to the change in ownership, the Company entered into the new lease arrangements. Pursuant to the agreements, on January 1, 2015, the rent in the lease was increased to £3,460,250 per year, the term was extended five years and the Company received certain rights to extend the term for an additional five years following a market rate rent review.

On August 13, 2015, a subsidiary of the Company, Warner Music Inc., entered into a license agreement with Access Industries, Inc., an affiliate of Access, for the use of office space in our corporate headquarters at 1633 Broadway, New York, New York. The license fee of $2,775 per month, plus an IT support fee of $1,000 per month, was based on the per foot lease costs to the Company of its headquarters space, which represented market terms. For the fiscal year ended September 30, 2015, an immaterial amount was recorded as rental income. The space is occupied by The Blavatnik Archive, which is dedicated to the discovery and preservation of historically distinctive and visually compelling artifacts, images and stories that contribute to the study of 20th century Jewish, WWI and WWII history.

On July 15, 2016, a subsidiary of the Company, Warner Music Inc., entered into a license agreement with Cooper Investment Partners LLC, for the use of office space in our corporate headquarters at 1633 Broadway, New York, New York. The license fee of $16,967.21 per month, was based on the per foot lease costs to the Company of its headquarters space, which represented market terms. For the fiscal year ended September 30, 2016, an immaterial amount was recorded as rental income. The space is occupied by Cooper Investment Partners LLC, which is a private equity fund that pursues a wide range of investment opportunities.

Deezer

Access owns a controlling equity interest in Deezer S.A., which was formerly known as Odyssey Music Group ("Odyssey"), a French company that controls and operates a digital music streaming service, formerly through Odyssey's subsidiary, Blogmusik SAS ("Blogmusik"), under the name Deezer ("Deezer"), and is represented on Deezer S.A.'s Board of Directors. Subsidiaries of the Company, Warner Music Inc. and WEA International Inc. have been a party to license arrangements with Deezer since 2008 (Warner Music Inc. was added as a party to the license in 2014 in respect of the U.S.), which provide for the use of the Company's sound recording content on Deezer's ad-supported and subscription streaming services worldwide (excluding Japan) in exchange for fees paid by Deezer. Warner Music Inc. and WEA International Inc. have also authorized Deezer to include Warner content in Deezer's streaming services where such services are offered as a bundle with third-party services or products (e.g., telco services or hardware products), for which Deezer is also required to make payments to Warner Music Inc. and WEA International Inc. Deezer paid to WEA International Inc. an aggregate amount of approximately $29 million and $25 million in connection with the foregoing arrangements during the fiscal year ended September 30, 2016 and 2015, respectively. In addition, in connection with these arrangements, (i) the

Company was issued, and currently holds, warrants to purchase shares of Deezer S.A. and (ii) the Company purchased a small number of shares of Deezer S.A., which collectively represent a small minority interest in Deezer S.A.

Equity Investment

In fiscal 2014, the Company made an investment in a company in which Access was a minority owner, which was subsequently sold during fiscal 2014. As a result of the sale transaction, the Company recognized a gain of $2 million.

Record Industry

In February 2015, WEA and Record Industry entered into an agreement for vinyl record manufacturing. In fiscal year 2016, WEA paid to Record Industry an aggregate amount of approximately $4 million in connection with the foregoing arrangements. Mr. Mohaupt, currently one of the Company's directors, owns a minority interest in Record Industry.

12. Commitments and Contingencies

Leases

The Company occupies various facilities and uses certain equipment under both capital and operating leases. Net rent expense was approximately $60 million, $66 million and $82 million for the fiscal years ended September 30, 2016, 2015 and 2014, respectively.

At September 30, 2016, future minimum payments under non-cancelable operating leases (net of sublease income) are as follows:

Years	Operating Leases
	(in millions)
2017	$ 51
2018	44
2019	42
2020	35
2021	32
Thereafter	200
Total	**$ 404**

The future minimum payments reflect the amounts owed under lease arrangements and do not include any fair market value adjustments that may have been recorded as a result of the Merger.

Talent Advances

The Company routinely enters into long-term commitments with artists, songwriters and publishers for the future delivery of music product. Such commitments generally become due only upon delivery and Company acceptance of albums from the artists or future musical compositions by songwriters and publishers. Additionally, such commitments are typically cancelable at the Company's discretion, generally without penalty. Based on contractual obligations and the Company's expected release schedule, aggregate firm commitments to such talent approximated $288 million and $318 million as of September 30, 2016 and September 30, 2015, respectively.

Other

Other off-balance sheet, firm commitments, which primarily include minimum funding commitments to investees, amounted to approximately $2 million and $5 million at September 30, 2016 and September 30, 2015, respectively.

Litigation

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 U.S. 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 download purchasers. On March 19, 2014, plaintiffs filed a motion for class certification, which has now been fully briefed. Plaintiffs filed an operative consolidated amended complaint on September 25, 2015. The Company filed its answer to the fourth amended complaint on October 9, 2015, and filed an amended answer on November 3, 2015. A mediation took place on February 22, 2016, but the parties were unable to reach a resolution. 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. The potential outcomes of these claims that are reasonably possible cannot be determined at this time and an estimate of the reasonably possible loss or range of loss cannot presently be made.

Sirius XM

On September 11, 2013, the Company joined with Capitol Records, LLC, Sony Music Entertainment, UMG Recordings, Inc. and ABKCO Music & Records, Inc. in a lawsuit brought in California Superior Court against Sirius XM Radio Inc., alleging copyright infringement for Sirius XM's use of pre-1972 sound recordings under California law. A nation-wide settlement was reached on June 17, 2015 pursuant to which Sirius XM paid the plaintiffs, in the aggregate, $210 million on July 29, 2015 and the plaintiffs dismissed their lawsuit with prejudice. The settlement resolves all past claims as to Sirius XM's use of pre-1972 recordings owned or controlled by the plaintiffs and enables Sirius XM, without any additional payment, to reproduce, perform and broadcast such recordings in the United States through December 31, 2017. As part of the settlement, Sirius XM has the right, to be exercised before December 31, 2017, to enter into a license with each plaintiff to reproduce, perform and broadcast its pre-1972 recordings from January 1, 2018 through December 31, 2022. The royalty rate for each such license will be determined by negotiation or, if the parties are unable to agree, binding arbitration on a willing buyer/willing seller standard. The allocation of the settlement proceeds among the plaintiffs was determined and the settlement proceeds were distributed accordingly. This resulted in a cash distribution to the Company of $33 million of which $28 million was recognized in revenue during the 2016 fiscal year. The balance will be recognized in revenue ratably over the next five quarters. The Company is sharing its allocation of the settlement proceeds with its artists on the same basis as statutory revenue from Sirius XM is shared, i.e., the artist share of our allocation will be paid to artists by SoundExchange.

Other Matters

In addition to the matter discussed above, the Company is 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, the Company establishes an accrual. In the currently pending proceedings, the amount of accrual is not 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) the results of ongoing discovery; (2) uncertain damage theories and demands; (3) a less than complete factual record; (4) uncertainty concerning legal theories and their resolution by courts or regulators; and (5) the unpredictable nature of the opposing party and its demands. However, the Company cannot predict with certainty the outcome of any litigation or the potential for future litigation. As such, the Company continuously monitors these proceedings as they develop and adjusts any accrual or disclosure as needed. Regardless of the outcome, litigation could have an adverse impact on the Company, including the Company's brand value, because of defense costs, diversion of management resources and other factors and it could have a material effect on the Company's results of operations for a given reporting period.

13. Derivative Financial Instruments

The Company uses derivative financial instruments, primarily foreign currency forward exchange 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 foreign currency forward exchange contracts 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. The foreign currency forward exchange contracts related to royalties are designated and qualify as cash flow hedges under the criteria prescribed in ASC 815. The Company records these contracts at fair value on its balance sheet and gains or losses on these contracts are deferred in equity (as a component of comprehensive 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 the statement of operations.

The Company may at times choose to hedge foreign currency risk associated with financing transactions such as third-party and intercompany debt and other balance sheet items. The foreign currency forward exchange contracts related to balance sheet items denominated in foreign currency are reviewed on a contract-by-contract basis and are designated accordingly. If these foreign currency forward exchange contracts do not qualify for hedge accounting, then the Company records these contracts at fair value on its balance sheet and the related gains and losses are immediately recognized in the statement of operations where there is an equal and offsetting entry related to the underlying exposure.

The fair value of foreign currency forward exchange contracts is determined by using observable market transactions of spot and forward rates (i.e., Level 2 inputs) which is discussed further in Note 16. Additionally, netting provisions are provided for in existing International Swap and Derivative Association Inc. agreements in situations where the Company executes multiple contracts with the same counterparty. As a result, net assets or liabilities resulting from foreign exchange derivatives subject to these netting agreements are classified within other current assets or other current liabilities in the Company's consolidated balance sheets.

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

As of September 30, 2016, the Company had no outstanding hedge contracts and no deferred gains or losses in comprehensive loss related to foreign exchange hedging. As of September 30, 2015, the Company had no outstanding hedge contracts and no deferred gains or losses in comprehensive loss related to foreign exchange hedging.

14. Segment Information

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

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

	Recorded Music	Music Publishing	Corporate expenses and eliminations	Total
	(in millions)			
2016				
Revenues	$ 2,736	$ 524	$ (14)	$ 3,246
OIBDA	459	138	(90)	507
Depreciation of property, plant and equipment	(32)	(7)	(11)	(50)
Amortization of intangible assets	(180)	(63)	—	(243)
Operating income (loss)	247	68	(101)	214
Total assets	2,584	2,365	420	5,369
Capital expenditures	18	7	17	42
2015				
Revenues	$ 2,501	$ 482	$ (17)	$ 2,966
OIBDA	379	146	(89)	436
Depreciation of property, plant and equipment	(36)	(6)	(12)	(54)
Amortization of intangible assets	(192)	(63)	—	(255)
Operating income (loss)	151	77	(101)	127
Total assets	2,869	2,408	344	5,621
Capital expenditures	19	7	37	63
2014				
Revenues	$ 2,526	$ 517	$ (16)	$ 3,027
OIBDA	267	166	(93)	340
Depreciation of property, plant and equipment	(35)	(7)	(13)	(55)
Amortization of intangible assets	(201)	(65)	—	(266)
Operating income (loss)	31	94	(106)	19
Capital expenditures	27	8	41	76

Revenues relating to operations in different geographical areas are set forth below for the fiscal years ended September 30, 2016, 2015 and 2014. Total assets relating to operations in different geographical areas are set forth below as of September 30, 2016 and September 30, 2015.

	2016		2015		2014
	Revenue	Long-lived Assets	Revenue	Long-lived Assets	Revenue
	(in millions)				
United States	$ 1,360	$ 138	$ 1,171	$ 149	$ 1,141
United Kingdom	491	23	477	30	467
All other territories	1,395	42	1,318	41	1,419
Total	$ 3,246	$ 203	$ 2,966	$ 220	$ 3,027

Customer Concentration

In the fiscal years ended September 30, 2016, 2015 and 2014, one customer represented 14%, 13% and 16% of total revenues, respectively. This customer's revenues are included in the Recorded Music segment.

15. Additional Financial Information

Cash Interest and Taxes

The Company made interest payments of approximately $181 million, $171 million and $204 million during the fiscal years ended September 30, 2016, 2015 and 2014, respectively. The Company paid approximately $41 million, $25 million and $22 million of foreign income and withholding taxes, net of refunds, for the fiscal years ended September 30, 2016, 2015 and 2014, respectively.

16. 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 September 30, 2016 and September 30, 2015.

	Fair Value Measurements as of September 30, 2016			
	(Level 1)	(Level 2)	(Level 3)	Total
		(in millions)		
Other Current Liabilities:				
Contractual Obligations (a)	—	—	(4)	(4)
Other Non-Current Liabilities:				
Contractual Obligations (a)	—	—	—	—
Total	**$ —**	**$ —**	**$ (4)**	**$ (4)**

	Fair Value Measurements as of September 30, 2015			
	(Level 1)	(Level 2)	(Level 3)	Total
		(in millions)		
Other Current Liabilities:				
Contractual Obligations (a)	—	—	(1)	(1)
Other Non-Current Liabilities:				
Contractual Obligations (a)	—	—	—	—
Total	**$ —**	**$ —**	**$ (1)**	**$ (1)**

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

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

	Total
	(in millions)
Balance at September 30, 2015	$ (1)
Additions	(4)
Reductions	—
Payments	1
Balance at September 30, 2016	**$ (4)**

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

Fair Value of Debt

Based on the level of interest rates prevailing at September 30, 2016, the fair value of the Company's debt was $2.896 billion. Based on the level of interest rates prevailing at September 30, 2015, the fair value of the Company's debt was $2.976 billion. The fair value of the Company's debt instruments are determined using quoted market prices from less active markets or by using quoted market prices for instruments with identical terms and maturities; both approaches are considered a Level 2 measurement.

17. Subsequent Events

California Headquarters Lease

As of October 7, 2016, we entered into a lease agreement for new office space located in the Ford Factory Building at 777 S. Santa Fe Avenue, Los Angeles, California, 90021, to be used as our new Los Angeles, California headquarters beginning on August 1, 2017 for an initial term of 12 years and 9 months with a single option to extend the term of the lease for 10 years. Rental payments under the Lease will total approximately $10.0 million per year, subject to annual fixed increases, excluding rent abatement of 75% for 16 months beginning in month two of the Lease term. We also own other property and lease facilities elsewhere throughout the world as necessary to operate our businesses. We consider our properties adequate for our current needs

October 2016 Refinancing Transactions

On October 18, 2016, Acquisition Corp. issued €345 million in aggregate principal amount of its 4.125% Senior Secured Notes due 2024 and $250 million in aggregate principal amount of its 4.875% Senior Secured Notes due 2024. Acquisition Corp. used the net proceeds to pay the consideration in the tender offers and satisfy and discharge its 2021 Senior Secured Notes as described below. See "Financial Condition and Liquidity" for more information.

On October 18, 2016, Acquisition Corp. accepted for purchase in connection with tender offers for its 6.000% Senior Secured Notes due 2021 (the "Existing Dollar Notes") and 6.250% Senior Secured Notes due 2021 (the "Existing Euro Notes" and, together with the Existing Dollar Notes, the "2021 Senior Secured Notes") the 2021 Senior Secured Notes that had been validly tendered and not validly withdrawn at or prior to 5:00 p.m., New York City time on October 17, 2016 (the "Expiration Time"). Acquisition Corp. then issued a notice of redemption on October 18, 2016 with respect to the remaining 2021 Senior Secured Notes not accepted for payment pursuant to the tender offers. Following payment of the 2021 Senior Secured Notes tendered at or prior to the Expiration Time, Acquisition Corp. deposited with the Trustee for the 2021 Senior Secured Notes not accepted for purchase in the tender offers funds sufficient to satisfy all obligations remaining to the date of redemption, which redemption date will be January 15, 2017, under the applicable indenture governing the 2021 Senior Secured Notes. These transactions are collectively referred to as the "October 2016 Refinancing Transactions." The Company expects to record a loss on extinguishment of debt of approximately $31 million in the first quarter of fiscal 2017 as a result of the October 2016 Refinancing Transactions, which represents the premium paid on early redemption and unamortized deferred financing costs.

November 2016 Senior Term Loan Credit Agreement Amendment

On November 21, 2016, Acquisition Corp received lender consent to an amendment (the "November 2016 Senior Term Loan Amendment") to the Senior Term Loan Credit Agreement governing Acquisition Corp.'s Senior Term Loan Facility, which extended the maturity date of the Senior Term Loan Credit Agreement to November 1, 2023, subject, in certain circumstances, to a springing maturity inside the maturity date of certain of Acquisition Corp.'s other outstanding indebtedness and increased the principal amount outstanding by $27.5 million to $1,006 million.

5.625% Existing Secured Notes Redemption

On November 21, 2016, Acquisition Corp. redeemed 10%, or $27.5 million of its 5.625% Senior Secured Notes due 2022 (the "5.625% Secured Notes"). The redemption price was equal to 103% of the principal amount of the 5.625% Secured Notes, plus accrued and unpaid interest to, but not including the redemption date. Following the partial redemption by Acquisition Corp. of the 5.625% Secured Notes, $247,500,000 of the 5.625% Secured Notes remain outstanding.

Special Cash Dividend

On December 2, 2016, our Board of Directors approved a special cash dividend of $54 million to be paid on January 3, 2017 to stockholders of record as of December 30, 2016.

WARNER MUSIC GROUP CORP.

2016 QUARTERLY FINANCIAL INFORMATION

(unaudited)

The following table sets forth the quarterly information for Warner Music Group Corp.

	Three months ended			
	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015
	(in millions)			
Revenues	$ 841	$ 811	$ 745	$ 849
Costs and expenses:				
Cost of revenue	(436)	(448)	(374)	(449)
Selling, general and administrative expenses (a)	(295)	(255)	(256)	(276)
Amortization expense	(55)	(63)	(63)	(62)
Total costs and expenses	(786)	(766)	(693)	(787)
Operating income	55	45	52	62
Loss on extinguishment of debt	(14)	—	(4)	—
Interest expense, net	(42)	(43)	(43)	(45)
Other (expense) income	(7)	(5)	22	8
(Loss) income before income taxes	(8)	(3)	27	25
Income tax benefit (expense)	5	(4)	(15)	3
Net (loss) income	(3)	(7)	12	28
Less: income attributable to noncontrolling interest	(1)	(2)	(1)	(1)
Net (loss) income attributable to Warner Music Group Corp.	$ (4)	$ (9)	$ 11	$ 27
(a) Includes depreciation expense of:	$ (13)	$ (12)	$ (12)	$ (13)

Quarterly operating results can be disproportionately affected by a particularly strong or weak quarter. Therefore, these quarterly operating results are not necessarily indicative of the results that may be expected for the full fiscal year.

WARNER MUSIC GROUP CORP.

2015 QUARTERLY FINANCIAL INFORMATION

(unaudited)

The following table sets forth the quarterly information for Warner Music Group Corp.

	Three months ended			
	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014
	(in millions)			
Revenues	$ 750	$ 710	$ 677	$ 829
Costs and expenses:				
Cost of revenue	(375)	(373)	(318)	(445)
Selling, general and administrative expenses (a)	(274)	(251)	(252)	(296)
Amortization expense	(64)	(63)	(63)	(65)
Total costs and expenses	(713)	(687)	(633)	(806)
Operating income	37	23	44	23
Interest expense, net	(45)	(45)	(45)	(46)
Other income (expense)	(9)	(17)	14	(9)
Loss (income) before income taxes	(17)	(39)	13	(32)
Income tax (expense) benefit	(6)	(4)	6	(9)
Net (loss) income	(23)	(43)	19	(41)
Less: income attributable to noncontrolling interest	—	(1)	(1)	(1)
Net (loss) income attributable to Warner Music Group Corp.	$ (23)	$ (44)	$ 18	$ (42)
(a) Includes depreciation expense of:	$ (12)	$ (14)	$ (14)	$ (14)

Quarterly operating results can be disproportionately affected by a particularly strong or weak quarter. Therefore, these quarterly operating results are not necessarily indicative of the results that may be expected for the full fiscal year.

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 the 13.75% Senior Notes due 2019 (the "Holdings Notes"). In addition, Acquisition Corp. has issued and outstanding the 5.625% Senior Secured Notes due 2022, the 6.00% Senior Secured Notes due 2021, the 6.25% Senior Secured Notes due 2021, and the 6.75% Senior Notes due 2022 (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 Acquisition Corp. Notes are, or were, 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. The Company's guarantee of the Acquisition Corp. Notes is full and unconditional. The guarantee of the Acquisition Corp. Notes by Acquisition Corp.'s domestic, wholly-owned subsidiaries 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 New Senior Secured Notes and the New Unsecured Notes are also guaranteed by the Company and, in addition, are guaranteed by all of Acquisition Corp.'s domestic wholly owned subsidiaries.

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. Senior Credit Facilities, and, with respect to the Company, the indenture for the Holdings Notes.

Consolidating Balance Sheet
September 30, 2016

	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	$ —	$ 180	$ 179	$ —	$ 359	$ —	$ —	$ —	$ 359
Accounts receivable, net	—	177	152	—	329	—	—	—	329
Inventories	—	16	25	—	41	—	—	—	41
Royalty advances expected to be recouped within one year	—	79	49	—	128	—	—	—	128
Prepaid and other current assets	1	13	37	—	51	—	—	—	51
Total current assets	1	465	442	—	908	—	—	—	908
Due (to) from parent companies	750	(312)	(438)	—	—	—	—	—	—
Investments in and advances to (from) consolidated subsidiaries	2,260	1,458	—	(3,718)	—	195	195	(390)	—
Royalty advances expected to be recouped after one year	—	120	76	—	196	—	—	—	196
Property, plant and equipment, net	—	138	65	—	203	—	—	—	203
Goodwill	—	1,372	255	—	1,627	—	—	—	1,627
Intangible assets subject to amortization, net	—	1,165	1,036	—	2,201	—	—	—	2,201
Intangible assets not subject to amortization	—	71	45	—	116	—	—	—	116
Other assets	37	62	19	—	118	—	—	—	118
Total assets	$ 3,048	$ 4,539	$ 1,500	$ (3,718)	$ 5,369	$ 195	$ 195	$ (390)	$ 5,369
Liabilities and Deficit:									
Current liabilities:									
Accounts payable	$ —	$ 124	$ 80	$ —	$ 204	$ —	$ —	$ —	$ 204
Accrued royalties	—	606	498	—	1,104	—	—	—	1,104
Accrued liabilities	—	112	185	—	297	—	—	—	297
Accrued interest	38	—	—	—	38	—	—	—	38
Deferred revenue	—	143	35	—	178	—	—	—	178
Current portion of long-term debt	—	—	—	—	—	—	—	—	—
Other current liabilities	—	3	18	—	21	—	—	—	21
Total current liabilities	38	988	816	—	1,842	—	—	—	1,842
Long-term debt	2,812	—	—	—	2,812	—	—	—	2,812
Deferred tax liabilities, net	—	109	160	—	269	—	—	—	269
Other noncurrent liabilities	3	126	107	—	236	—	—	—	236
Total liabilities	2,853	1,223	1,083	—	5,159	—	—	—	5,159
Total Warner Music Group Corp. equity (deficit)	195	3,314	404	(3,718)	195	195	195	(390)	195
Noncontrolling interest	—	2	13	—	15	—	—	—	15
Total equity (deficit)	195	3,316	417	(3,718)	210	195	195	(390)	210
Total liabilities and equity (deficit)	$ 3,048	$ 4,539	$ 1,500	$ (3,718)	$ 5,369	$ 195	$ 195	$ (390)	$ 5,369

Consolidating Balance Sheet
September 30, 2015

	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	$ —	$ 73	$ 173	$ —	$ 246	$ —	$ —	$ —	$ 246
Accounts receivable, net	—	170	179	—	349	—	—	—	349
Inventories	—	15	27	—	42	—	—	—	42
Royalty advances expected to be recouped within one year	—	80	50	—	130	—	—	—	130
Prepaid and other current assets	5	9	46	—	60	—	—	—	60
Total current assets	5	347	475	—	827	—	—	—	827
Due (to) from parent companies	863	(174)	(689)	—	—	—	—	—	—
Investments in and advances to (from) consolidated subsidiaries	2,365	1,187	—	(3,552)	—	376	221	(597)	—
Royalty advances expected to be recouped after one year	—	120	75	—	195	—	—	—	195
Property, plant and equipment, net	—	145	75	—	220	—	—	—	220
Goodwill	—	1,379	253	—	1,632	—	—	—	1,632
Intangible assets subject to amortization, net	—	1,271	1,243	—	2,514	—	—	—	2,514
Intangible assets not subject to amortization	—	71	48	—	119	—	—	—	119
Other assets	39	53	17	—	109	5	—	—	114
Total assets	$ 3,272	$ 4,399	$ 1,497	$ (3,552)	$ 5,616	$ 381	$ 221	$ (597)	$ 5,621
Liabilities and Deficit:									
Current liabilities:									
Accounts payable	$ —	$ 79	$ 94	$ —	$ 173	$ —	$ —	$ —	$ 173
Accrued royalties	—	513	574	—	1,087	—	—	—	1,087
Accrued liabilities	1	269	26	—	296	—	—	—	296
Accrued interest	48	—	—	—	48	10	—	—	58
Deferred revenue	—	140	66	—	206	—	—	—	206
Current portion of long-term debt	13	—	—	—	13	—	—	—	13
Other current liabilities	—	7	18	(1)	24	—	—	—	24
Total current liabilities	62	1,008	778	(1)	1,847	10	—	—	1,857
Long-term debt	2,831	—	—	—	2,831	150	—	—	2,981
Deferred tax liabilities, net	—	110	192	—	302	—	—	—	302
Other noncurrent liabilities	3	131	105	3	242	—	—	—	242
Total liabilities	2,896	1,249	1,075	2	5,222	160	—	—	5,382
Total Warner Music Group Corp. equity (deficit)	376	3,149	405	(3,554)	376	221	221	(597)	221
Noncontrolling interest	—	1	17	—	18	—	—	—	18
Total equity (deficit)	376	3,150	422	(3,554)	394	221	221	(597)	239
Total liabilities and equity (deficit)	$ 3,272	$ 4,399	$ 1,497	$ (3,552)	$ 5,616	$ 381	$ 221	$ (597)	$ 5,621

Consolidating Statement of Operations
For The Fiscal Year Ended September 30, 2016

	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	$ —	$ 1,668	$ 1,887	$ (309)	$ 3,246	$ —	$ —	$ —	$ 3,246
Costs and expenses:									
Cost of revenue	—	(703)	(1,192)	188	(1,707)	—	—	—	(1,707)
Selling, general and administrative expenses	—	(739)	(464)	121	(1,082)	—	—	—	(1,082)
Amortization of intangible assets	—	(118)	(125)	—	(243)	—	—	—	(243)
Total costs and expenses	—	(1,560)	(1,781)	309	(3,032)	—	—	—	(3,032)
Operating income (loss)	—	108	106	—	214	—	—	—	214
Loss on extinguishment of debt	(4)	—	—	—	(4)	(14)	—	—	(18)
Interest income (expense), net	(84)	3	(79)	1	(159)	(14)	—	—	(173)
Equity gains (losses) from consolidated subsidiaries	162	74	—	(236)	—	53	25	(78)	—
Other income (expense), net	(10)	2	26	—	18	—	—	—	18
Income (loss) before income taxes	64	187	53	(235)	69	25	25	(78)	41
Income tax (expense) benefit	(11)	(20)	1	19	(11)	—	—	—	(11)
Net income (loss)	53	167	54	(216)	58	25	25	(78)	30
Less: income attributable to noncontrolling interest	—	(1)	(4)	—	(5)	—	—	—	(5)
Net income (loss) attributable to Warner Music Group Corp.	$ 53	$ 166	$ 50	$ (216)	$ 53	$ 25	$ 25	$ (78)	$ 25

Consolidating Statement of Operations
For The Fiscal Year Ended September 30, 2015

	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	$ —	$ 1,632	$ 1,588	$ (254)	$ 2,966	$ —	$ —	$ —	$ 2,966
Costs and expenses:									
Cost of revenue	—	(788)	(866)	143	(1,511)	—	—	—	(1,511)
Selling, general and administrative expenses	1	(675)	(509)	110	(1,073)	—	—	—	(1,073)
Amortization of intangible assets	—	(122)	(133)	—	(255)	—	—	—	(255)
Total costs and expenses	1	(1,585)	(1,508)	253	(2,839)	—	—	—	(2,839)
Operating (loss) income	1	47	80	(1)	127	—	—	—	127
Loss on extinguishment of debt	—	—	—	—	—	—	—	—	—
Interest income (expense), net	(82)	6	(83)	—	(159)	(22)	—	—	(181)
Equity gains (losses) from consolidated subsidiaries	35	(67)	—	32	—	(69)	(91)	160	—
Other income (expense), net	(10)	1	(12)	—	(21)	—	—	—	(21)
Income (loss) before income taxes	(56)	(13)	(15)	31	(53)	(91)	(91)	160	(75)
Income tax benefit (expense)	(13)	(29)	—	29	(13)	—	—	—	(13)
Net income (loss)	(69)	(42)	(15)	60	(66)	(91)	(91)	160	(88)
Less: income attributable to noncontrolling interest	—	(1)	(2)	—	(3)	—	—	—	(3)
Net income (loss) attributable to Warner Music Group Corp.	$ (69)	$ (43)	$ (17)	$ 60	$ (69)	$ (91)	$ (91)	$ 160	$ (91)

Consolidating Statement of Operations
For The Fiscal Year Ended September 30, 2014

	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	$ —	$ 1,498	$ 1,804	$ (275)	$ 3,027	$ —	$ —	$ —	$ 3,027
Costs and expenses:									
Cost of revenue	—	(639)	(1,089)	158	(1,570)	—	—	—	(1,570)
Selling, general and administrative expenses	(1)	(633)	(655)	117	(1,172)	—	—	—	(1,172)
Amortization of intangible assets	—	(120)	(146)	—	(266)	—	—	—	(266)
Total costs and expenses	(1)	(1,392)	(1,890)	275	(3,008)	—	—	—	(3,008)
Operating income (loss)	(1)	106	(86)	—	19	—	—	—	19
Loss on extinguishment of debt	(141)	—	—	—	(141)	—	—	—	(141)
Interest income (expense), net	(102)	9	(88)	—	(181)	(22)	—	—	(203)
Equity gains (losses) from consolidated subsidiaries	(80)	113	—	(33)	—	(286)	(308)	594	—
Other income (expense), net	12	(18)	2	—	(4)	—	—	—	(4)
Income (loss) before income taxes	(312)	210	(172)	(33)	(307)	(308)	(308)	594	(329)
Income tax benefit (expense)	26	(9)	26	(17)	26	—	—	—	26
Net income (loss)	(286)	201	(146)	(50)	(281)	(308)	(308)	594	(303)
Less: income attributable to noncontrolling interest	—	(1)	(4)	—	(5)	—	—	—	(5)
Net income (loss) attributable to Warner Music Group Corp.	$ (286)	$ 200	$ (150)	$ (50)	$ (286)	$ (308)	$ (308)	$ 594	$ (308)

Consolidating Statement of Comprehensive Income
For The Fiscal Year Ended September 30, 2016

	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 income (loss)	$ 53	$ 167	$ 54	$ (216)	$ 58	$ 25	$ 25	$ (78)	$ 30
Other comprehensive income (loss), net of tax:									
Foreign currency adjustment	(44)	—	(44)	44	(44)	(44)	(44)	88	(44)
Minimum pension liability	(7)	—	(7)	7	(7)	(7)	(7)	14	(7)
Deferred (loss) gain on derivative financial instruments	—	(1)	—	1	—	—	—	—	—
Other comprehensive (loss) income , net of tax:	(51)	(1)	(51)	52	(51)	(51)	(51)	102	(51)
Total comprehensive (loss) income	2	166	3	(164)	7	(26)	(26)	24	(21)
Less: income attributable to noncontrolling interest	—	(1)	(4)	—	(5)	—	—	—	(5)
Comprehensive (loss) income attributable to Warner Music Group Corp.	$ 2	$ 165	$ (1)	$ (164)	$ 2	$ (26)	$ (26)	$ 24	$ (26)

Consolidating Statement of Comprehensive Income
For The Fiscal Year Ended September 30, 2015

	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	$ (69)	$ (42)	$ (15)	$ 60	$ (66)	$ (91)	$ (91)	$ 160	$ (88)
Other comprehensive income (loss), net of tax:									
Foreign currency adjustment	(59)	—	(59)	59	(59)	(59)	(59)	118	(59)
Minimum pension liability	—	—	—	—	—	—	—	—	—
Other comprehensive income (loss), net of tax:	(59)	—	(59)	59	(59)	(59)	(59)	118	(59)
Total comprehensive (loss) income	(128)	(42)	(74)	119	(125)	(150)	(150)	278	(147)
Less: income attributable to noncontrolling interest	—	(1)	(2)	—	(3)	—	—	—	(3)
Comprehensive (loss) income attributable to Warner Music Group Corp.	$ (128)	$ (43)	$ (76)	$ 119	$ (128)	$ (150)	$ (150)	$ 278	$ (150)

Consolidating Statement of Comprehensive Income
For The Fiscal Year Ended September 30, 2014

	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	$ (286)	$ 201	$ (146)	$ (50)	$ (281)	$ (308)	$ (308)	$ 594	$ (303)
Other comprehensive income (loss), net of tax:									
Foreign currency adjustment	(41)	—	(41)	41	(41)	(41)	(41)	82	(41)
Minimum Pension Liability	(6)	—	(6)	6	(6)	(6)	(6)	12	(6)
Other comprehensive income (loss), net of tax:	(47)	—	(47)	47	(47)	(47)	(47)	94	(47)
Total comprehensive (loss) income	(333)	201	(193)	(3)	(328)	(355)	(355)	688	(350)
Less: income attributable to noncontrolling interest	—	(1)	(4)	—	(5)	—	—	—	(5)
Comprehensive (loss) income attributable to Warner Music Group Corp.	$ (333)	$ 200	$ (197)	$ (3)	$ (333)	$ (355)	$ (355)	$ 688	$ (355)

Consolidating Statement of Cash Flows
For The Fiscal Year Ended September 30, 2016

	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 income (loss)	$ 53	$ 167	$ 54	$ (216)	$ 58	$ 25	$ 25	$ (78)	$ 30
Adjustments to reconcile net income (loss) to net cash provided by operating activities:									
Depreciation and amortization	—	156	137	—	293	—	—	—	293
Unrealized gains/losses and remeasurement of foreign denominated loans	—	—	—	—	—	—	—	—	—
Deferred income taxes	—	—	(26)	—	(26)	—	—	—	(26)
Loss on extinguishment of debt	4	—	—	—	4	14	—	—	18
Net gain on divestitures	—	(3)	(6)	—	(9)	—	—	—	(9)
Gain on sale of real estate	—	—	(24)	—	(24)	—	—	—	(24)
Non-cash interest expense	10	—	—	—	10	1	—	—	11
Non-cash share-based compensation expense	—	23	—	—	23	—	—	—	23
Equity losses (gains), including distributions	(162)	(74)	—	236	—	(53)	(25)	78	—
Changes in operating assets and liabilities:									
Accounts receivable	—	(7)	24	—	17	—	—	—	17
Inventories	—	—	—	—	—	—	—	—	—
Royalty advances	—	1	(14)	—	(13)	—	—	—	(13)
Accounts payable and accrued liabilities	—	142	(99)	(20)	23	—	—	—	23
Royalty payables	—	93	(44)	—	49	—	—	—	49
Accrued interest	(10)	—	—	—	(10)	(10)	—	—	(20)
Deferred revenue	—	(4)	(31)	—	(35)	—	—	—	(35)
Other balance sheet changes	(4)	(10)	19	—	5	—	—	—	5
Net cash (used in) provided by operating activities	(109)	484	(10)	—	365	(23)	—	—	342
Cash flows from investing activities									
Acquisition of music publishing rights, net	—	(16)	(9)	—	(25)	—	—	—	(25)
Capital expenditures	—	(30)	(12)	—	(42)	—	—	—	(42)
Investments and acquisitions of businesses, net	—	(10)	(18)	—	(28)	—	—	—	(28)
Divestitures, net of cash on hand	—	8	37	—	45	—	—	—	45
Proceeds from the sale of real estate	—	—	42	—	42	—	—	—	42
Advance to Issuer	329	—	—	(329)	—	—	—	—	—
Net cash (used in) provided by investing activities	329	(48)	40	(329)	(8)	—	—	—	(8)
Cash flows from financing activities									
Dividend by Acquisition Corp. to Holdings Corp.	(183)	—	—	—	(183)	183	—	—	—
Repayment of Acquisition Corp. Senior Term Loan Facility	(309)	—	—	—	(309)	—	—	—	(309)
Proceeds from issuance of Acquisition Corp. 5.00% Senior Secured Notes	300	—	—	—	300	—	—	—	300
Repayment of Holdings 13.75% Senior Notes	—	—	—	—	—	(150)	—	—	(150)
Repayment of Acquisition Corp. 6.75% Senior Notes	(24)	—	—	—	(24)	—	—	—	(24)
Financing costs paid	—	—	—	—	—	(10)	—	—	(10)
Deferred financing costs paid	(4)	—	—	—	(4)	—	—	—	(4)
Distribution to noncontrolling interest holder	—	—	(5)	—	(5)	—	—	—	(5)
Repayment of capital lease obligations	—	—	(14)	—	(14)	—	—	—	(14)
Change in due to (from) issuer	—	(329)	—	329	—	—	—	—	—
Net cash (used in) provided by financing activities	(220)	(329)	(19)	329	(239)	23	—	—	(216)
Effect of exchange rate changes on cash and equivalents	—	—	(5)	—	(5)	—	—	—	(5)
Net increase in cash and equivalents	—	107	6	—	113	—	—	—	113
Cash and equivalents at beginning of period	—	73	173	—	246	—	—	—	246
Cash and equivalents at end of period	$ —	$ 180	$ 179	$ —	$ 359	$ —	$ —	$ —	$ 359

Consolidating Statement of Cash Flows
For The Fiscal Year Ended September 30, 2015

	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	$ (69)	$ (42)	$ (15)	$ 60	$ (66)	$ (91)	$ (91)	$ 160	$ (88)
Adjustments to reconcile net (loss) income to net cash provided by operating activities:									
Loss on extinguishment of debt	—	—	—	—	—	—	—	—	—
Depreciation and amortization	(1)	162	148	—	309	—	—	—	309
Unrealized gains/losses and remeasurement of foreign denominated loans	21	55	(48)	—	28	—	—	—	28
Deferred income taxes	—	—	(11)	—	(11)	—	—	—	(11)
Gain on sale of assets	—	—	—	—	—	—	—	—	—
Non-cash interest expense	10	—	—	—	10	1	—	—	11
Non-cash share-based compensation expense	—	3	—	—	3	—	—	—	3
Equity losses (gains), including distributions	(35)	67	—	(32)	—	69	91	(160)	—
Changes in operating assets and liabilities:									
Accounts receivable	—	4	2	—	6	—	—	—	6
Inventories	—	(1)	(5)	—	(6)	—	—	—	(6)
Royalty advances	—	(23)	(23)	—	(46)	—	—	—	(46)
Accounts payable and accrued liabilities	—	26	(15)	(28)	(17)	—	—	—	(17)
Royalty payables	—	(19)	46	—	27	—	—	—	27
Accrued interest	(2)	—	—	—	(2)	—	—	—	(2)
Deferred revenue	—	(9)	21	—	12	—	—	—	12
Other balance sheet changes	—	3	(7)	—	(4)	—	—	—	(4)
Net cash provided by (used in) operating activities	(76)	226	93	—	243	(21)	—	—	222
Cash flows from investing activities									
Acquisition of music publishing rights, net	—	(9)	(7)	—	(16)	—	—	—	(16)
Capital expenditures	—	(48)	(15)	—	(63)	—	—	—	(63)
Investments and acquisitions of businesses, net	—	(11)	(5)	—	(16)	—	—	—	(16)
Advances to issuer	110	—	—	(110)	—	—	—	—	—
Net cash provided by (used in) investing activities	110	(68)	(27)	(110)	(95)	—	—	—	(95)
Cash flows from financing activities									
Dividend by Acquisition Corp. to Holdings Corp.	(21)	—	—	—	(21)	21	—	—	—
Proceeds from the Revolving Credit Facility	258	—	—	—	258	—	—	—	258
Repayment of the Revolving Credit Facility	(258)	—	—	—	(258)	—	—	—	(258)
Repayment of Acquisition Corp. Senior Term Loan Facility	(13)	—	—	—	(13)	—	—	—	(13)
Proceeds from issuance of Acquisition Corp. 5.625% Senior Secured Notes	—	—	—	—	—	—	—	—	—
Proceeds from issuance of Acquisition Corp. 6.750% Senior Notes	—	—	—	—	—	—	—	—	—
Repayment of Acquisition Corp. 11.5% Senior Notes	—	—	—	—	—	—	—	—	—
Financing costs paid	—	—	—	—	—	—	—	—	—
Deferred financing costs paid	—	—	—	—	—	—	—	—	—
Distribution to noncontrolling interest holder	—	(1)	(2)	—	(3)	—	—	—	(3)
Repayment of capital lease obligations	—	—	(3)	—	(3)	—	—	—	(3)
Change in due to (from) issuer	—	(110)	—	110	—	—	—	—	—
Net cash provided by (used in) financing activities	(34)	(111)	(5)	110	(40)	21	—	—	(19)
Effect of exchange rate changes on cash and equivalents	—	—	(19)	—	(19)	—	—	—	(19)
Net increase (decrease) in cash and equivalents	—	47	42	—	89	—	—	—	89
Cash and equivalents at beginning of period	—	26	131	—	157	—	—	—	157
Cash and equivalents at end of period	$ —	$ 73	$ 173	$ —	$ 246	$ —	$ —	$ —	$ 246

Consolidating Statement of Cash Flows
For The Fiscal Year Ended September 30, 2014

	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	$ (286)	$ 201	$ (146)	$ (50)	$ (281)	$ (308)	$ (308)	$ 594	$ (303)
Adjustments to reconcile net (loss) income to net cash provided by operating activities:									
Loss on extinguishment of debt	141	—	—	—	141	—	—	—	141
Depreciation and amortization	—	160	161	—	321	—	—	—	321
Unrealized gains/losses and remeasurement of foreign denominated loans	(12)	(23)	(4)	—	(39)				(39)
Deferred income taxes	—	—	(55)	—	(55)	—	—	—	(55)
Gain on sale of assets	—	(2)	—	—	(2)	—	—	—	(2)
Non-cash interest expense	12	—	—	—	12	1	—	—	13
Non-cash share-based compensation expense	—	8	—	—	8	—	—	—	8
Equity losses (gains), including distributions	80	(113)	—	33	—	286	308	(594)	—
Changes in operating assets and liabilities:									
Accounts receivable	—	10	62	—	72	—	—	—	72
Inventories	—	(3)	(4)	—	(7)	—	—	—	(7)
Royalty advances	—	(9)	(23)	—	(32)	—	—	—	(32)
Accounts payable and accrued liabilities	—	(162)	75	—	(87)	—	—	—	(87)
Royalty payables	—	(38)	63	—	25	—	—	—	25
Accrued interest	(15)	—	—	—	(15)	—	—	—	(15)
Deferred revenue	—	107	(12)	—	95	—	—	—	95
Other balance sheet changes	—	2	(22)	15	(5)	—	—	—	(5)
Net cash provided by (used in) operating activities	(80)	138	95	(2)	151	(21)	—	—	130
Cash flows from investing activities									
Acquisition of music publishing rights, net	—	(16)	(10)	—	(26)	—	—	—	(26)
Capital expenditures	—	(53)	(23)	—	(76)	—	—	—	(76)
Investments and acquisitions of businesses, net	—	2	(55)	—	(53)	—	—	—	(53)
Advances to issuer	58	—	—	(58)	—	—	—	—	—
Net cash provided by (used in) investing activities	58	(67)	(88)	(58)	(155)	—	—	—	(155)
Cash flows from financing activities									
Dividend by Acquisition Corp. to Holdings Corp.	(21)	—	—	—	(21)	21	—	—	—
Proceeds from the Revolving Credit Facility	600	—	—	—	600	—	—	—	600
Repayment of the Revolving Credit Facility	(600)	—	—	—	(600)	—	—	—	(600)
Repayment of Acquisition Corp. Senior Term Loan Facility	(10)	—	—	—	(10)	—	—	—	(10)
Proceeds from issuance of Acquisition Corp. 5.625% Senior Secured Notes	275	—	—	—	275	—	—	—	275
Proceeds from issuance of Acquisition Corp. 6.750% Senior Notes	660	—	—	—	660	—	—	—	660
Repayment of Acquisition Corp. 11.5% Senior Notes	(765)	—	—	—	(765)	—	—	—	(765)
Financing costs paid	(104)	—	—	—	(104)	—	—	—	(104)
Deferred financing costs paid	(13)	—	—	—	(13)	—	—	—	(13)
Distribution to noncontrolling interest holder	—	(1)	(2)	—	(3)	—	—	—	(3)
Repayment of capital lease obligations	—	—	(3)	—	(3)	—	—	—	(3)
Change in due to (from) issuer	—	(60)	—	60	—	—	—	—	—
Net cash provided by (used in) financing activities	22	(61)	(5)	60	16	21	—	—	37
Effect of exchange rate changes on cash and equivalents	—	—	(10)	—	(10)	—	—	—	(10)
Net increase (decrease) in cash and equivalents	—	10	(8)	—	2	—	—	—	2
Cash and equivalents at beginning of period	—	16	139	—	155	—	—	—	155
Cash and equivalents at end of period	$ —	$ 26	$ 131	$ —	$ 157	$ —	$ —	$ —	$ 157

WARNER MUSIC GROUP CORP.

Schedule II — Valuation and Qualifying Accounts

Description	Balance at Beginning of Period	Additions Charged to Cost and Expenses	Deductions	Other (a)	Balance at End of Period
			(in millions)		
Year Ended September 30, 2016					
Allowance for doubtful accounts	$ 12	$ 6	$ —	$ 1	$ 19
Reserves for sales returns	44	131	(142)	—	33
Allowance for deferred tax asset	344	27	(61)	—	310
Year Ended September 30, 2015					
Allowance for doubtful accounts	$ 11	$ 7	$ (6)	$ —	$ 12
Reserves for sales returns	54	161	(171)	—	44
Allowance for deferred tax asset	394	34	(84)	—	344
Year Ended September 30, 2014					
Allowance for doubtful accounts	$ 2	$ 2	$ —	$ 7	$ 11
Reserves for sales returns	53	194	(193)	—	54
Allowance for deferred tax asset	296	101	(3)	—	394

(a) Other changes due to acquisitions and dispositions.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. 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 are effective to provide 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 September 30, 2016 that have materially affected, or are reasonably likely to materially affect, our Internal Controls.

Management's Report on Internal Control Over Financial Reporting

Management's report on internal control over financial reporting is located on page 78 of this report.

ITEM 9B. OTHER INFORMATION

Not Applicable

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERANCE

The following is a list of our current executive officers and directors, their ages as of December 8, 2016, and their positions and offices.

Name	Age	Position
Stephen Cooper	70	CEO and Director
Jon Platt	52	Chairman and CEO, Warner/Chappell Music
Stu Bergen	50	CEO, International and Global Commercial Services, Warner Recorded Music
Eric Levin	54	Executive Vice President and Chief Financial Officer
Ole Obermann	45	Executive Vice President, Business Development
Maria Osherova	51	Executive Vice President, Human Resources
Paul M. Robinson	58	Executive Vice President and General Counsel and Secretary
James Steven	39	Executive Vice President, Communications and Marketing
Len Blavatnik	59	Vice Chairman of the Board
Lincoln Benet	53	Director
Alex Blavatnik	52	Director
Mathias Döpfner	53	Director
Ynon Kreiz	51	Director
Thomas H. Lee	72	Director
Jörg Mohaupt	50	Director
Oliver Slipper	40	Director
Cameron Strang	50	Director
Donald A. Wagner	53	Director

Our executive officers are appointed by, and serve at the discretion of, the Board of Directors. Each executive officer is an employee of the Company or one of its subsidiaries. The following information provides a brief description of the business experience of each of our executive officers and directors.

Stephen Cooper, 70, has served as a director since July 20, 2011 and as our CEO since August 18, 2011. Previously, Mr. Cooper was our Chairman of the Board from July 20, 2011 to August 18, 2011. Mr. Cooper is a member of the Supervisory Board of Directors for LyondellBasell, one of the world's largest olefins, polyolefins, chemicals and refining companies. He has more than 30 years of experience as a financial advisor, and has served as Vice Chairman and member of the office of Chief Executive Officer of Metro-Goldwyn-Mayer, Inc.; Chief Executive Officer of Hawaiian Telcom; Executive Chairman of Blue Bird Corporation; Chairman of the Board of Collins & Aikman Corporation; Chief Executive Officer of Krispy Kreme Doughnuts; and Chief Executive Officer and Chief Restructuring Officer of Enron Corporation. Mr. Cooper also served on the Board of Directors as Vice Chairman and served as the Chairman of the Restructuring Committee of LyondellBasell Industries AF S.C.A. Mr. Cooper is also the Managing Partner of Cooper Investment Partners, a private equity firm.

Jon Platt, 52, has served as Chairman and CEO of Warner/Chappell Music since May 2016. Mr. Platt served as CEO of Warner/Chappell from November 1, 2015 through May 2016. Mr. Platt joined Warner/Chappell in September 2012 as President, Creative—North America and was promoted to President, North America in December 2013. During his tenure, he has overseen the strengthening of Warner/Chappell's A&R activities in North America, while expanding opportunities for the Company's diverse roster of songwriters. Among his notable achievements, Mr. Platt received the SESAC "Visionary Award" this past May, was listed on the 2015 Billboard Power 100 list, and was lauded as BRE Magazine's "Man of the Year." Before joining Warner/Chappell, Mr. Platt spent 17 years at EMI music publishing, where artists/songwriters he signed at the outset of their careers included JAY Z, Kanye West, Usher, Drake, Ludacris, Mary Mary, Young Jeezy, Fabolous and Snoop Dogg. Mr. Platt also signed Beyoncé and negotiated deals for Pharrell Williams and Sean "Puffy" Combs. Mr. Platt has served as Vice Chairman of the Board of Directors for the MusiCares Foundation, and sits on the Board of the Living Legends Foundation. Mr. Platt was the first music publisher to be featured in Source magazine's annual Power 30 issue, and was named 2011 Music Visionary of the Year by the UJA-Federation of New York. Mr. Platt has also consulted for EMI Records, LaFace Records, Island Records and Atlantic Records. Mr. Platt began his career in the music business as a DJ in his native Denver, before moving to Los Angeles to manage producers.

Stu Bergen, 50*,* has served as our President, International, Recorded Music since June 2013. He is responsible for our global Recorded Music business outside of the U.S. and U.K. markets. In addition, since March 2015, he oversees WEA Corp., the Company's global distribution and artists and label services arm, as well as ADA, which provides worldwide services to independent labels and artists. On December 1, 2015, he was named CEO, International and Global Commercial Services, Warner Recorded

Music. Mr. Bergen, who joined Warner Music Group in 2006, was previously Executive Vice President, International & Head of Global Marketing. Prior to Warner Music Group, Mr. Bergen held posts at several major record labels, including serving as Executive Vice President of Rock Music for Columbia Records, Executive Vice President of Island Records, and Vice President of Promotion for Epic Records. Mr. Bergen began his music industry career in 1988 at TVT Records, following which he became Director Promotion at Relativity Records. Mr. Bergen holds a B.A. degree from Princeton University.

Eric Levin, 54, has served as our Executive Vice President and Chief Financial Officer since October 13, 2014. From October 2012 to June 2014, he served as the financial director of Ecolab (China) Investment Co. Ltd, a multinational technology and manufacturing group in China. From May 1988 to December 2001, he worked in various financial functions at Home Box Office, Inc., a subsidiary of Time Warner, and was promoted to CFO from January 2000 to December 2001. Thereafter and until 2011, he served in various operational and financial roles in companies in the media and publishing industry. From 2004 to 2007, he was the Co-Founder and CEO of City on Demand, LLC, a television production company. From 2009 to 2011, Mr. Levin was CFO at SCMP Group Limited, a company listed on the Hong Kong Stock Exchange, which is a leading Asia media holding company, and joined the board of The Post Publishing Public Company Limited, a company listed on the Stock Exchange of Thailand, which publishes newspapers and magazines. Mr. Levin obtained a B.S. in Electrical Engineering from the University of Pennsylvania in May 1984 and an M.B.A. in finance and economics from the University of Chicago Graduate School of Business in March 1988.

Ole Obermann, 45, has served as our Executive Vice President, Business Development and Chief Digital Officer since November 2016. Mr. Obermann oversees the company's global business development strategy, with a focus on exploring new forms of commercial innovation and creating new digital revenue opportunities. From 2006 to 2016, Mr. Obermann worked at Sony Music Entertainment, where he was most recently Executive VP, Digital Partner Development and Sales. During his Sony tenure, he negotiated and implemented deals with Sony's network of global digital partners including iTunes, Spotify, Google, and Vevo. He was instrumental in Sony's audio and video streaming strategy and oversaw the buildout of Sony's digital analytics infrastructure. Prior to his employment at Sony, Mr. Obermann was Managing Director of Liquid Digital Media, a leading digital music infrastructure provider. He also previously worked at McKinsey & Co. He began his career as a Product Manager for RCA Records. He holds a BA degree in International Relations from Colgate University and an MBA from Northwestern University's Kellogg School of Management.

Maria Osherova, 51, has served as our Executive Vice President, Human Resources since July 29, 2014. Ms. Osherova joined Warner Music Group in 2006 as Vice President, Human Resources for Warner Music International, based in London. Advancing to Senior Vice President of Warner Music International, she played a pivotal role in the successful integration of Parlophone Label Group within Warner Music Group. Prior to joining Warner Music Group, Ms. Osherova was Global HR Manager for a division of Shell International Petroleum, where she headed a department responsible for employees in over 120 countries. She previously held several posts at The Coca-Cola Company, based variously in Copenhagen, Oslo, and St. Petersburg. Osherova studied at St. Petersburg State Technical University, where she was awarded a Master of Sciences degree.

Paul M. Robinson, *58*, has served as our Executive Vice President and General Counsel and Secretary since December 2006. He is responsible for our worldwide legal and business affairs and public policy functions. Mr. Robinson joined Warner Music Group's legal department in 1995. From 1995 to December 2006, Mr. Robinson held various positions with Warner Music Group, including Acting General Counsel and Senior Vice President, Deputy General Counsel. Before joining Warner Music Group, Mr. Robinson was a partner in the New York City law firm Mayer, Katz, Baker, Leibowitz & Roberts. Mr. Robinson has a B.A. in English from Williams College and a J.D. from Fordham University School of Law.

James Steven, 39*,* has served as Executive Vice President, Communications and Marketing since January 1, 2015. He is responsible for our worldwide communications and corporate marketing functions, including external and internal communications, investor relations, social responsibility and special events. He also oversees the interaction and coordination of the communications functions of our operating companies. Mr. Steven joined the Company in 2007 as part of the Company's international communications team based in London. He relocated to New York in 2012, becoming Senior Vice President, Communications and Marketing. Prior to Warner Music Group, Mr. Steven held various roles at public relations and marketing agencies, including Cow PR and Consolidated PR, working with clients in the film, TV, technology, retail, beverages and automobile industries. Mr. Steven holds an M.A. (Honors) degree from the University of Edinburgh.

Len Blavatnik, 59, has served as a director and as Vice Chairman of the Board of Warner Music Group since July 20, 2011. Mr. Blavatnik is the founder and Chairman of Access, a privately held, U.S. industrial group with strategic investments in the U.S., Europe and South America. He previously served as a member of the board of directors of Warner Music Group from March 2004 to January 2008. Mr. Blavatnik provides financial support to, and remains engaged in, many educational pursuits. Mr. Blavatnik is a member of boards at Oxford University and Tel Aviv University, and is a member of Harvard University's Committee on University Resources, Global Advisory Council and the Task Force on Science and Engineering. In 2010, the Blavatnik Family Foundation committed £75 million to establish the Blavatnik School of Government at the University of Oxford. Mr. Blavatnik and

the Blavatnik Family Foundation have also been generous supporters of other leading educational, scientific, cultural and charitable institutions throughout the world. Mr. Blavatnik is a member of the board of directors of the 92nd Street Y in New York, The Mariinsky Foundation of America, The Carnegie Hall Society, Inc. and The Center for Jewish History in New York. He is also a member of the Board of Governors of The New York Academy of Sciences, and is a Trustee of the State Hermitage Museum in St. Petersburg, Russia. Mr. Blavatnik emigrated to the U.S. in 1978 and became a U.S. citizen in 1984. He received his Master's degree from Columbia University in 1981 and his M.B.A from Harvard Business School in 1989. Mr. Blavatnik is the brother of Alex Blavatnik.

Lincoln Benet, 53, has served as a director since July 20, 2011. Mr. Benet is the Chief Executive Officer of Access. Prior to joining Access in 2006, Mr. Benet spent 17 years at Morgan Stanley, most recently as a Managing Director. His experience spanned corporate finance, mergers and acquisitions, fixed income and capital markets. Mr. Benet is a member of the Supervisory Board of Directors for LyondellBasell and a member of the board of Clal Industries Ltd. Mr. Benet graduated summa cum laude with a B.A. in Economics from Yale University and received his M.B.A. from Harvard Business School.

Alex Blavatnik, 52, has served as a director since July 20, 2011. Mr. Blavatnik is an Executive Vice President and Deputy Chairman of Access. A 1993 graduate of Columbia University, Mr. Blavatnik joined Access in 1996 to manage the Company's growing activities in Russia. Currently, he oversees Access' operations out of its New York-based headquarters and serves as a director of various companies in the Access global portfolio. In addition, Mr. Blavatnik is engaged in numerous philanthropic pursuits and sits on the boards of several educational and charitable institutions. Mr. Blavatnik is the brother of Len Blavatnik.

Mathias Döpfner, *53*, has served as a director since May 1, 2014. Mr. Döpfner is Chairman and CEO of Axel Springer SE in Berlin. He has been with Axel Springer AG since 1998, initially as Editor-in-Chief of Die Welt and since 2000 as Member of the Management Board. During his career he has held different positions in media companies. Among others he was Editor-in-Chief of the newspapers Wochenpost and Hamburger Morgenpost. At Gruner+Jahr he was Assistant to the CEO in Hamburg and on the staff of the Head of International Business in Paris. Mr. Döpfner has also worked as author and Brussels based correspondent for Frankfurter Allgemeine Zeitung. He studied Musicology, German and Theatrical Arts in Frankfurt and Boston. He is a Member of the Board of Directors of Time Warner Inc., a Member of the Board of Directors of Vodafone Group Plc., Chairman of the Board of Directors of Business Insider Inc., and holds several honorary offices, among others at the American Academy, the American Jewish Committee and the European Publishers Council (EPC). In 2010 he was Visiting Professor in Media at the University of Cambridge and became a member of St. John's College.

Ynon Kreiz, 51, has served as a director since May 9, 2016. From March 2012 to January 2016, Mr. Kreiz served as the Chairman and CEO of Maker Studios, the global leader in online short-form video and the largest content network on YouTube. Before joining Maker, from June 2008 to June 2011, Mr. Kreiz was Chairman and CEO of Endemol Group, the world's largest independent television production company, with major international programming franchises including "Big Brother" and "Deal or No Deal." Prior to Endemol, from 2005 to 2007, Mr. Kreiz was a General Partner at Balderton Capital (formerly Benchmark Capital Europe). Prior to that, from 1996 to 2002, Mr. Kreiz was co-founder, Chairman and CEO of Fox Kids Europe N.V., a leading pay-TV channel in Europe and the Middle East, broadcasting in 56 countries. FKE was listed on the Euronext Stock Exchange in Amsterdam in 1999. Mr. Kreiz holds a B.A. in Economics and Management from Tel Aviv University and an M.B.A. from UCLA's Anderson School of Management, where he currently serves on the Board of Advisors.

Thomas H. Lee, 72, has served as a director since August 17, 2011. Mr. Lee had previously served as our director from March 4, 2004 to July 20, 2011. He is Chairman and CEO of Thomas H. Lee Capital, LLC and Lee Equity Partners, LLC. Lee Equity Partners, LLC is engaged in the private equity business in New York City. In 1974, Mr. Lee founded the Thomas H. Lee Company, the predecessor of Thomas H. Lee Partners, L.P., and from that time until March 2006 served as its Chairman and CEO. From 1966 through 1974, Mr. Lee was with First National Bank of Boston where he directed the bank's high technology lending group from 1968 to 1974 and became a Vice President in 1973. Prior to 1966, Mr. Lee was a securities analyst in the institutional research department of L.F. Rothschild in New York. Mr. Lee serves or has served, including during the past five years, as a director of numerous public and private companies in which he and his affiliates have invested, including MidCap Financial LLC, Papa Murphy's International, LLC, Edelman Financial Services, LLC and Aimbridge Hospitality Holdings LLC. Mr. Lee is currently a Trustee of Lincoln Center for the Performing Arts, NYU Langone Medical Center and the New York City Police Foundation among other civic and charitable organizations. He also serves on the Executive Committee for Harvard University's Committee on University Resources. Mr. Lee is a 1965 graduate of Harvard College.

Jörg Mohaupt, 50, has served as a director since July 20, 2011. Mr. Mohaupt has been associated with Access since May 2007, and is involved with Access' activities in the media and communications sector. Prior, Mr. Mohaupt was a Managing Director of Providence Equity Partners and he co-founded and managed Continuum Group Limited, a communications services venture business. Prior to this, Mr. Mohaupt was an Executive Director at Morgan Stanley & Co. and Lehman Brothers in their respective media and telecommunications groups. Mr. Mohaupt serves on a number of boards including Perform Group Plc, AINMT Holdings, Gettaxi Ltd,

Deezer, ULE, Songkick and Sentient Technologies. Mr. Mohaupt graduated with a degree in history from Rijksuniversiteit Leiden (Netherlands) and a degree in Communications Science from Universiteit van Amsterdam.

Oliver Slipper, 40, has served as a director since May 1, 2014. Mr. Slipper is the founder and CEO of Masomo Limited, a social games start-up headquartered in the U.K. He previously served as Joint-CEO and was appointed to the Board of Perform Group plc in August 2007, where he still acts as a Non-Executive Director. Together with Simon Denyer, Joint-CEO of Perform, Mr. Slipper took the business public, achieving a listing on the London Stock Exchange in 2011, with a market capitalization of over £500 million. Previously he was the Chief Executive Officer of Premium TV until its amalgamation with Inform Group in 2007 to create Perform. Mr. Slipper joined Premium TV in 2001 as Commercial Manager. In 2005, he was appointed Chief Executive Officer. Prior to Premium TV, Mr. Slipper worked at Accenture within the Media and Entertainment team, where he worked for clients including Cable & Wireless, NTL and Sony Playstation advising on digital strategies. He holds a BA (Hons) in Classical Studies from Manchester University. He also serves on the Board of Surrey County Cricket Club and is a Patron of the Zoological Society of London.

Cameron Strang, 50, has served as a director since July 20, 2011 and as Chairman and CEO, Warner Bros. Records since November 2012. Mr. Strang served as Chairman and CEO of Warner/Chappell Music from July 1, 2011 to November 1, 2015, and as Chairman of Warner/Chappell until May 2016. Previously, Mr. Strang was the founder of New West Records and of Southside Independent Music Publishing, which was acquired by Warner/Chappell in 2010. Prior to being acquired by Warner/Chappell, Southside was a leading independent music publishing company with a reputation for discovering and developing numerous talented writers, producers and artists across a wide range of genres. Southside was founded with the signing of J.R. Rotem and, in just six years, built a roster that included Atlantic Records' recording artist, Bruno Mars; producer, Brody Brown; Nashville-based writers, Ashley Gorley and Blair Daly; Christian music star, Matthew West; and Kings of Leon. Mr. Strang also co-founded DMZ Records, a joint venture record label. Mr. Strang holds a bachelor of commerce degree from the University of British Columbia and a J.D. from the University of British Columbia Law School.

Donald A. Wagner, 53, has served as a director since July 20, 2011. Mr. Wagner is a Managing Director of Access, having been with Access since 2010. He is responsible for sourcing and executing new investment opportunities in North America. From 2000 to 2009, Mr. Wagner was a Senior Managing Director of Ripplewood Holdings L.L.C., responsible for investments in several areas and heading the industry group focused on investments in basic industries. Previously, Mr. Wagner was a Managing Director of Lazard Freres & Co. LLC and had a 15-year career at that firm and its affiliates in New York and London. He is a board member of EP Energy and was on the board of NYSE-listed RSC Holdings from November 2006 until August 2009. Mr. Wagner graduated summa cum laude with an A.B. in physics from Harvard College.

Board of Directors

Our business and affairs are managed under the direction of our Board of Directors. Our Board of Directors currently consists of eleven members. Under our amended and restated certificate of incorporation and by-laws, our Board of Directors shall consist of such number of directors as determined from time to time by resolution adopted the Board. Our directors hold office until their successors have been elected and qualified or until the earlier of their resignation or removal.

When considering whether directors have the experience, qualifications, attributes or skills, taken as a whole, to enable the Board of Directors to satisfy its oversight responsibilities effectively in light of our business and structure, the Board of Directors focuses primarily on each person's background and experience as reflected in the information discussed in each of the directors' individual biographies set forth above. In the view of the Board of Directors, its directors provide an appropriate mix of experience and skills relevant to the size and nature of our business. In particular, each of our directors brings specific experience, qualifications, attributes and skills to our Board of Directors.

The directors affiliated with Access, Messrs. Len Blavatnik, Benet, Alex Blavatnik, Mohaupt and Wagner, each brings beneficial experience and attributes to our Board. Len Blavatnik has extensive experience advising companies, particularly as founder and Chairman of Access, in his role as a director of UC RUSAL and a former director of TNK-BP Limited. Mr. Benet has extensive experience in advising companies, particularly as the CEO of Access and in his role as a director of Clal Industries Ltd. and LyondellBasell Industries N.V. Alex Blavatnik has extensive experience advising companies, particularly as Deputy Chairman of Access and previously as a director of OGIP Ventures, Ltd. Mr. Mohaupt has served as a director of various companies and has extensive experience in corporate finance, mergers and acquisitions, fixed income and capital markets through his work at Providence Equity Partners, Morgan Stanley, Lehman Brothers and Access. Mr. Wagner has served as a director of various companies, including public companies, and has over 25 years of experience in investing, banking and private equity. In addition to their individual attributes, each of the directors affiliated with Access possess experience in advising and managing publicly traded and privately held enterprises and is familiar with the corporate finance and strategic business planning activities that are unique to highly leveraged companies like us.

Mr. Cooper has more than 30 years of experience as a financial advisor, and has served as chairman or chief executive officer of various businesses, including Vice Chairman and member of the office of Chief Executive Officer of Metro-Goldwyn-Mayer, Inc. and Chief Executive Officer of Hawaiian Telcom.

Mr. Strang is actively involved in managing the day-to-day business of our company, providing him with intimate knowledge of our operations, and has significant experience and expertise with companies in our lines of business.

Mr. Döpfner has extensive experience in the news publishing industry. Through his positions as Chairman and CEO, executive board member (Newspaper division) of Axel Springer SE and editor in chief of Die Welt, Mr. Döpfner has developed insights both in operational and strategic activities at Europe's biggest and leading digital publisher.

Mr. Kreiz has extensive experience advising and managing companies, having served as Chairman and CEO of Maker Studios and the Endemol Group and also as a general partner at Balderton Capital (formerly Benchmark Capital Europe).

Mr. Lee has extensive experience advising and managing companies, serving as the Chairman and CEO of Thomas H. Lee Capital, LLC, Thomas H. Lee Capital Management, LLC and Lee Equity Partners, LLC and serving as or having served as a director of numerous public and private companies. Mr. Lee was also part of the investor group that acquired Warner Music Group from Time Warner in the 2004 Acquisition and was a director of our company from March 2004 until July 2011, before subsequently rejoining the Board in August 2011, and has a detailed understanding of our company.

Mr. Slipper is a CEO of a digital media company.

Our Board of Directors believes that the qualifications described above bring a broad set of complementary experience to the Board of Directors' discharge of its responsibilities, coupled with a strong alignment with the interests of the stockholder of our company.

Committees of the Board of Directors

Following consummation of the Merger, we became a privately held company. As a result, we are no longer subject to any stock exchange listing or SEC rules requiring a majority of our Board of Directors to be independent or relating to the formation and functioning of the various Board committees. The Board of Directors of the Company has an Audit Committee as well as a Compensation Committee, both of which report to the Board of Directors as they deem appropriate, and as the Board may request. Affiliates of Access own 100% of our common stock and have the power to elect our directors. Thus the Board has determined that it is not necessary for us to have a Nominating Committee or a committee performing similar functions. The Board of Directors does not have a policy with regard to the consideration of any director candidates recommended by our debt holders or other parties.

The Audit Committee is responsible for overseeing the accounting and financial reporting processes of the Company and audits of the financial statements of the Company and its subsidiaries. The Audit Committee is responsible for assisting the Board of Directors' oversight of (a) the quality and integrity of the Company's financial statements and related disclosure; (b) the independent auditor's qualifications and independence; (c) the evaluation and management of the Company's financial risks; (d) the performance of the Company's internal audit function and independent auditor; and (e) the Company's compliance with legal and regulatory requirements. The Audit Committee's duties include, when appropriate, as permitted under applicable law, amending or supplementing the Company's Delegation of Authority Policy without the prior approval of the Board. The current members of the Company's audit committee are Messrs. Wagner, Kreiz and Lee. Mr. Wagner serves as the chairman of the committee. Messrs. Kreiz and Wagner qualify as "audit committee financial experts," as defined by Securities and Exchange Commission Rules, based on their education, experience and background.

The Compensation Committee discharges the responsibilities of the Board of Directors of the Company relating to all compensation, including equity compensation, of the Company's executives. The Compensation Committee has overall responsibility for evaluating and making recommendations to the Board regarding director and officer compensation, compensation under the Company's long-term incentive plans and other compensation policies and programs. The current members of the Company's Compensation Committee are Messrs. Benet, Lee, Mohaupt and Wagner and Len Blavatnik. Mr. Benet serves as the chairman of the committee.

Oversight of Risk Management

On behalf of the Board of Directors, our Audit Committee is responsible for oversight of the Company's risk management and assessment guidelines and policies. We are exposed to a number of risks including financial risks, operational risks and risks relating

to regulatory and legal compliance. The Audit Committee discusses with management and the independent auditors the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the guidelines and policies to govern the process by which risk assessment and risk management are undertaken. The Company's Chief Compliance Officer and Head of Internal Audit are responsible for the Company's risk management function and regularly work closely with the Company's senior executives to identify risks material to the Company. Both the Chief Compliance Officer and the Head of Internal Audit report regularly to the Chief Financial Officer, the Chief Executive Officer and the Audit Committee regarding the Company's risk management policies and procedures. In that regard, both the Chief Compliance Officer and Head of Internal Audit regularly meet with the Audit Committee to discuss the risks facing the Company, highlighting any new risks that may have arisen since they last met. The Audit Committee also reports to the Board of Directors to apprise them of their discussions with the Chief Compliance Officer and Head of Internal Audit regarding the Company's risk management efforts. In addition, the Board of Directors receives management updates on our business operations, financial results and strategy and, as appropriate, discusses and provides feedback with respect to risks related to those topics.

Section 16(a) Beneficial Ownership Reporting Compliance

Subsequent to the consummation of the Merger, as the Company no longer has a class of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934, none of its directors, officers or stockholders is subject to the reporting requirements of Section 16(a) of the Exchange Act.

Code of Conduct

The Company has adopted a Code of Conduct as our "code of ethics" as defined by regulations promulgated under the Securities Act of 1933, as amended (the "Securities Act of 1933"), and the Securities Exchange Act of 1934 (and in accordance with the NYSE requirements for a "code of conduct"), which applies to all of the Company's directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. A current copy of the Code of Conduct is available on the Company's website at *www.wmg.com* by clicking on "Investor Relations" and then on "Corporate Governance." A copy of the Code of Conduct may also be obtained free of charge, from the Company upon a request directed to Warner Music Group Corp., 1633 Broadway, New York, NY 10019, Attention: Investor Relations. The Company will disclose within four business days any substantive changes in or waivers of the Code of Conduct granted to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, by posting such information on our website as set forth above rather than by filing a Form 8-K.

ITEM 11. EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This compensation discussion and analysis provides information about the material elements of compensation that are paid, awarded to, or earned by our "named executive officers," who consist of our principal executive officer, principal financial officer and our three other most highly compensated executive officers for fiscal year 2016 and one other individual who would have met the compensation standard but became a non-executive officer employee during fiscal year 2016. Our named executive officers ("NEOs") for fiscal year 2016 are:

- Stephen Cooper (our CEO);
- Eric Levin (our CFO);
- Jon Platt;
- Stu Bergen;
- Paul M. Robinson; and
- Cameron Strang (executive officer until May 2016).

Role of the Compensation Committee

The Compensation Committee is responsible for overseeing our compensation programs. As part of that responsibility, the Compensation Committee determines all compensation for the Company's executive officers (other than our CEO). For executive officers other than the CEO, the Compensation Committee considers the recommendation of the CEO and the Executive Vice President, Human Resources in making its compensation determinations. The Committee interacts regularly with management regarding our executive compensation initiatives and programs. The Compensation Committee has the authority to engage its own advisors and had done so prior to the consummation of the Merger. However, during fiscal year 2016, no independent compensation advisor provided any advice or recommendations on the amount or form of executive and director compensation to the Compensation Committee and since the consummation of the Merger, we have not retained a compensation consultant to assist in determining or recommending the amount or form of executive compensation. The Compensation Committee may elect in the future to retain a compensation consultant if it determines that doing so would assist it in implementing and maintaining our compensation programs.

Our executive team consists of individuals with extensive industry expertise, creative vision, strategic and operational skills, in-depth company knowledge, financial acumen and high ethical standards. We are committed to providing competitive compensation packages to ensure that we retain these executives and maintain and strengthen our position as a leading global music-based content company. Our executive compensation programs and the decisions made by the Compensation Committee are designed to achieve these goals. The compensation for the Company's NEOs (the executive officers for whom disclosure of compensation is provided in the tables below other than our current CEO) consists of base salary and annual bonuses. In addition, three of our NEOs, Messrs. Cooper, Bergen and Strang, have elected to participate in the Amended and Restated Warner Music Group Corp. Senior Management Free Cash Flow Plan (the "Plan"), our long-term incentive program. The NEOs do not receive any other compensation or benefits other than standard benefits available to all U.S. employees, which primarily consist of health plans, the opportunity to participate in the Company's 401(k) and deferred compensation plans, basic life insurance and accidental death insurance coverage.

For the 2016 fiscal year, in determining the compensation of the NEOs (other than our current CEO), the Compensation Committee sought to establish a level of compensation that is (a) appropriate for the size and financial condition of the Company, (b) structured so as to attract and retain qualified executives and (c) tied to annual financial performance and long-term shareholder value creation.

Access has a consulting agreement with Mr. Cooper pursuant to which for fiscal year 2016 he received $166,667 a month and reimbursement of his related expenses in connection with his role as CEO of the Company. In fiscal year 2016, the Company reimbursed Access for these amounts pursuant to the Management Agreement. For fiscal year 2016, the Company did not have any other employment arrangement with Mr. Cooper, but he participates in the Plan, and in fiscal year 2016 the Company increased Mr. Cooper's allocation in the Plan. Effective October 1, 2016 (i.e., after completion of fiscal year 2016), the Company began to pay Mr. Cooper an annual base salary of $1,000,000 as an employee of the Company, and, in connection with this change, the Company will no longer be reimbursing Access for Mr. Cooper's services under a consultancy agreement. The Company has not entered into an employment agreement with Mr. Cooper because, among other reasons, as a participant in the Plan, the Company believes he already has retention incentives to remain employed at the Company.

The Company has entered into employment arrangements with each of our Named Executive Officers (other than Mr. Cooper), which establish each executive's base salary and for each of Messrs. Bergen and Strang his entitlement to a percentage of our annual free cash flow under the Plan and, in the case of Messrs. Platt, Levin and Robinson, their annual bonus.

Executive Compensation Objectives and Philosophy

We design our executive compensation programs to attract talented executives to join the Company and to motivate them to position us for long-term success, achieve superior operating results and increase stockholder value. To realize these objectives, the Compensation Committee and management focus on the following key factors when considering the amount and structure of the compensation arrangements for our executives:

- ***Alignment of executive and stockholder interests by providing incentives linked to operating performance and achievement of cash flow and strategic objectives.*** We are committed to creating stockholder value and believe that our executives and employees should be provided incentives through our compensation programs that align their interests with those of our stockholders. Accordingly, we provide our executives with annual cash bonus incentives linked to our operating performance. In addition, in 2013, we adopted the Plan, which, as described below, is an incentive compensation program that pays annual bonuses based on our free cash flow and offers participants the opportunity to share in appreciation of our common stock. For information on the components of our executive compensation programs and the reasons why each is used, see "Components of Executive Compensation" below.
- ***A clear link between an executive's compensation and Company-wide performance.*** Three of our NEOs (Messrs. Cooper, Bergen and Strang) and some of our other senior executives have elected to participate in the Plan. As further discussed below, the Plan, which is a significant part of our executive compensation program, is designed to reward our executives' contributions to our free cash flow and long-term value. For other executives, their compensation is designed to reward their achievement of specified key goals, which include, among other things, the successful implementation of strategic initiatives, realizing superior operating and financial performance, and other factors that we believe are important, such as the promotion of an ethical work environment and teamwork within the Company. We believe our compensation structure motivates our executives to achieve these goals and rewards them for their significant efforts and contributions to the Company and the results they achieve.
- ***The extremely competitive nature of the media and entertainment industry, and our need to attract and retain the most creative and talented industry leaders.*** We compete for talented executives in relatively high-priced markets, and the Compensation Committee takes this into consideration when making compensation decisions. For example, we compete for executives with other recorded music and music publishing companies, other entertainment, media and technology companies, law firms, private ventures, investment banks and many other companies that offer high levels of compensation. We believe that our senior management team is among the best in the industry and is the right team to lead us to long-term success. Our commitment to ensuring that we are led by the right executives is a high priority, and we make our compensation decisions accordingly.

Components of Executive Compensation

Employment Arrangements

With the exception of Mr. Cooper as described above, we have employment arrangements with all of our NEOs, the key terms of which are described below under "Summary of NEO Employment Arrangements and Separation Agreements." We believe that having employment arrangements with certain of our executives can be beneficial to us because it provides retentive value, requires them to comply with key restrictive covenants, and may give us some competitive advantage in the recruiting process over a company that does not offer employment arrangements. Our employment arrangements set forth the terms and conditions of employment and establish the components of an executive's compensation, which generally include the following:

- Base salary;
- Participation in the free cash flow bonus pool of the Plan or a discretionary or target annual cash bonus;
- Severance payable upon a qualifying termination of employment; and
- Benefits, including participation in our 401(k) plan and health, life insurance and disability insurance plans.

Key Considerations in Determining Executive Compensation

The following describes the components of our NEO compensation arrangements and why each is included in our executive compensation programs.

Base Salary

The cash base salary an NEO receives is determined by the Compensation Committee after considering the individual's compensation history, the range of salaries for similar positions, the individual's expertise and experience, and other factors the Compensation Committee believes are important, such as whether we are trying to attract the executive from another opportunity. The Compensation Committee believes it is appropriate for executives to receive a competitive level of guaranteed compensation in the form of base salary and determines the initial base salary by taking into account recommendations from management and, if deemed necessary, the Compensation Committee's independent compensation consultant.

In fiscal year 2016, Mr. Cooper was paid based on a consulting agreement with Access, as described above. Each of our other NEOs was paid base salary in accordance with the terms of their respective employment arrangement for fiscal year 2016.

Effective October 13, 2016, Mr. Levin's annual base salary was increased to $750,000 (from $650,000).

Effective November 1, 2016, Mr. Bergen's annual base salary was increased to $1,250,000 (from $1 million).

Annual Cash Bonus

Our Compensation Committee directly links the amount of the annual cash bonuses we pay to our financial performance for the particular year. Messrs. Cooper, Bergen and Strang have elected to participate in the annual free cash flow bonus pool in the Plan, as described below.

Annual Free Cash Flow Bonus Pool

Messrs. Cooper, Bergen and Strang have elected to participate in the Plan, which is also a non-qualified deferred compensation plan that allows the participants to defer receipt of all or a portion of their annual bonuses until future dates prescribed by the Plan. Our Compensation Committee adopted the Plan to, among other reasons, reinforce a partnership culture with our executives, by allowing them to participate in our short-term performance (in the form of annual free cash flow bonuses) and long-term performance (in the form of deferred compensation that is indexed to the value of our common stock and with grants of Profits Interests, as described below under "Long-Term Equity Incentives"). We believe it is important for our executives and shareholders to be motivated to work together towards shared financial and operational goals. In addition, our Compensation Committee considered that the Plan offers our executives the opportunity for tax-efficient wealth management creation based on our performance.

For the 2016 fiscal year, Messrs. Cooper, Bergen and Strang participated in the Plan with fixed percentages of free cash flow of 2.5%, 0.75% and 1.0%, respectively. The Company's free cash flow for the 2016 fiscal year was $321 million. Beginning with fiscal year 2016, the percentage of free cash flow allocated to Messrs. Cooper and Bergen increased to 2.5% (from 2.0%) and 0.75% (from 0.25%), respectively, to further incentivize and reward them. For Mr. Cooper, this increase was considered when the Company reduced his annual base compensation to $1,000,000 effective October 1, 2016. Accordingly, for fiscal year 2016, Messrs. Cooper, Bergen and Strang earned free cash flow bonuses under the Plan of $8,024,198, $2,407,500 and $3,209,920, respectively. Each of Messrs. Cooper, Bergen and Strang elected to defer 100% of the free cash flow bonus earned from the 2016 fiscal year and, in doing so, to acquire equity interests representing shares of our common stock. However, in fiscal year 2017, both Messrs. Cooper and Strang acquired the last of their remaining deferred equity units using a portion of their 2016 fiscal year free cash flow bonuses under the Plan ($7,864,906 and $2,036,194, respectively), and the remaining portion of their 2016 free cash flow bonuses ($159,292 and $1,173,726, respectively) will be paid to them in cash.

Discretionary Bonuses

Messrs. Platt, Levin and Robinson do not participate in the Plan. For the 2016 fiscal year, Mr. Platt had an annual target bonus amount of $2,300,000 set forth in his employment agreement. For the 2016 fiscal year, Mr. Levin had an annual target bonus amount of $400,000 set forth in his employment agreement. For the 2016 fiscal year, Mr. Robinson had an annual target bonus amount of $600,000 set forth in his employment agreement. The actual amount of Messrs. Platt's, Levin's and Robinson's annual bonuses are determined by the Compensation Committee in its sole discretion and may be higher or lower than their target amounts. The amounts of Messrs. Platt's Levin's and Robinson's bonuses for fiscal year 2016 are set forth below under the "Bonus" column in the Summary Compensation Table.

For Messrs. Platt, Levin and Robinson, the Compensation Committee considered the recommendation of the CEO and the Executive Vice President, Human Resources in making its bonus determinations. The bonuses for each of Messrs. Platt, Levin and Robinson was based on the target bonus set forth in his employment agreement, corporate performance and other discretionary factors, including achievement of strategic objectives, goals in compliance and ethics and teamwork within the Company. A variety of qualitative and quantitative factors that vary by year and are given different weights in different years depending on facts and circumstances were considered, with no single factor material to the overall bonus determination. The factors considered by the Compensation Committee in connection with Messrs. Platt, Levin, and Robinson's fiscal year 2016 bonuses are discussed in more detail below.

For fiscal year 2016, after considering the factors described above and management's recommendations, the Compensation Committee determined that the bonuses for Messrs. Platt, Levin and Robinson would be set at amounts equal to 104%, 110% and 110%, respectively, of the annual target bonus amounts set forth in their respective employment agreements for fiscal year 2016. This reflected the Compensation Committee's and management's assessment that overall corporate performance and discretionary factors justified payment of such bonus to each of them based on their and the Company's performance during the fiscal year. Specifically, the Compensation Committee set the amount of Mr. Platt's bonus after considering the quality of his individual performance in running the Company's publishing business, the Compensation Committee set the amount of Mr. Levin's bonus after considering the quality of his individual performance in running the company-wide finance function and the amount of Mr. Robinson's bonus after considering the quality of his individual performance in running the company-wide legal and business affairs and public policy functions as well as the performance of the Company and, in the case of Mr. Platt, of the business unit he oversees.

In making the bonus determinations for Messrs. Levin and Robinson, other qualitative factors taken into account included performance in internal and public financial reporting, budgeting and forecasting processes, compliance and infrastructure, investment and cost-savings initiatives. Non-financial factors considered also included, among other items, providing strategic leadership and direction for the Company, including corporate governance matters, managing the strategic direction of the Company, increasing operational efficiency, expanding our digital presence and communicating to investors and other important constituencies.

Effective October 1, 2016, Mr. Levin's target bonus was increased to $500,000 (from $400,000).

Long-Term Equity Incentives

Warner Music Group Corp. Senior Management Cash Flow Plan

As noted above, Messrs. Cooper, Bergen and Strang have elected to participate in the Plan. In addition to providing an annual bonus that is based on a percentage of the Company's free cash flow, as described above, the Plan provides its participants with the opportunity to defer all or a portion of their free cash flow bonuses and receive grants of equity interests.

Deferral of Compensation under the Plan

Deferred amounts, if any, will be credited to a participant's account as and when a deferred bonus is earned and indexed to the fair market value of a share of our common stock (as determined from time to time by the Compensation Committee), except that the initial value of deferred amounts at the time of deferral will be based on our fair market value as of January 1, 2013. The individual amounts that will be deferred in respect of the 2016 fiscal year for each of Messrs. Cooper, Bergen and Strang are $7,864,906, $2,407,500 and $2,036,194, respectively.

Equity Interests under the Plan

Each of our NEOs who elected to participate in the Plan became a member of WMG Management Holdings, LLC ("Management LLC"), a limited liability company formed in connection with the Plan's adoption, and was granted a "profits interest" in Management LLC ("Profits Interests") in amounts equal to 10,000 times the maximum number of shares of our common stock available for issuance to the participants in settlement of his deferred account. These Profits Interests granted in fiscal year 2013 represent an economic entitlement to future appreciation in our common stock above the purchase price paid by Access in its acquisition of the Company. In addition, in connection with the increases to the free cash flow percentage allocations of Messrs. Cooper, Bergen and Strang, each of them was granted an additional number of Profits Interests in Management LLC equal to the additional number of deferred equity units that may be granted to them, representing an economic entitlement to future appreciation in our common stock from the date of grant. The amount of Profits Interests granted to each of our NEOs who participate in the Plan that was outstanding as of September 30, 2016 is set forth below under "Outstanding Equity Awards at 2016 Fiscal Year End" table, and other terms and conditions of the Plan with respect to the Profits Interests are described below in the narrative accompanying the "Grants of Plan-Based Awards in Fiscal Year 2016" table and under "Potential Payments upon Termination or Change-In-Control."

Tax Deductibility of Performance-Based Compensation and Other Tax Considerations

Where appropriate, and after taking into account various considerations, we structure our executive employment arrangements and compensation programs to allow us to take a tax deduction for the full amount of the compensation we pay to our executives.

We are a privately held company. As a result, we are not subject to Section 162(m), which generally places limits on the tax deductibility of executive compensation for publicly traded companies unless certain requirements are met.

Benefits

Our NEOs also receive health coverage, life insurance, disability benefits and other similar benefits in the same manner as our U.S. employees generally.

Retirement Benefits

We offer a tax-qualified 401(k) plan to our employees and in November 2010 we adopted a non-qualified deferred compensation plan, which is available to those of our employees whose base salary is at least $200,000 and who are bonus eligible and who are not eligible to participate in the LTIP Plan. Both plans are available to the NEOs except for the non-qualified deferred compensation plan if they participate in the LTIP Plan.

In accordance with the terms of the Company's 401(k) plan, the Company matches after one year of service, in cash, 50% of the first 6% amounts contributed to that plan by each plan participant, up to 3% of eligible pay, with a limit of up to $7,950 in 2016, whichever is less. Employees can contribute up to the maximum IRS pre-tax deferral of $18,000 in 2016 (with a catch up of $6,000 in 2016 in the case of participants age 50 or greater), whichever occurs first. The matching contributions made by the Company are initially subject to vesting, based on continued employment, with 25% scheduled to vest on each of the second through fifth anniversaries of the employee's date of hire.

Perquisites

We generally do not provide perquisites to our NEOs. See the Summary Compensation Table below for a summary of compensation received by our NEOs, including any perquisites received in fiscal year 2016.

Compensation Committee Report

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis. Based on the review and discussions, the Compensation Committee recommends to the Board of Directors that the Compensation Discussion and Analysis be included in this Form 10-K.

Members of the Compensation Committee
Lincoln Benet, Chair
Len Blavatnik
Thomas H. Lee
Jörg Mohaupt
Donald A. Wagner

Summary Compensation Table

The following table provides summary information concerning compensation paid or accrued by us to or, on behalf of, our NEOs, for services rendered to us during the specified fiscal year.

Name and Principal Position	Year	Salary ($)	Bonus ($) (1)	Stock Awards ($) (2)	Non-Equity Incentive Plan Compensation ($) (3)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($) (4)	Total ($)
Stephen Cooper (5)	2016	$ 2,000,000	—	$ 2,935,068	$ 159,292	—	—	$ 5,094,360
CEO	2015	$ 2,000,000	—	$ 2,935,068	—	—	—	$ 4,935,068
	2014	$ 2,000,000	—	—	—	—	—	$ 2,000,000
Eric Levin (6)	2016	$ 650,000	$ 438,400	—	—	—	$ 10,445	$ 1,098,845
Executive Vice President and Chief Financial Officer	2015	$ 550,000	$ 342,210	—	—	—	—	$ 892,210
Jon Platt (7)	2016	$ 2,300,000	$ 2,398,900	—	__	—	$ 7,950	$ 4,706,850
Chairman and CEO of Warner/Chappell Music								
Paul M. Robinson	2016	$ 750,000	$ 657,600	—	—	—	$ 7,950	$ 1,415,550
Executive Vice President	2015	$ 700,000	$ 500,000	—	—	—	$ 7,950	$ 1,207,950
and General Counsel and Secretary	2014	$ 685,577	$ 225,500	—	—	—	$ 7,500	$ 918,577
Stu Bergen (8)	2016	$ 1,000,000	—	$ 2,935,068	—	—	$ 6,900	$ 3,941,968
CEO, International and Global Commercial Services, Warner Recorded Music	2015	$ 1,000,000	$ 250,000	—	—	—	$ 7,950	$ 1,257,950
Cameron Strang (9)	2016	$ 2,250,000	—	—	$ 1,173,726	—	$ 6,900	$ 3,430,626
Chairman and CEO, WBR	2015	$ 2,250,000	—	—	__	—	$ 7,950	$ 2,257,950
	2014	$ 2,250,000	—	$ 440,260	__	—	$ 7,500	$ 2,697,760

(1) Represents discretionary cash bonus for fiscal year 2016 performance for each of Messrs. Platt, Levin and Robinson expected to be paid in January 2016, a discretionary cash bonus for fiscal year 2015 to Messrs. Levin and Robinson, and a supplemental 2015 cash bonus to Mr. Bergen and, for Mr. Robinson, cash bonus amount in respect of fiscal year 2014.

(2) For fiscal year 2015 (for Mr. Cooper) and 2016 (for Messrs. Cooper and Bergen), this column reflects the aggregate grant date fair value of an increase to the maximum number of deferred equity units that may be granted to them and the awards of Profits Interests made to them in fiscal year 2015 or 2016, as applicable, in connection with that increase. For fiscal year 2014, this column for Mr. Strang reflects the aggregate grant date fair value of an increase to the maximum number of deferred equity units that may be granted to him and the awards of Profits Interests made to him in fiscal year 2014 in connection with that increase. These grant date fair values were computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation—Stock Compensation, without taking into account estimated forfeitures. Assumptions used in the calculation of this amount are included in Note 10 to our audited financial statements for the year ended September 30, 2016.

(3) For the 2016 fiscal year, Messrs. Cooper and Strang were paid a portion of their free cash flow bonus under the Plan in cash, because they acquired the last of his remaining deferred equity units using a portion of their 2016 fiscal year free cash flow bonuses under the Plan ($7,864,906 and $2,036,194, respectively).

(4) Fiscal year 2016 includes 401(k) matching contributions.

(5) For fiscal years 2014- 2016, Access had a consulting agreement in respect of Mr. Cooper pursuant to which he received $166,667 a month in connection with his role as CEO of the Company. The Company reimbursed Access for these amounts pursuant to the Management Agreement. Except for his participation in the Plan, the Company did not have any other employment arrangement with Mr. Cooper for those fiscal years.

(6) Mr. Levin was appointed CFO effective October 13, 2014.

(7) Mr. Platt became an NEO in fiscal year 2016.

(8) Mr. Bergen became an NEO in fiscal year 2015.

(9) Mr. Strang ceased to be an executive officer in fiscal year 2016, but remains an employee.

Grant of Plan-Based Awards in Fiscal Year 2016

In fiscal year 2016, the Compensation Committee approved an increase to the maximum number of deferred equity units that may be acquired by Messrs. Cooper and Bergen, and each of them received a corresponding grant of additional Profits Interests, as follows:

Name	Grant Date	All other Stock Awards; Number of Shares of Stock or Units (#)	Grant Date Fair Value of Stock and Option Awards
Stephen Cooper	July 15, 2016	27,397.26(1)	$ 2,935,068(2)
	July 15, 2016	27,397.26(3)	$ —(4)
Stu Bergen	November 20, 2015	27,397.26(1)	$ 2,935,068(2)
	November 20, 2015	27,397.26(3)	$ —(4)

(1) Represents the additional number of deferred equity units approved for grant under the Plan to Messrs. Cooper and Bergen in fiscal year 2016, in connection with an increase to their allocated percentages of free cash flow. Each deferred equity unit is equivalent to 1/10,000 of a share of our common stock.

(2) Reflects the aggregate grant date fair value of the additional number of deferred equity units granted to Messrs. Cooper and Bergen in fiscal year 2016, computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation—Stock Compensation, without taking into account estimated forfeitures. Assumptions used in the calculation of this amount are included in Note 10 to our audited financial statements for the year ended September 30, 2016.

(3) Represents the additional number of Profits Interests granted to Messrs. Cooper and Bergen under the Plan in fiscal year 2016, in connection with an increase to their allocated percentages of free cash flow and corresponding increase to the maximum number of deferred equity units that may be granted to them under the Plan.

(4) Reflects the aggregate grant date fair value of awards of Profits Interests made to Messrs. Cooper and Bergen in fiscal year 2016, computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation—Stock Compensation, without taking into account estimated forfeitures. Assumptions used in the calculation of this amount are included in Note 10 to our audited financial statements for the year ended September 30, 2016.

Under the Plan, the deferred amounts reflected in the table above will be credited to a participant's account as and when a deferred bonus is earned based on the fair market value of a share of our common stock as of January 1, 2013. Uncredited deferred equity units are forfeited upon a participant's termination of employment. Under the Plan, our NEOs' Profits Interests will vest over time as equivalent amounts of their annual free cash flow bonuses are deferred under the Plan. Unvested Profits Interests are forfeited on any termination of employment. As of September 30, 2016, 136,986.30, 41,095.89 and 54,795.52 of the deferred equity units had been granted to Messrs. Cooper, Bergen and Strang, respectively, of which 56,010.79, 6,863.10 and 31,125.20, respectively, deferred equity units had vested. Also, 63,571.70, 7,593.98 and 35,787.76, respectively, of the Profits Interests held by them had vested, reflecting the free cash flow bonuses earned by them in respect of fiscal years 2013, 2014 and 2015 and credited to their accounts under the Plan (including the special grant of deferred equity units made to them in December 2013 to offset the impact of $54 million of investments that were funded through fiscal year 2013 free cash flow).

The deferred amounts reflected in the "Outstanding Equity Awards at 2016 Fiscal Year-End" table below will be settled in three equal installments on the December 2018, 2019 and 2020 Redemption Dates, so long as participants have deferred their maximum deferred amounts prior to January 1, 2017. Both Messrs. Cooper and Strang will acquire their maximum deferred amounts under the Plan prior to January 1, 2017. All remaining amounts will be settled in December 2020. Deferred accounts will be settled at the participants' election, in shares of our common stock or with a cash payment equal to the then fair market value of the shares. Any shares received on settlement are required to be immediately exchanged for fully-vested equity units ("Acquired LLC Units") in Management LLC. On each Redemption Date, a Plan participant may elect to redeem up to one-third of his or her vested Profits Interests (including any Profits Interests eligible for redemption on a prior Redemption Date that were not then redeemed) for a cash payment equal to their liquidation value. Also, a Plan participant may also elect to redeem his or her Acquired LLC Units for a cash payment equal to the fair market value of their underlying shares of the Company's common stock on each Redemption Date. In addition to a Plan participant's right to redemption of his or her vested Profits Interests and Acquired LLC Units on the Redemption Dates and annually thereafter, Management LLC may redeem vested Profits Interests and Acquired LLC Units following a participant's termination of employment with the Company and its subsidiaries. All remaining Profits Interests will be redeemed in December 2020. Redemption payments in respect of Profit Interests may be reduced by the amount of any outstanding unrecovered added investment amounts.

As a condition to the grant of Profits Interests to our NEOs who elected to participate in the Plan, each of them agreed to restrictive covenants in the LLC Agreement, including non-competition with the businesses of the Company and its subsidiaries during the participant's term of employment, non-solicitation of certain artists, labels and employees during the participant's term of employment and for one year afterwards, as well as obligations of non-disparagement and confidentiality.

Summary of NEO Employment Arrangements and Separation Agreements

This section describes employment arrangements in effect for our NEOs during fiscal year 2016. Potential payments under the severance agreements and arrangements described below are provided in the section entitled "Potential Payments upon Termination or Change-In-Control." In addition, for a summary of the meanings of "cause" and "good reason" as discussed below, see "Termination for "Cause"" and "Resignation for "Good Reason" or without "Good Reason"" below.

Employment Arrangements with Stephen Cooper

As noted above, for fiscal year 2016, Access has a consulting agreement in respect of Mr. Cooper pursuant to which he received $166,667 a month plus reimbursement of related expenses in connection with his role as CEO of the Company. The Company reimburses Access for these amounts pursuant to the Management Agreement. Except for his participation in the Plan, the Company did not have any other employment arrangement with Mr. Cooper.

Employment Arrangement with Stu Bergen

On December 21, 2012, in connection with his becoming a participant in the Plan, Mr. Bergen was required to enter into new simplified employment letters that replaced his employment arrangement with the Company and its subsidiaries. This letter provides for at-will employment, base salary, a right to participate in the Plan, a right to fringe benefits generally available to Company employees of a similar level and a right to a severance payment to the participant on his termination of employment by the Company without "cause" or by the participant for "good reason" (as such terms are defined in the employment letter). The severance payment provided under the employee letter will equal 75% of his annual salary if a qualifying termination occurs prior to the first anniversary of the date the employee letter was entered into (i.e., December 21, 2013), and 50% of the participant's annual salary if the qualifying termination occurs after the first anniversary. Any severance payment will be conditioned on the NEO's execution of a release (in the Company's standard form at the time) of the Company and its affiliates. In addition, Mr. Bergen's employment letter requires him to comply with the restrictive covenants in the LLC Agreement.

Employment Agreement with Eric Levin

For fiscal year 2016, Mr. Levin was party to an employment agreement with us that provided, among other things, for the following:

(1) the term of Mr. Levin's employment agreement ends on October 12, 2018; and

(2) Mr. Levin's base salary for fiscal year 2016 was $650,000 and his target bonus was $400,000.

In the event we terminate his employment for any reason other than for "cause" (as defined in his employment agreement), Mr. Levin will be entitled to cash severance benefits equal to $650,000.

Mr. Levin's employment agreement also contains standard covenants relating to confidentiality and a one-year post-employment non-solicitation covenant.

Employment Agreement with Paul M. Robinson

For fiscal year 2016, Mr. Robinson was party to an employment agreement with us that provided, among other things, for the following:

(1) the term of Mr. Robinson's employment agreement ends on September 30, 2018; and

(2) Mr. Robinson's base salary was $750,000 and his target bonus was $600,000.

In the event we terminate his employment for any reason other than for "cause" (as defined in his employment agreement), death or disability or if Mr. Robinson terminates his employment for "good reason" (as defined in his employment agreement), Mr. Robinson will be entitled to severance benefits equal to $1,050,000 plus a discretionary pro-rated target bonus (which shall not be less than $480,000 pro-rated for the number of days during which services were rendered in such fiscal year) and continued participation in the Company's group health and life insurance plans for up to one year after termination.

Mr. Robinson's employment agreement also contains standard covenants relating to confidentiality and a one-year post-employment non-solicitation covenant.

Employment Agreement with Jon Platt

For fiscal year 2016, Mr. Platt was party to an employment agreement with us that provided, among other things, for the following:

(1) the term of Mr. Platt's employment agreement ends on September 30, 2020; and

(2) Mr. Platt's base salary for fiscal year 2016 was $2,300,000 and his target bonus was $2,300,000.

In the event we terminate his employment for any reason other than "cause" (as defined in his employment agreement), death or disability or if Mr. Platt terminates his employment for "good reason" (as defined in his employment agreement), Mr. Platt will be entitled to cash severance benefits equal to the greater of 18 months of his base salary and the severance pay that he would be entitled to under our severance policy at such time as if he was not party to an employment agreement. In addition, if at the end of his term, we do not offer to renew his contract for a four year term, Mr. Platt will be entitled to the severance pay that would be payable to him under our severance policy at such time as if he was not party to an employment agreement.

Mr. Platt's employment agreement also contains standard covenants relating to confidentiality and a nine month post-employment non-solicitation covenant.

Outstanding Equity Awards at 2016 Fiscal Year-End

Name	Number of Shares or Units of Stock That Have Not Vested (#) (1)	Market Value of Shares or Units of Stock That Have Not Vested ($) (4)
Stephen Cooper	80,975.51(2)	$ 11,515,527
	73,414.60(3)	$ 2,575,384
Stu Bergen	34,232.79(2)	$ 4,868,245
	33,501.91(3)	$ 1,175,247
Cameron Strang	23,670.32(2)	$ 3,366,156
	19,007.76(3)	$ 666,792

(1) An NEO's deferred equity units and Profits Interests generally vest over time as equivalent amounts of his annual free cash flow bonuses are deferred under the Plan, except that the special grants of deferred equity units made in December 2013 will vest, subject to such officer's continued employment, on the later of December 31, 2015 and the date, if any, when such officer acquires his maximum allocation of deferred equity units under the Plan, and also a number of Profits Interests corresponding to this special grant of defer. Uncredited deferred equity units and unvested Profits Interests will be forfeited on any termination of employment.

(2) Deferred equity units approved for grant to the NEO as of September 30, 2016. Each deferred equity unit is equivalent to 1/10,000 of a share of our common stock.

(3) Unvested Profit Interests.

(4) As of September 30, 2016, the value of 1/10,000 of a share of our common stock, as determined under the Plan, was $142.21. Assumptions used in the calculation of this amount are included in Note 10 to our audited financial statements for the year ended September 30, 2016.

Equity Awards Vested in 2016 Fiscal Year

Name	Number of Shares or Units of Stock Acquired on Vesting (#)	Value Realized on Vesting ($) (3)
Stephen Cooper	32,487.96(1)	$ 4,385,875
	32,487.96(2)	$ 905,439
Stu Bergen	4,060.08(1)	$ 548,111
	4,060.08(2)	$ 113,154
Cameron Strang	16,241.54(1)	$ 2,192,608
	16,241.54(2)	$ 452,652

(1) Deferred equity units of the NEO that vested in fiscal year 2016 upon the deferral of free cash flow bonuses by the NEO paid for fiscal year 2015, including vested deferred equity units that were withheld for payment of taxes.

(2) Profits Interests that vested in fiscal year 2016 reflect a number of Profits Interests equal to the number of deferred equity units acquired by the NEOs in fiscal year 2016.

(3) Reflects the difference between the purchase price of a deferred equity unit and the fair market value of a deferred equity unit on the date the NEOs acquired the vested deferred equity units in March 2016. The grant date fair value of these vested deferred equity units and vested Profits Interests were previously reported under the column "stock awards" in the Summary Compensation Table. Pursuant to the Plan and the NEOs' elections, the deferred equity units and Profits interests will not be settled or redeemed until the Redemption Dates or, if earlier, termination of the NEO's employment. See the descriptions in the narratives accompanying the "Grants of Plan-Based Awards in Fiscal Year 2016" table above and below under "Potential Payments upon Termination or Change-In-Control."

Nonqualified Deferred Compensation

The following table provides information concerning the deferred accounts of our NEOs under the Plan:

Name	Executive Contributions in Last FY ($) (1)	Registrant Contributions in Last FY ($) (2)	Aggregate Earnings in Last FY ($) (3)	Aggregate Withdrawals / Distributions ($)	Aggregate Balance at Last FYE ($)
Stephen Cooper	$ 3,480,435	$ 905,439	$ 403,838	—	$ 7,965,294
Stu Bergen	$ 434,957	$ 113,154	$ 49,038	—	$ 967,229
Cameron Strang	$ 1,739,957	$ 452,652	$ 221,741	—	$ 4,373,616

(1) Amounts of free cash flow bonuses earned in respect of the 2015 fiscal year that were deferred by the NEOs under the Plan through the acquisition of vested deferred equity units in fiscal year 2016. These amounts were reported in the "stock awards" column in the Summary Compensation Table for fiscal year 2013 for Mr. Cooper and Mr. Strang. Mr. Bergen was not an NEO in fiscal year 2013.

(2) Reflects the difference between the purchase price of a deferred equity unit and the fair market value of a deferred equity unit on the date the NEOs acquired the vested deferred equity units in fiscal year 2016, as reported above in the "Equity Awards Vested in 2016 Fiscal Year" table.

(3) Reflects the increase (decrease) in value of vested deferred equity units as of September 30, 2016 since the date the NEOs acquired vested deferred equity units (for deferred equity units that vested in fiscal year 2016 in respect of fiscal year 2015) and since October 1, 2015 (for deferred equity units that vested before October 1, 2015). $1,710,000 and $1,054,500 of this amount for each of Messrs. Cooper and Strang, respectively, was reported in the Summary Compensation Table for fiscal year 2013. Mr. Bergen was not an NEO in fiscal year 2013, so his amount is not reported in the Summary Compensation Table for fiscal year 2013.

Potential Payments upon Termination or Change-In-Control

We have entered into employment arrangements that, by their terms, will require us to provide compensation and other benefits to our NEOs if their employment terminates or they resign under specified circumstances. In addition, the Plan provides for certain payments upon a participant's termination of employment or a change-in-control of the Company.

The following discussion summarizes the potential payments upon a termination of employment in various circumstances. The amounts discussed apply the assumptions that employment terminated on September 30, 2016 and the NEO does not become employed by a new employer or return to work for the Company or that a change in control occurred on September 30, 2016. The discussion that follows addresses Messrs. Bergen, Cooper, Levin, Robinson and Platt. See "Summary of NEO Employment Arrangements" above for a description of their respective agreements.

Estimated Benefits upon Termination for "Cause" or Resignation Without "Good Reason"

In the event an NEO is terminated for "cause," or resigns without "good reason" as such terms are defined below, the NEO is only eligible to receive compensation and benefits accrued through the date of termination. Therefore, no amounts other than accrued amounts would be payable to Messrs. Bergen, Levin, Robinson and Platt in this instance pursuant to their employment arrangements. As noted above, Mr. Cooper does not have an employment arrangement directly with the Company and, therefore, he is also not entitled to any benefits from the Company, except under the Plan, if he is terminated for "cause" or he resigns without "good reason."

Estimated Benefits upon Termination without "Cause" or Resignation for "Good Reason"

Upon termination without "cause" or resignation for "good reason," Messrs. Bergen, Levin, Robinson and Platt are entitled to contractual severance benefits payable on termination plus, in the case of Messrs. Robinson and Platt, a pro-rated annual bonus for the year of termination and continued participation in the group health and life insurance plans of the Company in which he currently participates for up to one year after termination. Although annual free cash flow bonuses under the Plan are generally contingent upon the participant being employed with the Company on the date of payment, if the employment of Messrs. Cooper, Bergen or Strang is terminated by the Company without "cause", by him for "good reason" or due to his death or "disability," he will be entitled under the Plan to a pro rata free cash flow bonus in respect of the year in which such event occurs (as such terms are defined in the Plan). None of our NEOs are entitled to any additional severance upon a termination in connection with a change in control.

Name	Salary (other than accrued amounts) (1)	Bonus (2)	Value of Deferred Compensation (3)	Acceleration of Profits Interests (4)	Benefits	Total
Stephen Cooper	—	$ 8,024,198	$ 7,965,294	—	—	$ 15,989,492
Eric Levin	$ 650,000	—	—	—	—	$ 650,000
Jon Platt	$ 3,450,000	$ 2,398,900	—	—	—	$ 5,848,900
Paul M. Robinson	$ 1,050,000	$ 657,600	—	—	—	$ 1,707,600
Stu Bergen	$ 500,000	$ 2,407,500	$ 967,229	—	—	$ 3,874,729
Cameron Strang	$ 1,125,000	$ 3,209,920	$ 4,373,616	—	—	$ 8,708,536

(1) Amounts under salary for each of Messrs. Bergen and Strang represent 50% of the annual salary, which would have been paid as severance on a termination without "cause" or termination for "good reason" on September 30, 2016, which would be payable in the regular payroll cycle in a period not exceeding 52 weeks. For Messrs. Levin, Platt and Robinson, the amount represents the severance payable to them on such a qualifying termination.

(2) For Messrs. Cooper, Bergen and Strang, represents a pro rata amount of the annual free cash flow bonus payable under the Plan (or, since the termination date is assumed to be September 30, 2016, their full 2016 annual bonuses).

(3) Reflects the value of vested deferred equity units that will be settled on a termination of employment without "cause" or by the NEO for "good reason".

(4) Profits Interests will not accelerate on a termination of employment that is not in connection with a change in control of the Company.

Estimated Benefits in connection with a Change in Control

As participants in the Plan, each of Messrs. Bergen, Cooper and Strang will be entitled to additional payments upon a change in control in respect of his amounts deferred under the Plan and the Profits Interests granted to him.

Name	Value of Deferred Compensation (1)	Value of Profits Interests (2)	Total
Stephen Cooper	$ 18,670,681	$ 4,805,479	$ 23,476,160
Eric Levin	—	—	—
Jon Platt	—	—	—
Paul M. Robinson	—	—	—
Stu Bergen	$ 4,188,694	$ 1,054,739	$ 5,243,433
Cameron Strang	$ 7,240,052	$ 1,922,227	$ 9,162,279

(1) For each of Messrs. Cooper, Bergen and Strang represents the value of (x) the NEO's deferred equity units that were vested on September 30, 2016, (y) the additional deferred equity units granted to him in December 2013 to offset the impact of the $54 million of investments that were funded through fiscal year 2013 free cash flow (but reduced for the amount of any unrecovered investment amounts that were allocated to the NEO with such additional grant) and (z) the deferred equity units that would have been credited to his deferred compensation account with a pro rata portion of the free cash flow bonus in respect of the 2016 fiscal year payable in deferred equity units (i.e., 100% of the full 2016 bonus, or in the case of Messrs. Cooper and Strang, a lesser amount equal to the then remaining portion of his maximum deferred equity unity allocation, since the change in control would be deemed to occur on September 30, 2016), in each case, based on the value of our common stock as of September 30, 2016.

(2) For each of Messrs. Cooper, Bergen and Strang, represents the value of (x) the NEO's Profits Interests that were vested on September 30, 2016 and (y) the NEO's Profits Interests that would have vested if 100% of his 2016 annual bonus would have been deferred under the Plan, or in the case of Messrs. Cooper and Strang, a lesser amount equal to the then remaining portion of his maximum deferred equity unit allocation. The value of a Profits Interest reflects the appreciation in the fair market value of one-ten-thousandth (1/10,000) of a share of our common stock as of September 30, 2016 since the date of grant. In each case, the value of a Profits Interest assumes that Management, LLC was liquidated and its proceeds distributed to its members, including our NEOs.

Upon a change of control of the Company and upon certain sales of shares of our common stock underlying Profits Interests and Acquired LLC Units, distributions will be made in respect of Profits Interests (to the extent of their liquidation value) and Acquired LLC Units. The LLC Agreement associated with the Plan provides Access with the right to cause Plan participants (including the NEOs) to sell their Profits Interests, Acquired LLC Units or the underlying shares of our common stock on a sale by Access of more than 50% of the outstanding shares of our common stock to third parties (i.e., a "drag-along right"), other than in a public offering of our common stock. Also, the LLC Agreement provides Plan participants (including the NEOs) with the right to sell their vested Profits Interests and Acquired LLC Units in the event that Access proposes to sell to third parties or us shares of our common stock other than certain sales after a public offering of our common stock (i.e., a "tag-along right").

Estimated Benefits upon Death or Disability

Death. For Messrs. Bergen, Strang, Levin, Robinson and Platt, other than accrued benefits and, in the case of Messrs. Cooper, Bergen and Strang under the Plan, no other benefits are provided in connection with such NEO's death.

Disability. For Messrs. Bergen, Strang, Levin, Robinson and Platt, other than accrued benefits and short-term disability amounts and, in the case of Messrs. Cooper, Bergen and Strang under the Plan, no benefits are provided in connection with such NEO's disability.

As participants in the Plan, each of Messrs. Cooper, Bergen and Strang will be entitled to the following payments if terminated as a result of death or disability:

Name	Bonus (1)	Value of Deferred Compensation (2)	Acceleration of Profits Interests (3)	Total
Stephen Cooper	$ 8,024,198	$ 8,230,391	—	$ 16,254,589
Stu Bergen	$ 2,407,500	$ 992,852	—	$ 3,400,352
Cameron Strang	$ 3,209,920	$ 4,537,101	—	$ 7,747,021

(1) Represents a pro rata amount of the annual free cash flow bonus payable under the Plan (or, since the termination date is assumed to be September 30, 2016, the full 2016 annual bonus) for each of Messrs. Cooper, Bergen and Strang.

(2) Represents the value of each NEOs' deferred equity units that were vested on September 30, 2016 and the additional deferred equity units granted to him in December 2013 to offset the impact of the $54 million of investments that were funded through fiscal year 2013 free cash flow (but reduced for the amount of any unrecovered investment amounts that were allocated to the NEO with such additional grant), in each case, based on the value of our common stock as of September 30, 2016.

(3) Profits Interests will not accelerate on a termination of employment that is not in connection with a change in control of the Company.

Relevant Provisions of Employment Arrangements

Upon termination of employment for any reason, all of our employees, including our NEOs, are entitled to unpaid salary and vacation time accrued through the termination date.

Termination for "Cause"

Under the terms of their employment letters, we generally would have "cause" to terminate the employment of Messrs. Bergen and Strang in any of the following circumstances: (1) ceasing to perform his material duties to the Company or its affiliates (other than as a result of vacation, approved leave or incapacity due to physical or mental illness or injury), which failure amounts to an extended neglect of his duties, (2) engaging in conduct that is materially injurious to the business of the Company or its affiliates, (3) conviction of a felony or entered a plea of guilty or no contest to a felony charge or a misdemeanor involving as a material element fraud, dishonest or sale or possession of illicit substances, (4) failing to follow lawful instructions of his direct superiors or the Company's board of directors and (5) breach of any restrictive covenant addressed in his employee letter. We are required to notify Messrs. Bergen and Strang after any event that constitutes "cause" before terminating their employment for "cause", and in general they have no less than 15 days after receiving notice of an event described in clauses (1), (4) or (5) to cure the event.

A similar standard of "cause" applies to Mr. Cooper under the Plan with respect to his interests in the Plan.

Under the terms of his employment agreement, we generally would have "cause" to terminate the employment of Messrs. Levin, Platt or Robinson in any of the following circumstances: (1) repeated and continual refusal to perform his duties with the Company, (2) engaging in willful malfeasance that has a material adverse effect on the Company, (3) breach of his covenants in his employment agreement and (4) conviction of a felony or entered a plea of nolo contendere to a felony charge. We are required to notify Mr. Robinson after any event that constitutes "cause" before terminating his employment, and in general he has no less than 20 days after receiving notice to cure the event.

Resignation for "Good Reason" or without "Good Reason"

Our employment letters with Messrs. Bergen and Strang provide that each of them generally would have "good reason" to terminate employment in any of the following circumstances: (1) if his salary or annual bonus percentage under the Plan is materially reduced, (2) if we fail to pay him any salary which has become payable and due to him or (3) our failure to pay him any entitlement that that has become payable and due under the Plan. Each of Messrs. Bergen and Strang is required to notify us within 30 days after becoming aware of the occurrence of any event that constitutes "good reason," and in general we have 30 days to cure the event, failing a cure, he must terminate his employment within 30 days after the cure period expires.

A similar standard of "good reason" applies to Mr. Cooper under the Plan with respect to his interests in the Plan.

Our employment agreement with Mr. Robinson provides that he generally would have "good reason" to terminate employment in any of the following circumstances: (1) if we assign duties inconsistent with his current positions, duties or responsibilities or if we change the parties to whom he reports, (2) if we remove him from, or fail to re-elect him to, his position, (3) if we reduce his salary, target bonus or other compensation levels, (4) if we require him to be based anywhere other than the New York metropolitan area, (5) if we breach certain of our obligations under the employment agreement, (6) if we fail to cause any successor of the Company to expressly assume his employment agreements or (7) any change in reporting line such that he no longer reports to the CEO or the senior-most executive of the Company. Mr. Robinson is required to notify us within 60 days after becoming aware of the occurrence of any event that constitutes "good reason," and in general we have 30 days to cure the event.

Our employment agreement with Mr. Platt provides that he generally would have "good reason" to terminate employment in any of the following circumstances: (1) if we assign duties inconsistent with his current positions, duties or responsibilities or if we change the parties to whom he reports, (2) if we appoint someone else to his position, (3) if we reduce his salary, target bonus or other compensation levels, (4) if we require him to be based anywhere other than the greater Los Angeles area, (5) if we breach certain of our obligations under the employment agreement or (6) if we fail to cause any successor of the Company to expressly assume his employment agreements. Mr. Platt is required to notify us within 90 days after becoming aware of the occurrence of any event that constitutes "good reason," and in general we have 30 days to cure the event.

Restrictive Covenants

Our agreements with our NEOs contain several important restrictive covenants with which an executive must comply following termination of employment. For example, the entitlement of Messrs. Bergen and Strang to payment of any unpaid portion of the severance amount indicated in the table as owing following a termination without "cause" or resignation for "good reason" and the entitlement of Messrs. Cooper, Bergen and Strang to payments under the Plan are each conditioned on the NEO's compliance with covenants not to solicit certain of our artists and employees. This non-solicitation covenant continues in effect during a period that, for each of our NEOs, will end one year following his termination of employment.

Messrs. Levin's, Platt's and Robinson's employment agreements and the Plan for Messrs. Cooper, Bergen and Strang also contain covenants regarding non-disclosure of confidential information.

DIRECTOR COMPENSATION

The following table provides summary information concerning compensation paid or accrued by us to or, on behalf of, our non-employee directors, as of September 30, 2016, for services rendered to us during the last fiscal year.

Mathias Döpfner is entitled to an annual retainer of €250,000, payable pro rata quarterly in arrears, for his service as a director on the Company's board. Ms. Hertz and Messrs. Lee, Slipper and Kreiz were entitled to $75,000 for fiscal year 2016. Ms. Hertz was paid through the date of her resignation from the board on May 22, 2016 and Mr. Kreiz was paid from the date of his appointment to the board on April 28, 2016. No other non-employee directors received any compensation for service on the Board of Directors or Board committees during fiscal year 2016. The amount below represents the dollar equivalent at September 30, 2016.

Directors are entitled to reimbursement of their fees incurred in connection with travel to meetings. In addition, the Company reimburses directors for fees paid to attend director education events.

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation ($)	Total ($)
Lincoln Benet	—	—	—	—	—	—	—
Alex Blavatnik	—	—	—	—	—	—	—
Len Blavatnik	—	—	—	—	—	—	—
Mathias Döpfner	$ 280,358	—	—	—	—	—	$ 280,358
Noreena Hertz	$ 47,984	—	—	—	—	—	$ 47,984
Thomas H. Lee	$ 75,000	—	—	—	—	—	$ 75,000
Jörg Mohaupt	—	—	—	—	—	—	—
Oliver Slipper	$ 75,000	—	—	—	—	—	$ 75,000
Donald A. Wagner	—	—	—	—	—	—	—
Ynon Kreiz	$ 31,875						$ 31,875

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Mr. Wagner was a Vice President of the Company from July 20, 2011 to October 3, 2011. None of the Compensation Committee's members is or has been a Company officer or employee during the last fiscal year. During fiscal year 2016, none of the Company's executive officers served on the board of directors, the Compensation Committee or any similar committee of another entity of which an executive officer served on our Board of Directors or Compensation Committee.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Affiliates of Access own 100% of our common stock.

The following table provides information as of December 8, 2016 with respect to beneficial ownership of our capital stock by:

- each shareholder of the Company who beneficially owns more than 5% of the outstanding capital stock of the Company;
- each director of the Company;
- each of the executive officers of the Company named in the Summary Compensation Table appearing under "Executive Compensation"; and
- all executive officers of the Company and directors of the Company as a group.

The amounts and percentages of shares beneficially owned are reported on the basis of regulations of the SEC governing the determination of beneficial ownership of securities. Under SEC rules, a person is deemed to be a "beneficial owner" of a security if that person has or shares voting power or investment power, which includes the power to dispose of or to direct the disposition of such security. A person is also deemed to be a beneficial owner of any securities of which that person has a right to acquire beneficial ownership within 60 days. Securities that can be so acquired are deemed to be outstanding for purposes of computing such person's ownership percentage, but not for purposes of computing any other person's percentage. Under these rules, more than one person may be deemed to be a beneficial owner of the same securities and a person may be deemed to be a beneficial owner of securities as to which such person has no economic interest.

Except as otherwise indicated in these footnotes, each of the beneficial owners listed has, to our knowledge, sole voting and investment power with respect to the indicated shares of common stock.

Name and Address of Beneficial Owner (1)	Title of Class (2)	Amount and Nature of Beneficial Ownership	Percent of Class Outstanding
AI Entertainment Holdings LLC (formerly Airplanes Music LLC)	Common Stock	995.8	94.4%
Altep 2012 L.P.	Common Stock	4.2	0.4%
WMG Management Holdings, LLC	Common Stock	54.7945	5.2%
Stephen Cooper (3)	N/A	N/A	N/A
Eric Levin	N/A	N/A	N/A
Stu Bergen (3)	N/A	N/A	N/A
Paul M. Robinson	N/A	N/A	N/A
Cameron Strang (3)	N/A	N/A	N/A
Jon Platt (3)	N/A	N/A	N/A
Len Blavatnik (2)	Common Stock	1,054.7945	100%
Lincoln Benet (3)	N/A	N/A	N/A
Alex Blavatnik	N/A	N/A	N/A
Mathias Döpfner	N/A	N/A	N/A
Ynon Kreiz	N/A	N/A	N/A
Thomas H. Lee	N/A	N/A	N/A
Jörg Mohaupt	N/A	N/A	N/A
Oliver Slipper	N/A	N/A	N/A
Donald A. Wagner (3)	N/A	N/A	N/A
All executive officers and directors of Warner Music Group Corp. as a group (17 persons)	Common Stock	1,054.7945	100%

(1) The mailing address of each of these persons is c/o Warner Music Group Corp., 1633 Broadway, New York, NY 10019, (212) 275-2000.
(2) As of December 8, 2016, the Company, AI Entertainment Holdings LLC (formerly Airplanes Music LLC), Altep 2012 L.P. and WMG Management Holdings, LLC are indirectly controlled by Len Blavatnik.
(3) Does not reflect shares of the Company's common stock that may be attributable to the beneficial owners of limited partnership interests in Altep 2012 L.P. or Profits Interests in WMG Management Holdings, LLC. Messrs. Benet and Wagner beneficially own limited partnership interests in Altep 2012 L.P. and disclaim any beneficial ownership of shares of the Company's common stock. Messrs. Bergen, Cooper, and Strang own Profits Interests in WMG Management Holdings, LLC and disclaim any beneficial ownership of shares of the Company's common stock.

ITEM 13. CERTAIN RELATIONSHIPS, RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Oversight of Related Person Transactions

Policies and Procedures Dealing with the Review, Approval and Ratification of Related Person Transactions

The Company maintains written procedures for the review, approval and ratification of transactions with related persons. The procedures cover related party transactions between the Company and any of our executive officers and directors. More specifically, the procedures cover: (1) any transaction or arrangement in which the Company is a party and in which a related party has a direct or indirect personal or financial interest and (2) any transaction or arrangement using the services of a related party to provide legal, accounting, financial, consulting or other similar services to the Company.

The Company's policy generally groups transactions with related persons into two categories: (1) transactions requiring the approval of the Audit Committee and (2) certain ordinary course transactions below established financial thresholds that are deemed pre-approved by the Audit Committee. The Audit Committee is deemed to have pre-approved any transaction or series of related transactions between us and an entity for which a related person is an employee (other than an executive officer), director or beneficial owner of less than 10% of that entity's voting capital where the aggregate amount of all such transactions on an annual basis does not exceed the lesser of (a) $1 million and (y) 2% of the annual consolidated gross revenues of the other entity. Regardless of whether a transaction is deemed pre-approved, all transactions in any amount are required to be reported to the Audit Committee.

Subsequent to the adoption of the written procedures above in 2005, the Company has followed these procedures regarding all reportable related person transactions. Following is a discussion of related person transactions.

Relationships with Access

Management Agreement

Upon completion of the Merger, the Company and Holdings entered into a management agreement with Access (the "Management Agreement"), dated July 20, 2011 (the "Merger Closing Date"), pursuant to which Access will provide 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, will pay Access an annual fee (the "Annual Fee") equal to approximately $9 million based on a formula contained in the agreement and reimburse Access for certain expenses incurred performing services under the agreement. The Annual Fee is payable quarterly. The Company and Holdings agreed to indemnify Access and certain of its affiliates against all liabilities arising out of performance of the Management Agreement. The Company incurred an expense of $9 million during fiscal year 2016 in connection with the Management Agreement, which includes an annual fee, plus additional expense of $2 million related to reimbursement to Access for the salary of our CEO.

Lease Arrangements with Access

On July 29, 2014, AI Wrights Holdings Limited, an affiliate of Access, entered into a lease and related agreements with Warner/Chappell Music Limited and WMG Acquisition (UK) Limited, subsidiaries of the Company, for the lease of 27 Wrights Lane, Kensington, London. The Company had been the tenant of the building, which Access acquired. Subsequent to the change in ownership, the Company entered into the new lease arrangements. Pursuant to the agreements, on January 1, 2015, the rent in the lease was increased to £3,460,250 per year, the term was extended five years and the Company received certain rights to extend the term for an additional five years following a market rate rent review.

On August 13, 2015, a subsidiary of the Company, Warner Music Inc., entered into a license agreement with Access Industries, Inc., an affiliate of Access, for the use of office space in our corporate headquarters at 1633 Broadway New York, New York. The license fee of $2,775 per month, plus an IT support fee of $1,000 per month, was based on the per foot lease costs to the Company of its headquarters space, which represented market terms. The space is occupied by The Blavatnik Archive, which is dedicated to the discovery and preservation of historically distinctive and visually compelling artifacts, images and stories that contribute to the study of 20th century Jewish, WWI and WWII history. For the fiscal year ended September 30, 2016, an immaterial amount was recorded as rental income.

Consulting Agreement in respect of Stephen Cooper

Access Industries, Inc. has a consulting agreement in respect of Stephen Cooper pursuant to which he received in fiscal year 2016 $166,667 per month plus reimbursement of related expenses in connection with his role as CEO of the Company. The Company reimbursed Access for these amounts pursuant to the Management Agreement.

Deezer

Access owns a controlling equity interest in Deezer S.A., which was formerly known as Odyssey Music Group ("Odyssey"), a French company that controls and operates a digital music streaming service, formerly through Odyssey's subsidiary, Blogmusik SAS ("Blogmusik"), under the name Deezer ("Deezer"), and is represented on Deezer S.A.'s Board of Directors. Subsidiaries of the Company, Warner Music Inc. and WEA International Inc. have been a party to license arrangements with Deezer since 2008 (Warner Music Inc. was added as a party to the license in 2014 in respect of the U.S.), which provide for the use of the Company's sound recording content on Deezer's ad-supported and subscription streaming services worldwide (excluding Japan) in exchange for fees paid by Deezer. Warner Music Inc. and WEA International Inc. have also authorized Deezer to include Warner content in Deezer's streaming services where such services are offered as a bundle with third-party services or products (e.g., telco services or hardware products), for which Deezer is also required to make payments to Warner Music Inc. and WEA International Inc. In fiscal year 2016, Deezer paid to the Company an aggregate amount of approximately $29 million in connection with the foregoing arrangements. In addition, in connection with these arrangements, (i) the Company was issued, and currently holds, warrants to purchase shares of Deezer S.A. and (ii) the Company purchased a small number of shares of Deezer S.A., which collectively represent a small minority interest in Deezer S.A.

Relationships with Other Directors, Executive Officers and Affiliates

Record Industry

In February 2015, WEA and Record Industry entered into an agreement for vinyl record manufacturing. In fiscal year 2016, WEA paid to Record Industry an aggregate amount of approximately $4 million in connection with the foregoing arrangements. Mr. Mohaupt, currently one of the Company's directors, owns a minority interest in Record Industry.

Lease Arrangements with Cooper Investment Partners

On July 15, 2016, a subsidiary of the Company, Warner Music Inc., entered into a license agreement with Cooper Investment Partners LLC, for the use of office space in our corporate headquarters at 1633 Broadway, New York, New York. The license fee of $16,967.21 per month, was based on the per foot lease costs to the Company of its headquarters space, which represented market terms. For the fiscal year ended September 30, 2016, an immaterial amount was recorded as rental income. The space is occupied by Cooper Investment Partners LLC, which is a private equity fund that pursues a wide range of investment opportunities. Mr. Cooper is the Managing Partner of Cooper Investment Partners LLC.

Director Independence

Though not formally considered by the Board of Directors because, following the consummation of the Merger, our common stock is no longer listed on a national securities exchange, we believe that Messrs. Döpfner, Kreiz, Lee and Slipper would be considered "independent" under the listing standards of the New York Stock Exchange. We do not believe that any of our other directors would be considered "independent" under the listing standards of the New York Stock Exchange.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The Audit Committee of the Board of Directors selected the firm of KPMG LLP, to serve as independent registered public accountants for the fiscal years ending September 30, 2016 and September 30, 2015. KPMG LLP was appointed as the Company's auditors on February 27, 2015. Ernst & Young LLP had previously audited the Company's financial statements since the Company was acquired from Time Warner Inc. in March 2004.

Fees Paid to KPMG LLP and Ernst & Young LLP

The following table sets forth the aggregate fees incurred to KPMG LLP and Ernst & Young LLP for services rendered in connection with the consolidated financial statements, and reports for the fiscal years ended September 30, 2016 and 2015 on behalf of the Company and its subsidiaries, as well as all out-of-pocket costs incurred in connection with these services (in thousands):

	Year Ended September 30, 2016	Year Ended September 30, 2015
Audit Fees	$ 4,295	$ 4,305
Audit-Related Fees	84	59
Tax Fees	10	20
All Other Fees	103	—
Total Fees	$ 4,492	$ 4,384

These fees exclude out-of-pocket costs of approximately $0.20 million and $0.20 million for each of the periods ended September 30, 2016 and 2015, respectively.

Audit Fees: Consists of fees billed for professional services rendered for the audit of the Company's consolidated financial statements, the review of the interim condensed consolidated financial statements included in quarterly reports and services that are normally provided by KPMG LLP and Ernst & Young LLP in connection with statutory and regulatory filings or engagements and attest services, except those not required by statute or regulation.

Audit-Related Fees: Consists of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's consolidated financial statements and are not reported under "Audit Fees." These services include employee benefit plan audits, auditing work on proposed transactions, attest services that are not required by statute or regulation and consultations concerning financial accounting and reporting standards.

Tax Fees: Consists of tax compliance/preparation and other tax services. Tax compliance/preparation consists of fees billed for professional services related to federal, state and international tax compliance, assistance with tax audits and appeals, expatriate tax services and assistance related to the impact of mergers, acquisitions and divestitures on tax return preparation. Other tax services consist of fees billed for other miscellaneous tax consulting and planning.

All Other Fees: For the fiscal year ended September 30, 2016, fees consist of work performed in connection with the Company's debt transactions.

Pre-approval of Audit and Permissible Non-Audit Services of Independent Registered Public Accountants

The Audit Committee pre-approves all audit and permissible non-audit services provided by KPMG LLP, and previously Ernst & Young LLP. These services may include audit services, audit-related services, tax services and other services. The Audit Committee has adopted a policy for the pre-approval of services provided by KPMG LLP, and previously Ernst & Young LLP. Under this policy, pre-approval is generally provided for up to one year and any pre-approval is detailed as to the particular service or category of services and includes an anticipated budget. In addition, the Audit Committee may also pre-approve particular services on a case-by-case basis. The Audit Committee has delegated pre-approval authority to the Chair of the Audit Committee. Pursuant to this delegation, the Chair must report any pre-approval decision to the Audit Committee at its first meeting after the pre-approval was obtained.

During fiscal years 2016 and 2015, all professional services provided by KPMG LLP and Ernst & Young LLP, during the respective times of their appointment as the Company's auditor, were pre-approved by the Audit Committee in accordance with our policies.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) Financial Statements

The Financial Statements listed in the Index to Consolidated Financial Statements, filed as part of this Annual Report on Form 10-K.

(a)(2) Financial Statement Schedule

The Financial Statements Schedule listed in the Index to Consolidated Financial Statements, filed as part of this Annual Report on Form 10-K.

(a)(3) Exhibits

See Item 15(b) below.

(b) 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 and 2.8 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. 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 Number	Description
2.1(11)	Agreement and Plan of Merger, dated as of May 6, 2011, by and among Warner Music Group Corp., AI Entertainment Holdings LLC (formerly Airplanes Music LLC), and Airplanes Merger Sub, Inc.
2.2*(17)	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.)
2.3(17)	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.)

Exhibit Number	Description
2.4*(17)	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.)
2.5(17)	Amendment No. 1 to the Put Option, dated February 8, 2013
2.6*(17)	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.)
2.7*(18)	Deed of Variation to the Share Sale and Purchase Agreement, dated as of June 28, 2013, by and among WM Holdings UK and certain other subsidiaries of the Company, as Buyers (as defined therein), and WMG Acquisition Corp., as Buyers' Guarantor (as defined therein), 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.)
2.8(18)	Share Sale and Purchase Agreement relating to EMI Music France SAS, dated as of July 1, 2013, by and among Warner Music Holdings BV, as Buyer (as defined therein), WMG Acquisition Corp., as Buyer's Guarantor (as defined therein), EMI Records France Holdco Limited, as Seller (as defined therein), and Universal International Music BV, as Seller's 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.)
3.1(12)	Third Amended and Restated Certificate of Incorporation of Warner Music Group Corp.
3.2(1)	Third Amended and Restated By-Laws of Warner Music Group Corp.
4.1(13)	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 (the "Secured Notes").
4.2(20)	Third Supplemental Indenture, dated as of March 4, 2013, 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 2021 and the 6.250% Senior Secured Notes due 2021.
4.3(24)	Fourth Supplemental Indenture, dated as of April 9, 2014, among WMG Acquisition Corp., the guarantors listed on the signature pages thereto and Wells Fargo Bank, National Association, as Trustee, relating to the 5.625% Senior Secured Notes due 2022.
4.4(31)	Fifth Supplemental Indenture, dated as of July 27, 2016, among WMG Acquisition Corp., the guarantors listed on the signature pages thereto and Wells Fargo Bank, National Association, as Trustee, relating to the 5.000% Senior Secured Notes due 2023.
4.5(32)	Sixth Supplemental Indenture, dated as of October 18, 2016, among WMG Acquisition Corp., the guarantors listed on the signature pages thereto and Wells Fargo Bank, National Association, as Trustee, relating to the 4.875% Senior Secured Notes due 2024.
4.6(32)	Seventh Supplemental Indenture, dated as of October 18, 2016, among WMG Acquisition Corp., the guarantors listed on the signature pages thereto and Wells Fargo Bank, National Association, as Trustee, relating to the 4.125% Senior Secured Notes due 2024.
4.7(24)	Indenture, dated as of April 9, 2014, among WMG Acquisition Corp., the guarantors listed on the signature pages thereto and Wells Fargo Bank, National Association, as Trustee, providing for the issuance of unsecured senior notes in series.
4.8(24)	First Supplemental Indenture, dated as of April 9, 2014, among WMG Acquisition Corp., the guarantors listed on the signature pages thereto and Wells Fargo Bank, National Association, as Trustee, relating to the 6.750% Senior Notes due 2022.
4.9	Form of Secured Note of WMG Acquisition Corp. (included in Exhibit 4.2 hereto)
4.10	Form of 6.750% Senior Notes due 2022 of WMG Acquisition Corp. (included in Exhibit 4.8 hereto)

Exhibit Number	Description
4.11(23)	Guarantee, dated May 7, 2014, issued by Warner Music Group Corp., relating to the 5.625% Senior Secured Notes due 2022 and the 6.750% Senior Notes due 2022.
4.12(31)	Guarantee dated, July 27, 2016, issued by Warner Music Group Corp., relating to the 5.000% Senior Secured Notes due 2023
4.13(32)	Guarantee dated, October 18, 2016, issued by Warner Music Group Corp., relating to the 4.875% Senior Secured Notes due 2024 and 4.125% Senior Secured Notes due 2024
4.14(13)	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.
4.15(13)	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.
4.16(13)	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.
4.17(13)	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.
4.18(24)	Satisfaction and Discharge of Indenture, dated as of April 9, 2014, 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, relating to the 11.50% Senior Notes due 2018.
4.19(32)	Satisfaction and Discharge of Indenture, dated October 18, 2016, relating to the 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 2021.
4.20(32)	Satisfaction and Discharge of Indenture, dated October 18, 2016, relating to the 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.
10.1(13)	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.
10.2(13)	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.
10.3(27)	First Amendment to Credit Agreement, dated as of April 23, 2013 among WMG Acquisition Corp., the lenders party thereto and Credit Suisse AG, as Administrative Agent relating to a revolving credit facility
10.4(24)	Second Amendment to Credit Agreement, dated as of March 25, 2014, among WMG Acquisition Corp., the guarantors party thereto, the lenders party thereto and Credit Suisse AG, as administrative agent, issuing bank and lender, relating to a revolving credit facility.
10.5(27)	Incremental Commitment Amendment, dated as of May 9, 2013, by and among WMG Acquisition Corp., the other Loan Parties (as defined therein), WMG Holdings Corp., and the several banks and financial institutions parties thereto as Lenders and the Administrative Agent, as defined therein
10.6(13)	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 revolving credit facility.
10.7(13)	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 term credit facility.

Exhibit Number	Description
10.8**$	Letter Agreement, dated as of February 10, 2016, between Warner/Chappell Music, Inc. and Jon Platt
10.9**(17)	Letter Agreement, dated as of December 21, 2012, between Warner/Chappell Music, Inc. and Cameron Strang
10.10**(30)	Letter Agreement, dated as of September 30, 2014, between Warner Music Inc. and Eric Levin
10.11**(35)	Letter Agreement, dated as of October 6, 2015, between Warner Music Inc. and Eric Levin
10.12**$	Letter Agreement, dated as of December 2, 2016, between Warner Music Inc. and Eric Levin
10.13**(35)	Letter Agreement, dated as of August 4, 2015, between Warner Music Inc. and Paul M. Robinson
10.14**(35)	Letter Agreement, dated as of December 21, 2012, between Warner Music Inc. and Stu Bergen
10.15**(35)	Letter Agreement, dated as of December 19, 2013, between Stu Bergen and Warner Music Inc.
10.16**(35)	Letter Agreement, dated November 30, 2015, between Stuart Bergen and Warner Music Inc.
10.17**$	Letter Agreement, dated as of December 2, 2016, between Stuart Bergen and Warner Music Inc.
10.18(2)	Office Lease, dated June 27, 2002, by and between Media Center Development, LLC and Warner Music Group Inc., as amended
10.19(2)	Lease, dated as of February 29, 2004, between Historical TW Inc. and Warner Music Group Inc.
10.20(19)	Lease, dated as of October 1, 2013, between Paramount Group, Inc., as agent for PGREF I 1633 Broadway Tower, L.P., and WMG Acquisition Corp. (the “Headquarters Lease”)
10.21(19)	Guaranty of Headquarters Lease, dated as of October 1, 2013
10.22(6)	Assurance of Discontinuance, dated November 22, 2005
10.23(1)	Management Agreement, made as of July 20, 2011, by and among Warner Music Group Corp., WMG Holdings Corp, and Access Industries Inc.
10.24*(8)	US/Canada Manufacturing and PP&S Agreement, effective as of July 1, 2010, by and between Warner-Elektra-Atlantic Corporation and Cinram International Inc., Cinram Manufacturing LLC and Cinram Distribution LLC
10.25*(8)	US/Canada Transition Agreement, executed as of July 1, 2010, by and between Warner-Elektra-Atlantic Corporation and Cinram International Inc., Cinram Manufacturing LLC and Cinram Distribution LLC
10.26*(8)	International Manufacturing and PP&S Agreement, effective as of July 1, 2010, by and between WEA International, Inc. and Cinram International Inc., Cinram GmbH and Cinram Operations UK Limited
10.27*(8)	International Transition Agreement, executed as of July 1, 2010, by and between WEA International, Inc. and Cinram International Inc., Cinram GmbH and Cinram Operations UK Limited
10.28**(9)	Warner Music Group Corp. Deferred Compensation Plan
10.29(10)	First Letter Amendment, dated January 14, 2011 to the US/Canada Manufacturing and PP&S Agreement, dated as of July 1, 2010, between Warner-Elektra-Atlantic Corporation and Cinram International Inc., Cinram Manufacturing LLC and Cinram Distribution LLC and the International Manufacturing and PP&S Agreement, dated as of July 1, 2010, between WEA International, Inc. and Cinram International Inc., Cinram GmbH and Cinram Operations UK Limited
10.30*(10)	Second Letter Amendment, dated January 21, 2011 to the US/Canada Manufacturing and PP&S Agreement, dated as of July 1, 2010, between Warner-Elektra-Atlantic Corporation and Cinram International Inc., Cinram Manufacturing LLC and Cinram Distribution LLC and Cinram International Inc., Cinram GmbH and Cinram Operations UK Limited
10.31*(10)	Third Letter Amendment, dated January 25, 2011 to the US/Canada Manufacturing and PP&S Agreement, dated as of July 1, 2010, between Warner-Elektra-Atlantic Corporation and Cinram International Inc., Cinram Manufacturing LLC and Cinram Distribution LLC and the International Manufacturing and PP&S Agreement, dated as of July 1, 2010, between WEA International Inc. and Cinram International Inc., Cinram GmbH and Cinram Operations UK Limited
10.32*(15)	Amendment No. 1 to US/Canada Agreements, effective as of January 31, 2012 between Warner-Elektra-Atlantic Corporation and Cinram International Inc., Cinram Manufacturing LLC and Cinram Distribution LLC

Exhibit Number	Description
10.33(16)	Letter Agreement dated as of August 31, 2012 among Warner-Elektra-Atlantic Corporation, Cinram International Inc., Cinram Manufacturing LLC, Cinram Distribution LLC, Cinram Group, Inc. and Cinram Canada Operations ULC.
10.34(16)	Letter Agreement dated as of August 31, 2012 among WEA International Inc., Cinram International Inc., Cinram GMBH, Cinram Operations UK Limited and Cinram Group, Inc.
10.35**(3)	Form of Indemnification Agreement between Warner Music Group Corp. and its directors
10.36**(21)	Amended and Restated Warner Music Group Corp. Senior Management Free Cash Flow Plan
10.37**(22)	Amended and Restated Limited Liability Company Agreement of WMG Management Holdings, LLC, dated as of December 4, 2013
10.38**(28)	Form of Election for Warner Music Group Corp. Senior Management Free Cash Flow Plan
10.39**(21)	Form of Award Agreement under Warner Music Group Corp. Senior Management Free Cash Flow Plan
10.40**(23)	Form of Award Agreement for 2014 Additional Unit Allocation under Warner Music Group Corp. Senior Management Free Cash Flow Plan.
10.41$	Lease, dated as of October 7, 2016, between Warner Acquisition Corp. and Sri Ten Santa Fe LLC.
10.42(33)	Third Amendment to Credit Agreement, dated as of June 13, 2016, among WMG Acquisition Corp., the guarantors party thereto, the lenders party thereto and Credit Suisse AG, as administrative agent, issuing bank and lender, relating to the revolving credit facility.
10.43(34)	Second Amendment to Credit Agreement, dated as of July 13, 2016, among WMG Acquisition Corp., the guarantors party thereto, the lenders party thereto and Credit Suisse AG, as administrative agent, relating to the term loan facility.
10.44$	Second Incremental Commitment Amendment, dated as of November 21, 2016, among WMG Acquisition Corp., the guarantors party thereto, the lenders party thereto and Credit Suisse AG, as administrative agent, relating to the term loan facility.
21.1$	List of Subsidiaries
24.1$	Power of Attorney (see signature page)
31.1$	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act, as amended
31.2$	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act, as amended
32.1***$	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2***$	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.1$	Financial statements from the Annual Report on Form 10-K of Warner Music Group Corp. for the fiscal year ended September 30, 2016, filed on December 8, 2016, 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 Audited Financial Statements
(c)	Financial Statement Schedules
	Schedule II—Valuation and Qualifying Accounts

$ Filed herewith

* Exhibit omits certain information that has been filed separately with the Securities and Exchange Commission and has been granted confidential treatment

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

*** Pursuant to SEC Release No. 33-8212, this certification will be treated as "accompanying" this Annual Report on Form 10-K and not "filed" as part of such report for purposes of Section 18 of the Securities Exchange Act, as amended, or otherwise subject to the liability of Section 18 of the Securities Exchange Act, as amended, and this certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, except to the extent that the registrant specifically incorporates it by reference

(1) Incorporated by reference to Warner Music Group Corp.'s Current report on Form 8-K filed on July 26, 2011 (File No. 001-32502)
(2) Incorporated by reference to WMG Acquisition Corp.'s Amendment No. 2 to the Registration Statement on Form S-4 filed on January 24, 2005 (File No. 333-121322)
(3) Incorporated by reference to Warner Music Group Corp.'s Current Report on Form 8-K filed on May 20, 2011 (File No. 001-32502)
(4) Incorporated by reference to Warner Music Group Corp.'s Current Report on Form 8-K filed on March 19, 2008 (File No. 001-32502)
(5) Incorporated by reference to Warner Music Group Corp.'s Current Report on Form 8-K filed on September 16, 2008 (File No. 001-32502)
(6) Incorporated by reference to Warner Music Group Corp.'s Current Report on Form 8-K filed on November 23, 2005 (File No. 001-32502)
(7) Incorporated by reference to Warner Music Group Corp.'s Current Report on Form 8-K filed on May 24, 2011 (File No. 001-32502)
(8) Incorporated by reference to Warner Music Group Corp.'s Quarterly Report on Form 10-Q for the period ended December 31, 2010 (File No. 001-32502)
(9) Incorporated by reference to Warner Music Group Corp.'s Registration Statement on Form S-8 filed on November 23, 2010 (File No. 333-170771)
(10) Incorporated by reference to Warner Music Group Corp.'s Quarterly Report on Form 10-Q for the period ended March 31, 2011 (File No. 001-32502)
(11) Incorporated by reference to Warner Music Group Corp.'s Current Report on Form 8-K filed on May 9, 2011 (File No. 001-32502)
(12) Incorporated by reference to Warner Music Group Corp.'s Current Report on Form 8-K filed on July 20, 2011 (File No. 001-32502)
(13) Incorporated by reference to Warner Music Group Corp.'s Current Report on Form 8-K filed on November 7, 2012 (File No. 001-32502)
(14) Incorporated by reference to Warner Music Group Corp.'s Current Report on Form 8-K filed on November 10, 2011 (File No. 001-32502)
(15) Incorporated by reference to Warner Music Group Corp.'s Quarterly Report on Form 10-Q for the period ended March 31, 2012 (File No. 001-32502)
(16) Incorporated by reference to Warner Music Group Corp.'s Current Report on Form 8-K filed on September 6, 2012 (File No. 001-32502)
(17) Incorporated by reference to Warner Music Group Corp.'s Quarterly Report on Form 10-Q for the period ended December 31, 2012 (File No. 001-32502)
(18) Incorporated by reference to Warner Music Group Corp.'s Quarterly Report on Form 10-Q for the period ended June 30, 2013 (File No. 001-32502)
(19) Incorporated by reference to Warner Music Group Corp.'s Current Report on Form 8-K Filed on October 4, 2013 (File No. 001-32502)
(20) Incorporated by reference to Warner Music Group Corp.'s Current Report on Form 8-K Filed on March 5, 2013 (File No. 001-32502)
(21) Incorporated by reference to Warner Music Group Corp.'s Current Report on Form 8-K Filed on November 27, 2013 (File No. 001-32502)
(22) Incorporated by reference to Warner Music Group Corp.'s Annual Report on Form 10-K for the period ended September 30, 2013 (file. No. 001-32502)
(23) Incorporated by reference to Warner Music Group Corp.'s Quarterly Report on Form 10-Q for the period ended March 31, 2014 (File No. 001-32502)
(24) Incorporated by reference to Warner Music Group Corp.'s Current Report on Form 8-K filed on April 10, 2014 (File No. 001-32502)
(25) Incorporated by reference to Warner Music Group Corp.'s Quarterly Report on Form 10-Q for the period ended December 31, 2013 (File No. 001-32502)
(26) Incorporated by reference to Warner Music Group Corp.'s Annual Report on Form 10-K for the period ended September 30, 2011 (File No. 001-32502)
(27) Incorporated by reference to Warner Music Group Corp.'s Quarterly Report on Form 10-Q for the period ended March 30, 2013 (File No. 001-32502)
(28) Incorporated by reference to Warner Music Group Corp.'s Annual Report on Form 10-K for the period ended September 30, 2012 (file No. 001-32502)
(29) Incorporated by reference to Warner Music Group Corp.'s Current Report on Form 8-K filed on June 17, 2015 (file No. 001-32502)

(30) Incorporated by reference to Warner Music Group Corp.'s Annual Report on Form 10-K for the period ended September 30, 2014 (file No. 001-32502)
(31) Incorporated by reference to Warner Music Group Corp.'s Current Report on Form 8-K filed on July 27, 2016 (file No. 001-32502)
(32) Incorporated by reference to Warner Music Group Corp.'s Current Report on Form 8-K filed on October 18, 2016 (file No. 001-32502)
(33) Incorporated by reference to Warner Music Group Corp.'s Current Report on Form 8-K filed on June 14, 2016 (File No. 001-32502)
(34) Incorporated by reference to Warner Music Group Corp.'s Quarterly Report on Form 10-Q for the period ended June 30, 2016 (File No. 001-32502)
(35) Incorporated by reference to Warner Music Group Corp.'s Annual Report on Form 10-K for the period ended September 30, 2015 (file No. 001-32502)

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, on December 8, 2016.

WARNER MUSIC GROUP CORP.

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

By: /s/ ERIC LEVIN
Name: **Eric Levin**
Title: **Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)**

POWER OF ATTORNEY

KNOW BY ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints jointly and severally, Paul M. Robinson and Trent N. Tappe, and each of them, his attorneys-in-fact, each with the power of substitution, for him in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant and in the capacities indicated on December 8, 2016.

Signature	Title
/s/ STEPHEN COOPER **Stephen Cooper**	CEO and President and Director (Chief Executive Officer)
/s/ CAMERON STRANG **Cameron Strang**	Chairman and CEO, Warner Bros. Records and Director
/s/ LEN BLAVATNIK **Len Blavatnik**	Vice Chairman of the Board of Directors
/s/ LINCOLN BENET **Lincoln Benet**	Director
/s/ ALEX BLAVATNIK **Alex Blavatnik**	Director
/s/ MATHIAS DÖEPFNER **Mathias Döepfner**	Director
/s/ YNON KREIZ **Ynon Kreiz**	Director
/s/ THOMAS H. LEE **Thomas H. Lee**	Director
/s/ JÖRG MOHAUPT **Jörg Mohaupt**	Director
/s/ OLIVER SLIPPER **Oliver Slipper**	Director
/s/ DONALD A. WAGNER **Donald A. Wagner**	Director

Exhibit 10.8

WARNER/CHAPPELL MUSIC, INC.
10585 Santa Monica Boulevard
Los Angeles, CA 90025

February 10, 2016

Jon Platt
Address on file with Company

Dear Jon:

This letter, when signed by you and countersigned by us ("Company"), shall constitute our agreement (the "Agreement") with respect to your employment with Company.

1. Position: (a) Chief Executive Officer of Warner/Chappell Music, Inc. effective as of November 1, 2015 and (b) you are hereby appointed Chairman of Warner/Chappell Music, Inc. effective as of May 1, 2016.

2. Term: The term of this Agreement (the "Term") shall commence on October 1, 2015 and end on September 30, 2020.

3. Compensation:

(a) Salary: During the Term, Company shall pay you a salary at the following rates for the specified periods:

Period of the Term	Per Annum Salary
10/1/15 – 9/30/18	$2,300,000
10/1/18 – 9/30/20	$2,500,000

As soon as practicable following the date on which this Agreement is executed in full (the "Effective Date"), Company shall pay to you an amount equal to the difference between (i) the salary that would have been payable to you if your annual salary during the period from October 1, 2015 through the Effective Date was $2,300,000 and (ii) the salary paid to you for such period.

(b) Annual Bonus: With respect to each fiscal year of the Term, commencing with the fiscal year that begins October 1, 2015 and ends September 30, 2016 (i.e., the 2016 fiscal year), you shall be eligible to receive an annual bonus, the target amount of which in respect of each such fiscal year is set forth below.

Fiscal Year of the Term	Target Bonus Amount
2016 - 2018	$2,300,000
2019 - 2020	$2,500,000

The amount of each annual bonus awarded to you shall be determined by Company taking into consideration factors evaluated for other executives at your level and shall also be based on factors including the strength of your performance and the performance of Company and of Warner Music Inc.; provided, that the amount of each annual bonus awarded to you may be higher or lower than the target amount, and shall remain in the sole discretion of Company.

(c) Payment of Compensation: Compensation accruing to you during the Term shall be payable in accordance with the regular payroll practices of Company for employees at your level. You shall not be entitled to additional compensation for performing any services for Company's subsidiaries or affiliates; provided, that, you shall primarily be providing services to the Company.

4. Exclusivity: Your employment with Company shall be full-time and exclusive. During the Term you shall not render any services for others, or for your own account, in the field of entertainment or otherwise.

5. Reporting: You shall at all times work under the supervision and direction of the most senior executive officer of Warner Music Inc. (currently, Stephen F. Cooper), and you shall perform such duties consistent with your position as you shall reasonably be directed to perform by such officer.

6. Place of Employment: The greater Los Angeles metropolitan area. You shall render services at the offices designated by Company at such location; provided, that the location of your principal place of employment shall not be changed without your prior written consent. You also agree to travel on temporary trips to such other place or places as may be required from time to time to perform your duties hereunder.

7. Travel and Entertainment and Legal Expenses: Company shall pay or reimburse you for both (i) reasonable expenses actually incurred or paid by you during the Term in the performance of your services hereunder in accordance with Company's policy for employees at your level upon presentation of expense statements or vouchers or such other supporting information as Company may customarily require and (ii) legal fees and expenses incurred by you in connection with the negotiation of this Agreement up to a maximum aggregate amount of $30,000.

8. Benefits: While you are employed hereunder, you shall be entitled to all fringe benefits generally accorded to employees of Company at your level, position and/or title as existing from time to time during the Term, including, but not limited to, 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. You shall also be entitled to four (4) weeks of vacation (with pay) during each calendar year of the Term, which vacation shall be taken at reasonable times

to be approved by Company and shall be governed by Company's policies with respect to vacations for executives. In addition, you shall be entitled to paid time off with respect to any periods during which paid time off is provided to employees of Company generally (e.g., Christmas/New Year's week if Company closes its office during such period). Following the end of your employment with Company for any reason, you shall be entitled to payment in respect of any accrued but unused vacation, in accordance with Company policy and applicable law.

9. Disability/Death: If you shall become physically or mentally incapacitated from performing your duties hereunder, and such incapacity shall continue for a period of four (4) consecutive months or more or for shorter periods aggregating four (4) months or more in any twelve (12)-month period, Company shall have the right (before the termination of such incapacity), at its option, to terminate this Agreement with no consequence, except if such termination would be prohibited by law. Upon termination of this Agreement pursuant to the foregoing, you shall continue to remain employed by Company as an at-will employee. In the event your at-will employment with Company terminates, Company shall pay to you the Basic Termination Payments (as defined below). In the event of your death, this Agreement shall automatically terminate except that Company shall pay to your estate the Basic Termination Payments.

10. Termination by Company for Cause; Termination by You for Good Reason:

(a) Termination by Company for Cause: Company may at any time during the Term, by written notice, terminate your employment and this Agreement for "Cause" (as defined below), such Cause to be specified in the notice of termination. The following acts shall constitute "Cause" hereunder: (i) any willful or intentional act by you or omission by you having the effect, which effect is reasonably foreseeable, of injuring, to an extent that is not de minimis, the reputation, business, business relationships or employment relationships of Company or its affiliates; (ii) your conviction of, or plea of nolo contendere by you to, a misdemeanor involving theft, fraud, forgery or the sale or possession of illicit substances or a felony; (iii) breach by you of material covenants contained in this Agreement; and (iv) repeated or continuous failure, neglect or refusal by you to perform your material duties hereunder. Notice of termination given to you by Company shall specify the reason(s) for such termination, and in the case where a cause for termination described in clause (i), (iii) or (iv) above shall be susceptible of cure, and such notice of termination is the first notice of termination given to you for such reason, if you fail to cure such Cause for termination to the reasonable satisfaction of Company within ten (10) business days after the date of such notice, termination shall be effective upon the expiration of such ten-business-day period, and if you cure such Cause within such ten-business-day period, such notice of termination shall be ineffective. In all other cases, notice of termination shall be effective on the date thereof.

(b) Termination by You for Good Reason:

(i) For purposes of this Paragraph 10(b), Company shall be in breach of its obligations to you hereunder if there shall have occurred any of the following events (each such event being referred to as a "Good Reason"): (A) (i) a material reduction in your title, position or responsibilities shall have been put into effect or (ii) the appointment by Company of any other executive with a title of Chief Executive Officer or higher (including any title of higher status or authority than you); (B) you shall have been required to report to anyone other than as provided in Paragraph 5 hereof; (C) any reduction in your salary or target bonus; (D) any monies required to be paid to you hereunder shall not be paid when due; (E) Company requires you to relocate your primary residence outside the greater Los Angeles metropolitan area in order to perform your duties to Company hereunder or (F) Company assigns its rights and obligations under this Agreement in contravention of the provisions of Paragraph 16(e) below.

(ii) Upon the occurrence of a Good Reason event as described in Paragraph 10(b)(i) above, you may exercise your right to terminate the Term of this Agreement and your employment with Company for Good Reason pursuant to this Paragraph 10(b) by notice given to Company in writing, specifying both (A) the Good Reason for termination and (B) the date (which shall be no later than 45 business days after the date of such notice) on which such termination shall become effective; provided that any such notice shall be given within ninety (90) days after the occurrence of any such event constituting Good Reason, otherwise your right to terminate this Agreement by reason of the occurrence of such event shall expire and shall be deemed to have permanently lapsed (but not with respect to the subsequent occurrence of the same or any similar or any other Good Reason). Any such termination in compliance with the provisions of this Paragraph 10(b) shall be effective not sooner than thirty (30) days after the date of your written notice of termination, except that if Company shall cure such specified cause within such thirty (30)-day period, you shall not be entitled to terminate the term of this Agreement by reason of such specified Good Reason and the notice of termination given by you shall be null and void and of no effect whatsoever. Company shall not be entitled to any cure rights provided under this Paragraph for or with respect to its second or subsequent commission of the same Good Reason event within a twelve (12)-month period.

11. Consequences of Breach by Company or Non-renewal:

(a) In the event of a Special Termination (as defined below) of your employment, your sole remedy shall be that, upon your execution of a Release (as defined below), Company shall pay to you the Special Termination Payments (as defined below), and in the event of a Qualifying Non-renewal (as defined below), your sole remedy shall be that, upon your execution of a Release, Company shall pay to you the Non-renewal Payments (as defined below); provided Company shall cease making Termination Payments (as defined below) if you do not deliver the signed Release within the time period set forth in the Release. In addition, in

the event of a Special Termination or Qualifying Non-renewal, Company shall pay to you the Basic Termination Payments. Special Termination Payments and Non-renewal Payments are sometimes herein referred to as the "Termination Payments."

(b) The "Basic Termination Payments" shall mean (i) any accrued but unpaid salary; (ii) awarded but unpaid bonus amounts; (iii) a pro-rata bonus in respect of the fiscal year of your termination in an amount equal to the product of (A) a discretionary bonus, in an amount to be determined in good faith by Company, taking into account factors including your target bonus amount as set forth in Paragraph 3(b) hereof, the strength of your performance and the performance of Company and of Warner Music Inc., and (B) a fraction, the numerator of which is the number of days in the period from the first day of the fiscal year in which your termination occurs through the date your employment terminates (the "Termination Date") and the denominator of which is 365 (the "Pro-Rata Bonus"); (iv) accrued but unused vacation pay in accordance with Company policy; (v) any unreimbursed expenses pursuant to Paragraph 7 and (vi) any accrued but unpaid benefits in accordance with Paragraph 8, in each case to the Termination Date. Basic Termination Payments shall be paid to you within thirty (30) days following the Termination Date and in the case of benefits, provided in accordance with the terms of the applicable Company plan or policy; provided, however, the Pro-Rata Bonus shall be paid after the end of the fiscal year of your termination at such time as bonuses are paid to executives of Company generally.

(c) A "Release" shall mean a mutual release agreement in Company's standard form, which shall include (i) a release by you of Company from any and all claims which you may have relating to your employment with Company and the termination of such employment and (ii) a release by Company of you from any and all claims which Company may have relating to your employment with Company and the termination of such employment.

(d) A "Special Termination" shall have occurred in the event that (i) Company terminates your employment hereunder other than pursuant to Paragraph 9 or 10(a) or (ii) you terminate your employment with Company pursuant to Paragraph 10(b).

(e) "Special Termination Payments" shall mean the greater of (i) the Severance Amount (as defined below) and (ii) an amount equal to the amount of salary that would have been payable to you in the eighteen (18)-month period following the Termination Date as if you had remained a full time employee during such period.

(f) A "Qualifying Non-renewal" shall have occurred in the event that, at the end of the Term: (i) Company declines to offer you continued employment with Company or one of its affiliates or (ii) Company offers you continued employment with Company or one of its affiliates for a term of less than an additional four (4) years and/or at a salary or bonus eligibility lower than as in

effect on the last day of the Term, and you elect to decline such offer and terminate your employment with Company.

(g) The "Non-renewal Payments" shall mean the amount of severance pay (the "Severance Amount") that would have been payable to you under Company policy as in effect on the Termination Date had you not been subject to an employment agreement with Company.

(h) Any Termination Payments payable to you under Paragraph 11(e) or (g) above shall be made by Company in accordance with its regular payroll practices by payment of your salary (i) in the case of Special Termination Payments payable pursuant to Paragraph 11(e) above, at such rate as is necessary to cause the full amount due under such Paragraph to be paid within the twelve (12)-month period following the Termination Date or (ii) in the case of Non-renewal Payments payable pursuant to Paragraph 11(g) above, at the same rate as was in effect as of the Termination Date for the applicable period as is necessary to cause the full amount due under such Paragraph to be paid (each such period, as applicable, the "Payment Period"). Company shall not be obligated to make such Termination Payments to you if the Release is not executed in full within the time period set forth in the Release.

(i) In the event you elect not to execute and deliver a Release (as provided to you by Company) within the time period set forth therein in connection with a Special Termination or a Qualifying Non-renewal, Company shall only be obligated to pay to you the Basic Termination Payments. Following the delivery of an executed Release pursuant to this Paragraph 11, you shall have no duty to seek substitute employment, and Company shall have no right of offset against any amounts payable or paid to you under this Paragraph 11 with respect to any compensation or fees received by you from any employment obtained or consultancy arrangement entered into by you.

(j) In the event of a Special Termination or a Qualifying Non-renewal, until the earlier of (i) the last date of the Payment Period or (ii) the date on which you become eligible for another medical insurance plan, Company shall continue to pay and provide you and your eligible family members with coverage under Company's medical plans in accordance with the terms of such plans, and you shall be entitled to no other such benefits during such period. In addition, you shall be eligible for group health continuation coverage in accordance with the Consolidated Omnibus Budget Reconciliation Act of 1986 ("COBRA"); provided that you have made timely elections to receive, and paid the applicable monthly COBRA premiums and any administrative costs in respect of, such COBRA coverage.

12. Confidential Matters: You shall keep secret all confidential matters of Company and its affiliates (for purposes of this Paragraph 12 and Paragraph 13 only, "Company"), and shall not disclose them to anyone outside of Company, either during or after your employment with Company, except (a) with Company's

written consent; (b) as required by law or judicial process; (c) to your professional advisors to the extent reasonable and necessary or (d) information widely known to the general public. You shall deliver promptly to Company upon termination of your employment, or at any time Company may request, all confidential memoranda, notes, records, reports and other documents (and all copies thereof) relating to the business of Company which you may then possess or have under your control.

13. Non-Solicitation: While you are employed by Company and for a period of nine (9) months after your employment with Company ends for any reason, you shall not, without the prior written consent of Company, directly or indirectly, as an employee, agent, consultant, partner, joint venturer, owner, officer, director, member of any other firm, partnership, corporation or other entity, or in any other capacity: (a) induce (or attempt to induce) a breach or disruption of the contractual relationship between Company and any recording artist (including a duo or a group), publisher or songwriter (including a recording artist or songwriter who has contracted through a furnishing entity) ("Company Artist"); (b) use Company's trade secrets or confidential information to solicit, induce or encourage any Company Artist to end its relationship with Company or (c) solicit, induce or encourage any employees of Company in the United States to leave their employment.

14. Results and Proceeds of Employment: You acknowledge that Company shall own all rights of every kind and character throughout the world in perpetuity in and to any material and/or ideas written, suggested or in any way created by you hereunder and all other results and proceeds of your services hereunder, including, but not limited to, all copyrightable material created by you within the scope of your employment; provided, however, Company shall not own any rights to underlying musical compositions owned or controlled by you. You agree to execute and deliver to Company such assignments or other instruments as Company may require from time to time to evidence Company's ownership of the results and proceeds of your services.

15. Notices: All notices, requests, consents and other communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given if delivered personally or sent by prepaid courier, or mailed first-class, postage prepaid, by registered or certified mail, return receipt requested as follows:

TO YOU:

Jon Platt
Address on file with Company

With a copy to:

Joel A. Katz / Jess L. Rosen
Greenberg Traurig, LLP
3333 Piedmont Road, NE
Suite 2500
Atlanta, GA 30305

TO COMPANY:

Warner/Chappell Music, Inc.
10585 Santa Monica Boulevard
Los Angeles, CA 90025
Attn: Vice President, Global Human Resources

With a copy to:

Warner Music Inc.
1633 Broadway
New York, NY 10019
Attn: General Counsel

Either you or Company may change the address to which notices are to be sent by giving written notice of such change of address to the other in the manner herein provided for giving notice.

16. Miscellaneous:

(a) You represent and warrant as follows: (i) you are free to enter into this Agreement and to perform each of the terms and covenants hereunder; (ii) you are not restricted or prohibited, contractually or otherwise, from entering into and performing this Agreement and that your execution and performance of this Agreement is not a violation or breach of any other agreement and (iii) you have not disclosed to Company or any officer or other affiliate of Company any proprietary information or trade secrets of any former employer. You further covenant that you shall not enter into any other agreements (including an extension or amendment of any agreement) that would restrict or prohibit you from entering into or performing under this Agreement.

(b) You acknowledge and agree that while you are employed hereunder you will comply with Company's Code of Conduct, conflict of interest policy and other corporate policies including, but not limited to, the requirements of Company's compliance and ethics program, as in effect from time to time, of which you are made aware. All payments made to you hereunder shall be subject to applicable withholding and social security taxes and other ordinary and customary payroll deductions.

(c) You acknowledge that services to be rendered by you under this Agreement are of a special, unique and intellectual character which gives them peculiar value, and that a breach or threatened breach of any provision of this Agreement (particularly, but not limited to, the provisions of Paragraphs 4, 12, 13 and 14), will cause Company immediate irreparable injury and damage which cannot be reasonably or adequately compensated in damages in an action at law. Accordingly, without limiting any right or remedy which Company may have in such event, you specifically agree that Company shall be entitled to injunctive relief to enforce and protect its rights under this Agreement. The provisions of this Paragraph 16(c) shall not be construed as a waiver by Company of any rights which Company may have to damages or any other remedy or by you as a waiver by you of any rights which you may have to offer fact-based defenses to any request made by Company for injunctive relief.

(d) This Agreement sets forth the entire agreement and understanding of the parties hereto, and supersedes and terminates any and all prior agreements, arrangements and understandings. No representation, promise or inducement has been made by either party that is not embodied in this Agreement, and neither party shall be bound by or liable for any alleged representation, promise or inducement not herein set forth.

If, notwithstanding the provisions of the foregoing Paragraph, any provision of this Agreement or the application hereof is held to be wholly invalid, such invalidity shall not affect any other provisions or application of this Agreement that can be given effect without the invalid provisions or application, and to this end the provisions of this Agreement are hereby declared to be severable.

(e) The provisions of this Agreement shall inure to the benefit of the parties hereto, their heirs, legal representatives, successors and permitted assigns. This Agreement, and your rights and obligations hereunder, may not be assigned by you. Company may assign its rights, together with its obligations, hereunder in connection with any sale, transfer or other disposition of all or a substantial portion of the stock or assets of Company or Warner Music Inc.; provided, that, the successor of Company must specifically assume the obligations of Company under this Agreement.

(f) Nothing contained in this Agreement shall be construed to impose any obligation on Company to renew this Agreement. This Agreement may be amended, modified, superseded, canceled, renewed or extended, and the terms or covenants hereof may be waived, only by a written instrument executed by both of the parties hereto, or in the case of a waiver, by the party waiving compliance. Absent the parties' mutual execution of a written agreement to the contrary, neither the continuation of employment nor any other conduct shall be deemed to imply a continuing obligation upon the expiration of this Agreement. Absent the parties' mutual execution of a written agreement to the contrary, upon the expiration of the Term of this Agreement, the continuation of your employment (if applicable) shall be deemed "at-will." Accordingly, upon the expiration of the

Term and absent the parties' mutual execution of a written agreement to the contrary, your employment with Company shall not be subject to a defined term, but rather, you may terminate your employment with Company at any time and for any reason and Company may terminate your employment at any time and for any reason, and accordingly, in the event of such termination by either party after the expiration this Agreement, only the provisions of the Agreement which specify that they survive the expiration of the Term shall survive, and all other provisions of the Agreement, including the provisions relating to Special Termination Payments, shall not apply. The failure of either party at any time or times to require performance of any provision hereof shall in no manner affect the right at a later time to enforce the same. No waiver by either party of the breach of any term or covenant contained in this Agreement, whether by conduct or otherwise, in any one or more instances, shall be deemed to be, or construed as, a further or continuing waiver of any such breach, or a waiver of the breach of any other term or covenant contained in this Agreement.

(g) This Agreement shall be governed by and construed according to the laws of the State of California as applicable to agreements executed in and to be wholly performed within such State.

17. Section 409A: This Agreement is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and shall 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 Agreement 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 Agreement 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, (a) 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 shall 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 shall be paid to you in a lump sum and (b) 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 shall 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 Agreement 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 Agreement 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.

[signature page follows]

If the foregoing correctly sets forth our understanding, please sign below and return this Agreement to Company.

Very truly yours,

WARNER/CHAPPELL MUSIC, INC.

By: /s/ Paul Robinson
Name: Paul Robinson

Accepted and Agreed:

/s/ Jon Platt
Jon Platt

Exhibit 10.12

WARNER MUSIC INC.
1633 Broadway
New York, New York 10019

December 2, 2016

Eric Levin
c/o Warner Music Inc.
1633 Broadway
New York, NY 10019

Dear Eric:

Please refer to the employment agreement between Warner Music Inc. ("Company") and you dated September 30, 2014, as amended by that letter agreement dated October 6, 2015 (as so amended, the "Agreement").

This letter, when signed by you and countersigned by Company (the "Amendment Date"), shall constitute our agreement to amend the Agreement as set forth herein. Unless otherwise indicated, capitalized terms shall have the meanings set forth in the Agreement.

1. Paragraph 3(a) of the Agreement is hereby amended to provide that effective October 13, 2016, Company shall pay you a salary at the rate of $750,000 per annum. As soon as practicable following the Amendment Date, Company shall pay to you an amount equal to the difference between (a) the salary that would have been payable to you if your annual salary during the period from October 13, 2016 through the Amendment Date was $750,000 and (b) the salary actually paid to you for such period.

2. Paragraph 3(b) of the Agreement is hereby amended to add the following sentence at the end thereof:

"Effective with the 2017 fiscal year, your target bonus for such fiscal year and each fiscal year of the Term thereafter shall be $500,000 or a pro rata portion of such amount for a portion of a fiscal year."

3. The last sentence of Paragraph 8 of the Agreement is hereby amended and restated in its entirety as follows:

"You shall also be entitled to four (4) weeks of vacation (with pay) during each calendar year of the Term, which vacation shall be taken at reasonable times to be approved by Company and shall be governed by Company's policies with respect to vacations for executives."

4. Paragraph 11(e)(ii) of the Agreement is hereby amended and restated in its entirety as follows: "an amount equal to $750,000."

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/ Trent N. Tappe
Name: Trent N. Tappe

Accepted and Agreed:

/s/ Eric Levin
Eric Levin

Exhibit 10.17

WARNER MUSIC INC.
1633 Broadway
New York, NY 10019

December 2, 2016

Stuart Bergen
Address on file with Company

Dear Stuart:

Please refer to the at-will letter agreement between Warner Music Inc. ("Company") and you dated December 21, 2012, as amended by the letter agreements dated December 19, 2013 and November 30, 2015 (as so amended, the "Agreement").

This letter, when signed by you and countersigned by Company (the "Amendment Date"), 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.

Paragraph 2 of the Agreement is hereby amended to read as follows:

"2. Annual salary: $1,250,000 per year, effective October 1, 2016. You will be paid in accordance with Company's normal payroll practices."

As soon as practicable following the Amendment Date, Company shall pay to you an amount equal to the difference between (a) the salary that would have been payable to you if your annual salary during the period from October 1, 2016 through the Amendment Date was $1,250,000 and (b) the salary actually paid to you for such period.

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 letter to Company.

WARNER MUSIC INC.

By: /s/ Trent N. Tappe
Name: Trent N. Tappe

Accepted and Agreed:

/s/ Stuart Bergen
Stuart Bergen

MR 63388-2

Exhibit 10.41

THE FORD FACTORY CAMPUS,
777 S. SANTA FE AVENUE
LOS ANGELES, CALIFORNIA

OFFICE LEASE

SRI TEN SANTA FE LLC,
a Delaware limited liability company,
Landlord

and

WMG ACQUISITION CORP.,
a Delaware corporation,
Tenant

DATED AS OF: October 7, 2016

1005628.07/SF
375170-00002/11-24-16/mrm/mrm

TABLE OF CONTENTS

SCHEDULES AND EXHIBITS:

LEASE

THIS LEASE is made as of the 7th day of October, 2016, between SRI TEN SANTA FE LLC, a Delaware limited liability company ("**Landlord**"), and WMG ACQUISITION CORP., a Delaware corporation ("**Tenant**").

1. Premises. Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, on the terms and conditions set forth herein, the "**Premises**" which consists of the real property shown on the site plan attached hereto as Exhibit A-1 (the "**Site Plan**") and more particularly described on Exhibit A-2 attached hereto, including (a) the building located at 777 S. Santa Fe Avenue, Los Angeles, California, consisting of the "Tower", the "Annex/Assembly" and the "CMU/Studio" as shown on the Site Plan (collectively, the "**Building**"), (b) the parking structure (the "**Parking Structure**") shown as the "Parking Garage" on the Site Plan to be built by Landlord as part of Landlord's Work (as defined in Exhibit I (the "**Work Letter**")), (c) the other improvements located within the boundaries of the Premises shown on the Site Plan or otherwise to be built by Landlord as part of Landlord's Work.

Tenant shall comply with all recorded covenants, conditions and restrictions currently affecting the Premises and agrees that this Lease shall be subject and subordinate thereto. Tenant shall be permitted to utilize all available space (i.e., the space that is not otherwise utilized for Building systems and equipment) in the Building's risers, raceways, shafts and conduits for the installation and maintenance of conduits, risers, cables, ducts, flues, pipes and other devices for communications, data processing devices, supplementary HVAC and other facilities consistent with Tenant's use of its Premises.

2. Certain Basic Lease Terms. As used herein, the following terms shall have the meaning specified below:

a. Landlord and Tenant agree that for the purpose of this Lease, the Premises shall be deemed to contain 257,028 rentable square feet of space.

b. Lease term: One hundred fifty-three (153) full calendar months (i.e., 12 years and 9 months), commencing on the date (the "**Commencement Date**") that is the later of (i) August 1, 2017 (as such date may be adjusted pursuant to Paragraphs 3.b.iii., Paragraph 3(d) or Section 3.1 of the Work Letter, the "**Scheduled Commencement Date**") or (ii) the date that a temporary certificate of occupancy (or its equivalent) has been issued with respect to Landlord's Work (other than the B Permit Work (as defined in the Work Letter)), and ending on the last day of the one hundred fifty-third (153rd) full calendar month thereafter (the "**Expiration Date**"). For purposes of this Lease (1) the term "**Lease Month**" shall mean each calendar month during the Lease term; provided, however, Lease Month 1 shall commence on the Commencement Date and end on the last day of the first full calendar month thereafter, and each subsequent Lease Month shall be the calendar month commencing on the day after the expiration of the prior Lease Month and (2) the term "**Lease Year**" shall mean each 12-Lease Month period during the Lease term; provided, however, Lease Year 1 shall commence on the Commencement Date and end on the last day of the 12th full calendar month thereafter, and each subsequent Lease Year shall be the calendar year commencing on the day after the expiration of the prior Lease Year. The

Commencement Date shall be subject to extension for "Landlord Delay" or "Force Majeure Delay" as provided in Section 3.1 of the Work Letter.

c. Monthly Rent: As set forth on Schedule 1 attached hereto.

d. Letter of Credit: As set forth in Paragraph 6.

e. Tenant's Share: 100%.

f. Permitted Use: General office use and any other use permitted by Legal Requirements, subject to the express provisions of this Lease, including without limitation conference and training facilities, demonstration areas, electronic sports arena, theater, video production, sound recording and engineering, broadcast facilities including use of rooftop satellite dishes, music and video production, studios with live production and broadcasting, cafeteria and dining areas and kitchen facilities, juice and/or coffee bar, exterior barbeque/dining facility, health and exercise facilities, child care (including associated outdoor areas), general assembly uses/event assembly uses, retail sale of merchandise or other items, including for sales to the general public, use as a restaurant or bar, including for service to the general public, and outdoor recreation uses (collectively, the "**Permitted Use**").

g. Real estate broker(s): Cresa Partners; CBRE.

h. Business Days: Monday through Friday, excluding public holidays

3. Term; Delivery of Possession of Premises.

a. Term. The term of this Lease shall commence on the Commencement Date (as defined in Paragraph 2.b., which Commencement Date shall be subject to adjustment as provided in the Work Letter) and, unless sooner terminated pursuant to the terms hereof or at law, shall expire on the Expiration Date (as defined in Paragraph 2.b.). Upon either party's request after the Commencement Date, Landlord and Tenant shall execute a letter in substantially the form of Exhibit C attached hereto confirming the Commencement Date and the Expiration Date.

b. Tenant Access Date.

i. Beginning on the date (the "**Tenant Access Date**") that is the later of (A) December 1, 2016, and (B) the date that Tenant has satisfied all of the Tenant Access Requirements (as such term is defined in the Work Letter), Tenant shall have access to the Premises to perform the Tenant Improvements (as such term is defined in the Work Letter). Prior to the Tenant Access Date, Landlord shall provide Tenant reasonable access to the Premises for space planning and other pre-construction activities.

ii. Tenant acknowledges that Landlord may still be performing certain portions of Landlord's Work in the Premises and on adjacent city property following the Tenant Access Date (relating to the MEPF commissioning, CMU skylight, Paseo finishes, B Permit Work and Punch List items). Tenant's access to the Premises as of the Tenant Access Date shall not relieve Landlord from its obligations to complete the Landlord's Work as provided in the

Work Letter. During any period of contemporaneous work within the Premises following the Tenant Access Date, Landlord and Tenant shall cooperate in all reasonable ways with each other while Landlord is carrying on Landlord's Work within the Premises, including each party adopting a schedule in conformance with the other party's schedule and conducting construction of such party's work in such a manner as to maintain harmonious labor relations and as not to interfere with or delay the work of the other party.

iii. If Substantial Completion of Landlord's Work does not occur on or before the Tenant Access Date (other than by reason of a Tenant Delay (as defined in the Work Letter)) and, as a result thereof, Tenant is delayed in commencing physical construction of the Tenant Improvements, then the Scheduled Commencement Date shall be extended day-for-day for each day occurring in the period between the Tenant Access Date and the earlier of (A) date of Substantial Completion of Landlord's Work (or the date that Substantial Completion would have occurred but for Tenant Delay(s), if any) and (B) the date that Tenant commences physical construction of the Tenant Improvements. Furthermore, if (1) Substantial Completion of Landlord's Work has not occurred on or before one hundred twenty (120) days following the Tenant Access Date (the "**Outside Substantial Completion Date**"), subject to extension by virtue of Force Majeure Delay and any Tenant Delay, and (2) Tenant has not yet commenced physical construction of the Tenant Improvements, then Tenant shall have the right, at Tenant's sole option, to terminate this Lease by delivery of written notice thereof to Landlord given within ten (10) calendar days after the Outside Substantial Completion Date; provided, however, that Tenant's termination notice shall be void and of no force or effect if the Substantial Completion of Landlord's Work shall occur within thirty (30) days after Landlord's receipt of Tenant's termination notice. In the event of any such termination Tenant shall be required to reimburse Landlord for any of Landlord's Allowance previously disbursed to Tenant. The foregoing right of Tenant to terminate this Lease, and Tenant's rights to the "Extended Delivery Delay Rent Credit", as set forth below, shall be Tenant's sole remedy for any delay in Substantial Completion of Landlord's Work. Upon any such termination, Landlord shall promptly return any deposits, letters of credit, or other amounts previously delivered to Landlord by Tenant, and Landlord and Tenant shall thereafter have no further liability under this Lease. In the event that Tenant's commencement of physical construction of the Tenant Improvements in the Premises is actually delayed by more than forty-five (45) days following the Tenant Access Date as a result of the fact that Substantial Completion of the Landlord's Work has not occurred on or before the Tenant Access Date for reasons other than Force Majeure Delay and/or Tenant Delay (any such period of delay in excess of forty-five (45) days to the extent not due to Force Majeure Delay and any Tenant Delay shall be referred to herein as the "**Extended Delivery Delay**"), then for each day of such Extended Delivery Delay, Tenant shall receive, in addition to the extension of the Scheduled Commencement Date, one (1) full day of credit against Monthly Rent and Parking Space Rental (and the amount of such credit shall not be reduced by the Rent Credit) to be applied against the Monthly Rent and Parking Space Rental first coming due under this Lease (the "**Extended Delivery Delay Rent Credit**"). As used herein, the term "**Force Majeure Delay**" shall mean any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, inability to obtain services, labor, or materials or reasonable substitutes therefor, governmental actions, civil commotions, fire or other casualty, and other causes beyond the reasonable control of Landlord, including any inability of Landlord to obtain building permits required in connection with the construction of the B Permit Work to the extent caused by a delay beyond the period of time customarily required for the issuance of similar permits for improvements of the nature and scope of the B Permit Work in the City of Los Angeles (and not related to the specific design of the B Permit Work or other matters being presented by Landlord).

c. Early Occupancy. Prior to the Commencement Date, Tenant shall have the right to commence business in the Premises provided that (A) Tenant shall give Landlord prior notice of any such occupancy of the Premises, (B) a certificate of occupancy, temporary certificate of occupancy, or its legal equivalent, shall have been issued by the appropriate governmental authorities for the Tenant Improvements and Landlord's Work, (C) Tenant has delivered to Landlord the Letter of Credit as required herein and (D) all of the terms and conditions of the Lease shall apply, other than Tenant's obligation to pay "Monthly Rent," "Operating Expenses" and "Tax Expenses" as those terms are defined in Article 5, and Article 7 below, as though the Commencement Date had occurred (although the Commencement Date shall not actually occur until the occurrence of the same pursuant to the terms of the Section 2.b, above) upon such occupancy of the Premises by Tenant.

d. Delay in Landlord Certificate of Occupancy. In the event that a temporary certificate of occupancy (or its equivalent) has not been issued with respect to Landlord's Work (other than the B Permit Work) (the "**Landlord CofO**") on or before the date (as such date shall be extended by virtue of Force Majeure Delay and/or any Tenant Delay, the "**Credit Start Date**") that is the later of (i) the Scheduled Commencement Date (as same may be extended as provided in Paragraph 3.b.iii. above or Section 3.1 of the Work Letter) and (ii) the date that Tenant has substantially completed the Tenant Improvements and has received a certificate of occupancy (or its equivalent) for the Tenant Improvements so that Tenant may commence the conduct of business operations from the Premises (provided that, if the reason that Tenant has not received such certificate of occupancy is that Landlord has not received the Landlord CofO, then the date in this item (ii) shall be the date Tenant has substantially completed the Tenant Improvements), then, in addition to the Extended Delivery Delay Rent Credit, Tenant shall receive a rent credit equal to one (1) day of Monthly Rent for each day during the period which commences on the first day following the Credit Start Date and ends on the date that a temporary certificate of occupancy (or its equivalent) has been issued with respect to Landlord's Work (other than the B Permit Work).

4. Condition of Premises. Except for Landlord's Work and the payment of the Tenant Improvement Allowance, and any continuing maintenance and repair obligations of Landlord under this Lease, Landlord shall have no obligation to construct or install any improvements to the Building and the other portions of the Premises or to remodel, renovate, recondition, alter or improve the Building and the other portions of the Premises in any manner, and, subject to Landlord's completion of the Landlord's Work, and any representations or warranties provided under this Lease, Tenant shall accept the Premises "as is" on the Tenant Access Date. Landlord and Tenant expressly agree that there are and shall be no implied warranties of merchantability, habitability, fitness for a particular purpose, or any other kind arising out of this Lease and there are and shall be no warranties that extend beyond the warranties expressly set forth in this Lease.

5. Monthly Rent.

a. Subject to the provisions of Subparagraph 5.e. below, commencing as of the Commencement Date, and continuing thereafter on or before the first day of each calendar month during the term hereof, Tenant shall pay to Landlord, as monthly rent for the Premises, the Monthly Rent specified in Schedule 1 attached hereto. If Tenant's obligation to pay Monthly

Rent hereunder commences on a day other than the first day of a calendar month, or if the term of this Lease terminates on a day other than the last day of a calendar month, then the Monthly Rent payable for such partial month shall be appropriately prorated on the basis of the number of days in such month. Except as specifically provided in this Lease, Monthly Rent, the Additional Rent specified in Paragraph 7 and the Parking Space Rental specified in Paragraph 53 below shall be paid by Tenant to Landlord, in advance, without deduction, offset, prior notice or demand, in immediately available funds of lawful money of the United States of America, or by good check as described below, to the lockbox location designated by Landlord, or to such other person or at such other place as Landlord may from time to time reasonably designate in writing. Payments made by check must be drawn either on a California financial institution or on a financial institution that is a member of the federal reserve system. At Tenant's option, Tenant shall have the right to pay any such amounts by wire transfer, and in such event Landlord shall promptly provide Tenant with appropriate wire instructions.

b. All amounts payable by Tenant to Landlord under this Lease, or otherwise payable in connection with Tenant's occupancy of the Premises, in addition to the Monthly Rent hereunder, Additional Rent under Paragraph 7 and the Parking Space Rental specified in Paragraph 53 below, shall constitute rent owed by Tenant to Landlord hereunder.

c. Any rent not paid by Tenant to Landlord within ten (10) days after notice that the same past due shall bear interest from the date due to the date of payment by Tenant at an annual rate of interest (the "**Interest Rate**") equal to the greater of (i) six percent (6%) per annum or (ii) the annual "Bank Prime Loan" rate cited in the Federal Reserve Statistical Release publication H.15(519), published weekly (or such other comparable index as Landlord and Tenant shall reasonably agree upon if such rate ceases to be published) plus two (2) percentage points (but in no event shall the Interest Rate exceed the maximum annual interest rate allowed by Legal Requirements); provided, however, Tenant shall not be required to pay said interest on the first late payment in any period of twelve (12) consecutive months, unless such payment remains unpaid for ten (10) days after written notice to Tenant.

d. No security or guaranty which may now or hereafter be furnished to Landlord for the payment of rent due hereunder or for the performance by Tenant of the other terms of this Lease shall in any way be a bar or defense to any of Landlord's remedies under this Lease or at law.

e. Rent Credit. During the period (the "**Rent Credit Period**") commencing on the first (1st) day of Lease Month 2 and ending on the last day of Lease Month 17, Tenant shall receive a credit each Lease Month in the amount of seventy-five percent (75%) of the Monthly Rent (the "**Rent Credit**") on account of the Monthly Rent payable under this Lease for each such Lease Month; provided, however, that during Rent Credit Period, Tenant shall be required to pay the full Additional Rent owing under Paragraphs 7.a. and 7.b. hereof, the Parking Space Rental specified in Paragraph 53 below and the remaining portion of the Monthly Rent owing for such Lease Month (i.e., twenty-five percent (25%) of the Monthly Rent each Lease Month) during such period. Landlord and Tenant acknowledge that the aggregate amount of the Monthly Rent that will be abated during the Rent Credit Period equals $626,506 per month for Lease Months 2-12 and $645,301 per month for Lease Months 13-17 for a total amount of $10,118,068 during the Rent Credit Period. Tenant acknowledges and agrees that the foregoing

Rent Credit has been granted to Tenant as additional consideration for entering into this Lease, and for agreeing to pay the Monthly Rent and perform the terms and conditions otherwise required under this Lease. Notwithstanding the foregoing, Tenant shall not be entitled to the Rent Credit during any period that an Event of Default is continuing hereunder.

6. Letter of Credit.

a. Letter of Credit. Tenant shall cause the "Bank" (as that term is defined below) to deliver to Landlord a letter of credit in the amount of Fifteen Million Four Hundred Forty-Eight Thousand and 0/100 Dollars ($15,448,000) (the "**Letter of Credit Amount**") naming Landlord as beneficiary (the "**Letter of Credit**") that complies in all respects with the requirements of this Paragraph 6 as follows: (1) within ten (10) Business Days following execution of this Lease, Tenant shall provide a Letter of Credit in the amount of Seven Million Seven Hundred Twenty-Four Thousand and 00/100 Dollars ($7,724,000) and (2) on or before the later of (x) February 15, 2017 and (y) the date that Tenant first requests payment of any Landlord's Allowance, Tenant shall cause Bank to amend such Letter of Credit to increase the amount of such Letter of Credit to the Letter of Credit Amount or provide a second Letter of Credit for the remaining balance of the Letter of Credit Amount (i.e., Seven Million Seven Hundred Twenty-Four Thousand and 00/100 Dollars ($7,724,000)). Notwithstanding the foregoing or anything herein to the contrary, at Tenant's option from time to time during the Term, Tenant may, pursuant to the procedures provided in Paragraph 6.j. below, provide a portion of the Letter of Credit Amount as a cash security deposit, or if after so doing, may elect to reduce the amount of cash security deposit and increase the Letter of Credit Amount, provided that such cash security deposit shall in no event exceed one (1) year's worth of Monthly Rent and Parking Space Rental then payable under this Lease. Any such cash security deposit shall be held and, as applicable applied by Landlord, as provided in Exhibit D-1 attached hereto. The Letter of Credit shall: (i) be issued by the Bank; (ii) be in the form attached hereto as Exhibit D-2 or such other form as approved by Landlord in its reasonable discretion; (iii) be irrevocable, unconditional and payable upon demand; (iv) be maintained in effect, whether through renewal or extension, for the period commencing on the date of this Lease and continuing until the date (the "**Letter of Credit Expiration Date**") that is no less than ninety (90) days following the expiration of the Lease term, or contains a provision that provides that the Letter of Credit shall be automatically renewed on an annual basis without amendment of the Letter of Credit unless the Bank delivers a written notice of cancellation to Landlord and Tenant at least sixty (60) days prior to the expiration of the Letter of Credit, without any action whatsoever on the part of Landlord; (v) be fully assignable, in whole but not in part, by Landlord to its successors and assigns or to lenders with an interest in the Premises; (vii) permit partial draws and multiple presentations and drawings, and (viii) be otherwise subject to the International Standby Practices-ISP 98, International Chamber of Commerce Publication #590. Tenant shall pay all expenses, points, and/or fees incurred by Tenant in obtaining the Letter of Credit. The term "**Bank**" referred to herein shall mean a commercial bank (1) that is acceptable to Landlord and is solvent, nationally recognized, and has a local San Francisco Bay Area or Los Angeles office which will negotiate or pay letters of credit (or, in lieu thereof, expressly provides for draw by facsimile or overnight courier), (2) which accepts deposits and maintains accounts, (3) that is chartered under the laws of the United States, any State thereof, or the District of Columbia, and which is insured by the Federal Deposit Insurance Corporation, and (4) which has a long term rating from Standard and Poor's Financial Services, LLC of not less than "BBB+" and a long

term rating from Moody's Investors Service, Inc. of not less than "A2" (or in the event such ratings are no longer available, a comparable rating from Standard and Poor's Professional Rating Service ("**S&P**") or Moody's Professional Rating Service ("**Moody's**") or such other rating service as is reasonably acceptable to Landlord) (collectively, the "**Bank's Credit Rating Threshold**"). Notwithstanding the foregoing, Landlord hereby agrees that Credit Suisse AG ("**Credit Suisse**"), if selected by Tenant, may be the Bank so long as Credit Suisse continues to have a long term rating from Standard and Poor's Financial Services, LLC of not less than "BBB+". If S&P or Moody's ceases to provide credit ratings as provided above on in Exhibit D-3, or if the rating systems of S&P or Moody's is otherwise renamed, revised, discontinued or superseded, the parties agree that S&P or Moody's, as applicable, will be sole judge of the comparability of successive ratings, but if no such rating agency supplies and designates a comparable rating, or if no succeeding rating system is published, then the credit ratings contained in this Paragraph 6 and Exhibit D-3 shall be based on a comparable rating system published by a responsible financial authority selected by Landlord. In addition, if a substantial change is made in the method used to calculate the credit ratings of S&P or Moody's, then, for the purposes of this Lease, the S&P or Moody's credit ratings contained herein shall be determined without giving effect to the new methods and Landlord shall adjust the S&P or Moody's credit ratings, as the case may be, in a commercially reasonable manner to effect the same results as if the S&P or Moody's credit ratings were calculated in the manner in effect as of the date hereof.

b. Landlord's Rights to Draw. Landlord, or its then authorized representatives, shall have the right to draw down an amount up to the face amount of the Letter of Credit if any of the following shall have occurred or be applicable: (i) such amount is due to Landlord under the terms and conditions of this Lease, and there is an existing Event of Default by Tenant as provided in Section 25, or there would be and Event of Default but for the giving of notice that Landlord is prohibited by law from issuing; (ii) the Lease has terminated prior to the expiration of the Lease term as a result of an Event of Default by Tenant; (iii) Tenant has filed a voluntary petition under the U. S. Bankruptcy Code or any state bankruptcy code (collectively, "**Bankruptcy Code**"); (iv) an involuntary petition has been filed against Tenant under the Bankruptcy Code (provided, however, if such petition is dismissed within sixty (60) days thereafter and no other Letter of Credit Draw Event then exists, Landlord shall cooperate to return as promptly as practical any amounts drawn by Landlord under the Letter of Credit in exchange for a new Letter of Credit); (v) the Lease has been rejected, or is deemed rejected, under Section 365 of the U.S. Bankruptcy Code, following the filing of a voluntary petition by Tenant under the Bankruptcy Code, or the filing of an involuntary petition against Tenant under the Bankruptcy Code; (vi) the Bank has notified Landlord that the Letter of Credit will not be renewed or extended through the Letter of Credit Expiration Date, and less than forty-five (45) days remain before the Letter of Credit Expiration Date; (vii) the Bank has failed to notify Landlord that the Letter of Credit will be renewed or extended on or before the date that is forty-five (45) days before the applicable Letter of Credit expiration date and, per the terms of the Letter of Credit, such failure to notify Landlord of renewal or extension will result in the automatic expiration of the Letter of Credit (in the case of (vi) or (vii), notwithstanding the foregoing, a Letter of Credit Draw Event shall not be deemed to have occurred as a result of such termination or expiration of the Letter of Credit if, on or before the date that is thirty (30) days before the applicable Letter of Credit expiration date, Tenant provides a replacement Letter of Credit that complies with the terms of this Paragraph 6 or, if the current Letter of Credit Amount does not exceed one (1) year's worth of Monthly Rent and Parking Space Rental then payable

under this Lease, Tenant elects in a written notice to Landlord to effectuate a Cash Draw Option as provided in Paragraph 6.j. below for the full Letter of Credit Amount); (viii) Tenant is placed into receivership or conservatorship, or becomes subject to similar proceedings under Federal or State law; (ix) Tenant executes an assignment for the benefit of creditors; or (x) if (1) any of the applicable ratings of the Bank have been reduced below the Bank's Credit Rating Threshold; or (2) there is otherwise a material adverse change in the financial condition of the Bank, and Tenant has failed to provide Landlord with a replacement letter of credit, conforming in all material respects to the requirements of this Paragraph 6 (including, but not limited to, the requirements placed on the issuing Bank more particularly set forth in Paragraph 6.a. above), in the amount of the applicable Letter of Credit Amount, within twenty (20) Business Days following Landlord's written demand therefor (with no other notice or cure or grace period being applicable thereto, notwithstanding anything in this Lease to the contrary) (each of the foregoing being an "**Letter of Credit Draw Event**"). The Letter of Credit shall be honored by the Bank regardless of whether Tenant disputes Landlord's right to draw upon the Letter of Credit. In addition, in the event the Bank is placed into receivership or conservatorship by the Federal Deposit Insurance Corporation, any state regulator, or any successor or similar entity, then, effective as of the date such receivership or conservatorship occurs, said Letter of Credit shall be deemed to fail to meet the requirements of this Paragraph 6, and, within twenty (20) Business Days following Landlord's notice to Tenant of such receivership or conservatorship (the "**Letter of Credit FDIC Replacement Notice**"), Tenant shall replace such Letter of Credit with a substitute letter of credit from a different commercial bank (which commercial bank shall meet or exceed the Bank's Credit Rating Threshold and shall otherwise be acceptable to Landlord) and that complies in all material respects with the requirements of this Paragraph 6. If Tenant fails to replace such Letter of Credit with such conforming, substitute letter of credit or cash security deposit pursuant to the terms and conditions of Paragraph 6.a., hereof, then, notwithstanding anything in this Lease to the contrary, Landlord shall have the right to declare Tenant in default of this Lease for which there shall be no notice or grace or cure periods being applicable thereto (other than the aforesaid twenty (20) Business Day period). Tenant shall have the right, at any time upon no less than ten (10) Business Days' notice to Landlord, to voluntarily replace the Letter of Credit with a new Letter of Credit that complies with terms and conditions of this Paragraph 6, in which event Landlord shall cooperate with Tenant to return the prior Letter of Credit to Tenant following Landlord's receipt of the new Letter of Credit. Tenant shall be responsible for the payment of any and all reasonable, out-of-pocket, third party costs incurred by Landlord relating to the review of any replacement Letter of Credit (including, without limitation, Landlord's reasonable attorneys' fees), which replacement is required pursuant to this Paragraph 6 or is otherwise requested by Tenant, and such attorney's fees shall be payable by Tenant to Landlord within ten (10) days of billing. In the event of an assignment by Tenant of its interest in the Lease (and irrespective of whether Landlord's consent is required for such assignment), the acceptance of any replacement or substitute letter of credit by Landlord from the assignee shall be subject to Landlord's prior written approval, in Landlord's reasonable discretion, and the reasonable attorney's fees incurred by Landlord in connection with such determination shall be payable by Tenant to Landlord within ten (10) Business Days of billing. Within five (5) Business Days following Tenant's receipt of a written notice from Landlord, Tenant shall cause the Bank to deliver written confirmation to Landlord of the renewal or extension of the Letter of Credit (unless the Bank has previously notified Landlord in writing that it shall not be renewing or extending the Letter of Credit), or if so requested by Landlord, Tenant shall facilitate Landlord's direct communication with the Bank in order that Landlord may immediately confirm such renewal or extension directly with the Bank.

c. Application of Letter of Credit Proceeds. Tenant hereby acknowledges and agrees that Landlord is entering into this Lease in material reliance upon the ability of Landlord to draw upon the Letter of Credit upon the occurrence of any Letter of Credit Draw Event and apply the proceeds of the Letter of Credit in accordance with this Paragraph 6. In the event of any Letter of Credit Draw Event, Landlord may, but without obligation to do so, and without notice to Tenant (except in connection with an Letter of Credit Draw Event under Paragraph 6.b.(x) above), draw upon the Letter of Credit, in part or in whole, and apply the proceeds of the Letter of Credit to cure any such Letter of Credit Draw Event and/or to compensate Landlord for any and all damages or losses of any kind or nature sustained or which Landlord reasonably estimates that it will sustain resulting from Tenant's breach or default of the Lease or other Letter of Credit Draw Event and/or to compensate Landlord for any and all damages or losses arising out of, or incurred in connection with, the termination of this Lease, including, without limitation, those specifically identified in this Lease and Section 1951.2 of the California Civil Code. The use, application, or retention of the Letter of Credit proceeds, or any portion thereof, by Landlord shall not prevent Landlord from exercising any other right or remedy provided by this Lease or by any Legal Requirements, it being intended that Landlord shall not first be required to proceed against the Letter of Credit, and such Letter of Credit or the proceeds thereof shall not operate as a limitation on any recovery to which Landlord may otherwise be entitled and shall not constitute a waiver of any other rights of Landlord. Notwithstanding the foregoing, any unapplied portion of the proceeds of the Letter of Credit shall be returned to Tenant, or, at Landlord's option, to the last assignee of Tenant's interest hereunder, within sixty (60) days following the expiration of the term of this Lease so long as this Lease was not terminated as a result of an Event of Default or other early termination due to a bankruptcy or insolvency of Tenant (and, if this Lease was terminated prior to the scheduled expiration date due to an Event of Default or due to a bankruptcy or insolvency of Tenant, then any unapplied portion of the proceeds of the Letter of Credit shall be returned within sixty (60) days following the final, non-appealable decision of a court of competent jurisdiction of the amounts owing to Landlord under this Lease as a result thereof and Tenant’s right, if any, to the refund of any unapplied portion of the proceeds of the Letter of Credit). No condition or term of this Lease shall be deemed to render the Letter of Credit conditional to justify the issuer of the Letter of Credit in failing to honor a drawing upon such Letter of Credit in a timely manner. Tenant agrees and acknowledges that: (i) the Letter of Credit constitutes a separate and independent contract between Landlord and the Bank; (ii) Tenant is not a third party beneficiary of such contract; (iii) Tenant has no property interest whatsoever in the Letter of Credit or the proceeds thereof; (iv) Tenant has no right to assign or encumber the Letter of Credit or any part thereof and neither Landlord nor its successors or assigns will be bound by any such assignment, encumbrance, attempted assignment or attempted encumbrance; and (v) in the event Tenant becomes a debtor under any chapter of the Bankruptcy Code, Tenant is placed into receivership or conservatorship, there is an event of a receivership, conservatorship, bankruptcy filing by, or on behalf of, Tenant, or Tenant executes an assignment for the benefit of creditors, neither Tenant, any trustee, receiver, conservator, assignee, nor Tenant's bankruptcy estate shall have any right to restrict or limit Landlord's claim or rights to the Letter of Credit or the proceeds thereof by application of Section 502(b)(6) of the U. S. Bankruptcy Code, any similar State or federal law, or otherwise.

d. Reductions in the Letter of Credit Amount.

i. Notwithstanding the foregoing, however, provided that no Event of Default (or breach under this Lease where there exist circumstances under which Landlord is enjoined or otherwise prevented by operation of law from giving to Tenant a written notice which would be necessary for such failure of payment to constitute a default) is then in effect, then the Letter of Credit Amount shall be subject to reduction as provided in Exhibit D-3 attached hereto. At such time as the Letter of Credit Amount is reduced to zero Landlord shall promptly return the Letter of Credit to Tenant. If an Event of Default exists as of any of the date that Tenant would otherwise be entitled to a reduction in the Letter of Credit Amount, then the Letter of Credit Amount shall not be so reduced until such Event of Default is fully cured.

ii. Each time the Letter of Credit Amount is adjusted pursuant to this Paragraph 6.d., Tenant shall cause a new Letter of Credit to be issued for the adjusted Letter of Credit Amount or an amendment to the existing Letter of Credit, in either case complying with all of the requirements of this Paragraph 6. Landlord shall cooperate in a commercially reasonable manner with Tenant upon Tenant's request to replace or amend the then existing Letter of Credit to reflect the adjusted Letter of Credit Amount; provided, however, in no event shall any reduction of the Letter of Credit Amount be construed as an admission by Landlord that Tenant has performed all of its covenants and obligations hereunder.

e. Transfer and Encumbrance. The Letter of Credit shall also provide that Landlord may, at any time and without notice to Tenant and without first obtaining Tenant's consent thereto, transfer (one or more times) its interest in and to the Letter of Credit to another party that purchases Landlord's interest in this Lease or the holder of Superior Interest (as defined in Paragraph 22 below). In the event of a transfer of Landlord's interest in this Lease, Landlord shall transfer the Letter of Credit, in whole and not in part, to the transferee and upon such transfer and such transferee's assumption of same, Landlord shall, without any further agreement between the parties, be released by Tenant from all liability therefor, and it is agreed that the provisions hereof shall apply to every transfer or assignment of the whole of said Letter of Credit to a new landlord. In connection with any such transfer of the Letter of Credit by Landlord, Tenant shall, at Tenant's sole cost and expense, execute and submit to the Bank such applications, documents and instruments as may be necessary to effectuate such transfer, and Tenant shall be responsible for paying the Bank's transfer and processing fees in connection therewith, provided that Landlord shall have the right (in its sole discretion), but not the obligation, to pay such fees on behalf of Tenant, in which case Tenant shall reimburse Landlord within thirty (30) days after Tenant's receipt of an invoice from Landlord therefor.

f. Letter of Credit Not a Security Deposit. Landlord and Tenant: (i) acknowledge and agree that in no event or circumstance shall the Letter of Credit, any renewal or substitute therefor or any proceeds thereof be deemed to be or treated as a "security deposit" under any law applicable to security deposits in the commercial context, including, but not limited to, Section 1950.7 of the California Civil Code, as such Section now exists or as it may be hereafter amended or succeeded (the "Security Deposit Laws"); (ii) acknowledge and agree that the Letter of Credit (including any renewal thereof or substitute therefor or any proceeds thereof) is not intended to serve as a security deposit, and the Security Deposit Laws shall have no applicability or relevancy thereto; and (iii) waive any and all rights, duties and obligations

that any such party may now, or in the future will, have relating to or arising from the Security Deposit Laws. Tenant hereby irrevocably waives and relinquishes the provisions of Section 1950.7 of the California Civil Code and any successor statute, and all other provisions of law, now or hereafter in effect, which (x) establish the time frame by which a landlord must refund a security deposit under a lease, and/or (y) provide that a landlord may claim from a security deposit only those sums reasonably necessary to remedy defaults in the payment of rent, to repair damage caused by a tenant or to clean the premises, it being agreed that Landlord may, in addition, claim those sums specified in this Paragraph 6 and/or those sums reasonably necessary to (a) compensate Landlord for any loss or damage caused by Tenant's breach of this Lease, including any damages Landlord suffers following termination of this Lease, and/or (b) compensate Landlord for any and all damages arising out of, or incurred in connection with, the termination of this Lease, including, without limitation, those specifically identified in Section 1951.2 of the California Civil Code.

g. Non-Interference By Tenant. Tenant agrees not to interfere in any way with any payment to Landlord of the proceeds of the Letter of Credit, either prior to or following a "draw" by Landlord of all or any portion of the Letter of Credit, regardless of whether any dispute exists between Tenant and Landlord as to Landlord's right to draw down all or any portion of the Letter of Credit. No condition or term of this Lease shall be deemed to render the Letter of Credit conditional and thereby afford the Bank a justification for failing to honor a drawing upon such Letter of Credit in a timely manner. Tenant shall not request or instruct the Bank to refrain from paying sight draft(s) drawn under such Letter of Credit.

h. Waiver of Certain Relief. Tenant unconditionally and irrevocably waives (and as an independent covenant hereunder, covenants not to assert) any right to claim or obtain any of the following relief in connection with the Letter of Credit:

i. A temporary restraining order, temporary injunction, permanent injunction, or other order that would prevent, restrain or restrict the presentment of sight drafts drawn under the Letter of Credit or the Bank's honoring or payment of sight draft(s); or

ii. Any attachment, garnishment, or levy in any manner upon either the proceeds of the Letter of Credit or the obligations of the Bank (either before or after the presentment to the Bank of sight drafts drawn under such Letter of Credit) based on any theory whatever.

i. Remedy for Improper Drafts. Tenant acknowledges that Landlord's draw against the Letter of Credit, application or retention of any proceeds thereof, or the Bank's payment under such Letter of Credit, could not, under any circumstances, cause Tenant injury that could not be remedied by an award of money damages, and that the recovery of money damages would be an adequate remedy therefor.

j. Procedures for Replacing Letter of Credit with Cash Security Deposit.

i. If Tenant elects to provide a cash security deposit in lieu of all or a portion of the Letter of Credit Amount (a "**Cash Swap**"), then such Cash Swap shall be effectuated pursuant to one of the following procedures:

(A) If Tenant so requests in writing, Landlord may draw upon the existing Letter of Credit so that Landlord holds cash in an amount sufficient to effectuate such Cash Swap (the "**Cash Draw Option**"). Landlord shall retain such amounts as a cash security deposit, which cash security deposit shall be held and, as applicable applied by Landlord, as provided in Exhibit D-1 attached hereto.

(B) Unless Tenant elects the Cash Draw Option, then Landlord may, at Landlord's option, delay the effective date of such Cash Swap for a period of up to ninety (90) days plus two (2) Business Days (the "**Preference Protection Period**") from the date that Tenant has provided Landlord with the replacement cash security deposit (the "**New Security**"). During the Preference Protection Period, Landlord shall retain all its existing rights with respect to the existing Letter of Credit, Landlord shall be deemed to be holding the New Security in trust, and shall have no right to draw upon or apply such amounts to any default or other amounts owed by Tenant to Landlord, regardless of any default by Tenant under this Lease, or any termination of the Lease, or any bankruptcy of Tenant, or for any other reason and shall only look to the existing Letter of Credit (and/or, if applicable, Cash Security Deposit) in effect as of such date. During the Preference Protection Period, Landlord shall have the absolute right to draw the existing Letter of Credit in effect as of such date to the same extent as if the New Security had not been delivered to Landlord. Without limiting the generality of the foregoing, in the event that prior to the expiration of the Preference Protection Period, a Letter of Credit Draw Event occurs (including, but not limited to, due to the expiration date of the existing Letter of Credit being within the forty-five (45) day period set forth in clauses (vi) or (vii) of Paragraph 6.b. above and Tenant has failed to timely provide a replacement Letter of Credit or elect a Cash Draw Option as provided in said Paragraph 6.b.), then Landlord shall have the absolute right to draw the existing Letter of Credit in effect as of such date. In the event that this Lease terminates prior to the expiration of the Preference Protection Period, Landlord shall immediately return the New Security to Tenant. Upon the expiration of the Preference Protection Period, the New Security shall be deemed to be a part of the cash security deposit and Landlord shall either (1) in the event that the New Security is being provided as a partial replacement of the existing Letter of Credit, reduce and promptly return the applicable portion of the Letter of Credit previously held by Landlord to Tenant or (2) in the event that the New Security is being provided as a full replacement of the existing Letter of Credit, return the existing Letter of Credit to Tenant.

ii. Notwithstanding anything contained herein to the contrary, the procedures set forth Paragraph 6.j.i. shall not be applicable to the circumstances where (A) Tenant is replacing an existing Letter of Credit with a new Letter of Credit, (B) Tenant is replacing a cash security deposit then held by Landlord hereunder with a new Letter of Credit or (C) Tenant is simply amending an existing Letter of Credit (e.g., amending such Letter of Credit to modify the Letter of Credit Amount).

7. Additional Rent: Increases in Operating Expenses and Tax Expenses.

a. Operating Expenses.

i. Tenant shall pay to Landlord, at the times hereinafter set forth, Tenant's Share, as specified in Paragraph 2.e. above, of the Operating Expenses (as defined below) incurred by Landlord in each calendar (or portion thereof) during the Lease term. The

amounts payable under this Paragraph 7.a. and Paragraph 7.b. below are termed "**Additional Rent**" herein. The term "**Operating Expenses**" shall mean the total costs and expenses incurred by Landlord to the extent performed directly by or managed by Landlord, and subject to the terms of Paragraph 17.g, below, in connection with the management, operation, maintenance and repair of the Premises (including, without limitation, the Parking Structure), including, without limitation, the following costs: (1) salaries, wages, bonuses and other compensation (including hospitalization, medical, surgical, retirement plan, pension plan, union dues, life insurance, including group life insurance, welfare and other fringe benefits, and vacation, holidays and other paid absence benefits) relating to employees of Landlord or its agents (at or below the function of Building manager) engaged in the operation, repair, or maintenance of the Premises (which, for employees working for other properties in addition to the Premises, shall be allocated proportionately to reflect the time spent working in connection with the Premises); (2) payroll, social security, workers' compensation, unemployment and similar taxes with respect to such employees of Landlord or its agents (at or below the function of general Building manager), and the cost of providing disability or other benefits imposed by law or otherwise, with respect to such employees (which, for employees working for other properties in addition to the Premises, shall be allocated proportionately to reflect the time spent working in connection with the Premises); (3) the cost of uniforms (including the cleaning, replacement and pressing thereof) provided to such employees; (4) premiums and other charges incurred by Landlord with respect to fire, other casualty, rent and liability insurance, any other insurance as is deemed necessary or advisable in the reasonable judgment of Landlord, or any insurance reasonably required by the holder of any Superior Interest (as defined in Paragraph 21 below), and costs of repairing an insured casualty to the extent of the deductible amount under the applicable insurance policy (provided that such deductible amounts included in Operating Expenses shall not exceed $1.00 per rentable square foot of the Premises in any year); (5) water charges and sewer rents or fees to the extent not paid directly by Tenant to the applicable utility; (6) license, permit and inspection fees, if any; (7) sales, use and excise taxes on goods and services purchased by Landlord in connection with the operation, maintenance or repair of the Premises and building systems and equipment; (8) Intentionally Deleted; (9) management fees and expenses as provided in Section 17.g (the "**Property Management Fee**"); (10) costs of repairs to and maintenance of the Premises, including building systems and appurtenances thereto and normal repair and replacement of worn-out equipment, facilities and installations except to the extent such expenses constitute a Capital Repair/Replacement (as defined below); (11) fees and expenses for janitorial, window cleaning, guard, extermination, water treatment, rubbish removal, plumbing and other services and inspection or service contracts for elevator, electrical, mechanical, HVAC and other building equipment and systems or as may otherwise be necessary or proper for the operation, repair or maintenance of the Premises; (12) costs of supplies, tools, materials, and equipment used in connection with the operation, maintenance or repair of the Premises; (13) accounting, legal and other professional fees and expenses (excluding fees and expenses incurred in connection with the negotiation of this Lease or any disputes with Tenant regarding this Lease); (14) fees and expenses for painting the exterior of the Building and other portions of the Premises and the cost of maintaining the sidewalks, landscaping and other exterior portions of the Premises; (15) costs and expenses for electricity, chilled water, air conditioning, water for heating, gas, fuel, steam, heat, lights, power and other energy related utilities required in connection with the operation, maintenance and repair of the Premises; (16) the cost of any capital improvements made by Landlord to the Premises or capital assets acquired by Landlord

in order to comply with any local, state or federal law, ordinance, rule, regulation, code or order of any governmental entity (including, without limitation, all building codes, requirements or restrictions imposed on the Building given its status as a historical landmark/building) or insurance requirement or requirement of any covenants or restrictions of record encumbering the Premises (collectively, "**Legal Requirement**") with which the Premises was not required to comply as of the Commencement Date, or to comply with any amendment or other change to the enactment or interpretation of any Legal Requirement from its enactment or interpretation as of the Commencement Date ("**Allowed Capital Improvement Items**"); (18) the cost of landscaping; (19) the cost of Building office rent or rental value, if any, and the cost of personal property utilized by Landlord in the maintenance, repair and management of the Premises; and (20) any expenses and costs resulting from substitution of work, labor, material or services in lieu of any of the above itemizations, or for any additional work, labor, services or material resulting from compliance with any Legal Requirement applicable to the Premises or any parts thereof. Notwithstanding the foregoing, Allowed Capital Improvement Items shall be amortized over the reasonable useful life of the improvement or addition (or, with respect to Allowed Capital Improvement Items included under item (C) above, their recovery/payback period as Landlord shall reasonably determine in accordance with sound real estate management and accounting principles), with interest on the unamortized balance at a rate per annum equal to the lesser of (x) the annual "Bank Prime Loan" rate cited in the Federal Reserve Statistical Release Publication H.15(519), published weekly (or such other comparable index as Landlord and Tenant shall reasonably agree upon if such rate ceases to be published), plus four (4) percentage points, and (y) the highest rate permitted by applicable law. If the Premises is or becomes subject to any covenants, conditions or restrictions, reciprocal easement agreement, common area declaration or similar agreement, then Operating Expenses shall include all fees, costs or other expenses allocated to the Premises under such agreement, provided that Landlord shall not, without first obtaining the prior written consent of Tenant, enter into any such agreement after the date hereof that would impose additional costs or obligations on Tenant, or reduce Tenant's rights under this Lease, or Tenant's use of the Premises. As used herein, the term "**Capital Repair/Replacement**" shall mean any item of repair or replacement which, under sound real estate accounting principles, would be properly classified as a capital expenditure and which costs in excess of Fifty Thousand Dollars ($50,000).

ii. Operating Expenses shall not include the following:

(1) costs incurred in connection with Landlord's redevelopment of the Premises, including any costs of Landlord's Work, or in connection with any new capital improvements to the Premises, such as adding or deleting floors, except for Allowed Capital Improvement Items;

(2) except as permitted in connection with Allowed Capital Improvement Items and/or Capital Repair/Replacements, any depreciation, interest or principal payments on mortgages or other debt costs;

(3) marketing costs, advertising and promotional expenses, and brokerage fees incurred in connection with the development, subsequent improvement, or original or future leasing of the Premises;

(4) costs for which the Landlord is reimbursed, or would have been reimbursed if Landlord had carried the insurance Landlord is required to carry pursuant to this Lease;

(5) any bad debt loss, rent loss, or reserves for bad debts or rent loss or any reserves of any kind;

(6) costs associated with the operation of the business of the partnership or entity which constitutes the Landlord, as the same are distinguished from the costs of operation of the Premises, including partnership accounting and legal matters, costs of defending any lawsuits with any mortgagee (except as the actions of the Tenant may be in issue), costs of selling, syndicating, financing, mortgaging or hypothecating any of the Landlord's interest in the Premises, and costs incurred in connection with any disputes between Landlord and its employees, or between Landlord and its property manager;

(7) the wages and benefits of any employee who does not devote substantially all of his or her employed time to the Premises unless such wages and benefits are prorated to reflect time spent on operating and managing the Premises vis-à-vis time spent on matters unrelated to operating and managing the Premises; provided, that in no event shall Operating Expenses for purposes of this Lease include wages and/or benefits attributable to personnel above the level of senior property manager;

(8) subject to Paragraph 17.g.iii, below, rent for any office space occupied by Premises management personnel;

(9) late charges, penalties, liquidated damages, interest and other finance charges;

(10) amount paid as ground rental or as rental for the Premises by the Landlord or under any mortgage or secured loan agreement;

(11) costs of new capital improvements or capital assets except for Allowed Capital Improvement Items;

(12) any cost that constitutes a Capital Repair/Replacement, or any cost of repair or replacement of the structural portions of the Building or the Parking Structure (including exterior walls, roof structure, foundation and core of the Building);

(13) any amount paid by Landlord or to the parent organization or a subsidiary or affiliate of the Landlord for supplies and/or services in the Premises to the extent the same exceeds the costs of such supplies and/or services rendered by qualified, first-class unaffiliated third parties on a competitive basis;

(14) rentals and other related expenses incurred in leasing air conditioning systems, elevators or other equipment which if purchased the cost of which would be specifically excluded from Operating Expenses as provided herein, except equipment not affixed to the Premises which is used for normal maintenance or similar services;

(15) all items and services for which Tenant or any third party reimburses Landlord, provided that Landlord shall use commercially reasonable efforts to collect such reimbursable amounts;

(16) costs, other than those incurred in ordinary maintenance and repair, for sculpture, paintings, fountains or other objects of art;

(17) tax penalties;

(18) fees and reimbursements payable to Landlord (including its parent organization, subsidiaries and/or affiliates) or by Landlord for management of the Premises which exceed the Property Management Fee;

(19) any costs expressly excluded from Operating Expenses elsewhere in this Lease;

(20) Landlord's general corporate overhead and general and administrative expenses;

(21) all assessments and premiums which are not specifically charged to Tenant because of what Tenant has done, which can be paid by Landlord in installments, shall be paid by Landlord in the maximum number of installments permitted by law (except to the extent inconsistent with the general practice of landlords of buildings comparable to and in the vicinity of the Building) and shall be included as Operating Expenses in the year in which the assessment or premium installment is actually paid;

(22) costs arising from the gross negligence or willful misconduct of Landlord;

(23) the cost of any penalties or fees, and costs of any abatement, removal, or other remedial activities with respect to Hazardous Materials (as defined in Paragraph 9.c. below).

(24) in-house legal and/or accounting (as opposed to office building bookkeeping) fees;

(25) legal fees and costs, settlements, judgments or awards paid or incurred because of disputes between Landlord and Tenant or Landlord and providers of goods and services to the Premises;

(26) legal fees and costs concerning the negotiation and preparation of this Lease or any litigation between Landlord and Tenant;

(27) any reserves retained by Landlord;

(28) costs arising from Landlord's charitable or political contributions;

(29) any finders' fees, brokerage commissions, job placement costs or job advertising cost;

(30) the cost of any training or incentive programs, other than for tenant life safety information services; and

(31) all costs of Landlord's Work, including without limitation, development fees payable to the City of Los Angeles or other governing entities, the cost of changes in zoning or use permits, the cost of off-site improvements, street dedication or street widening required by applicable governing entities, Mello-Roos assessments (specifically allocable to the development of Landlord's Work), and permits for Base Building construction;

(32) costs of acquisition and/or development of adjacent properties.

b. Tax Expenses. Tenant shall pay to Landlord as Additional Rent under this Lease, at the times hereinafter set forth, Tenant's Share, as specified in Paragraph 2.e. above, of the Tax Expenses incurred by Landlord during each calendar year during the Lease term.

i. The term "**Tax Expenses**" shall mean all taxes, assessments (whether general or special), excises, transit charges, housing fund assessments or other housing charges, improvement districts, levies or fees, ordinary or extraordinary, unforeseen as well as foreseen, of any kind, which are assessed, levied, charged, confirmed or imposed on the Premises, on Landlord with respect to the Premises, on the act of entering into leases of space in the Premises, on the use or occupancy of the Premises or any part thereof, with respect to services or utilities consumed in the use, occupancy or operation of the Premises, on any improvements, fixtures and equipment and other personal property of Landlord located in the Premises and used solely in connection with the operation of the Premises, or on or measured by the rent payable under this Lease or in connection with the business of renting space in the Premises, including, without limitation, any gross receipts tax or excise tax levied with respect to the receipt of such rent, by the United States of America, the State of California, the County of Los Angeles, the City of Los Angeles, any political subdivision, public corporation, district or other political or public entity or public authority having taxing authority, and shall also include any other tax, fee or other excise, however described, which may be levied or assessed in lieu of, as a substitute (in whole or in part) for, or as an addition to, any other Tax Expense, provided, that any such substitute taxes shall be calculated as if the Premises were the sole property owned by Landlord. Tax Expenses shall include reasonable attorneys' and professional fees, costs and disbursements incurred in connection with proceedings to contest, determine or reduce Tax Expenses, but not in excess of any reduction actually achieved by such contest, determination or reduction.

ii. Notwithstanding the foregoing, Tax Expenses shall not include (i) any franchise taxes, gift taxes, capital stock taxes, inheritance and succession taxes, estate taxes, mortgage, mortgage recording, unincorporated business, payroll, transfer, sales or profit tax, fee or charge, capital levy, federal and state net income taxes, and other taxes to the extent applicable to Landlord's net income (as opposed to rents, receipts or income attributable to operations at the Premises), (ii) any taxes paid by Tenant pursuant to the provisions of Paragraph

18 below, or (iii) any fines or penalties resulting from Landlord's failure to timely pay any taxes or assessments when due. In addition, if, as a result of any contest or otherwise, any rebate or refund of Tax Expenses is received, Tenant shall be entitled to Tenant's Share thereof (after deducting reasonable and customary expenses of achieving such rebate or refund not previously passed through as a Tax Expense) to the extent such rebate or refund is applicable to Tax Expenses arising during the Lease term. Any assessments and special assessments included in the Tax Expenses which may be paid in installments shall be deemed payable in the maximum number of installments permitted by Legal Requirements without incurring any penalties, and only such installment(s) as are payable within any calendar year shall be included in the Tax Expenses for such calendar year for the purposes of this Lease.

c. Right to Cause Landlord to Contest. If Landlord elects not to file, or not later than sixty (60) days prior to the bar date for filing, fails to file, a contest or appeal with respect to Tax Expenses payable for any tax year following the fiscal tax year ending June 30, 2016, then Tenant shall have the right to require Landlord to file said contest or appeal pursuant to the terms of this Paragraph 7.d. Any such election by Tenant to cause Landlord to file and pursue a contest or appeal of Tax Expenses for any tax year must be made by written notice given by Tenant no later than sixty (60) days prior to the last date on which such Tax Expenses may be appealed or protested (and then only if Landlord has not previously commenced its appeal or protest of the subject Tax Expenses). Any such contest or appeal shall be conducted diligently and in good faith by Landlord; provided, however, that Landlord shall provide Tenant status updates upon request with respect to such contest or appeal. Tenant shall pay to Landlord one hundred percent (100%) of Landlord's costs in connection with proceedings to contest, determine or reduce Tax Expenses (including, without limitation, reasonable attorneys' and professional fees, costs and disbursements) requested by Tenant under this Paragraph 7.d., less the amount of the savings in Tax Expenses, if any, ultimately resulting from such proceedings, within thirty (30) days following written demand from Landlord. Notwithstanding anything contained herein to the contrary, in the event that any contest or appeal requested by Tenant pursuant to this Paragraph 7.d. results in an increase in Tax Expenses over what such Tax Expenses would have been had the contest or appeal not been pursued at Tenant's request, then Tenant shall bear one hundred percent (100%) of the amount of such increase in Tax Expenses for the entire Premises (which amounts shall be paid by Tenant to Landlord no later than thirty (30) days following written demand (or such earlier date that such increased amount is owed to the applicable taxing authority). Tenant's rights under this Paragraph 7.d. are personal to, and only may only be exercised by, the Tenant originally named herein, WMG Acquisition Corp., or any Affiliate to whom this Lease has been assigned or the Premises subleased in accordance with Paragraph 13.h. below (collectively, "**Original Tenant**") and shall not inure to the benefit of any other assignee or subtenant of Tenant. In addition, Tenant's rights under this Paragraph 7.d. shall terminate, at Landlord's option, if (i) an Event of Default exists as of the date of Tenant's exercise of its rights under this Paragraph 7.d., (ii) this Lease expires or is terminated in accordance with the provisions of this Lease, (iii) Tenant assigns its interest in this Lease other than to an Affiliate, or (iv) Original Tenant ceases to lease from Landlord at least seventy percent (70%) of the rentable square footage of the Building.

d. Intention Regarding Expense Pass-Through. It is the intention of Landlord and Tenant that, except as specifically provided herein, the Monthly Rent paid to Landlord throughout the term of this Lease shall be absolutely net of Tax Expenses and Operating Expenses, and the foregoing provisions of this Paragraph 7 are intended to so provide.

e. Notice and Payment. On or before the first day of each calendar year during the term hereof, or as soon as practicable thereafter, Landlord shall give to Tenant notice of Landlord's estimate of the Additional Rent, if any, payable by Tenant pursuant to Paragraphs 7.a. and 7.b. for such calendar year. On or before the first day of each month during each such subsequent calendar year, Tenant shall pay to Landlord one-twelfth (1/12th) of the estimated Additional Rent; provided, however, that if Landlord's notice is not given prior to the first day of any calendar year Tenant shall continue to pay Additional Rent on the basis of the prior year's estimate until the month after Landlord's notice is given. If at any time it appears to Landlord that the Additional Rent payable under Paragraphs 7.a. and/or 7.b. will vary from Landlord's estimate by more than five percent (5%), Landlord may, by written notice to Tenant, revise its estimate for such year, and subsequent payments by Tenant for such year shall be based upon the revised estimate. As of the monthly payment date first occurring thirty (30) days after any new estimate is delivered to Tenant, Tenant shall also pay any accrued cost increases, based on such new estimate.

f. Annual Accounting. Within one hundred fifty (150) days after the close of each calendar year, or as soon after such one hundred fifty (150)-day period as practicable, Landlord shall deliver to Tenant a statement ("**Landlord's Statement**") of the Additional Rent payable under Paragraphs 7.a. and 7.b. for such year (and such statement shall be accompanied by copies of the applicable tax bills or other evidence showing the Tax Expenses or tax assessments). If the annual statement shows that Tenant's payments of Additional Rent for such calendar year exceeded Tenant's obligations for the calendar year, Landlord shall credit the excess to the next succeeding installments of estimated Additional Rent. If the annual statement shows that Tenant's payments of Additional Rent for such calendar year were less than Tenant's obligation for the calendar year, Tenant shall pay the deficiency to Landlord within thirty (30) days after delivery of such statement. Even though the Lease term has expired and Tenant has vacated the Premises, when the final determination is made regarding Additional Rent for the calendar year in which this Lease terminated, the foregoing procedure shall continue to apply, except that, if Tenant overpaid Additional Rent for the calendar year in which the Lease term expired, Landlord shall promptly refund to Tenant the overpaid amount.

g. Proration for Partial Lease Year. If this Lease commences on a day other than the first day of a calendar year or terminates on a day other than the last day of a calendar year, the Additional Rent payable by Tenant pursuant to this Paragraph 7 applicable to the such partial calendar year shall be prorated on the basis that the number of days of such partial calendar year bears to three hundred sixty (360).

h. Tenant's Right to Audit. If Tenant wishes to audit Landlord's Statement, Tenant shall give Landlord written notice of such dispute within three hundred sixty-five (365) days after Tenant's receipt of Landlord's Statement. If Tenant does not give Landlord such notice within such time, Tenant shall have waived its right to audit or otherwise dispute Landlord's Statement. If Tenant has provided such audit notice within such three hundred sixty-five (365)

day period after Tenant's receipt of Landlord's Statement for a particular year, Tenant shall have the right to cause an independent certified public accountant or reputable lease audit specialist designated by Tenant, to be paid on an hourly and not a contingent fee basis, to audit such Landlord's Statement subject to the following: (i) Tenant must actually begin such audit within sixty (60) days after the notice from Tenant to Landlord advising Landlord that Tenant will require an audit (provided that such 30-day period within which the audit must be commenced shall be extended by the length of any delay in the commencement of the audit that is caused by Landlord) and (ii) Tenant shall diligently pursue such audit to completion as quickly as reasonably possible (and shall in any event complete such audit within ninety (90) days after the date such audit was commenced (provided that such 90-day period within which the audit must be completed shall be extended by the length of any delay in the completion of the audit that is caused by Landlord)). Landlord agrees to make available to Tenant's auditors, at Landlord's office (or Landlord's property manager's office) where such records are kept, at reasonable times and for a reasonable period of time, the books and records relevant to the audit for review and copying, but such books and records may not be removed from Landlord's offices. Tenant shall bear all costs of such audit, including Landlord's actual copying costs and personnel costs, if any incurred in connection with such audit (provided that, prior to incurring any personnel costs in connection with any such audit, Landlord shall advise Tenant of Landlord's anticipated personnel costs so that Tenant may, at Tenant's option, modify Tenant's activities with regard to such audit in order to preclude the need for Landlord to incur such personnel costs). If following Tenant's review of such audit, Tenant disputes any amounts set forth in Landlord's Statement, Landlord and Tenant shall endeavor in good faith to resolve such dispute. If Landlord and Tenant do not reach agreement within thirty (30) days after the completion of Tenant's review of such audit, and if the amount in dispute exceeds $25,000, then either Landlord or Tenant may submit the matter to an independent, third party accountant, with experience in reviewing expenses for commercial office projects, mutually and reasonably agreed upon by Landlord and Tenant (the "**Neutral Accountant**"), to make a final binding determination of the amounts owed by Tenant under the applicable Landlord's Statement, and the decisions of such Neutral Accountant shall be binding on Landlord and Tenant. If Landlord and Tenant agree, or the Neutral Accountant determines, that there was an aggregate overstatement of Operating Expenses of four (4%) or more (or, in the absence of such agreement, such overstatement is confirmed by a court of competent jurisdiction or such other dispute resolution mechanism as to which the parties mutually agree in writing), then Landlord shall bear all costs of the audit. If the agreed or confirmed audit shows an underpayment of Operating Expenses by Tenant, Tenant shall pay to Landlord, within thirty (30) days after the audit is agreed to or confirmed, the amount owed to Landlord, and, if the agreed or confirmed audit shows an overpayment of Operating Expenses by Tenant, Landlord shall reimburse Tenant for such overpayment within thirty (30) days after the audit is agreed to or confirmed. Notwithstanding anything to the contrary set forth above, Tenant's audit rights under this Paragraph 7.g. shall be conditioned upon (i) there not being an Event of Default in effect, and (ii) Tenant executing, prior to the commencement of the audit, a commercially reasonable confidentiality agreement in which Tenant shall agree to keep confidential, and not disclose to any other party (other than Tenant's affiliates and its and their officers, directors, employees and representatives who have a reasonable need to know such results), the results of any such audit or any action taken by Landlord in response thereto.

i. Timely Billing. Notwithstanding any provision of this Lease to the contrary, any Additional Rent (other than with respect to Tax Expenses) for which Tenant is to be billed or charged by Landlord shall be billed or charged within the later of (i) two (2) years after the close of the calendar year for which the amount is incurred by Landlord (four (4) years for tax bills) or (ii) ninety (90) days following the date that Landlord is billed for such item, failing which, Landlord shall be deemed to have waived its right to payment of such Additional Rent.

8. Use of Premises; Compliance with Law.

a. Use of Premises. The Premises shall be used solely for the Permitted Use as described in Paragraph 2.f. above and for no other use or purpose without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. Tenant shall not do or suffer or permit anything to be done in or about the Premises, nor bring or keep anything therein, which would in any way subject Landlord, Landlord's agents or the holder of any Superior Interest (as defined in Paragraph 21) to any material liability, or cause a cancellation of, or give rise to any defense by the insurer to any claim under, or conflict with, any policies for fire, casualty, liability, rent or other insurance applicable to the Premises. If any act or omission of Tenant results in any increase in premium rates, Tenant shall pay to Landlord upon demand (accompanied with evidence of such increase) the amount of such increase. Tenant shall not use or suffer or permit the Premises to be used for any unlawful purpose, nor shall Tenant cause, maintain, suffer or permit any nuisance in, on or about the Premises. Tenant may, at Tenant's sole option, allow its employees, guests, visitors or any other person to bring pets into the Premises, subject to all of the terms of this Lease, and compliance with Legal Requirements.

b. Compliance with Law.

i. Tenant shall not do or permit anything to be done in or about the Premises which will in any way conflict with any Legal Requirement (as defined in Paragraph 7.a.(16) above) now in force or which may hereafter be enacted. Tenant, at its sole cost and expense (or, at Landlord’s election, Landlord may perform such work at Tenant’s cost), shall promptly perform all alterations, additions, improvements or other changes to the Premises in order comply with any present or future Legal Requirements relating to the condition, use or occupancy of the Premises to the extent arising from (i) Tenant's Alterations (as defined in Paragraph 9 below), including, without limitation, the Tenant Improvements (as such term is defined in the Work Letter), (ii) Tenant's particular use of the Premises (as opposed to Tenant's use of the Premises for general office purposes in a normal and customary manner), or (iii) Tenant's particular employees or employment practices. In addition, if Tenant exercises the right to assume Property Management duties pursuant to Paragraph 17.g.ii. below, then Tenant shall be responsible, at Tenant’s sole cost and expense, for performing all alterations, additions, improvements or other changes to the Premises in order comply with any present or future Legal Requirements relating to the condition, use or occupancy of the Premises (regardless of whether the need for such compliance work was triggered by Tenant or not) other than the Base Building (as defined in Paragraph 17.g.iv. below). Tenant shall promptly furnish Landlord with any notices received from any insurance company or governmental agency or inspection bureau regarding any unsafe or unlawful conditions within the Premises or the violation of any Legal Requirement.

ii. Except for the matters that are the responsibility of Tenant pursuant to Paragraph 8.b.i. above, Landlord shall be responsible for causing, as of the date of delivery of the Premises to Tenant and thereafter during the Lease term, the Premises to comply with all Legal Requirements to the extent required for Tenant to occupy the Premises for the purposes leased; provided, however, that if Tenant exercises the right to assume Property Management duties pursuant to Paragraph 17.g.ii. below, then Landlord's responsibilities as to compliance with Legal Requirements shall be limited to the Base Building.

c. Contest. Anything in this Paragraph 8 to the contrary notwithstanding, Tenant, at Tenant's expense, after notice to Landlord, may contest, by appropriate proceedings prosecuted diligently and in good faith, the validity, or applicability to the Premises, of any Legal Requirement provided that (i) Landlord shall not be subject to criminal or civil penalty or to prosecution for a crime, or any other fine or charge, nor shall the Premises, or any part thereof, be subject to being condemned or vacated, nor shall the Premises, or any part thereof, be subjected to any lien or encumbrance, by reason of non-compliance or otherwise by reason of such contest, (ii) such non-compliance or contest shall not constitute or result in any violation of any Superior Interest, or if any such Superior Interest shall permit such non-compliance or contest on condition of the taking of action or furnishing of security by Landlord, such action shall be taken and such security shall be furnished at the expense of Tenant, (iii) such non-compliance or contest shall not prevent Landlord from obtaining any and all permits and licenses in connection with the operation of the Building, and (iv) Tenant shall keep Landlord advised as to the status of such proceedings.

d. Hazardous Materials. Tenant shall not cause or permit the storage, use, generation, release, handling or disposal (collectively, "**Handling**") of any Hazardous Materials (as defined below), in, on, or about the Premises by Tenant or any agents, employees, contractors, licensees, subtenants, customers, guests or invitees of Tenant (collectively with Tenant, "**Tenant Parties**"), except that Tenant shall be permitted to use normal quantities of office, janitorial, maintenance or cleaning supplies (such as by way of example and not limitation, copier fluids or cleaning supplies) customarily used in the conduct of Tenant's Permitted Use ("**Common Chemicals**"), provided that the Handling of such Common Chemicals shall comply at all times with all Legal Requirements, including Hazardous Materials Laws (as defined below). Notwithstanding anything to the contrary contained herein, however, in no event shall Tenant permit any usage of Common Chemicals in a manner that may cause the Premises to be contaminated by any Hazardous Materials or in violation of any Hazardous Materials Laws. Tenant shall promptly advise Landlord in writing of (a) any and all enforcement, cleanup, remedial, removal, or other governmental or regulatory actions instituted, completed, or threatened pursuant to any Hazardous Materials Laws relating to any Hazardous Materials affecting the Premises; and (b) all claims made or threatened by any third party against Tenant, Landlord, the Premises relating to damage, contribution, cost recovery, compensation, loss, or injury resulting from any Hazardous Materials on or about the Premises. Without Landlord's prior written consent, Tenant shall not take any remedial action or enter into any agreements or settlements in response to the presence of any Hazardous Materials in, on, or about the Premises. Tenant shall be solely responsible for and shall indemnify, defend and hold Landlord and all other Indemnitees (as defined in Paragraph 14.b. below), harmless from and against all Claims (as defined in Paragraph 14.b. below), arising out of or in connection with, or otherwise relating to (i) any Handling of Hazardous Materials by any Tenant Party or Tenant's

breach of its obligations hereunder, or (ii) any removal, cleanup, or restoration work and materials necessary to return the Premises or any other property of whatever nature located on the Premises to their condition existing prior to the Handling of Hazardous Materials in, on or about the Premises by any Tenant Party. Tenant's obligations under this paragraph shall survive the expiration or other termination of this Lease. For purposes of this Lease, "**Hazardous Materials**" means any explosive, radioactive materials, hazardous wastes, or hazardous substances, including without limitation asbestos containing materials, PCB's, CFC's, or substances defined as "hazardous substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9601-9657; the Hazardous Materials Transportation Act of 1975, 49 U.S.C. Section 1801-1812; the Resource Conservation and Recovery Act of 1976, 42 U.S.C. Section 6901-6987; or any other Legal Requirement regulating, relating to, or imposing liability or standards of conduct concerning any such materials or substances now or at any time hereafter in effect, including, without limitation, the Comprehensive Environmental Petroleum and Response Compensation and Liability Act, 42 U.S.C. Section 9601 et seq., the Clean Air Act, 33 U.S.C. Section 7401 et seq., the Toxic Substances Control Act, 15 U.S.C. Section 2601 et seq., the Safe Drinking Water Act, 42 U.S.C. Section 300(f) et seq., the Federal Water Pollution Control Act, 33 U.S.C. Section 1251 et seq., the Emergency Planning and Community Right-To-Know Act, 42 U.S.C. Section 1101 et seq., the Occupational Safety and Health Act, 29 U.S.C. Section 651 et seq., any so-called "Super Fund" or "Super Lien" law, applicable statutes of the State of California and in any regulations adopted or publications promulgated pursuant to any of the foregoing (as the same may be amended from time to time) (collectively, "**Hazardous Materials Laws**").

e. Environmental Disclosure Documents. Landlord acknowledges that, to Landlord's actual knowledge as of the date of the Lease, except as set forth in the environmental reports provided to Tenant on or before the date of this Lease as set forth on Exhibit G attached hereto (the "Environmental Disclosure Documents"), Landlord has not received written notice from any governmental body that the Premises, or any portion thereof, is currently in violation of any applicable Legal Requirement, which violation, if not cured, could reasonably result in the closure of the Building or Tenant's access to the Premises; provided, however, if, following the date hereof, Landlord receives written notice of any such violation, or otherwise has actual knowledge thereof, Landlord shall remediate such condition as soon as reasonably practicable, and such remediation actions shall be in compliance with the terms of Paragraph 23, below. Landlord shall be solely responsible for and shall indemnify, defend and hold Tenant and all Tenant Parties, harmless from and against all Claims to the extent arising out of or in connection with, or otherwise relating to, (i) any Hazardous Materials introduced to the Premises by Landlord and its partners, affiliates, subsidiaries or any of their contractors, agents or employees (collectively, "**Landlord Parties**"), or (ii) any Hazardous Materials existing at the Premises as of the date of this Lease; provided, however, as respects the indemnity provided in clause (ii), such indemnity shall (1) be limited solely to judgments awarded, defense costs and litigation costs for third party lawsuits and (2) not apply to matters covered by the workers' compensation insurance or employer's liability insurance carried by Tenant or its Affiliates that are operating at the Premises. By execution of this Lease, Tenant (i) acknowledges its receipt of the Environmental Disclosure Documents in satisfying any disclosure obligations Landlord may have under Section 25359.7 of the California Health and Safety Code with respect to the matters disclosed by the Environmental Disclosure Documents and (ii) Tenant waives any and all rights Tenant may have to assert that Landlord has not complied with the requirements of Section 25359.7 of

the California Health and Safety Code. Tenant further acknowledges that Landlord shall have no liability or responsibility for the accuracy of any of the information contained in the Environmental Disclosure Documents, and that Tenant shall rely upon its own environmental experts and counsel regarding the contents of such documents.

f. Applicability of Paragraph. The provisions of this Paragraph 8 are for the benefit of Landlord, the holder of any Superior Interest (as defined in Paragraph 21 below), the other Indemnitees, Tenant and Tenant Parties only and are not nor shall they be construed to be for the benefit of any unrelated third party.

9. Alterations and Restoration.

a. Tenant shall not make or permit to be made any alterations, modifications, additions, decorations or improvements to the Premises, or any other work whatsoever that would directly or indirectly involve the penetration or removal (whether permanent or temporary) of, or require access through, in, under, or above any floor, wall or ceiling, or surface or covering thereof in the Premises (collectively, "**Alterations**"), except as expressly provided in this Paragraph 9. Except as expressly provided in this Paragraph 9, if Tenant desires any Alteration, Tenant must obtain Landlord's prior written approval (not to be unreasonably withheld, conditioned or delayed) of such Alteration. Landlord shall have ten (10) Business Days from receipt of written request for approval of any Alteration and Landlord's receipt of all information and documentation requested by Landlord relating to such Alterations in which to approve or disapprove such matter, provided that, in order for any such notice to result in a deemed approval, any such written request to Landlord with respect to any Alterations must be marked in bold lettering with the following language: "**LANDLORD'S RESPONSE IS REQUIRED WITHIN TEN (10) BUSINESS DAYS OF RECEIPT OF THIS NOTICE PURSUANT TO THE TERMS OF THAT CERTAIN LEASE AGREEMENT BETWEEN THE UNDERSIGNED AND LANDLORD**". In the event that Landlord fails to respond to the Alteration in question within such time (as same may be extended as provided below), and provided that the foregoing language is included in the request, Landlord's approval shall be deemed given for all purposes with respect to such Alteration but only to the extent that such Alteration complies with the information previously provided to Landlord in all material respects and is constructed in accordance with the requirements of this Lease. If such Alterations affect the Base Building or is of a scope for which Landlord will require review of the relevant plans and specifications by a third party expert, then the foregoing ten (10) Business Day response period shall not apply (nor shall Landlord's deemed consent as provided herein) and Landlord shall be provided a reasonable period of time (not to exceed fifteen (15) additional Business Days) to have such third party complete its review of the subject Alterations prior to Landlord being required to provide its approval or disapproval of the subject Alterations. Tenant shall provide Landlord with such information and documentation as may be reasonably required by Landlord, including, without limitation, identification of all contractors and subcontractors and complete plans and specifications, MEP drawings and construction drawings. For purposes of clarification, Landlord requesting additional and/or clarified information, in addition to approving or denying any request (in whole or in part), shall be deemed a response by Landlord for purposes of the foregoing ten (10) Business Day period response requirement.

b. Notwithstanding the foregoing or anything to the contrary contained elsewhere in this Paragraph 9, Tenant shall have the right, without Landlord's consent, to make any Alteration that meets all of the following criteria (a "**Non-Material Alteration**"): (i) the Alteration is limited to the interior of the Building, (ii) the Alteration is nonstructural and does not reduce the rentable area of the Premises that contains office improvements, (iii) the Alteration does not adversely affect the Building's electrical, mechanical, life safety, plumbing, security, or HVAC systems or any portion of the Base Building, (iv) the Alteration does not require the consent of any Superior Interest and (v) Tenant provides Landlord with ten (10) Business Days' advance written notice of the commencement of any such Non-Material Alteration. At the time Tenant notifies Landlord of any Non-Material Alteration, Tenant shall give Landlord a copy of Tenant's plans for the work. If the Non-Material Alteration is of such a nature that formal plans will not be prepared for the work, Tenant shall provide Landlord with a reasonably specific description of the work.

c. All Alterations shall be made at Tenant's sole cost and expense, including the expense of complying with all present and future Legal Requirements, including those regarding asbestos, if applicable, and any other work required to be performed in other areas within or outside the Premises by reason of the Alterations. As respects all Alterations other than Non-Material Alterations, Tenant shall either (i) arrange for Landlord to perform the work on terms and conditions acceptable to Landlord and Tenant, each in its sole discretion or (ii) use contractors approved by Landlord in writing in advance (which approval shall not be unreasonably withheld). Tenant shall provide Landlord with a copy of the information submitted to bidders at such time as the bidders receive their copy. Except as otherwise provided in the Work Letter as respects the Tenant Improvements, Tenant shall not be required to pay Landlord any fee for Landlord's internal review of Tenant's Plans or general inspection or oversight of the construction of any Alterations; provided, however, that as respects all Alterations other than the Tenant Improvements constructed pursuant to the Work Letter, Tenant shall reimburse Landlord for Landlord's reasonable, actual, out-of-pocket fees and charges paid to third party architects, engineers and other consultants to the extent such third party review is reasonably required for review of the work and the plans and specifications with respect thereto and to monitor contractor compliance with Building construction requirements, and for other miscellaneous costs incurred by Landlord as result of the work.

d. All such work shall be performed diligently and in a good and workmanlike manner and in accordance with plans and specifications approved (or deemed approved) by Landlord (in the case where Landlord's consent is not required), shall be performed by contractors approved by Landlord (which approval shall not be unreasonably withheld, conditioned or delayed), and shall comply with all Legal Requirements and Landlord's reasonable and customary construction standards, procedures, conditions and requirements for the Building as in effect from time to time (including Landlord's requirements relating to insurance and contractor qualifications ("**Landlord's Construction Standards**")). To the extent applicable, and without limitation of the foregoing, Tenant shall cause a timely Notice of Completion to be recorded in the office of the Recorder of Los Angeles County in accordance with Section 8182 of the California Civil Code or any successor statute. Tenant shall deliver to Landlord, within thirty (30) days following the completion of the Alterations, a copy of as-built drawings of the Alterations for any such Alterations that affect the Base Building or are otherwise of a type and nature that as-built drawings would normally be prepared for such Alterations, in a form reasonably acceptable to Landlord. Default by Tenant in the payment of any sums agreed to be paid by Tenant to Landlord for or in connection with an Alteration (regardless of whether such agreement is pursuant to this Paragraph 9 or separate instrument) shall entitle Landlord to all the same remedies as for non-payment of rent hereunder. Any Alterations that are affixed to the Premises (but excluding moveable, free standing partitions) and that cannot be removed without causing damage to the Premises and all carpeting, shall at once become part of the Building and the property of Landlord, provided, however, all Alterations installed at the expense of Tenant, whether installed by Tenant or by Landlord (i.e., excluding any fixtures paid for by Landlord directly or by way of an allowance, including, without limitation, Landlord's Allowance provided under the Work Letter) shall be the property of Tenant during the Term and, upon expiration or earlier termination of this Lease, shall automatically become the property of Landlord. Tenant shall give Landlord not less than ten (10) days prior written notice of the date the construction of the Alteration is to commence. Landlord may post and record an appropriate notice of non-responsibility with respect to any Alteration and Tenant shall maintain any such notices posted by Landlord in or on the Premises.

e. Notwithstanding anything contained herein to the contrary, as respects all Alterations, including the Tenant Improvements:

i. For any Alterations following the Tenant Improvements, Tenant shall not reduce the rentable area of the Premises that contains office improvements without Landlord's prior approval, which approval shall not be unreasonably withheld.

ii. Tenant shall not use, operate or alter the Premises in any manner in a manner that might be inconsistent with Landlord's sustainability practices or that might imperil any existing or targeted certification or accreditation of the Base Building under the LEED rating system. Subject to Legal Requirements, Landlord shall not condition its consent to any Alteration that Tenant construct the Premises in accordance with LEED or other environmental or energy standards as long as it does not impede the ability to acquire a LEED rating for the Base Building.

iii. All telephone, data, and other cabling and wiring (including any cabling and wiring associated with any Wi-Fi network) (collectively, "**Cabling**") shall be (A) installed in accordance with the requirements of all applicable Legal Requirements, including the National Electric Code or any successor statute, and (B) properly labeled at each end and in each electrical closet and junction box. Notwithstanding anything contained herein to the contrary (1) in the event that Tenant no longer leases a portion of the Building, Tenant shall remove all Cabling installed by Tenant in such portion (or otherwise serving such portion) of the Premises and (2) at the expiration or earlier termination of this Lease, Tenant shall remove all Cabling installed by Tenant in the Premises.

f. Upon the request of Tenant, Landlord shall join in any applications for any permits, approvals or certificates required to be obtained by Tenant in connection with any permitted Alteration (provided that the applicable laws require Landlord to join in such application) and shall otherwise cooperate with Tenant in connection therewith; provided, however, that Landlord shall not be required to join Tenant in applying for, or otherwise approve of, any conditional use permits, changing in zoning or any other approvals that might otherwise be binding on the Premises with respect to the uses permitted at the Premises or that, in Landlord's reasonable judgment, might adversely impact the Premises or the uses of other occupants therein. Tenant shall reimburse Landlord for any reasonable out-of-pocket costs, including, without limitation, reasonable attorneys' fees and disbursements, that Landlord incurs in so joining in such applications and cooperating with Tenant, within thirty (30) days after the date that Landlord gives to Tenant an invoice therefor from time to time.

g. To the extent that any Alterations or Tenant Improvements made for or by Tenant (a) are structural in nature, or (b) would be materially more difficult, time-consuming or expensive to remove from the Premises than improvements that would reasonably be installed by or for a typical tenant using space for general office purposes in a normal and customary manner, then Landlord may require that such Alterations be removed from the Premises at the expiration or sooner termination of this Lease. Upon Tenant's express written request making specific reference to this Paragraph 9.g., Landlord shall advise Tenant at the time of Landlord's approval of any such Alteration (including any Tenant Improvement) (or within ten (10) Business Days after receipt of Tenant's notice to Landlord with respect to those Alterations not requiring Landlord's approval, but which would otherwise be subject to the foregoing) whether Landlord will require the removal of said Alteration (in accordance with the terms of this Section 9.g.) and restoration of the Premises to its previous condition at the expiration or sooner termination of this Lease; provided, however, that as respects the Tenant Improvements, Landlord shall make such election as respects removal of any component of the Tenant Improvements prior to, or contemporaneously with, Landlord's final approval of the Approved Contract Documents (as such term is defined in Section 2.1.3 of the Work Letter). Landlord's failure to expressly waive in writing Tenant's removal obligation as to any Alterations for which Tenant has requested designation for approval in accordance with the provisions of this Paragraph 9.g. shall be deemed Landlord's election that Tenant is required to remove such Alterations. The removal of the Alterations and the restoration of the Premises shall be performed by a general contractor selected by Tenant and reasonably approved by Landlord, in which event Tenant shall pay the general contractor's fees and costs in connection with such work. Any separate work letter or other agreement which is hereafter entered into between Landlord and Tenant pertaining to Alterations shall be deemed to automatically incorporate the terms of this Lease without the necessity for further reference thereto.

10. Repair.

a. Repairs by Tenant. Tenant, at Tenant's sole cost and expense, shall maintain and repair (i) Tenant's non-Building standard Alterations, (ii) any supplemental Building systems (including, but not limited to, air-conditioning systems or power generators) installed by Tenant at the Premises (the "**Tenant Installed Supplemental Building Systems**") and (iii) any equipment used in connection with the Premises and installed specifically for Tenant (including, without limitation, dishwashers, garbage disposals, and insta-hot dispensers) ("**Tenant's Equipment**"), in good condition and repair; provided that Tenant shall not be responsible for repairs to the extent such repairs are necessitated by the negligence or willful misconduct of Landlord or Landlord's agents, employees or contractors. In addition, if Tenant exercises the right to assume Property Management duties pursuant to Paragraph 17.g.ii. below, then Tenant shall be responsible, Tenant's sole cost and expense, for maintaining and repairing all aspects of the Premises other than the Base Building in good condition and repair consistent with the Management Standard (as defined in Paragraph 17.g.iv. below). Except as provided in Paragraph 10.b.iii below, Tenant waives all rights to make repairs at the expense of Landlord as provided by any Legal Requirement now or hereafter in effect. It is specifically understood and agreed that, except as specifically set forth in this Lease, Landlord has no obligation and has made no promises to alter, remodel, improve, repair, decorate or paint the Premises or any part thereof, and that no representations respecting the condition of the Premises or the Building have been made by Landlord to Tenant. Tenant hereby waives the provisions of California Civil Code Sections 1932(1), 1941 and 1942 and of any similar Legal Requirement now or hereafter in effect.

b. Repairs by Landlord.

i. Repairs to the Premises due to fire, earthquake, acts of God or the elements shall be governed by Paragraph 26 below, and repairs to the Premises due to a governmental taking shall be governed by Paragraph 27 below. Subject to the foregoing and Tenant's repair obligations under Paragraph 10.a. above, Landlord shall repair and maintain the Premises in good condition and repair consistent with the Management Standard, the costs of which shall be included in Operating Expenses as provided in Paragraph 7.a. above; provided, however, in the event that Tenant exercises the right to assume Property Management duties pursuant to Paragraph 17.g.ii. below, then Landlord's maintenance and repair duties hereunder shall be limited to the Base Building.

ii. Landlord shall give Tenant at least ten (10) days' prior notice of any repairs or replacements to the Premises which will affect the normal conduct of business operations in the Premises (except in the case of an emergency posing imminent risk of material harm to persons or property, in which event Landlord shall only be required to give such notice as is reasonable under the circumstances) and use reasonable efforts to coordinate with Tenant in the scheduling of such non-emergency entry. If, in Tenant's reasonable judgment, Landlord's repairs would materially interfere with or disrupt the normal conduct of any business operations in the Premises, Landlord shall perform such repairs only after the regular hours of operation of Tenant to the extent that it is commercially feasible to perform such work after business hours. In any entrance into the Premises to perform repairs, Landlord shall endeavor in good faith to comply with Tenant's reasonable security procedures previously detailed by Tenant to Landlord, except to the extent Landlord or its agents determine that an emergency makes compliance with such procedures impracticable.

iii. If Landlord fails to timely perform any of its obligations under this Paragraph 10.b. related to the maintenance or repair of the Premises or Paragraph 8.b.ii. above regarding compliance with Legal Requirements, Tenant shall give Landlord written notice specifying the nature of such failure to perform and requesting performance. Landlord shall use commercially reasonable efforts to cure such failure within thirty (30) days of written notice from Tenant (or, in the case of emergencies posing a significant threat of property damage or personal injury, five (5) day after written notice from Tenant); provided, however, if the nature of the cure of such default will reasonably require more than thirty (30) days (or three (3) Business Days for emergencies) to complete and Landlord is proceeding with due diligence to remedy such matter, then such thirty (30)-day period (or three (3)-Business Day period for emergencies) will be extended for such additional time as may be necessary for Landlord to complete such cure so long as Landlord has commenced taking action to cure such failure within such thirty (30)-day period (or three (3)-Business Day period for emergencies). If such default remains uncured by the time permitted in the preceding sentence, Tenant may deliver to Landlord (and any holder of a Superior Interest of which Tenant has received notice) a second written notice in bold print indicating such default remains uncured, and if Landlord's failure continues for an additional five (5) Business Days (or two (2) Business Days for emergencies) after delivery of such second notice, Tenant may remedy such default provided (A) such obligation may be performed entirely within the Premises and shall not materially adversely affect the Building's electrical, mechanical, life safety, elevator, plumbing, security, or HVAC systems or materially adversely affect any structural components of the Building or any part of the Building other than the Premises, (B) if such obligation is in the nature of Alterations, the work is performed in accordance with all Legal Requirements and the provisions of Paragraph 9 above, and (C) performance by Tenant of such obligation does not involve any Hazardous Materials. Tenant's work shall comply with the applicable terms of Paragraph 9, above, and Tenant shall use only those contractors used by Landlord in the Building for work unless such contractors are unwilling or unable to perform, or timely perform, such work, in which event Tenant may utilize the services of any other qualified contractor which normally and regularly performs similar work in first class office building in the downtown Los Angeles area. All costs reasonably incurred by Tenant in connection with the performance by Tenant of such obligation of Landlord shall be payable by Landlord to Tenant within thirty (30) days after receipt of written demand therefor, together with documentation reasonably supporting such costs. In the event that Landlord shall fail to timely pay or dispute in good faith (in which case Landlord shall pay any undisputed amounts) such amounts, then Tenant may offset any such unpaid and undisputed amounts against the Monthly Rent payable by Tenant pursuant to this Lease, together with interest at the Interest Rate from the time such amounts were expended by Tenant (provided, however, that the amount that Tenant may offset hereunder in any calendar month shall not exceed fifty percent (50%) of the Monthly Rent owing for such calendar month, with such offset continuing until the full amount has been recovered by Tenant). If Landlord disputes in good faith and with reasonable detail Landlord's obligation to pay for such amounts (either because Landlord disputes Landlord's obligation to perform such actions under this Lease, or because Landlord contends the claimed amounts are excessive) then such dispute may be submitted to JAMS, Inc., for determination pursuant to their expedited commercial dispute rules and procedures, which determination shall be binding on Landlord and Tenant. If Tenant prevails in such determination, then Landlord shall pay the amounts owing to Tenant within thirty (30) days after such determination and in the event that Landlord shall fail to timely pay such amounts, then Tenant may offset any such unpaid and undisputed amounts against the Monthly Rent payable by Tenant pursuant to this Lease, together with interest at the Interest Rate from the time such amounts were expended by Tenant (provided, however, that the amount that Tenant may offset hereunder in any calendar month shall not exceed fifty percent (50%) of the Monthly Rent owing for such calendar month, with such offset continuing until the full amount has been recovered by Tenant). Landlord shall, from time to time, give Tenant written notice of the identity and address of any such Lender and/or the lessor under any master or ground lease. Notwithstanding anything to the contrary in this Lease, Tenant shall not have the right to sue Landlord for any consequential, punitive or incidental damages (including, without limitation, any claims for lost profits and/or lost business opportunity).

11. Abandonment. Tenant shall not abandon the Premises or any part thereof at any time during the term hereof. Tenant understands that if Tenant abandons the Premises, the risk of fire, other casualty and vandalism to the Premises and the Building will be increased. Accordingly, such action by Tenant shall constitute a default hereunder regardless of whether Tenant continues to pay Monthly Rent, Parking Space Rental and/or Additional Rent under this Lease, unless Tenant makes reasonable accommodation for securing the Premises. All movable partitions, business and trade fixtures, machinery and equipment, and all furniture, furnishings and other articles of movable personal property owned by Tenant and located in the Premises (collectively, "Tenant's Property") shall be and shall remain the property of Tenant and may be removed by Tenant at any time during the Lease term. Upon the expiration or earlier termination of this Lease, or if Tenant abandons, vacates or surrenders all or any part of the Premises or is dispossessed of the Premises by process of law, or otherwise, Tenant's Property left on the Premises shall at the option of Landlord be deemed to be abandoned and, whether or not the property is deemed abandoned, Landlord shall have the right, following five (5) Business Days' notice to Tenant, to remove such property from the Premises and charge Tenant for the removal and any restoration of the Premises as provided in Paragraph 9. Landlord may charge Tenant for the storage of Tenant's Property left on the Premises at such rates as Landlord may from time to time reasonably determine, or, Landlord may, at its option, store Tenant's Property in a public warehouse at Tenant's expense. Notwithstanding the foregoing, neither the provisions of this Paragraph 11 nor any other provision of this Lease shall impose upon Landlord any obligation to care for or preserve any of Tenant's property left upon the Premises, and Tenant hereby waives and releases Landlord from any claim or liability in connection with the removal of such property from the Premises and the storage thereof and specifically waives the provisions of California Civil Code Section 1542 with respect to

such release. Landlord's action or inaction with regard to the provisions of this Paragraph 11 shall not be construed as a waiver of Landlord's right to require Tenant to remove Tenant's Property, restore any damage to the Premises and the Building caused by such removal, and make any restoration required pursuant to Paragraph 9 above.

12. Liens. If any mechanic's, materialman's or other lien arising out of work performed at the Premises by or on behalf of Tenant is filed against the fee of the Premises or against Tenant's interest in the Premises, then Tenant, within twenty (20) days of its notice or actual knowledge of such lien, shall remove the same of record (by bonding or otherwise). Landlord shall have the right to post and keep posted on the Premises any notices which it deems necessary for protection from such liens. If any such lien is filed and the same is not timely removed by Tenant as provided above, Landlord may, after twenty (20) days' written notice to

Tenant, without waiving its rights based on such breach by Tenant and without releasing Tenant from any obligations hereunder, take all necessary actions to bond against the same and in such event the sums so paid by Landlord shall be due and payable by Tenant within thirty (30) days after Landlord's written demand therefor, with interest from the date paid by Landlord through the date Tenant pays Landlord, at the Interest Rate. Tenant agrees to indemnify, defend and hold Landlord and the other Indemnitees (as defined in Paragraph 14.b. below) harmless from and against any Claims (as defined in Paragraph 14.b. below) for mechanics', materialmen's or other liens in connection with any Alterations, repairs or any work performed, materials furnished or obligations incurred by or for Tenant (other than Landlord's Work).

13. Assignment and Subletting.

a. Landlord's Consent. Landlord's and Tenant's agreement with regard to Tenant's right to transfer all or part of its interest in the Premises is as expressly set forth in this Paragraph 13. Tenant agrees that, except as otherwise expressly set forth in this Paragraph 13, neither this Lease nor all or any part of the leasehold interest created hereby shall, directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise, be assigned, mortgaged, pledged, encumbered or otherwise transferred by Tenant or Tenant's legal representatives or successors in interest (collectively, an "**assignment**") and neither the Premises nor any part thereof shall be sublet or be used or occupied for any purpose by anyone other than Tenant (collectively, a "**sublease**"), in each case without Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. Except as otherwise expressly set forth in this Paragraph 13, any assignment or subletting without Landlord's prior written consent shall, at Landlord's option, be void and shall constitute an Event of Default entitling Landlord to exercise all remedies available to Landlord under this Lease and at law.

The parties hereto agree and acknowledge that, among other circumstances for which Landlord may reasonably withhold its consent to an assignment or sublease, it shall be reasonable for Landlord to withhold its consent where: (i) Landlord reasonably disapproves of the proposed assignee's or subtenant's reputation or creditworthiness (taking into consideration Tenant's ongoing liability hereunder); (ii) Landlord reasonably determines that the character of the business that would be conducted by the proposed assignee or subtenant at the Premises, or the manner of conducting such business, would be inconsistent with the character of the Building as a first-class office building; (iii) the assignment or subletting would involve a change in use from that expressly permitted under this Lease; or (iv) as of the date Tenant requests Landlord's consent or as of the date Landlord responds thereto, a breach or default by Tenant under this Lease shall have occurred and be continuing. Landlord's foregoing rights and options shall continue throughout the entire term of this Lease.

For purposes of this Paragraph 13, the following events shall be deemed an assignment or sublease, as appropriate: (i) the issuance of equity interests (whether stock, partnership interests or otherwise) in Tenant or assignee, or any entity controlling any of them, to any person or group of related persons, in a single transaction or a series of related or unrelated transactions, such that, following such issuance, such person or group shall have Control (as defined below) of Tenant or assignee; (ii) a transfer of Control of Tenant or assignee, or any entity controlling any of them, in a single transaction or a series of related or unrelated transactions (including, without limitation, by consolidation, merger, acquisition or reorganization), except that the transfer of

outstanding capital stock or other listed equity interests by persons or parties other than "insiders" within the meaning of the Securities Exchange Act of 1934, as amended, through the "over-the-counter" market or any recognized national or international securities exchange, shall not be included in determining whether Control has been transferred; (iii) a reduction of Tenant's assets to the point that this Lease is substantially Tenant's only asset; or (iv) the agreement by a third party to assume, take over, or reimburse Tenant for, all of Tenant's obligations under this Lease, in order to induce Tenant to lease space with such third party. "**Control**" shall mean direct or indirect ownership of more than fifty percent (50%) of all of the voting stock of a corporation or more than fifty percent (50%) of the legal or equitable interest in any other business entity, or the power to direct the operations of any entity (by equity ownership, contract or otherwise). An assignment or sublease as provided in this paragraph may additionally be subject to the terms of Paragraph 13.h, below, regarding Affiliates of Tenant, in which case such assignment or sublease will not require Landlord's consent, provided that such assignment or sublease complies with the terms of Paragraph 13.h., below.

If this Lease is assigned, whether or not in violation of the terms of this Lease, Landlord may collect rent from the assignee. If the Premises or any part thereof is sublet, Landlord may, upon an Event of Default by Tenant hereunder, collect rent from the subtenant. In either event, Landlord may apply the amount collected from the assignee or subtenant to Tenant's monetary obligations hereunder.

The consent by Landlord to an assignment or subletting hereunder shall not relieve Tenant or any assignee or subtenant from the requirement of obtaining Landlord's express prior written consent to any other or further assignment or subletting. In no event shall any subtenant be permitted to assign its sublease or to further sublet all or any portion of its subleased premises without Landlord's prior written consent, which consent may be withheld by Landlord in its sole and absolute discretion. Neither an assignment or subletting nor the collection of rent by Landlord from any person other than Tenant, nor the application of any such rent as provided in this Paragraph 13.a. shall be deemed a waiver of any of the provisions of this Paragraph 13.a. or release Tenant from its obligation to comply with the provisions of this Lease and Tenant shall remain fully and primarily liable for all of Tenant's obligations under this Lease.

Tenant shall not be required to obtain Landlord's consent to enter into a sublease, license, or other occupancy agreement in connection with any Live Event/Retail Sublease or Shared Space Arrangement (each as defined below).

b. Processing Expenses. Tenant shall pay to Landlord, as Landlord's cost of processing each proposed assignment or subletting, an amount equal to the sum of (i) Landlord's reasonable attorneys' and other professional fees, plus (ii) the sum of One Thousand Dollars ($1,000.00) for the cost of Landlord's administrative, accounting and clerical time (collectively, "**Processing Costs**"), and the amount of all reasonable out-of-pocket third party costs and expenses incurred by Landlord arising from the assignee or sublessee taking occupancy of the subject space. The total fee payable by Tenant, including Processing Costs and any such third party costs shall not exceed $2,500 for an assignment or subletting made in the ordinary course of business.

c. Consideration to Landlord. In the event of any "True Third Party Sublease", as defined below, whether or not requiring Landlord's consent, Landlord shall be entitled to receive, as additional rent hereunder, fifty percent (50%) of any consideration (including, without limitation, payment for leasehold improvements) paid by the assignee or subtenant for the assignment or sublease and, in the case of a sublease, fifty percent (50%) of the excess of the amount of rent paid for the sublet space by the subtenant over the amount of Monthly Rent under Paragraph 5 above, Additional Rent under Paragraph 7 above and Parking Space Rental under Paragraph 53 below attributable to the sublet space for the corresponding month; except that Tenant may recapture, in each case, prior to paying Landlord any amount of monies hereunder, any brokerage commissions paid by Tenant in connection with the subletting or assignment (not to exceed commissions typically paid in the market at the time of such subletting or assignment), any improvement allowance or cost of improvements paid by Tenant to the subtenant or assignee or in connection with the sublease or assignment, reasonable legal fees paid by Tenant in connection with such assignment or subletting, and Tenant's costs incurred in connection with the assignment or sublease, including for preparing the space for the subtenant's or assignee's occupancy (including the amounts paid by Tenant to Landlord as rental for the subject space for the period, if any, not to exceed thirty (30) days, commencing on the date the subject space was vacated by Tenant and ending on the date the assignee's or subtenant's rental obligation for the subject space commenced) (collectively the "**Assignment or Subletting Costs**"), provided that, as a condition to Tenant recapturing the Assignment or Subletting Costs, Tenant shall provide to Landlord, within ninety (90) days of Landlord's execution of Landlord's consent to the assignment or subletting, a detailed accounting of the Assignment or Subletting Costs and supporting documents, such as receipts and construction invoices. To effect the foregoing, Tenant shall deduct from the monthly amounts received by Tenant from the subtenant or assignee as rent or consideration (i) the Monthly Rent, Additional Rent and Parking Space Rental payable by Tenant to Landlord for the subject space and (ii) the amount of the Assignment or Subletting Costs, and fifty percent (50%) of the then remaining sum, if any, shall be paid promptly to Landlord. Tenant shall deliver to Landlord within sixty (60) days after the end of each calendar year and within sixty (60) days after the expiration or earlier termination of this Lease a statement specifying each sublease in effect during such calendar year or partial calendar year, the rentable area demised thereby, the term thereof and a computation in reasonable detail showing the calculation of the Assignment or Subletting Costs, the amounts paid and payable by the subtenant to Tenant, and by Tenant to Landlord, with respect to such sublease for the period covered by such statement, together with supporting documents, such as receipts and construction invoices. Upon Landlord's request, Tenant shall assign to Landlord all amounts to be paid to Tenant by any such subtenant or assignee and that belong to Landlord and shall direct such subtenant or assignee to pay the same directly to Landlord. If there is more than one sublease under this Lease, the amounts (if any) to be paid by Tenant to Landlord pursuant to this Paragraph 13.c., shall be separately calculated for each sublease and amounts due Landlord with regard to any one sublease may not be offset against rental and other consideration pertaining to or due under any other sublease. Upon Landlord's request, Tenant shall provide Landlord with a detailed written statement of all sums payable by the assignee or subtenant to Tenant so that Landlord can determine the total sums, if any, due from Tenant to Landlord under this Paragraph 13.c. A "**True Third Party Sublease**" shall mean a sublease to a third party other than (1) a Shared Space Arrangement (as defined below), (2) any sublease or license to any third party using space for providing live entertainment or similar public event at the Premises (the "**Live Event Space**"), or subleases or licenses for retail, restaurant or similar uses on the ground floor of the Building (the "**Retail/Restaurant Space**") (subleases or licenses with respect to the Live Event Space or the Retail/Restaurant Space shall be referred to herein as a "**Live Event/Retail Sublease**"), and (3) subleases or licenses with Affiliates (as defined below).

d. Procedures. If Tenant desires to assign this Lease or any interest therein (other than to an Affiliate) or sublet all or part of the Premises to an entity other than an Affiliate, a Live Event/Retail Sublease or a Shared Space Arrangement, Tenant shall give Landlord written notice thereof and the terms proposed (the "**Sublease Notice**"), which Sublease Notice shall be accompanied by Tenant's proposed assignment or sublease agreement (in which the proposed assignee or subtenant shall be named, shall be executed by Tenant and the proposed assignee or subtenant, and which agreement shall otherwise meet the requirements of Paragraph 13.e. below), together with (for an assignment or for a sublease in excess of 5,000 rentable square feet) a current financial statement of such proposed assignee or subtenant and any other information reasonably requested by Landlord. Landlord shall have no liability for any real estate brokerage commission(s) or with respect to any of the costs and expenses that Tenant may have incurred in connection with its proposed assignment or subletting, and Tenant agrees to indemnify, defend and hold Landlord and all other Indemnitees harmless from and against any and all Claims (as defined in Paragraph 14.b. below), including, without limitation, claims for commissions, arising from such proposed assignment or subletting. Landlord's foregoing rights and options shall continue throughout the entire term of this Lease.

e. Documentation.

i. Assignments and True Third Party Sublease. No permitted assignment or subletting by Tenant (other than those involving Affiliates or a Live Event/Retail Sublease or a Shared Space Arrangement) shall be effective until there has been delivered to Landlord a fully executed counterpart of the assignment, sublease, license or other space sharing arrangement which expressly provides that (i) the assignee or subtenant may not further assign this Lease or the sublease, as applicable, or sublet the Premises or any portion thereof, without Landlord's prior written consent (which, in the case of a further assignment proposed by an assignee of this Lease, shall not be unreasonably withheld, subject to Landlord's rights under the provisions of this Paragraph 13, and

in the case of a subtenant's assignment of its sublease or further subletting of its subleased premises or any portion thereof, may be withheld in Landlord's sole and absolute discretion), (ii) the assignee, subtenant or licensee, as the case may be, will comply with all of the provisions of this Lease (in the case of a sublease, to the extent applicable to the subleased premises), and Landlord may enforce the Lease provisions directly against such assignee, subtenant or licensee, as the case may be, (iii) in the case of an assignment, the assignee assumes all of Tenant's obligations under this Lease arising on or after the date of the assignment, and (iv) in the case of a sublease, the subtenant agrees to be and remain jointly and severally liable with Tenant for the payment of rent pertaining to the sublet space in the amount set forth in the sublease, and for the performance of all of the terms and provisions of this Lease applicable to the sublet space. In addition to the foregoing, no assignment or sublease by Tenant shall be effective until there has been delivered to Landlord, to the extent Landlord’s approval is required under this Lease, a fully executed counterpart of Landlord's commercially reasonable consent to assignment or consent to sublease form (which consent to sublease shall not modify the terms of this Lease, or require Tenant to assume any additional liability or obligations not set

forth in this Lease). The failure or refusal of a subtenant or assignee to execute any such commercially reasonable instrument shall not release or discharge the subtenant or assignee from its liability as set forth above. Notwithstanding the foregoing, however, no subtenant or assignee shall be permitted to occupy the Premises or any portion thereof unless and until such subtenant or assignee provides Landlord with certificates evidencing that such subtenant or assignee is carrying all insurance coverage required of such subtenant or assignee under this Lease.

ii. Live Event/Retail Sublease and Shared Space Arrangements. No Live Event/Retail Sublease or a Shared Space Arrangement shall be effective until there has been delivered to Landlord (1) in the case of a Live Event/Retail Sublease, no later than five (5) days prior or (2) in the case of a Shared Space Arrangement, no later than five (5) days after, the applicable subtenant or licensee commencing any activities at the Premises (A) a fully executed counterpart of the assignment, sublease, license or other space sharing arrangement, and (B) certificates evidencing that such assignee, subtenant or licensee, as the case may be, is carrying commercially reasonable liability and property insurance naming Landlord and any parties designated by Landlord as additional insureds. Any such Live Event/Retail Sublease or a Shared Space Arrangement shall be expressly subject to all of the terms, covenants, conditions and obligations on Tenant's part to be observed and performed under this Lease, including provisions providing that (i) such occupant agrees that Landlord and the Landlord Indemnities shall not be liable to such occupant for any loss, injury or other damage to person or property in or about the subject space from any cause whatsoever (except to the extent of any loss, injury or damage resulting directly from Landlord's gross negligence or willful misconduct), (ii) such occupant acknowledges that under no circumstance shall Landlord or the Landlord Indemnities be liable for any consequential or remote damages or lost profits or loss of business, and (ii) such occupant shall indemnify Landlord and the Landlord Indemnities from all Claims to the extent arising from the acts or omissions of Occupant, Occupant's employees, agents, contractors, licensees, subtenants, customers, guests or invitees in or about the Premises (except to the extent of any Claims directly from Landlord's negligence or willful misconduct). Any violation of any provision of this Lease under any Live Event/Retail Sublease or a Shared Space Arrangement shall be deemed to be a default by Tenant under such provision of this Lease, and the party to such Live Event/Retail Sublease or Shared Space Arrangement shall have no recourse against Landlord whatsoever on account of any failure by Landlord to perform any of its obligation under the Lease or on account of any other matter. Tenant's indemnification of Landlord as provided in Paragraph 14.b., below, shall apply to any Claims arising by virtue of any Live Event/Retail Sublease or a Shared Space Arrangement. Any such Live Event/Retail Sublease or Shared Space Arrangement shall terminate upon the termination of this Lease.

f. No Merger. Without limiting any of the provisions of this Paragraph 13, if Tenant has entered into any subleases of any portion of the Premises, the voluntary or other surrender of this Lease by Tenant, or a mutual cancellation by Landlord and Tenant, shall not work as a merger, and shall, at the option of Landlord, terminate all or any existing subleases or subtenancies or, at the option of Landlord, operate as an assignment to Landlord of any or all such subleases or subtenancies. If Landlord does elect that such surrender or cancellation operate as an assignment of such subleases or subtenancies, Landlord shall in no way be liable for any previous act or omission by Tenant under the subleases or for the return of any deposit(s) under the subleases that have not been actually delivered to Landlord, nor shall Landlord be bound by any sublease modification(s) executed without Landlord's consent or for any advance rental payment by the subtenant in excess of one month's rent.

g. Special Transfer Prohibitions. Notwithstanding anything set forth above to the contrary, Tenant may not (a) sublet the Premises or assign this Lease to any person or entity in which Landlord owns an interest, directly or indirectly (by applying constructive ownership rules set forth in Section 856(d)(5) of the Internal Revenue Code (the "**Code**"); or (b) sublet the Premises or assign this Lease in any other manner which could cause any portion of the amounts received by Landlord pursuant to this Lease or any sublease to fail to qualify as "rents from real property" within the meaning of Section 856(d) of the Code, or which could cause any other income received by Landlord to fail to qualify as income described in Section 856(c)(2) of the Code.

h. Permitted Transfers.

i. Notwithstanding the foregoing, Tenant may assign this Lease without Landlord's consent, to (i) any partnership, corporation or other entity which controls, is controlled by, or is under common control with Tenant or Tenant's parent (control being defined as in California General Corporations Code Sections 160 and 5045), including a change of Control of Tenant or of Tenant's parent, (ii) to any partnership, corporation or other entity resulting from a merger or consolidation with Tenant or Tenant's parent, or (iii) to any person or entity which acquires all or substantially all the assets of Tenant as a going concern (including by means of a purchase of all or substantially all of Tenant's stock) (any such entity, an "**Affiliate**"), provided that (1) Landlord receives at least ten (10) days' prior written notice of any such assignment (unless pursuant to applicable law, such advance notice is not permitted, in which event Tenant shall provide notice as promptly as is practicable under the circumstances), together with reasonably satisfactory evidence that the requirements of this Paragraph 13.h. have been met, (2) the Affiliate's net worth is not less than Tenant's net worth as of the date immediately prior to the assignment or subletting (or series of transactions of which the same is a part), (3) if applicable, the Affiliate assumes in writing all of Tenant's obligations under this Lease, (4) Landlord receives a fully executed copy of an assignment agreement between Tenant and the Affiliate, and (5) in the case of an assignment by means of a purchase of all or substantially all of Tenant's stock, the essential purpose of such assignment is to transfer an active, ongoing business with material assets in addition to this Lease, and (6) the transaction is for legitimate business purposes unrelated to this Lease and the transaction is not a subterfuge by Tenant to avoid it obligations under this Lease or the restrictions on assignment and subletting contained herein. Notwithstanding the foregoing, in the event that any Affiliate does not meet the net worth requirement set forth in clause (2) above, then such net worth requirement may be satisfied by another entity (including Tenant) that does meet such net worth requirement executing a guaranty of the Affiliates obligations under this Lease (provided such guarantor entity intends to remain an active, ongoing business with material direct or indirect assets during the remaining term of this Lease). For purposes of this Paragraph 13.h.i., a sublease of the entire Premises to an Affiliate shall constitute an assignment hereunder requiring compliance with the terms of this Paragraph 13.h.i.

ii. Notwithstanding the foregoing, Landlord acknowledges that Tenant may, from time to time, sublease or otherwise allow the use or occupancy of the Premises or any portion thereof, without Landlord's consent, to one or more Affiliates and such arrangements may not be formalized in writing. Any such sublease (whether or not formalized in writing) to an Affiliate shall not require Landlord's consent, but shall be subject to the

following requirements: (1) Tenant shall keep Landlord reasonably informed of the Affiliates operating in the Premises from time to time and shall ensure that any such Affiliates are carrying liability and property insurance as required by the terms of this Lease (which may be under the same insurance as Tenant's); (2) no such occupancy or use of the Premises by Affiliates shall alter or modify the Tenant entity under this Lease or the liability of Tenant for any breach of this Lease (including, without limitation, any breach of this Lease due to the acts or omissions of any such Affiliate); (3) the acts or omissions of such Affiliates shall be attributed to Tenant for all purposes under this Lease as if Tenant were the one that committed such acts or omissions (including, without limitation, as respects indemnity obligations hereunder and failure to comply with terms and conditions of this Lease); (4) Tenant's indemnity of Landlord as set forth in Paragraph 14.b, below, shall apply to any "Claims", as defined therein, arising from the use of the Premises by any such Affiliate, and such Claims shall include any claim made against Landlord by any such affiliate resulting from liabilities expressly waived by Tenant pursuant to this Lease, including without limitation, as provided in Paragraph 14.a, below, and (5) no such Affiliate shall be deemed to be a third-party beneficiary or otherwise have any direct claim against Landlord for any breach of this Lease.

iii. Notwithstanding anything contained herein to the contrary, the provisions of Paragraphs 13.a., 13.b., 13.c., 13.d., and 13.e. shall not be applicable with respect to an assignment or sublease made pursuant to the provisions of this Paragraph 13.h., but any such assignment or sublease made pursuant to the provisions of this Paragraph 13.h. shall be subject to Paragraphs 13.f., 13.g., and 13.i. hereof.

i. Release on Certain Assignments. If Tenant makes an assignment of Tenant's entire interest in this Lease to an assignee other than an Affiliate that assumes all of Tenant's obligations under this Lease, which assignment is made in accordance with the terms of this Paragraph 13, and is approved by Landlord (if any is required) in accordance with the terms of this Paragraph 13, and Tenant provides to Landlord a written notice, certified as correct by the CFO of Tenant and equivalent officer of the assignee, that the assignee has (A) a long-term credit rating, as issued by Standard & Poor's, of not less than BBB or, as issued by Moody's, of not less than Baa2, and (B) has a tangible net worth of at least $250,000,000.00, as determined by generally accepted accounting principles, which notice shall additionally include reasonable evidence that the conditions listed in items (A) and (B), above, are correct, then, effective as of the effective date of such assignment, and provided that no Event of Default by Tenant then exists uncured, Tenant shall be relieved and released from any obligations under this Lease first arising after the date of such assignment (but Tenant shall remain liable for any obligations arising prior to the date of such assignment). If Tenant makes an assignment of Tenant's entire interest in this Lease to an assignee that is an Affiliate that assumes all of Tenant's obligations under this Lease, which assignment is made in accordance with the terms of this Paragraph 13, and Tenant either (i) provides to Landlord a written notice, certified as correct by the CFO of Tenant and equivalent officer of the assignee, that the Affiliate has a tangible net worth of at least $250,000,000.00, as determined by generally accepted accounting principles or (ii) provides a guaranty of the obligations of Tenant under this Lease from an entity that has a tangible net worth of at least $250,000,000.00, as determined by generally accepted accounting principles (which notice shall additionally include reasonable evidence that the conditions listed in items (i) or (ii), above, are correct), then, effective as of the effective date of such assignment, and provided that no Event of Default by Tenant then exists uncured, Tenant shall be relieved and released from any obligations under this Lease first arising after the date of such assignment (but Tenant shall remain liable for any obligations arising prior to the date of such assignment).

j. Shared Space Arrangement. Notwithstanding anything to the contrary in this Paragraph 13, Tenant may from time to time, without Landlord's consent but subject to Paragraph 13.e.ii. above, permit third parties (pursuant to a sublease, license or otherwise), with whom Tenant is working on particular projects or with whom Tenant or its affiliates has a business relationship (other than the particular sublease or license), to use a portion of the Premises and such use shall not be deemed to be a sublease so long as (i) no more than fifty thousand (50,000) of the rentable square footage of the Premises (exclusive of Live Event/Retail Subleases or Affiliates subleases, licenses or otherwise) is so used at any one time, and (ii) unless the Tenant has elected to manage the Premises pursuant to Paragraph 19.g below, in which case this Paragraph 13.j(iii) shall not apply, the use of the space is not a use which materially increases (a) the operating costs for the Building or (b) the burden on the Building services. Any such arrangement meeting the requirements of the foregoing sentence shall be referred to herein as a "**Shared Space Arrangement**". Notwithstanding anything in this Lease to the contrary, in determining the amount of subleased space used in accordance with this Paragraph13.j, any space occupied by any of Tenant's Affiliates or in connection Live Event/Retail Subleases shall not be included or counted towards such aggregate amount of space so used (i.e., shall not be included in the determination or calculation of the fifty thousand (50,000) of rentable square footage of the Premises per Paragraph 13.j(i) above). The rights set forth in this paragraph are personal to the Original Tenant and any Affiliate of Original Tenant. Tenant shall be fully responsible for the conduct of such parties within the Premises, and Tenant's indemnification obligations set forth in Paragraph 14 of this Lease shall apply with respect to the conduct of such parties. The provisions of Paragraph 13.c. above, shall not apply to any Shared Space Arrangement.

14. Indemnification.

a. Landlord and the holders of any Superior Interests (as defined in Paragraph 21 below) shall not be liable to Tenant and Tenant hereby waives all claims against such parties for any loss, injury or other damage to person or property in or about the Premises from any cause whatsoever, including without limitation, water leakage of any character from the roof, walls, basement, fire sprinklers, appliances, air conditioning, plumbing or other portion of the Premises, or gas, fire, explosion, falling plaster, steam, electricity, or any malfunction within the Premises, or acts of other tenants of the Building; provided, however, that, subject to Paragraph 16 below and to the provisions of Paragraph 28 below regarding exculpation of Landlord from Special Claims, the foregoing waiver shall be inapplicable to any loss, injury or damage resulting directly from Landlord's or such other parties' gross negligence or willful misconduct.

b. Tenant shall indemnify, defend and hold Landlord and the holders of any Superior Interest, and the constituent shareholders, partners or other owners thereof, and all of their agents, officers, directors, and employees (collectively with Landlord, the "**Landlord Indemnitees**") harmless from and indemnify the Landlord Indemnitees against any and all claims, liabilities, damages, costs and expenses, including reasonable attorneys' fees and costs incurred in defending against the same (collectively, "**Claims**"), to the extent arising from (a) the acts or omissions of Tenant or any other Tenant Parties (as defined in Paragraph 8.d. above) in, on or about the Premises, or (b) any construction or other work undertaken by or on behalf of Tenant in, on or about the Premises, whether prior to or during the term of this Lease (other than

Landlord's Work), or (c) any breach or Event of Default under this Lease by Tenant, or (d) any accident, injury or damage, howsoever and by whomsoever caused, to any person or property, occurring in, on or about the Premises; except to the extent such Claims are caused by the negligence or willful misconduct of any Landlord Indemnitee or their authorized representatives. In case any action or proceeding be brought against any of the Indemnitees by reason of any such Claim, Tenant, upon notice from Landlord, covenants to resist and defend at Tenant's sole expense such action or proceeding by counsel reasonably satisfactory to Landlord. The provisions of this Paragraph 14.b. shall survive the expiration or earlier termination of this Lease with respect to any injury, illness, death or damage occurring prior to such expiration or termination. Tenant's indemnification obligations under this Paragraph 14.b. are subject to the provisions of Paragraph 16 below.

c. Landlord shall indemnify, defend and hold Tenant and the Tenant Parties harmless from and against any and all Claims incurred in connection with or arising from any injury, illness, or death to any person or damage to any property to the extent such injury, illness, death or damage shall be caused by the negligence or willful misconduct of Landlord or any Landlord Party (except to the extent caused by the negligence or willful misconduct of Tenant or any other Tenant Party). The provisions of this Paragraph 14.c. shall survive the termination of this Lease with respect to any Claim arising prior to such termination. In case any action or proceeding be brought against Tenant by reason of any such Claim, Landlord, upon notice from Tenant, covenants to resist and defend at Landlord's sole expense such action or proceeding by counsel reasonably satisfactory to Tenant. Notwithstanding anything to the contrary set forth in this Paragraph 14.c. or elsewhere in this Lease, in no event shall Landlord be liable for any consequential or remote damages, or for loss of or damage to artwork, currency, jewelry, bullion, securities or other property in the Premises, not in the nature of ordinary fixtures, furnishings, equipment and other property used in general business office activities and functions. Landlord's indemnification obligations under this Paragraph 14.c. are subject to the provisions of Paragraph 16 below.

15. Insurance.

a. Tenant's Insurance; Coverage Amounts. Tenant shall, at Tenant's expense, maintain during the term of this Lease (and, if Tenant occupies or conducts activities in or about the Premises prior to or after the term hereof, then also during such pre-term or post term period): (i) commercial general liability insurance including contractual liability coverage, with minimum coverages of Five Million Dollars ($5,000,000.00) per occurrence combined single limit for bodily injury and property damage, Five Million Dollars ($5,000,000.00) for products-completed operations coverage, One Hundred Thousand Dollars ($100,000.00) fire legal liability, Five Million Dollars ($5,000,000.00) for personal and advertising injury, with a Six Million Dollars ($6,000,000.00) general aggregate limit, for injuries to, or illness or death of, persons and damage to property occurring in or about the Premises or otherwise resulting from Tenant's operations in the Building, provided that the foregoing coverage amounts may be provided through any combination of primary and umbrella/excess coverage policies; (ii) property insurance protecting Tenant against loss or damage by fire and such other risks as are insurable under then-available standard forms of "special form" (previously known as "all risk") insurance policies (excluding earthquake and flood but including water damage and earthquake sprinkler leakage), covering Tenant's personal property and trade fixtures in or about

the Premises, and any above Building standard Alterations installed in the Premises by or at the request of Tenant (including those installed by Landlord at Tenant's request, whether prior or subsequent to the commencement of the Lease term), for the full replacement value thereof without deduction for depreciation; (iii) workers' compensation insurance in statutory limits; (iv) at least three months' coverage for loss of business income and continuing expenses, providing protection against any peril included within the classification "special form" insurance, excluding earthquake and flood but including water damage and earthquake sprinkler leakage; and (v) if Tenant operates owned, leased or non-owned vehicles on the Premises, comprehensive automobile liability insurance with a minimum coverage of Two Million Dollars ($2,000,000.00) per occurrence, combined single limit; provided that the foregoing coverage amount may be provided through any combination of primary and umbrella/excess coverage policies. The property insurance required to be maintained by Tenant pursuant to this Paragraph 15.a. shall not have deductibles exceeding One Hundred Thousand Dollars ($100,000). In no event shall any insurance maintained by Tenant hereunder or required to be maintained by Tenant hereunder be deemed to limit or satisfy Tenant's indemnification or other obligations or liability under this Lease. Landlord reserves the right to require that Tenant cause any of its subtenants, licensees, contractors, vendors, movers or other parties conducting activities in or about or occupying the Premises to obtain and maintain insurance as reasonably determined by Landlord and as to which Landlord and such other parties designated by Landlord shall be additional insureds. Landlord makes no representation that the limits of liability required hereunder from time to time shall be adequate to protect Tenant.

b. Landlord's Insurance.

i. Liability Insurance. Landlord shall maintain in full force and effect throughout the term of this Lease, commercial general liability insurance with regard to the Premises protecting and insuring Landlord and having a combined single limit of liability of not less than Ten Million Dollars ($10,000,000) for bodily injury, death and property damage liability, provided that the foregoing coverage amount may be provided through any combination of primary and umbrella/excess coverage policies. In no event shall any insurance maintained by Landlord hereunder or required to be maintained by Landlord hereunder be deemed to limit or satisfy Landlord's indemnification or other obligations or liability under this Lease.

ii. Special Form Property Insurance. Landlord shall procure and maintain in full force and effect throughout the term of this Lease, Special Form (previously known as "All-Risk") property insurance (excluding earthquake and flood), including loss of rents for a minimum period of one (1) year on a replacement cost basis, in an amount adequate to cover the full insurable replacement value of all of the buildings (including the Premises) and other insurable improvements in the Premises; provided, however, in no event shall such insurance cover Tenant's Property or trade fixtures in or about the Premises, or any improvements that are not Standard Improvements. At Landlord's option, earthquake, earth movement (sinkholes), and flood coverage may be included, which coverage may be provided with blanket policies that include sublimits and annual aggregate limits. The property insurance required to be maintained by Landlord pursuant to this Paragraph shall not have deductibles exceeding Two Hundred and Fifty Thousand Dollars ($250,000), except earthquake, earth movement and flood coverage, which deductibles shall be commercially reasonable and customary. Notwithstanding the foregoing, Tenant shall have the right, on not less than sixty (60)

days prior notice to Landlord, to cause Landlord to procure and maintain earthquake insurance covering the Premises, in an amount reasonably requested by Tenant (and Tenant acknowledges that the cost thereof shall be payable by Tenant as an Operating Expense).

c. Policy Form. Each insurance policy required pursuant to Paragraph 15.a. or 15.b. above shall be issued by an insurance company authorized to do business in the State of California and with a general policyholders' rating of "**A-**" or better and a financial size ranking of "**Class VIII**" or higher in the most recent edition of Best's Insurance Guide. Tenant shall provide Landlord with not less than thirty (30) days' prior written notice if an insurance policy obtained by Tenant hereunder is materially changed, cancelled or will be allowed to lapse. Any deductibles shall be in commercially reasonable and customary amounts. The liability policies and any umbrella/excess coverage policies carried pursuant to clauses (i) and (v) of Paragraph 15.a. above shall (i) name or automatically add (by blanket additional insured endorsement) Landlord and all the other Indemnitees and any other parties designated by Landlord as additional insureds, (ii) provide that no act or omission of Tenant shall affect or limit the obligations of the insurer with respect to any other insured and (iii) provide that the policy and the coverage provided shall be primary, that Landlord, although an additional insured, shall nevertheless be entitled to recovery under such policy for any damage to Landlord or the other Indemnitees by reason of acts or omissions of Tenant, and that any coverage carried by Landlord shall be noncontributory with respect to policies carried by Tenant. The property insurance policies carried under item (ii) of Paragraphs 15.a. and 15.b. above shall include all waiver of subrogation rights endorsements necessary to effect the provisions of Paragraph 16 below. A certificate of each such insurance policy required of Tenant pursuant to this Paragraph 15 shall be delivered to Landlord by Tenant on or before the effective date of such policy and thereafter Tenant shall deliver to Landlord renewal policies or certificates at least ten (10) days prior to the expiration dates of expiring policies. If Tenant fails to procure such insurance or to deliver such policies or certificates, Landlord may, at its option, after not less than ten (10) days prior notice and opportunity to cure, procure the same for Tenant's account, and the cost thereof shall be paid to Landlord by Tenant upon demand.

d. No Implication. Nothing in this Paragraph 15 shall be construed as creating or implying the existence of (i) any ownership by Tenant of any fixtures, additions, Alterations, or improvements in or to the Premises or (ii) any right on Tenant's part to make any addition, Alteration or improvement in or to the Premises.

e. Increased Insurance. The liability insurance requirements under Paragraph 15 shall be reviewed by Landlord and Tenant every five (5) years for the purpose of mutually increasing (in consultation with their respective insurance advisors) the minimum limits of such insurance to limits which shall be reasonable and customary for similar facilities of like size and operation in accordance with generally accepted insurance industry standards. The replacement value of the buildings and other insurable improvements located on the Premises shall be re-evaluated every five (5) years at the request of either Landlord or Tenant.

16. Mutual Waiver of Subrogation Rights. Each party hereto hereby releases the other respective party and, in the case of Tenant as the releasing party, the other Indemnitees, and in the case of Landlord, the Tenant's agents, employees and Affiliates, and the respective partners, shareholders, agents, employees, officers, directors and authorized representatives of

such released party, from any claims such releasing party may have for damage to the Building, the Premises or any of such releasing party's fixtures, personal property, improvements and alterations in or about the Premises that is caused by or results from risks insured against under any "special form" insurance policies actually carried by such releasing party or deemed to be carried by such releasing party; provided, however, that such waiver shall be limited to the extent of the net insurance proceeds payable by the relevant insurance company with respect to such loss or damage (or in the case of deemed coverage, the net proceeds that would have been payable). For purposes of this Paragraph 16, Tenant and Landlord shall be deemed to be carrying any of the insurance policies required pursuant to Paragraph 15 but not actually carried by such party. Each party hereto shall cause each such fire and extended coverage insurance policy obtained by it to provide that the insurance company waives all rights of recovery by way of subrogation against the other respective party and the other released parties in connection with any matter covered by such policy.

17. Utilities/Services.

a. Basic Services. Landlord shall furnish the following utilities and services ("**Basic Services**") for the Premises: (i) electricity for Building standard lighting and power suitable for the use of the Premises for ordinary general office purposes, (ii) heat and air conditioning ("**HVAC**") from the HVAC units serving the Premises installed as part of Landlord's Work and described in Schedule 3 hereof, for a total of 2,900 hours per year, with the particular hours of such service on each day of the year being determined by Tenant on reasonable advance notice to Landlord (the "**Standard HVAC Hours**"), (iii) unheated water for the restroom(s) and kitchen areas in the Premises, (iv) elevator service to the floor(s) of the Premises by non-attended automatic elevators for general office pedestrian usage, and (v) on Business Days, janitorial services consistent with the Management Standard. Notwithstanding the foregoing, however, Tenant may use water, electric current, and janitorial service in excess of that provided in Basic Services ("**Excess Services,**" which shall include without limitation any power usage other than through existing standard 110-volt AC outlets; electricity in excess of the lesser of that described in clause (i) above or clause (ii) of Paragraph 17.c. below; electricity and/or water consumed by Tenant in connection with any dedicated or supplemental heating, ventilating and/or air conditioning, computer power, telecommunications and/or other special units or systems of Tenant; chilled, heated or condenser water; or water used for any purpose other than ordinary drinking and lavatory purposes), provided that the Excess Services desired by Tenant are reasonably available to Landlord and to the Premises, and provided further that Tenant complies with the procedures established by Landlord from time to time for requesting and paying for such Excess Services and with all other provisions of this Paragraph 17. Notwithstanding the above, (subject to any temporary shutdown for repairs, for security purposes, for compliance with any legal restrictions, or due to strikes, lockouts, labor disputes, fire or other casualty, acts of God, acts of terror, or other causes beyond the reasonable control of Landlord) (A) Tenant shall have access to the Premises 24 hours a day, each day of the Lease term, (B) the services described in (i), (iii) and (iv) above shall be provided to the Premises 24 hours a day, each day of the Lease term, and (C) subject to the above provisions of this Paragraph 17.a. regarding availability of Excess Services and Paragraph 17.b. below regarding Tenant's payment for Excess Services, the heat and air conditioning described in (ii) above shall be available to the Premises 24 hours a day, each day of the Lease term.

b. Payment for Utilities and Services. The cost of Basic Services shall be included in Operating Expenses. In addition, Tenant shall pay to Landlord upon demand (i) the cost, at Landlord's actual cost of providing the same, of any Excess Services used by Tenant and (ii) the cost of installing any equipment required in connection with any Excess Services requested by Tenant. Landlord's failure to bill Tenant for any of the foregoing shall not waive Landlord's right to bill Tenant for the same at a later time. As respects Excess Services for HVAC, if in any calendar year of the Term, Tenant uses HVAC service from any particular HVAC unit serving the Premises (not including package or supplemental units installed by Tenant) for a number of hours in excess of the Standard HVAC Hours (the "**Excess Use Hours**"), then Tenant shall pay to Landlord an amount equal the excess depreciation caused by the excess usage (without mark-up), calculated as set forth below. As of the date of this Lease based on the existing HVAC systems serving the Premises, such depreciation computation will be based on an expected useful service life of 15 years and a cost of $2,500 per ton as the installed equipment cost. As of the date hereof, the cost per Excess Use Hour payable by Tenant shall be as set forth on Schedule 3 attached hereto (and Tenant acknowledges that such amounts may change as and when particular HVAC units are required to be replaced). The such cost for Excess Use Hours is subject to change throughout the Lease term if there is any Capital Repairs/Replacements performed to an HVAC unit; provided, however, that such rates shall at all times reflect Landlord's reasonable calculation of the excess depreciation of the subject HVAC units caused by the excess usage and shall not include any mark up by Landlord. If the term of this Lease commences or ends on a day other than the first or last day of a calendar year, respectively, the Standard HVAC Hours applicable to the calendar year in which such term commences or ends shall be prorated according to the ratio which the number of days during the term of this Lease in such calendar year bears to three hundred sixty five (365). Following written request by Tenant from time to time but not more frequently than once each month, Landlord shall provide Tenant with a statement reasonably indicating the HVAC hours utilized by Tenant for its Premises as reflected by the meter.

c. Utility Connections. Tenant use of electricity at the Premises shall not exceed the capacity of the feeders or other aspects of the Building electrical system. Tenant will not conduct additional coring or channeling of the floor of the Premises in order to install new electric outlets in the Premises without the prior approval of Landlord, which approval shall not be unreasonably withheld. Tenant acknowledges that it shall be reasonable for Landlord to withhold its consent if Landlord reasonably determines that coring and/or channeling of the floor in order to install such additional outlets will weaken the structure of the floor.

d. HVAC System Design and Use. Tenant agrees that it shall design the Premises and use the Premises HVAC systems, and operate its business in the Premises, so as not to cause undue wear and tear on the HVAC systems. Landlord makes no representation to Tenant regarding the adequacy or fitness of the heating, air conditioning or ventilation equipment in the Building to maintain temperatures that may be required for, or because of, any computer or communications rooms, studio space, lighting, retail or restaurant use, machine rooms, conference rooms or other areas of high concentration of personnel or electrical usage, or any other uses other than or in excess of the fractional horsepower normally required for office equipment, or for any lack of performance of such HVAC systems due to Tenant's partitioning of the Premises, and Landlord shall have no liability for loss or damage suffered by Tenant or others in connection therewith.

e. Governmental Controls. In the event any governmental authority having jurisdiction over the Premises promulgates or revises any Legal Requirement relating to the use or conservation of energy or utilities or the reduction of automobile or other emissions (collectively, "**Controls**") or in the event Landlord is required to make alterations to the Premises in order to comply with such mandatory Controls, Landlord shall comply with such Controls and make such alterations to the Premises related thereto. Such compliance and the making of such alterations shall not constitute an eviction of Tenant, constructive or otherwise, or impose upon Landlord any liability whatsoever, including, but not limited to, liability for consequential damages or loss of business by Tenant.

f. Interruption of Services.

i. Landlord's obligation to provide utilities and services for the Premises are subject to applicable Legal Requirements (including the rules or actions of the public utility company furnishing the utility or service), and shutdowns for maintenance and repairs, for security purposes, or due to strikes, lockouts, labor disputes, fire or other casualty, acts of God, or other causes beyond the control of Landlord. In the event of an interruption in, or failure or inability to provide any service or utility for the Premises for any reason, such interruption, failure or inability shall not constitute an eviction of Tenant, constructive or otherwise, or impose upon Landlord any liability whatsoever, including, but not limited to, liability for consequential damages or loss of business by Tenant, or, except as expressly set forth in this Lease, entitle Tenant to any abatement or offset of Monthly Rent, Additional Rent or any other amounts due from Tenant under this Lease. Tenant hereby waives the provisions of California Civil Code Section 1932(1) or any other applicable existing or future Legal Requirement permitting the termination of this Lease due to such interruption, failure or inability.

ii. Notwithstanding the foregoing, if any interruption in, or failure or inability to provide any Basic Services is (i) within Landlord's reasonable control and continues for five (5) or more consecutive Business Days after Tenant's written notice thereof to Landlord, or (ii) outside of Landlord's reasonable control and continues for thirty (30) or more consecutive days after Tenant's written notice thereof to Landlord, and Tenant is unable to use and does not use a material portion of the Premises for Tenant's business purposes as a result thereof, then Tenant shall be entitled to an abatement of Monthly Rent under Paragraph 5 hereof and Additional Rent under Paragraph 7 hereof, which abatement shall commence as of the first day after the expiration of such five (5) Business Day or thirty (30) day period, as the case may be, and shall be based on the extent of Tenant's inability to use the Premises for Tenant's business. The abatement provisions set forth above shall be inapplicable to any interruption in, or failure or inability to provide any Basic Services that is caused by (x) damage by fire or other casualty or a taking (it being acknowledged that such situations shall be governed by Paragraphs 26 and 27, respectively), or (y) the negligence or willful misconduct of Tenant or any other Tenant Parties.

g. Property Management.

i. Landlord Provided Property Management. As of the date hereof, the Premises shall be operated and managed by Landlord in a manner consistent with the Management Standard. Such management and operation shall include, without limitation, the

provision of all of the Basic Services as provided above, repair and maintenance of the Premises and Building, including all Building systems (other than the Tenant Installed Supplemental Building Systems and Tenant's Equipment), keeping all exterior areas in neat, clean and safe condition, and providing customary engineering services (collectively, the "**Property Management**"). So long as Landlord is providing the Property Management, Tenant shall have the right to request Landlord to modify the level of services being provided, including, without limitation, modifying janitorial or security services, and landscape maintenance services and Landlord and Tenant shall cooperate to mutually agree on such modified level of service so long as it is consistent with the Management Standard. The costs of the Property Management shall be included in Operating Expenses to the extent allowed pursuant to Paragraph 7 above. So long as Landlord is providing the Property Management, Landlord may include a management fee in Operating Expenses equal to the greater of (i) 3% of "gross revenues" of the Premises (i.e., all Monthly Rent, Parking Space Rental, and Additional Rent paid by Tenant to Landlord, but not including any utility charges), and (ii) $244,000.00 per year (the "**Full Management Fee**")**.**

ii. Tenant Right to Partially Manage Property. At any time during the Term, Tenant shall have the right to elect, by giving not less than 120-days prior written notice to Landlord, to take over the provision of all Property Management duties, with the exception of (A) the provision of the engineering function, (B) the procurement and maintenance of Landlord's insurance for the Premises pursuant to Paragraph 15.b., (C) Landlord's payment of Tax Expenses (subject to reimbursement from Tenant as Additional Rent hereunder), and (D) maintenance and repair of the Base Building and, except as otherwise required pursuant to Paragraph 8.b.i. above, causing the Base Building to comply with Legal Requirements to the extent necessary for Tenant to occupy the Premises (collectively, the "**Landlord Retained Responsibilities**"). If Tenant makes such election, then on a date mutually and reasonably agreed upon by Landlord and Tenant, Landlord shall cease providing the Property Management duties (other than the Landlord Retained Responsibilities), and Tenant will commence to do so (the "**Management Turn Over Date**"). Following the Management Turn Over Date, Tenant will be responsible to provide the Basic Services and other Property Management duties and obligations (other than the Landlord Retained Responsibilities), at Tenant's sole cost and expense, and the costs thereof shall no longer be included in Operating Expenses. Without limiting the generality of the foregoing, Tenant's obligations after the Management Turn Over Date shall specifically include elevator maintenance and repair. Landlord and Tenant shall reasonably cooperate to assign service contracts and guaranties related to the Property Management duties to Tenant (including Tenant contracting directly with the applicable utility companies for the provision of electrical, gas, and water service to the Premises) in an efficient manner without causing any interruption in the services provided to the Premises and without incurring any termination fees or other expenses related to such turn-over of responsibilities. Following the Management Turn Over Date, the Management Fee shall be reduced to equal the greater of (i) 1.5% of "gross revenues" of the Premises, and (ii) $122,000.00 per year (the "**Partial Management Fee**") Whichever of the Full Management Fee or the Partial Management Fee is applicable, shall be the "Property Management Fee" per Section 7.a.i).

iii. Landlord's On-Site Personnel. Tenant shall provide Landlord, free of cost, with reasonable space within the Building for Landlord's (or its applicable vendor's) property management personnel and engineers (which space shall be commensurate with the level of service being provided by Landlord under this Lease). Any such space shall be deemed to be occupied by Tenant.

iv. Definitions.

(A) As used herein, the "**Base Building**" shall mean the (1) structural portions of the Building and the Parking Structure (including exterior walls, roof structure, foundation and core of the Building) and (2) the mechanical, electrical, life safety, plumbing, sprinkler systems and HVAC systems of the Building other than the Tenant Installed Supplemental Building Systems and Tenant's Equipment.

(B) As used herein, the "**Management Standard**" shall mean that the applicable party shall manage and operate the Premises and perform its duties under this Lease in a manner consistent with the standards followed by other first-class institutional owners and management companies of first-class office buildings of comparable quality in the downtown Los Angeles area.

18. Personal Property and Other Taxes. Tenant shall pay, at least ten (10) days before delinquency, any and all taxes, fees, charges or other governmental impositions levied or assessed against Landlord or Tenant (a) upon Tenant's equipment, furniture, fixtures, improvements and other personal property (including carpeting installed by Tenant) located in the Premises, (b) by virtue of any Alterations made by Tenant to the Premises, and (c) upon this transaction or any document to which Tenant is a party creating or transferring an interest or an estate in the Premises. If any such fee, charge or other governmental imposition is paid by Landlord, and is not included in Tax Expenses, Tenant shall reimburse Landlord for Landlord's payment within thirty (30) days following demand (accompanied by evidence of said fee, charge or other governmental imposition).

19. Rules and Regulations. Tenant shall comply with the rules and regulations set forth on Exhibit B attached hereto, as such rules and regulations may be reasonably modified or amended by Landlord from time to time (the "**Rules and Regulations**"). In the event of any conflict between the Rules and Regulations and the balance of this Lease, the balance of this Lease shall control.

20. Surrender; Holding Over.

a. Surrender. Upon the expiration or other termination of this Lease, Tenant shall surrender the Premises to Landlord vacant and broom-clean, with all improvements and Alterations (except as provided below) in their good condition, except for reasonable wear and tear, damage from casualty or condemnation and any changes resulting from approved Alterations; provided, however, that prior to the expiration or termination of this Lease Tenant shall remove from the Premises any Alterations that Tenant is required by Landlord to remove under the provisions of this Lease and all of Tenant's Property and trade fixtures. If such removal is not completed at the expiration or other termination of this Lease, Landlord may

remove the same at Tenant's expense. Any damage to the Premises or the Building caused by such removal shall be repaired promptly by Tenant (including the patching or repairing of damage to ceilings and walls, but Tenant shall not be required to re-paint, touch-up paint, fill minor nail holes, etc.) or, if Tenant fails to do so, Landlord may do so at Tenant's expense. The removal of Alterations from the Premises shall be governed by Paragraph 9 above. Tenant's obligations under this paragraph shall survive the expiration or other termination of this Lease. Upon expiration or termination of this Lease or of Tenant's possession, Tenant shall surrender all keys to the Premises or any other part of the Building and shall make known to Landlord the combination of locks on all safes, cabinets and vaults that may be located in the Premises.

b. Holding Over. If Tenant remains in possession of the Premises after the expiration or earlier termination of this Lease with the express written consent of Landlord, Tenant's occupancy shall be a month-to-month tenancy at a rent agreed upon by Landlord and Tenant, but in no event less than the greater of (i) the Monthly Rent and Additional Rent payable under this Lease during the last full month prior to the date of the expiration of this Lease or (ii) the then fair market rental (as mutually agreed by Landlord and Tenant) for the Premises. Except as provided in the preceding sentence, the month-to-month tenancy shall be on the terms and conditions of this Lease, except that any renewal options, expansion options, rights of first refusal, rights of first negotiation or any other rights or options pertaining to additional space in the Building contained in this Lease shall be deemed to have terminated and shall be inapplicable thereto. Landlord's acceptance of rent after such holding over with Landlord's written consent shall not result in any other tenancy or in a renewal of the original term of this Lease. If Tenant remains in possession of the Premises after the expiration or earlier termination of this Lease without Landlord's consent (or Landlord and Tenant have not otherwise been able to agree on the Monthly Rent payable for such holdover period), Tenant's continued possession shall be on the basis of a tenancy at sufferance and Tenant shall pay as Monthly Rent during the holdover period an amount equal to the greater of (i) one hundred fifty percent (150%) of the fair market rental (as reasonably determined by Landlord) for the Premises or (ii) two hundred percent (200%) of the Monthly Rent and Additional Rent payable under this Lease for the last full month prior to the date of such expiration or termination. Except as specifically provided in this Paragraph 20, the holdover tenancy shall be on the terms and conditions of this Lease.

c. Indemnification. If Tenant holds over in the Premises for period in excess of ten (10) days without Landlord's consent, then Tenant shall indemnify, defend and hold Landlord harmless from and against all Claims incurred by or asserted against Landlord and arising directly or indirectly from Tenant's failure to timely surrender the Premises, including but not limited to (i) any rent payable by or any loss, cost, or damages, including lost profits, claimed by any prospective tenant of the Premises or any portion thereof, and (ii) Landlord's damages as a result of such prospective tenant rescinding or refusing to enter into the prospective lease of the Premises or any portion thereof by reason of such failure to timely surrender the Premises; provided, however, as a condition to Tenant’s obligations under this Paragraph 20.c., Landlord shall give Tenant written notice of the existence of a prospective successor tenant for the Premises or any portion thereof, or the existence of any other matter which might give rise to a claim by Landlord under the foregoing indemnity, at least thirty (30) days prior to the date Landlord shall require Tenant’s surrender of the Premises, and Tenant shall not be responsible to Landlord under the foregoing indemnity if Tenant shall surrender the Premises on or prior to the expiration of such thirty (30) day period (it being agreed, however, that Landlord need not identify the prospective tenant by name in its notice, and it being further agreed that such notice may be given prior to the scheduled expiration date of this Lease)..

21. Subordination and Attornment.

a. Subject to Paragraph 21.b. below, this Lease is expressly made subject and subordinate to any mortgage, deed of trust, ground lease, underlying lease or like encumbrance affecting any part of the Premises or any interest of Landlord therein which is now existing or hereafter executed or recorded, any present or future modification, amendment or supplement to any of the foregoing, and to any advances made thereunder (any of the foregoing being a "**Superior Interest**"). If the interest of Landlord in the Premises or the Building is transferred to any person ("**Purchaser**") pursuant to or in lieu of foreclosure or other proceedings for enforcement of any Superior Interest, Tenant shall immediately attorn to the Purchaser, and this Lease shall continue in full force and effect as a direct lease between the Purchaser and Tenant on the terms and conditions set forth herein, provided that Purchaser acquires and accepts the Premises or the Building subject to this Lease and recognizes Tenant's rights hereunder. Upon Purchaser's request, including any such request made by reason of the termination of this Lease as a result of such foreclosure or other proceedings, Tenant shall enter in to a new lease with Purchaser on the terms and conditions of this Lease applicable to the remainder of the term hereof. Notwithstanding the subordination of this Lease to Superior Interests as set forth above, the holder of any Superior Interest may at any time (including as part of foreclosure or other proceedings for enforcement of such Superior Interest), upon written notice to Tenant, elect to have this Lease be prior and superior to such Superior Interest.

b. Notwithstanding the foregoing terms of Paragraph 21.a., the subordination of this Lease to any future Superior Interest shall be subject to and conditioned upon Tenant obtaining a commercially reasonable subordination, non-disturbance and attornment agreement (an "**SNDA**") from the holder of such Superior Interest, that provides that so long as Tenant is not in default hereunder beyond any applicable notice and grace periods (i) this Lease will not be terminated or cut off nor shall Tenant's possession hereunder be disturbed by enforcement of any rights given to such Superior Interest pursuant to any such mortgage, deed of trust, ground lease, underlying lease or like encumbrance, (ii) such Superior Interest shall recognize Tenant as the tenant under this Lease, (iii) no default by Landlord under any Superior Interest shall affect Tenant's rights under this Lease, (iv) Tenant will not be named as a party in any foreclosure or other proceedings with respect to any such Superior Interest, unless specifically required to be so named by Legal Requirements, (v) Tenant shall attorn to the person who acquires Landlord's interest hereunder through any such Superior Interest and (vi) the holder of any such Superior Interest shall not be (A) liable for any act or omission of any prior landlord (including Landlord), (B) liable for the return of any security deposit not actually received by such successor-in-interest, (C) subject to any offsets or defenses that Tenant might have against any prior landlord (including Landlord), (D) bound by any payment of rent or additional rent made by Tenant to Landlord more than thirty (30) days in advance of the due date thereof, (E) bound by any amendment or modification of this Lease made without the written consent of the holder of such Superior Interest (to the extent such consent is required under the documents related to the subject Superior Interest), except to the extent any such amendment or modification is made pursuant to Tenant's express rights under this Lease (e.g., Tenant's right to extend the term of the Lease), or (F) bound to fund any portion of Landlord's Allowance with respect to the Premises or perform Landlord's Work. Tenant shall, within ten (10) days after Landlord's request, execute and deliver to Landlord an SNDA to a particular Superior Interest. Notwithstanding the foregoing, the failure of any such holder of a Superior Interest to execute and deliver such a non-

disturbance agreement upon Landlord's request shall not constitute a default hereunder by Landlord, it being understood that Landlord's sole obligation is to request in good faith the execution and delivery of such agreement.

c. Landlord has caused any Superior Interest in effect as of the date of this Lease to provide an SNDA to Tenant concurrently with the full execution and delivery of this Lease.

22. Intentionally Omitted.

23. Entry by Landlord. Landlord may, at any and all reasonable times, and upon no less than forty-eight (48) hours' prior notice (provided that no advance notice need be given if an emergency (as determined by Landlord in its good faith judgment) necessitates an immediate entry or prior to entry to provide janitorial or security services), enter the Premises to (a) inspect the same and to determine whether Tenant is in compliance with its obligations hereunder, (b) show the Premises to prospective lenders, purchasers and, during the last 12 months of the Term, to prospective tenants, (c) post notices of nonresponsibility, and (d) make repairs or required alterations or improvements to the Building or any other portion of the Premises as required under this Lease. At Tenant's option, Tenant may require that an employee of Tenant accompany any such visitors (other than Landlord or Landlord's agents, employees or contractors). Tenant may from time to time upon thirty (30) days' advance written notice to Landlord designate, as secured areas of the Premises, areas where unusually confidential information is kept. Except in the case of emergency (as determined by Landlord in good faith), Landlord shall not enter such secured areas unless accompanied by a representative of Tenant. Tenant agrees to make such representative available to Landlord during Business Hours upon reasonable advance request (which may be oral) by Landlord. If Tenant shall fail to make such a representative available upon such request, Landlord may enter such secured areas without Tenant's representative. Landlord shall at all times be provided with a means of entry to the secured areas in the event of an emergency or Tenant's failure to provide a representative as aforesaid. Landlord shall not provide janitorial services to such secured areas unless requested by Tenant, in which case such services will be provided at the normal times janitorial service is supplied to other portions of the Premises. Tenant may elect that a representative accompany the provider of such janitorial services to the secured areas so long as the same does not require rescheduling of such services or hinder, interfere with or delay the performance of the same and is permitted under Landlord's applicable contracts with the provider of such janitorial services. In no event shall such entry or work entitle Tenant to an abatement of rent, constitute an eviction of Tenant, constructive or otherwise, or impose upon Landlord any liability whatsoever, including but not limited to liability for consequential damages or loss of business or profits by Tenant. Landlord shall at all times retain a key with which to unlock all of the doors in the Premises, except Tenant's vaults and safes. Landlord shall use good faith efforts to minimize interference with Tenant's use and occupancy of the Premises for the ordinary conduct of Tenant's business in connection with the exercise of Landlord's rights under this Paragraph. If an emergency necessitates immediate access to the Premises, Landlord may use whatever force is necessary to enter the Premises and any such entry to the Premises shall not constitute a forcible or unlawful entry into the Premises, a detainer of the Premises, or an eviction of Tenant from the Premises, or any portion thereof.

24. Intentionally Omitted.

25. Default and Remedies.

a. Events of Default. The occurrence of any of the following shall constitute an "**Event of Default**" by Tenant:

1. Tenant fails to pay when due Monthly Rent, Additional Rent, Parking Space Rental or any other rent due hereunder and such failure continues for five (5) Business days after written notice thereof from Landlord; or

2. Tenant abandons the Premises for fifteen (15) consecutive Business Days, which abandonment continues for fifteen (15) Business Days after written notice thereof from Landlord to Tenant; or

3. Tenant fails to deliver any estoppel certificate pursuant to Paragraph 29 below, subordination agreement pursuant to Paragraph 21 above, or document required pursuant to Paragraph 22 above, in each case within the applicable period set forth therein, and such failure is not cured within five (5) Business Days after written notice of failure is delivered to Tenant by Landlord; or

4. Intentionally Omitted;

5. Tenant assigns this Lease or subleases any portion of the Premises in violation of Paragraph 13 above; or

6. Tenant fails to comply with any other provision of this Lease in the manner and within the time required and such failure continues for thirty (30) days after written notice thereof from Landlord to Tenant; provided however, that if the nature of such default is such that the same cannot reasonably be cured within a thirty (30)-day period, Tenant shall not be deemed to be in default if it diligently commences such cure within such period and thereafter diligently proceeds to rectify and cure said default as soon as possible.

b. Remedies. Upon the occurrence of an Event of Default Landlord shall have the following remedies, which shall not be exclusive but shall be cumulative and shall be in addition to any other remedies now or hereafter allowed by law:

1. Landlord may terminate Tenant's right to possession of the Premises at any time by written notice to Tenant as allowed by Legal Requirements. Tenant expressly acknowledges that in the absence of such written notice from Landlord, no other act of Landlord, including, but not limited to, its re-entry into the Premises, its efforts to relet the Premises, its reletting of the Premises for Tenant's account, its storage of Tenant's personal property and trade fixtures, its acceptance of keys to the Premises from Tenant, its appointment of a receiver, or its exercise of any other rights and remedies under this Paragraph 25 or otherwise at law, shall constitute an acceptance of Tenant's surrender of the Premises or constitute a termination of this Lease or of Tenant's right to possession of the Premises.

Upon such termination in writing of Tenant's right to possession of the Premises, this Lease shall terminate and Landlord shall be entitled to recover damages from Tenant as provided in California Civil Code Section 1951.2 or any other applicable existing or future Legal Requirement providing for recovery of damages for such breach, including but not limited to the following:

(i) The reasonable cost of recovering the Premises; plus

(ii) The reasonable cost of removing Tenant's Alternations, trade fixtures and improvements to the extent that Tenant is required to remove same hereunder prior to the expiration of this Lease; plus

(iii) All unpaid rent due or earned hereunder prior to the date of termination, less the proceeds of any reletting or any rental received from subtenants prior to the date of termination applied as provided in Paragraph 25.b.2. below, together with interest at the Interest Rate, on such sums from the date such rent is due and payable until the date of the award of damages; plus

(iv) The amount by which the rent which would be payable by Tenant hereunder, including the Additional Rent under Paragraph 7 above and the Parking Space Rental specified in Paragraph 53 below, as reasonably estimated by Landlord, from the date of termination until the date of the award of damages, exceeds the amount of such rental loss as Tenant proves could have been reasonably avoided, together with interest at the Interest Rate on such sums from the date such rent is due and payable until the date of the award of damages; plus

(v) The amount by which the rent which would be payable by Tenant hereunder, including the Additional Rent under Paragraph 7 above and the Parking Space Rental specified in Paragraph 53 below, as reasonably estimated by Landlord, for the remainder of the then term, after the date of the award of damages exceeds the amount such rental loss as Tenant proves could have been reasonably avoided, discounted at the discount rate published by the Federal Reserve Bank of San Francisco for member banks at the time of the award plus one percent (1%); plus

(vi) Such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by Legal Requirements, including without limitation any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom.

2. Landlord has the remedy described in California Civil Code Section 1951.4 (a landlord may continue the lease in effect after the tenant's breach and abandonment and recover rent as it becomes due, if the tenant has the right to sublet and assign subject only to reasonable limitations), and may continue this Lease in full force and effect and may enforce all of its rights and remedies under this Lease, including, but not limited to, the right to recover rent as it becomes due.

During the continuance of an Event of Default, for so long as Landlord does not terminate Tenant's right to possession of the Premises and subject to Paragraph 13, entitled Assignment and Subletting, and the options granted to Landlord thereunder, Landlord shall not unreasonably withhold its consent to an assignment or sublease of Tenant's interest in the Premises or in this Lease.

3. Following the termination of this Lease as the result of an Event of Default, Landlord may, in compliance with Legal Requirements, enter the Premises and remove all Tenant's Property, Alterations and trade fixtures from the Premises and store them at Tenant's risk and expense. If Landlord removes such Personal Property from the Premises and stores it at Tenant's risk and expense, and if Tenant fails to pay the cost of such removal and storage after written demand therefor and/or to pay any rent then due, then after the property has been stored for a period of thirty (30) days or more Landlord may sell such property at public or private sale, in the manner and at such times and places as Landlord deems commercially reasonable following reasonable notice to Tenant of the time and place of such sale. The proceeds of any such sale shall be applied first to the payment of the expenses for removal and storage of the property, the preparation for and the conducting of such sale, and for reasonable attorneys' fees and other legal expenses incurred by Landlord in connection therewith, and the balance shall be applied as provided in Paragraph 25.b.2. above.

4. Following the termination of this Lease as the result of an Event of Default, Landlord may require Tenant to remove any and all Alterations from the Premises to the extent required under the terms of this Lease, or, if Tenant fails to do so within ten (10) days after Landlord's request, Landlord may do so at Tenant's expense.

5. Landlord may cure the Event of Default at Tenant's expense, it being understood that such performance shall not waive or cure the subject Event of Default. If Landlord pays any sum or incurs any expense in curing the Event of Default, Tenant shall reimburse Landlord upon demand for the amount of such payment or expense with interest at the Interest Rate from the date the sum is paid or the expense is incurred until Landlord is reimbursed by Tenant. Any amount due Landlord under this subsection shall constitute additional rent hereunder.

c. Waiver of Redemption. Tenant hereby waives, for itself and all persons claiming by and under Tenant, all rights and privileges which it might have under any present or future Legal Requirement to redeem the Premises or to continue this Lease after being dispossessed or ejected from the Premises.

d. Consequential Damages. Notwithstanding anything to the contrary set forth in this Paragraph 25 or elsewhere in this Lease, in no event shall Tenant be liable to Landlord for any consequential or remote damages, except for consequential damages expressly provided for in Paragraph 20.c. of this Lease with regard to Tenant’s failure to timely surrender the Premises to Landlord as provided in such Paragraph 20.c. after expiration of the thirty (30) day grace period set forth therein, where such failure shall continue after the five (5) Business Day notice and cure period set forth in Paragraph 25.a.3. above. In no event shall lost rent or other damages of Landlord provided for in Paragraph 25.b. above be deemed consequential or remote damages.

26. Damage or Destruction.

a. Except as otherwise provided in this Paragraph 26, if all or a portion of the Premises necessary for Tenant's use and occupancy of the Premises (including the roof-top deck of the Building, the Parking Structure and the Paseo) shall be damaged by fire or other casualty and this Lease is not terminated as a result thereof, Landlord shall promptly rebuild and restore the same to the condition existing immediately prior to such fire or other casualty (**"Landlord's Restoration Work"**). The proceeds of the policies required to be obtained and maintained by Landlord pursuant to Paragraph 15 hereof shall, to the extent made available to Landlord, be used for the performance of such rebuilding and restoration work.

b. Within sixty (60) days after Landlord becomes aware of such damage, Landlord shall deliver to Tenant an estimate prepared by a reputable architect, contractor or engineer selected by Landlord setting forth such architect's, contractor's or engineer's estimate as to the time reasonably required to repair such damage in order to make the Premises (or such portion thereof) tenantable ("**Landlord's Damage Notice**"). If (i) Landlord's Restoration Work cannot, in the reasonable opinion of Landlord as set forth in Landlord's Damage Notice, be substantially completed within twelve (12) months after the date of such damage or (ii) Landlord's Restoration Work is not fully covered (other than deductible amounts) by the insurance carried (or required to be carried) by Landlord hereunder, and the shortfall is greater than $1,000,000.00 (the "**Required Landlord Contribution**"), then Landlord at its option exercised by written notice to Tenant within said sixty (60)-day period, may either (a) elect to repair the damage, in which event this Lease shall continue in full force and effect (unless terminated by Tenant in accordance with the provisions of subparagraph c. below), or (b) terminate this Lease as of the date specified by Landlord in the notice, which date shall be not less than thirty (30) days nor more than sixty (60) days after the date such notice is given, and this Lease shall terminate on the date specified in the notice. Notwithstanding the foregoing, Landlord's Restoration Work shall not include and Landlord shall not be obligated to repair or replace any of Tenant's movable furniture, equipment, trade fixtures and other personal property, nor any above Building standard Alterations that were installed in the Premises by or at the request of Tenant (including those installed by Landlord at Tenant's request, whether prior or subsequent to the commencement of the Lease term) and no damage to any of the foregoing shall entitle Tenant to any rent abatement, and Tenant shall, at Tenant's sole cost and expense, repair and replace such items. All such repair and replacement of above Building standard Alterations shall be constructed by Tenant in accordance with Paragraph 9 above regarding Alterations.

c. If Landlord has not terminated this Lease as provided above and Landlord's Restoration Work can, in the reasonable opinion of Landlord as set forth in Landlord's Damage Notice, be substantially completed within twelve (12) months after the date of such damage, Tenant shall not have the right to terminate this Lease. If such estimate is more than twelve (12) months from the date of such casualty, or if the damage occurs during the last twelve (12) months of the term of the Lease and Landlord's Restoration Work cannot, in the reasonable opinion of Landlord as set forth in Landlord's Damage Notice, be substantially completed within two (2) months after the date of such damage, Tenant by written notice to Landlord delivered within thirty (30) days after Tenant's receipt of Landlord's Damage Notice, may elect to terminate this Lease, in which event this Lease shall terminate on the thirtieth (30th) day after Tenant's termination notice as if such date were the Expiration Date set forth herein.

d. If, during the course of repair, it becomes reasonably apparent to Landlord that the time required to make the repairs is likely to materially exceed the estimate contained in Landlord's Damage Notice, or any previously estimated Additional Repair Period, Landlord shall promptly give Tenant written notice specifying Landlord's estimate of the number of additional days (the "**Additional Repair Period**") required to make such repairs beyond the original estimate. If the Additional Repair Period exceeds ninety (90) days (which ninety (90)-day period shall be extended by the length of any delay in the completion of the repairs caused by events not within Landlord's reasonable control or Tenant Restoration Delay (as defined below, provided that such extension shall not exceed 60 days unless caused by a Tenant Restoration Delay)), then Tenant may give notice to Landlord, within thirty (30) calendar days after Tenant receives notice of Landlord's revised estimate, terminating this Lease as of the date thirty (30) days after Tenant's notice. If Tenant does not give notice terminating the Lease within such period, Tenant shall not have any right to terminate this Lease by reason of such delay in completion of the repairs or any further delay in completion of the repairs. As used herein, "Tenant Restoration Delay" means any delay in completion of the repairs caused by Tenant, including, without limitation, any delay caused by Tenant's failure to respond to inquiries of Landlord regarding the repairs within a reasonable period of time, or caused by Tenant's failure to grant Tenant's approval of materials or finishes for the repairs within a reasonable period of time, or caused by any interference by Tenant, or Tenant's agents, employees or contractors with the performance of the repairs. After Landlord becomes aware of any occurrence that will, or is likely to, result in Tenant Restoration Delay, Landlord shall use good faith efforts to promptly (and in any case, within ten (10) days thereof) notify Tenant of such occurrence together with Landlord's then good faith estimate of the probable duration of the Tenant Restoration Delay.

e. If the fire or other casualty damages the Premises necessary for Tenant's use and occupancy of the Premises, and Tenant ceases to use any portion of the Premises as a result of such damage, then during the period the Premises or portion thereof are rendered unusable by such damage and repair, Tenant's Monthly Rent and Additional Rent shall be proportionately reduced based upon the extent to which the damage and repair prevents Tenant from conducting, and Tenant does not conduct, its business at the Premises (and, to the extent that Tenant is utilizing less than the full capacity of the Parking Structure as a result thereof, then the obligation to pay Parking Space Rental shall be proportionately reduced based upon the extent to which the damage and repair prevents Tenant from utilizing, and Tenant does not utilize, all of the parking spaces in the Parking Structure; provided, however, if the damage results from the negligence or willful misconduct of Tenant or any other Tenant Parties, then Tenant's Monthly Rent and Additional Rent and obligation to pay Parking Space Rental will not abate unless Tenant reimburses Landlord for the deductible required under Landlord's property damage/rental loss insurance.

f. In no event shall Tenant be entitled to any compensation or damages from Landlord for loss of use of the whole or any part of the Premises or for any inconvenience occasioned by any such destruction, rebuilding or restoration of the Premises, the Building or access thereto, except for the rent abatement expressly provided above. Tenant hereby waives California Civil Code Sections 1932(2) and 1933(4), providing for termination of hiring upon destruction of the thing hired and Sections 1941 and 1942, providing for repairs to and of premises.

27. Eminent Domain.

a. If all or any part of the Premises is taken by any public or quasi-public authority under the power of eminent domain, or any agreement in lieu thereof (a "**taking**"), this Lease shall terminate as to the portion of the Premises taken effective as of the date of taking. If only a portion of the Premises is taken, Landlord or Tenant may terminate this Lease as to the remainder of the Premises upon written notice to the other party within ninety (90) days after the taking; provided, however, that Tenant's right to terminate this Lease is conditioned upon the remaining portion of the Premises being of such size or configuration that such remaining portion of the Premises is unusable or uneconomical for Tenant's business. All Monthly Rent and Additional Rent shall be apportioned as of the date of such termination, or the date of such taking, whichever shall first occur. Landlord shall be entitled to all compensation, damages, income, rent awards and interest thereon whatsoever which may be paid or made in connection with any taking and Tenant shall have no claim against Landlord or any governmental authority for the value of any unexpired term of this Lease or of any of the improvements or Alterations in the Premises; provided, however, that the foregoing shall not prohibit Tenant from prosecuting a separate claim against the taking authority for an amount separately designated for Tenant's relocation expenses or the interruption of or damage to Tenant's business or as compensation for Tenant's personal property, trade fixtures, Alterations or other improvements paid for by Tenant so long as such claim is payable separately to Tenant.

In the event of a partial taking of the Premises which does not result in a termination of this Lease, the Monthly Rent and Additional Rent and Parking Space Rental under Paragraphs 5 and 7 and 53 hereunder shall be equitably reduced. If all or any material part of the Premises is taken, Landlord may terminate this Lease upon written notice to Tenant given within ninety (90) days after the date of taking.

b. Notwithstanding the foregoing, if all or any portion of the Premises is taken for a period of time of one (1) year or less ending prior to the end of the term of this Lease, this Lease shall remain in full force and effect and Tenant shall continue to pay all rent and to perform all of its obligations under this Lease; provided, however, that Tenant shall be entitled to all compensation, damages, income, rent awards and interest thereon that is paid or made in connection with such temporary taking of the Premises (or portion thereof), except that any such compensation in excess of the rent or other amounts payable to Landlord hereunder shall be promptly paid over to Landlord as received. Landlord and Tenant each hereby waive the provisions of California Code of Civil Procedure Section 1265.130 and any other applicable existing or future Legal Requirement providing for, or allowing either party to petition the courts of the State of California for, a termination of this Lease upon a partial taking of the Premises.

28. Landlord's Liability; Sale of Building. The term "**Landlord,**" as used in this Lease, shall mean only the owner or owners of the Premises at the time in question. Notwithstanding any other provision of this Lease, the liability of Landlord for its obligations under this Lease is limited solely to Landlord's interest in the Premises and the proceeds thereof, as the same may from time to time be encumbered, and no personal liability shall at any time be asserted or enforceable against any other assets of Landlord or against the constituent shareholders, partners, members, or other owners of Landlord, or the directors, officers, employees and agents of Landlord or such constituent shareholder, partner, member or other

owner, on account of any of Landlord's obligations or actions under this Lease. In addition, in the event of any conveyance of title to the Premises, then provided the grantee or transferee has assumed Landlord's obligations to be performed under this Lease from and after the date of such conveyance, the grantor or transferor shall be relieved of all liability with respect to Landlord's obligations to be performed under this Lease first accruing after the date of such conveyance. Upon any conveyance of title to the Premises, the grantee or transferee shall be deemed to have assumed Landlord's obligations to be performed under this Lease from and after the date of such conveyance, subject to the limitations on liability set forth above in this Paragraph 28. If Tenant provides Landlord with any security for Tenant's performance of its obligations hereunder, Landlord shall transfer such security to the grantee or transferee of Landlord's interest in the Premises, and upon such transfer and such grantees' or transferee's assumption of same Landlord shall be released from any further responsibility or liability for such security. Notwithstanding any other provision of this Lease, but not in limitation of the provisions of Paragraph 14.a. above, Landlord shall not be liable for any consequential damages or interruption or loss of business, income or profits, or claims of constructive eviction, nor shall Landlord be liable for loss of or damage to artwork, currency, jewelry, bullion, unique or valuable documents, securities or other valuables, or for other property not in the nature of ordinary fixtures, furnishings and equipment used in general administrative and executive office activities and functions (all of the foregoing, collectively, "**Special Claims**"). Wherever in this Lease Tenant (a) releases Landlord from any claim or liability, (b) waives or limits any right of Tenant to assert any claim against Landlord or to seek recourse against any property of Landlord or (c) agrees to indemnify Landlord against any matters, the relevant release, waiver, limitation or indemnity shall run in favor of and apply to Landlord, the constituent shareholders, partners, members, or other owners of Landlord, and the directors, officers, employees and agents of Landlord and each such constituent shareholder, partner, member or other owner.

29. Estoppel Certificates. At any time and from time to time, upon not less than ten (10) Business Days' prior notice from Landlord or Tenant, the other party shall execute, acknowledge and deliver to the requesting party a statement certifying the commencement date of this Lease, stating that this Lease is unmodified and in full force and effect (or if there have been modifications, that this Lease is in full force and effect as modified and the date and nature of each such modification), that such party is not in default under this Lease (or, if such party is in default, specifying the nature of such default), that, to the best of the responding party's knowledge, the requesting party is not in default under this Lease (or if the requesting party is in default, specifying the nature of the default of which the responding party is aware), the current amounts of and the dates to which the Monthly Rent, Additional Rent and Parking Space Rental has been paid, and setting forth such other matters as may be reasonably requested by the requesting party. Any such statement may be conclusively relied upon by a prospective purchaser of the Premises or by a lender obtaining a lien on the Premises as security, or by an assignee or subtenant of Tenant.

30. Right of Landlord to Perform. If Tenant fails to make any payment required hereunder (other than Monthly Rent, Additional Rent and/or Parking Space Rental) or fails to perform any other of its obligations hereunder, Landlord may, after not less than ten (10) Business Days prior notice to Tenant, but shall not be obliged to, and without waiving any default of Tenant or releasing Tenant from any obligations to Landlord hereunder, make any such payment or perform any other such obligation on Tenant's behalf. Tenant shall pay to

Landlord, within thirty (30) days of Landlord's written demand therefor, one hundred ten percent (110%) of all sums so paid by Landlord and all necessary incidental costs incurred by Landlord in connection with the performance by Landlord of an obligation of Tenant. If such sum is not paid by Tenant within the required thirty (30)-day period, interest shall accrue on such sum at the Interest Rate from the end of such thirty (30)-day period until paid by Tenant. Further, Tenant's failure to make such payment within such thirty (30)-day period shall entitle Landlord to the same rights and remedies provided Landlord in the event of non-payment of rent.

31. Late Charge; Late Payments. Tenant acknowledges that late payment of any installment of Monthly Rent, Additional Rent, Parking Space Rental or any other amount required under this Lease will cause Landlord to incur costs not contemplated by this Lease and that the exact amount of such costs would be extremely difficult and impracticable to fix. Such costs include, without limitation, processing and accounting charges, late charges that may be imposed on Landlord by the terms of any encumbrance or note secured by the Premises and the loss of the use of the delinquent funds. Therefore, if any installment of Monthly Rent, Additional Rent, Parking Space Rental or any other amount due from Tenant is not received when due, Tenant shall pay to Landlord on demand, on account of the delinquent payment, an additional sum equal to the greater of (i) five percent (5%) of the overdue amount, or (ii) One Hundred Dollars ($100.00), which additional sum represents a fair and reasonable estimate of the costs that Landlord will incur by reason of late payment by Tenant, provided, however, Tenant shall not be required to pay said late charge on the first late payment in any period of twelve (12) consecutive months, unless such payment remains unpaid for five (5) Business Days after written notice to Tenant. Acceptance of any late charge shall not constitute a waiver of Tenant's default with respect to the overdue amount, nor prevent Landlord from exercising its right to collect interest as provided above, rent, or any other damages, or from exercising any of the other rights and remedies available to Landlord.

32. Attorneys' Fees; Waiver of Jury Trial. In the event of any action or proceeding between Landlord and Tenant (including an action or proceeding between Landlord and the trustee or debtor in possession while Tenant is a debtor in a proceeding under any bankruptcy law) to enforce any provision of this Lease, the losing party shall pay to the prevailing party all costs and expenses, including, without limitation, reasonable attorneys' fees and expenses, incurred in such action and in any appeal in connection therewith by such prevailing party. The "**prevailing party**" will be determined by the court before whom the action was brought based upon an assessment of which party's major arguments or positions taken in the suit or proceeding could fairly be said to have prevailed over the other party's major arguments or positions on major disputed issues in the court's decision. Notwithstanding the foregoing, however, Landlord shall be deemed the prevailing party in any unlawful detainer or other action or proceeding instituted by Landlord based upon any default or alleged default of Tenant hereunder if (i) judgment is entered in favor of Landlord, or (ii) prior to trial or judgment Tenant pays all or any portion of the rent claimed by Landlord, vacates the Premises, or otherwise cures the default claimed by Landlord.

IF ANY ACTION OR PROCEEDING BETWEEN LANDLORD AND TENANT TO ENFORCE THE PROVISIONS OF THIS LEASE (INCLUDING AN ACTION OR PROCEEDING BETWEEN LANDLORD AND THE TRUSTEE OR DEBTOR IN POSSESSION WHILE TENANT IS A DEBTOR IN A PROCEEDING UNDER ANY BANKRUPTCY LAW) PROCEEDS TO TRIAL, TO THE FULLEST EXTENT PERMITTED BY LEGAL REQUIREMENTS, LANDLORD AND TENANT HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY IN SUCH TRIAL. Landlord and Tenant agree that this paragraph constitutes a written consent to waiver of trial by jury within the meaning of California Code of Civil Procedure Section 631(d)(2), and each party does hereby authorize and empower the other party to file this paragraph and/or this Lease, as required, with the clerk or judge of any court of competent jurisdiction as a written consent to waiver of jury trial.

33. Waiver. No provisions of this Lease shall be deemed waived by Landlord or Tenant unless such waiver is in a writing signed by waiving party. The waiver by Landlord or Tenant of any breach of any provision of this Lease shall not be deemed a waiver of any subsequent breach of the same or any other provision of this Lease. No delay or omission in the exercise of any right or remedy of Landlord or Tenant upon any default by the other shall impair such right or remedy or be construed as a waiver. Landlord's acceptance of any payments of rent due under this Lease shall not be deemed a waiver of any default by Tenant under this Lease (including Tenant's recurrent failure to timely pay rent) other than Tenant's nonpayment of the accepted sums, and no endorsement or statement on any check or accompanying any check or payment shall be deemed an accord and satisfaction. Landlord's consent to or approval of any act by Tenant requiring Landlord's consent or approval shall not be deemed to waive or render unnecessary Landlord's consent to or approval of any subsequent act by Tenant.

34. Notices. All notices and demands which may or are required to be given by either party to the other hereunder shall be in writing. All notices and demands by Landlord to Tenant shall be delivered personally or sent by United States mail, postage prepaid, or by any reputable overnight or same-day courier, addressed to Tenant at the Premises, or to such other place as Tenant may from time to time designate by notice to Landlord hereunder; provided, however, that prior to the Commencement Date, notices to Tenant shall be addressed to Tenant at 1633 Broadway, New York, NY 10019, Attn: General Counsel, with a copy to Allen Matkins Leck Gamble Mallory & Natsis, LLP, 1901 Avenue of the Stars, Suite 1800, Los Angeles, California 90067, Attn: Eric J. Shelby, Esq. All notices and demands by Tenant to Landlord shall be sent by United States mail, postage prepaid, or by any reputable overnight or same-day courier, addressed to Landlord in care of Shorenstein Properties LLC, 235 Montgomery Street, 16th floor, San Francisco, California 94104, Attn: Corporate Secretary, with a copy to the management office of the Building, or to such other place as Landlord may from time to time designate by notice to Tenant hereunder. Notices delivered personally or sent same-day courier, and actually delivered prior to 6:00 p.m., will be effective immediately upon delivery to the addressee at the designated address; notices sent by overnight courier will be effective one (1) Business Day after acceptance by the service for delivery; notices sent by mail will be effective two (2) Business Days after mailing. In the event Tenant requests multiple notices hereunder, Tenant will be bound by such notice from the earlier of the effective times of the multiple notices.

35. Notice of Surrender. At least ninety (90) days before the last day of the term hereof, Tenant shall endeavor to give Landlord a written notice of intention to surrender the Premises on that date, but neither this paragraph nor any failure by Landlord to protest the lack of such notice by Tenant shall be construed as an extension of the term or as a consent by Landlord to any holding over by Tenant, nor shall such failure be deemed a default by Tenant hereunder, or subject Tenant to any liability whatsoever.

36. Defined Terms and Marginal Headings. When required by the context of this Lease, the singular includes the plural. If more than one person or entity signs this Lease as Tenant, the obligations hereunder imposed upon Tenant shall be joint and several, and the act of, written notice to or from, refund to, or signature of, any Tenant signatory to this Lease (including, without limitation, modifications of this Lease made by fewer than all such Tenant signatories) shall bind every other Tenant signatory as though every other Tenant signatory had so acted, or received or given the written notice or refund, or signed. The headings and titles to the paragraphs of this Lease are for convenience only and are not to be used to interpret or construe this Lease. Wherever the term "including" or "includes" is used in this Lease it shall be construed as if followed by the phrase "without limitation." Whenever in this Lease a right, option or privilege of Tenant is conditioned upon Tenant (or any affiliate thereof or successor thereto) being in "occupancy" of a specified portion or percentage of the Premises, for such purposes "**occupancy**" shall mean Tenant's (or such affiliate's or successor's) physical occupancy of the space for the conduct of such party's business, and shall not include any space that is subject to a sublease (provided that space encumbered by a Live Event/Retail Sublease or a Shared Space Arrangement shall be deemed to be occupied by Tenant) or that has been vacated by such party, other than a vacation of the space as reasonably necessary in connection with the performance of approved Alterations or by reason of a fire or other casualty or a taking. The language in all parts of this Lease shall in all cases be construed as a whole and in accordance with its fair meaning and not construed for or against any party simply because one party was the drafter thereof.

37. Time and Applicable Law. Time is of the essence of this Lease and of each and all of its provisions, except as to the conditions relating to the delivery of possession of the Premises to Tenant. This Lease shall be governed by and construed in accordance with the laws of the State of California, and the venue of any action or proceeding under this Lease shall be the City and County of Los Angeles, California.

38. Successors. Subject to the provisions of Paragraphs 13 and 28 above, the covenants and conditions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors, executors, administrators and assigns.

39. Entire Agreement; Modifications. This Lease (including any exhibit, rider or attachment hereto) constitutes the entire agreement between Landlord and Tenant with respect to Tenant's lease of the Premises. No provision of this Lease may be amended or otherwise modified except by an agreement in writing signed by the parties hereto. Neither Landlord nor Landlord's agents have made any representations or warranties with respect to the Premises, the Building, the Premises or this Lease except as expressly set forth herein, including without limitation any representations or warranties as to the suitability or fitness of the Premises for the

conduct of Tenant's business or for any other purpose, nor has Landlord or its agents agreed to undertake any alterations or construct any improvements to the Premises except those, if any, expressly provided in this Lease, and no rights, easements or licenses shall be acquired by Tenant by implication or otherwise unless expressly set forth herein.

40. Light and Air. Tenant agrees that no diminution of light, air or view by any structure which may hereafter be erected (whether or not by Landlord) shall entitle Tenant to any reduction of rent hereunder, result in any liability of Landlord to Tenant, or in any other way affect this Lease.

41. Memorandum of Lease. Neither this Lease nor any memorandum, short form, affidavit or other writing with respect thereto, shall be recorded by Tenant or anyone acting through, under or on behalf of Tenant. Notwithstanding the foregoing, Tenant may, at Tenant's expense, following the Commencement Date, record a Memorandum of this Lease in the form of Exhibit F attached hereto executed by both Landlord and Tenant; provided, however, that if Tenant records a Memorandum of this Lease, Tenant agrees to execute, within fifteen (15) days after written request from Landlord, a Quitclaim Deed or other recordable instrument in commercially reasonable form which Landlord may record upon expiration or earlier termination of this Lease in order to remove such Memorandum of Lease from title.

42. Severability. If any provision of this Lease or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Lease and the application of such provisions to other persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

43. Authority. If Tenant is a corporation, partnership, trust, association or other entity, Tenant hereby covenants and warrants that (a) Tenant is duly incorporated or otherwise established or formed and validly existing under the laws of its state of incorporation, establishment or formation, (b) Tenant has and is duly qualified to do business in the state in which the Premises is located, (c) Tenant has full corporate, partnership, trust, association or other appropriate power and authority to enter into this Lease and to perform all Tenant's obligations hereunder, and (d) each person (and all of the persons if more than one signs) signing this Lease on behalf of Tenant is duly and validly authorized to do so. If Landlord is a corporation, partnership, trust, association or other entity, Landlord hereby covenants and warrants that (a) Landlord is duly incorporated or otherwise established or formed and validly existing under the laws of its state of incorporation, establishment or formation, (b) Landlord has and is duly qualified to do business in the state in which the Premises is located, (c) Landlord has full corporate, partnership, trust, association or other appropriate power and authority to enter into this Lease and to perform all Landlord's obligations hereunder, and (d) each person (and all of the persons if more than one signs) signing this Lease on behalf of Landlord is duly and validly authorized to do so.

44. No Offer. Submission of this instrument for examination and signature by Tenant does not constitute an offer to lease or a reservation of or option for lease, and is not effective as a lease or otherwise until execution and delivery by both Landlord and Tenant.

45. Real Estate Brokers. Landlord and Tenant each represent and warrant to the other that it has negotiated this Lease directly with the real estate broker(s) identified in Paragraph 2 and has not authorized or employed, or acted by implication to authorize or to employ, any other real estate broker or salesman to act on its behalf in connection with this Lease. Landlord shall pay the Broker a commission pursuant to a separate agreement. Each party agrees to indemnify, defend, and save the other harmless from and against from and against any and all Claims by any real estate broker or salesman other than the real estate broker(s) identified in Paragraph 2 for a commission, finder's fee or other compensation as a result of Tenant's entering into this Lease.

46. Consents and Approvals. Wherever the consent, approval, judgment or determination of Landlord is required or permitted under this Lease, such consent, approval, judgment or determination shall not be unreasonably withheld unless the provision providing for such consent, approval, judgment or determination specifies that Landlord's consent or approval may be granted or denied in Landlord's sole discretion or otherwise states specific criteria for the granting or withholding of consent or approval. The review and/or approval by Landlord of any item shall not impose upon Landlord any liability for accuracy or sufficiency of any such item or the quality or suitability of such item for its intended use. Any such review or approval is for the sole purpose of protecting Landlord's interest in the Premises, and neither Tenant nor any Tenant Party nor any person or entity claiming by, through or under Tenant, nor any other third party shall have any rights hereunder by virtue of such review and/or approval by Landlord.

47. Intentionally Omitted.

48. Financial Statements. At any time within thirty (30) days after Landlord's request therefor (provided that unless the Premises is then for sale or subject to refinancing, or an Event of Default has occurred and is continuing, no more frequently than one (1) time per calendar year), Tenant shall furnish to Landlord copies of Tenant's most recent true and accurate audited financial statements reflecting Tenant's then current financial situation (including without limitation balance sheets, statements of operations, and statements of cash flows); provided, however, if Tenant has also prepared unaudited financial statements that are more current than such most recent audited financial statements, Tenant shall also provide such unaudited financial statements to Landlord (which shall be certified by an officer of Tenant or the third party CPA firm that prepared such financial statements). Notwithstanding the foregoing, so long as (a) Tenant remains a subsidiary of Warner Music Group Corp., a Delaware corporation (the "Warner Parent Entity"), (b) such information is available as part of the Warner Parent Entity's 10-K or 10-Q report filings at the SEC's Edgar website, and such materials are current per SEC filing requirements, and (c) the format of such filings is such that the financial statements of Tenant and other material information regarding Tenant's then current financial condition is separately reported in such filings or is otherwise readily ascertainable from such filings (separate and apart from that of any other entity, including the Warner Parent Entity) and such financial statements and information is not materially less than and is of a similar level of detail as the financial statements and information contained in the Warner Parent Entity's 10-K for FY 2015, then the foregoing financial reporting requirements set forth in the preceding sentence may be satisfied by such public filings by the Warner Parent Entity. No more than once per year, Tenant agrees to deliver to any bona fide lender, prospective lender, purchaser or prospective purchaser designated by Landlord, if such information is not publicly available as set forth above, such financial information as provided above. Landlord shall endeavor in good faith and

using commercially reasonable precautions to keep all financial statements and other confidential information received from Tenant relating to Tenant's business operations at the Premises confidential, except that Landlord may disclose Tenant's financial statements and information most recently received by Landlord from Tenant to any lender or prospective lender under a loan facility secured by a mortgage or deed of trust on the Building, any investor or prospective investor in Landlord, or any prospective purchaser of the Building, or as necessary in the course of any litigation arising out of or concerning this Lease, or as required by any law, rule or legal process applicable to Landlord and with which Landlord must legally comply; provided that Landlord cooperate with Tenant's reasonable efforts to obtain a commercially reasonable confidentiality or non-disclosure agreement from the person or persons to whom any of Tenant's financial statements or other confidential is to be disclosed by Landlord, prior to such disclosure; provided however that the foregoing confidentiality requirement shall be inapplicable in the event the subject financial information is made publicly available by the Securities and Exchange Commission or any other governmental body.

49. Intentionally Deleted.

50. Governmental Incentives. Landlord shall, at no cost to Landlord, reasonably cooperate with Tenant in Tenant's efforts to negotiate, implement and receive the benefits of an incentive package, or other grants or designations, with various governmental authorities, provided that such cooperation shall not include any modification to this Lease. Any and all fees, costs and expenses imposed by any applicable governmental authority shall be borne solely by Tenant, and Tenant shall reimburse Landlord within thirty (30) days following Landlord's demand therefor, for any and all out-of-pocket fees, costs and expenses actually incurred by Landlord in connection with Tenant's requests and Landlord's cooperation pursuant to this Paragraph 50, including, without limitation, reasonable attorney, consultant and professional fees. Notwithstanding anything to the contrary set forth in this Lease, any benefits obtained by Tenant (or on behalf of Tenant) at Tenant's sole expense from any governmental authority pursuant to this Paragraph 50 that relate solely to the Premises shall be solely for the benefit of Tenant, and to the extent that any such benefits are granted to Landlord and relate solely to the Premises, Landlord shall promptly assign (or pay) the same to Tenant.

51. Hazardous Substance Disclosure. California law requires landlords to disclose to tenants the existence of certain hazardous substances. Accordingly, the existence of gasoline and other automotive fluids, maintenance fluids, copying fluids and other office supplies and equipment, certain construction and finish materials, tobacco smoke, cosmetics and other personal items, and ACM must be disclosed. Gasoline and other automotive fluids are found in the garage area of the Building. Cleaning, lubricating and hydraulic fluids used in the operation and maintenance of the Premises are found in the utility areas of the Premises not generally accessible to Premises occupants or the public. Many Building occupants use copy machines and printers with associated fluids and toners, and pens, markers, inks, and office equipment that may contain hazardous substances. Certain adhesives, paints and other construction materials and finishes used in portions of the Premises may contain hazardous substances. Although smoking is prohibited in the public areas of the Premises, these areas may, from time to time, be exposed to tobacco smoke. Premises occupants and other persons entering the Premises from time-to-time may use or carry prescription and non-prescription drugs, perfumes, cosmetics and other toiletries, and foods and beverages, some of which may contain hazardous substances.

Landlord has made no special investigation of the Premises with respect to any hazardous substances. Notwithstanding the foregoing, Tenant agrees not to expose or disturb any ACM unless Landlord has given Tenant prior written consent thereto and Tenant complies with all applicable Legal Requirements and Landlord's written procedures for handling ACM.

52. Signage Rights.

a. Tenant, at its sole cost and expense, may install identification signage anywhere inside the Building, subject to compliance with all Legal Requirements.

b. Tenant, at Tenant's sole cost and expense (including, without limitation, costs and expenses to construct any such signage), and subject to Tenant's compliance with applicable Legal Requirements (including, without limitation, signage ordinances), shall have the exclusive right to install exterior Building and Premises signage (including on the "water tower" and on the Parking Structure), to the full extent allowed by Legal Requirements ("**Tenant's Building Signage**") subject to the following: (i) Tenant shall provide Landlord prior written notice of any such proposed Tenant's Building Signage, including plans showing the design, content, location and dimensions of such signage and (ii) in no event shall Tenant Signage include a name or logo that is an "Objectionable Name", as defined below, or depict any images that would be objectionable to the general public. Tenant shall be responsible for obtaining any governmental permits or approvals required for Tenant's Building Signage, all at Tenant's sole cost and expense; provided, however, that Landlord, at no cost to Landlord, shall reasonably cooperate with Tenant as reasonably required for obtaining any governmental permits or approvals required for Tenant's Building Signage. Tenant's repair, maintenance, construction and/or improvement of Tenant's Building Signage shall be at its sole cost and expense and shall comply with all applicable Legal Requirements, and the requirements applicable to construction of Alterations pursuant to Paragraph 9 of this Lease, including insurance coverage in connection therewith. Any cost or reimbursement obligations of Tenant under this Paragraph 52.b., including with respect to the installation, maintenance or removal of Tenant's Building Signage, shall survive the expiration or earlier termination of this Lease. Tenant's rights to maintain Tenant's Building Signage shall terminate upon the earlier to occur of: (a) the expiration or earlier termination of the Lease or Tenant's right to possession of the Premises; (b) if the Original Tenant or an Affiliate fails to lease at least fifty percent (50%) of the rentable square footage of the Building; or (c) Tenant assigns this Lease other than to an Affiliate. If Tenant's signage rights shall terminate pursuant to the foregoing, the same shall not be reinstated, notwithstanding that the cause for termination may have been cured.

c. Original Tenant or an Affiliate shall have the right to designate the "name" of the Premises as a name that is a recognizable derivative of the name on the Tenant's Building Signage at the Premises. The Premises name shall be subject to Landlord's reasonable prior approval. The Premises name shall not be a name (i) that is inconsistent with the first class quality of the Premises, (ii) which would be reasonably objectionable to landlords of first class office building in the downtown Los Angeles area and the use of the Premises by a recorded music, music production and distribution company, or (iii) which includes the name of a foreign country (an "**Objectionable Name**"). Tenant's naming rights shall terminate at any time during the Lease Term that the Original Tenant or an Affiliate, as the case may be, is not the Tenant under this Lease.

d. Upon the termination of Tenant's signage rights under this Paragraph 52, Tenant shall remove any of Tenant's Building Signage at Tenant's sole cost and expense, and repair and restore to good condition the areas of the Building on which the signage was located or that were otherwise affected by such signage or the removal thereof (including, without limitation, patching any holes or other penetrations caused by such signage and otherwise restoring the Building to the condition existing prior to the initial installation of such signage), or at Landlord's election, Landlord may perform any such removal and/or repair and restoration and Tenant shall pay Landlord the reasonable and actual, demonstrated cost thereof within thirty (30) days after Landlord's written demand. The rights provided for in this Paragraph 52 shall be personal to Original Tenant and any Affiliate of Original Tenant and shall not be transferable to any other party unless otherwise agreed to by Landlord in writing.

e. Notwithstanding anything contained herein to the contrary, Tenant acknowledges that Landlord shall have the right to install a commemorative plaque at the Premises in accordance with the terms of that certain Agreement dated April 22, 2014, with the prior owner of the Premises, 2060 East 7th, LLC, a copy of which agreement has been provided to Tenant. Landlord agrees that any such plaque shall be of the minimum size allowed by such Agreement unless otherwise approved by Tenant (which approval shall not be unreasonably withheld, conditioned or delayed).

53. Parking.

a. During the Lease term, Tenant shall have exclusive right to use Parking Structure, and to park as many cars in such Parking Structure as is allowed by Legal Requirements. In connection with such use of the Parking Structure, Tenant shall be required to purchase from Landlord seven hundred sixty-two (762) parking passes for the Parking Structure at the monthly rental rate set forth on Schedule 2 attached hereto (the "**Parking Space Rental**"). The Parking Space Rental shall constitute additional rent for all purposes under this Lease. In addition to the Parking Space Rental, Tenant shall be liable for all taxes, assessments or other impositions imposed by any governmental entity in connection with Tenant's use of the parking spaces.

54. Transportation Management. Tenant shall fully comply, at no cost and expense to Tenant, with all present or future governmentally required programs intended to manage parking, transportation or traffic in and around the Premises, and in connection therewith, Tenant shall take responsible action for the transportation planning and management of all employees located at the Premises by working directly with any governmental transportation management organization or any other transportation-related committees or entities.

55. Helipad Installation and Use. Subject to all Legal Requirements, including without limitation, compliance with all applicable FCC and FAA regulations and compliance with the terms of Paragraph 9 above, Tenant, at Tenant's sole cost and expense, shall have the right to construct, and use throughout the term, a helicopter landing pad on the roof of the Building (the "**Helipad**"). The precise location, plans and specifications of the Helipad shall be subject to the prior review and approval of Landlord, which approval shall not be unreasonably withheld, conditioned or delayed.

56. Quiet Enjoyment. If, and so long as, Tenant is not in default of the Lease beyond any applicable notice or grace periods, Tenant shall peaceably and quietly enjoy the Premises throughout the term without hindrance by Landlord or any person lawfully claiming through or under Landlord, subject to the provisions of this Lease.

57. No Discrimination. Tenant covenants by and for itself and its successors, heirs, personal representatives and assigns and all persons claiming under or through Tenant that there shall be no discrimination against or segregation of any person or of a group of persons on account of race, color, religion, creed, sex or national origin in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the Premises nor shall Tenant or any person claiming under or through Tenant establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or assignees of the Premises.

58. CASp Inspection. As of the date of this Lease, neither the Premises nor any other portions of the Premises expected to be in Tenant's path of travel during the Lease term, have undergone an inspection by a Certified Access Specialist regarding compliance with construction-related accessibility standards. This disclosure is made pursuant to Section 1938 of the California Civil Code.

59. Rooftop Equipment.

a. Tenant shall have the exclusive right, at no additional cost, to utilize space on the roof of the Building for the purpose of installing (in accordance with the terms and conditions of Paragraph 9 of this Lease), operating and maintaining rooftop equipment to be used by Tenant in connection with Tenant's use of the Premises for the Permitted Use (collectively the "**Rooftop Equipment**"); provided, however, that the foregoing shall not limit Landlord's right to maintain equipment on the roof of the Building to extent necessary to operate the Building. The exact location of the space on the roof to be used by Tenant shall be reasonably mutually agreed upon by Landlord and Tenant (the "**Roof Space**"). The installation of the Rooftop Equipment shall be subject to compliance with all Legal Requirements and the the approval of Landlord, which shall not be unreasonably withheld, conditioned or delayed, in consultation with Landlord's architect and/or engineer with respect to the plans and specifications of the Rooftop Equipment, the manner in which the Rooftop Equipment is attached to the roof of the Building and the manner in which any cables are run to and from the Rooftop Equipment. Any structural upgrades to the Building that may be necessary to accommodate the Rooftop Equipment shall be at Tenant's sole cost and expense. Tenant shall be solely responsible for obtaining all necessary governmental and regulatory approvals and for the cost of installing, operating, maintaining and removing the Rooftop Equipment. If at any time Landlord, in its reasonable discretion, deems it necessary or in order to comply with Legal Requirements, Tenant shall provide and install, at Tenant's sole cost and expense, appropriate aesthetic screening, reasonably satisfactory to Landlord, for the Rooftop Equipment (the "**Aesthetic Screening**").

b. Landlord agrees that Tenant shall have access to the roof of the Building and the Roof Space for the purpose of installing, maintaining, repairing and removing the Rooftop Equipment, the appurtenances and the Aesthetic Screening, if any, all of which shall be performed by Tenant or Tenant's authorized representative or contractors at Tenant's sole cost

and risk. It is agreed, however, that only authorized engineers, employees or properly authorized contractors of Tenant, FCC (defined below) inspectors, or persons under their direct supervision will be permitted to have access to the Roof Space. Tenant further agrees to exercise control over the people requiring access to the Roof Space in order to keep to a minimum the number of people having access to the Roof Space and the frequency of their visits. It is further understood and agreed that the installation, maintenance, operation and removal of the Rooftop Equipment, the appurtenances and the Aesthetic Screening, if any, is not permitted to damage the Building or the roof thereof. Tenant agrees to be responsible for any damage caused to the roof or any other part of the Building, which may be caused by Tenant or any of its agents or representatives.

c. Tenant shall, at its sole cost and expense, and at its sole risk, install, operate and maintain the Rooftop Equipment in a good and workmanlike manner, and in compliance with all applicable Building, electric, communication, and safety codes, ordinances, standards, regulations and requirements, now in effect or hereafter promulgated, of the Federal Government, including, without limitation, the Federal Communications Commission (the "**FCC**"), the Federal Aviation Administration ("**FAA**") or any successor agency of either the FCC or FAA having jurisdiction over radio or telecommunications, and of the state, city and county in which the Building is located. Under this Lease, Landlord and its agents assume no responsibility for the licensing, operation and/or maintenance of Tenant's equipment. Tenant has the responsibility of carrying out the terms of its FCC license in all respects. The Rooftop Equipment shall be connected to the Building power supply in strict compliance with all applicable Building, electrical, fire and safety codes. Except to the extent caused by Landlord's negligence or willful misconduct, neither Landlord nor its agents shall be liable to Tenant for any stoppages or shortages of electrical power furnished to the Rooftop Equipment or the Roof Space because of any act, omission or requirement of the public utility serving the Building, or for any other cause beyond the reasonable control of Landlord, and Tenant shall not be entitled to any rental abatement for any such stoppage or shortage of electrical power. Neither Landlord nor its agents shall have any responsibility or liability for the conduct or safety of any of Tenant's representatives, repair, maintenance and engineering personnel while in or on any part of the Building or the Roof Space.

d. The Rooftop Equipment, the appurtenances and the Aesthetic Screening, if any, shall remain the personal property of Tenant, and shall be removed by Tenant at its own expense at the expiration or earlier termination of the Lease. Tenant shall repair any damage caused by such removal, including the patching of any holes to match, as closely as possible, the color surrounding the area where the equipment and appurtenances were attached. Tenant agrees to maintain the Rooftop Equipment in proper operating condition and maintain same in satisfactory condition as to appearance and safety. Tenant agrees that at all times during the Lease term, it will keep the roof of the Building and the Roof Space free of all trash or waste materials produced by Tenant or Tenant's agents, employees or contractors.

e. In light of the specialized nature of the Rooftop Equipment, Tenant shall be permitted to utilize the services of its choice for installation, operation, removal and repair of the Rooftop Equipment, the appurtenances and the Aesthetic Screening, if any. Notwithstanding the foregoing, Tenant must provide Landlord with prior written notice of any such installation, removal or repair and coordinate such work with Landlord in order to avoid voiding or otherwise adversely affecting any warranties granted to Landlord with respect to the roof. If necessary,

Tenant, at its sole cost and expense, shall retain any contractor having a then existing warranty in effect on the roof to perform such work (to the extent that it involves the roof), or, at Tenant's option, to perform such work in conjunction with Tenant's contractor. In the event Landlord contemplates roof repairs that could affect Tenant's Rooftop Equipment, or which may result in an Interruption of the Tenant's telecommunication service, Landlord shall formally notify Tenant at least thirty (30) days in advance (except in cases of an emergency) prior to the commencement of such contemplated work in order to allow Tenant to make other arrangements for such service.

f. Tenant specifically acknowledges and agrees that the terms and conditions of Paragraphs 9, 14, 15 and 20 of this Lease shall apply with full force and effect to the Roof Space and any other portions of the roof accessed or utilized by Tenant, its representatives, agents, employees or contractors.

60. Generator.

a. Tenant shall have the right to install one (1) back-up electrical generator (the "Generator") in a location mutually acceptable to Landlord and Tenant (the "Generator Area"). In no event shall Tenant permit the Generator to interfere with normal and customary use or operation of the Building. Tenant shall be responsible for any and all costs, if any, incurred by Landlord as a result of or in connection with Tenant's installation, operation, use and/or removal of the Generator. In the event that Landlord shall incur any costs as a result of or in connection with the rights granted to Tenant herein, Tenant shall reimburse Landlord for the same within thirty (30) days following billing. If required by Landlord, Tenant, at Tenant's sole cost and expense, shall install screening, landscaping or other improvements satisfactory to Landlord (in Landlord's sole discretion) in order to satisfy Landlord's aesthetic requirements in connection with the Generator. Subject to Landlord's prior approval of all plans and specifications, which approval shall not be unreasonably withheld, and at Tenant's sole cost and expense, Landlord shall permit Tenant to install and maintain the Generator in the Generator Area, and connections between the Generator and Landlord's electrical systems in the Building, all in compliance with all applicable laws. Without limitation of the foregoing, all conditions relating to the installation, connection, use, repair and removal of the Generator (including, without limitation, the manner and means of Tenant's connection of the Generator to the core of the Building and/or through the Building risers to the Premises) shall be subject to the prior approval of Landlord, which approval shall not be unreasonably withheld and otherwise subject to the provisions of this Lease related to the performance of improvements within the Premises. Tenant shall be responsible for all maintenance and repairs and compliance with law obligations related to the Generator and acknowledges and that Landlord shall have no responsibility in connection therewith and that Landlord shall not be liable for any damage that may occur with respect to the Generator. The Generator shall be used by Tenant only during (i) testing and regular maintenance, and (ii) the period of any electrical power outage in the Building. Tenant shall submit the specifications for design, operation, installation and maintenance of the connections to the Generator and facilities related thereto to Landlord for Landlord's consent, which consent will not be unreasonably withheld or delayed and may be conditioned on Tenant complying with such reasonable requirements imposed by Landlord, based on the advice of Landlord's engineers, so that the Building's systems or other components of the Building are not adversely affected by the installation and operation of the Generator and/or based upon other reasonable factors as determined by Landlord. The cost of design (including engineering costs) and installation of the Generator and the costs of the Generator itself shall be Tenant's sole responsibility.

b. Tenant shall maintain, at Tenant's cost, industry standard "boiler and machinery" insurance coverage with respect to the Generator. Tenant shall indemnify, defend, protect, and hold harmless Landlord for all Claims incurred in connection with or arising from any cause related to or connected with the installation, use, operation, repair and/or removal of the Generator other than to the extent caused by the acts, omissions or negligence of Landlord.

c. At Landlord's option, Landlord may require that Tenant remove the Generator and all related facilities and equipment upon the expiration or earlier termination of this Lease, and repair all damage to the Building resulting from such removal and restore all affected areas to their condition existing prior to Tenant's installation of the Generator, all at Tenant's sole cost and expense.

61. Option to Renew.

a. Option to Renew. Tenant shall have the option to renew this Lease for one (1) additional term of ten (10) years (the "**Option Term**"), commencing upon the expiration of the initial term of the Lease. The renewal option shall be exercised by Tenant, if at all, and only in the following manner. Tenant may deliver notice (the "**Option Interest Notice**") to Landlord not more than twenty-two (22) months nor less than twenty (20) months prior to the expiration of the of the initial term of this Lease, stating that Tenant is interested in exercising its option. If Tenant timely delivers the Option Interest Notice, Landlord shall deliver notice (the "**Market Rent Notice**") to Tenant not less than nineteen (19) months prior to the expiration of the of the initial term of this Lease, setting forth Landlord's determination of the Market Rent (as defined below) for the Premises. If Tenant wishes to exercise such option, whether or not Tenant has delivered the Option Interest Notice, Tenant shall, on or before the Option Exercise Date (as defined below), exercise the option by delivering notice thereof (the "**Option Exercise Notice**") to Landlord and upon, and concurrent with, such exercise, if Landlord has previously provided its determination of the Market Rent, Tenant may, at its option, accept or reject such Market Rent. In the event that Tenant shall reject or fail to affirmatively accept the Market Rent set forth in the Market Rent Notice, or if Tenant did not deliver the Option Interest Notice, the parties shall follow the procedure, and the Market Rent shall be determined, as set forth in Paragraph 61.c. below. The "**Option Exercise Date**" shall mean the date occurring eighteen (18) months prior to the expiration of the then Lease Term. Notwithstanding anything contained herein to the contrary, at Landlord's election, this renewal option shall be null and void and Tenant shall have no right to renew this Lease if (i) on the date Tenant sends the Option Exercise Notice or as of the date immediately preceding the commencement of the Option Term Original Tenant or an Affiliate is not in occupancy of at least fifty percent (50%) of the Premises (exclusive of any space that is subject to a Live Event/Retail Sublease or a Shared Space Arrangement) then demised hereunder or Original Tenant or an Affiliate does not intend to continue to occupy the Premises (but intends to assign this Lease or sublet the space in whole or in part), or (ii) on the date Tenant sends the Option Exercise Notice or on the date immediately preceding the commencement date of the Option Term an Event of Default by Tenant remains uncured.

b. Terms and Conditions. If Tenant exercises the renewal option, then all of the terms and conditions set forth in this Lease as applicable to the Premises during the initial term shall apply during the Option Term, except that (i) Tenant shall have no further right to renew this Lease, (ii) Tenant shall take the Premises in their then "as-is" state and condition, and (iii) the Monthly Rent payable by Tenant for the Premises shall be the Market Rent for the Premises based upon the terms of this Lease, as renewed. The Market Rent shall include the periodic rental increases, if any, that would be included for space leased for the period the space will be covered by the Lease. For purposes of this Paragraph 61, the term "**Market Rent**" shall mean the rental rate for comparable space under primary lease (and not sublease) to new tenants, taking into consideration the unique quality of the Premises and such amenities as existing improvements and the like, situated in first class, reputable, established creative office buildings in the Arts District of Los Angeles (which shall be deemed for purposes of this Lease the area shown on Exhibit H attached hereto), in comparable physical condition (including, if such building is a historic building, such building must have gone through a full building renovation similar to the Premises) ("**Comparable Buildings**"), taking into consideration the then prevailing ordinary rental market practices with respect to tenant concessions (such as rental abatement concessions, if any, being granted tenants in connection with comparable space and tenant improvements or allowances provided or to be provided for such comparable space) and the use of subject comparable space.

c. Determination of Market Rent. In the event Tenant fails to affirmatively accept or if Tenant timely objects to Landlord's determination of the Market Rent, or, in the event that Tenant did not deliver the Option Interest Notice, Landlord and Tenant shall attempt to agree upon the Market Rent using reasonable good-faith efforts. If Landlord and Tenant fail to reach agreement as to the Market Rent prior to the date which is seven (7) months prior to the commencement of the Option Term (the "**Outside Agreement Date**"), then Landlord and Tenant shall, on a mutually and reasonably agreed upon date and time approximately six (6) months prior to the commencement of the Option Term, meet at the Premises and simultaneously exchange the Option Rents which will be submitted to arbitration under this Paragraph 61.c. The exchanged Option Rents shall be submitted to the arbitrators concurrently with the selection of such arbitrators pursuant to this Paragraph 61.c. and shall be submitted to arbitration in accordance with procedures set forth below:

i. Landlord and Tenant shall each appoint one arbitrator who shall by profession be a real estate broker or a MAI appraiser who shall have been active over the five (5) year period ending on the date of such appointment in the leasing of Comparable Buildings. The determination of the arbitrators shall be limited solely to the issue area of whether Landlord's or Tenant's submitted Market Rent, is the closest to the actual Market Rent as determined by the arbitrators, taking into account the requirements of Paragraph 61.b. above; provided, however, the arbitrators shall have the right to adjust their determination of the Market Rent, as necessary, to account for differences in quality among the individual Comparable Building in which comparable transactions have occurred. Each such arbitrator shall be appointed within fifteen (15) days after the applicable Outside Agreement Date. Landlord and Tenant may consult with their selected arbitrators prior to appointment and may select an arbitrator who is favorable to their respective positions (including an arbitrator who has previously represented Landlord and/or Tenant, as applicable). The arbitrators so selected by Landlord and Tenant shall be deemed "**Advocate Arbitrators**."

ii. The two Advocate Arbitrators so appointed shall be specifically required pursuant to an engagement letter within ten (10) days of the date of the appointment of the last appointed Advocate Arbitrator to attempt to agree upon and appoint a third arbitrator ("**Neutral Arbitrator**") who shall be qualified under the same criteria set forth hereinabove for qualification of the two Advocate Arbitrators except that (1) neither the Landlord or Tenant or either parties' Advocate Arbitrator may, directly or indirectly, consult with the Neutral Arbitrator prior or subsequent to his or her appearance, and (2) the Neutral Arbitrator cannot be someone who has represented Landlord and/or Tenant or their affiliates during the five (5) year period prior to such appointment. The Neutral Arbitrator shall be retained via an engagement letter jointly prepared by Landlord's counsel and Tenant's counsel.

iii. The Neutral Arbitrator shall within thirty (30) days of the appointment of the Neutral Arbitrator reach a decision as to Market Rent and determine whether the Landlord's or Tenant's determination of Market Rent as submitted pursuant to Paragraph 61.c. above is closest to Market Rent as determined by the Neutral Arbitrator and simultaneously publish a ruling ("Award") indicating whether Landlord's or Tenant's submitted Market Rent is closest to the Market Rent as determined by the Neutral Arbitrator. Following notification of the Award, the Landlord's or Tenant's submitted Market Rent determination, whichever is selected by the Neutral Arbitrator as being closest to Market Rent shall become the then applicable Market Rent.

iv. The Award shall be binding upon Landlord and Tenant.

v. If either Landlord or Tenant fail to appoint an Advocate Arbitrator within fifteen (15) days after the applicable Outside Agreement Date, then the Advocate Arbitrator appointed by one of them shall determine whether the Landlord's or Tenant's determination of Market Rent as submitted pursuant to this Paragraph 61.c. is closest to Market Rent as determined by such Advocate Arbitrator and simultaneously publish an Award.

vi. If the two (2) Advocate Arbitrator fail to agree upon and appoint a third arbitrator, or if both parties fail to appoint an Advocate Arbitrator, then the appointment of the third arbitrator or any arbitrator shall be dismissed and the matter to be decided shall be forthwith submitted to arbitration under the provisions of the American Arbitration Association, but subject to the instruction set forth in this Paragraph 61.c.

vii. The cost of arbitration shall be paid by Landlord and Tenant equally.

[SIGNATURE PAGES TO FOLLOW]

THIS LEASE IS EXECUTED by Landlord and Tenant as of the date set forth at the top of page 1 hereof.

Landlord:

SRI TEN SANTA FE LLC,

a Delaware limited liability company

By: /s/ James A. Pierre
Name: James A. Pierre
Title: Vice President

Tenant:

WMG ACQUISITION CORP.,

a Delaware corporation

By: /s/ Paul Robinson
Name: Paul Robinson
Title: EVP, General Counsel & Secretary

SCHEDULE 1

Monthly Rent Schedule

Lease Month	Rate per RSF/Month	Monthly Rent
1-12*	$3.25	$835,341
13-24*	$3.35	$860,401
25-36	$3.45	$886,213
37-48	$3.55	$912,800
49-60	$3.66	$940,184
61-72	$3.77	$968,389
73-84	$3.88	$997,441
85-96	$4.00	$1,027,364
97-108	$4.12	$1,058,185
109-120	$4.24	$1,089,931
121-132	$4.37	$1,122,628
133-144	$4.50	$1,156,307
145-153	$4.63	$1,190,997

***See Paragraph 5.e.**

SCHEDULE 2

Parking Space Rental

	Rate per space/month (762 spaces)	**Monthly Parking Space Rental**
1-12	$180.00	$137,160
13-24	$183.60	$139,903
25-36	$187.27	$142,701
37-48	$191.02	$145,555
49-60	$194.84	$148,466
61-72	$198.73	$151,436
73-84	$202.71	$154,464
85-96	$206.76	$157,554
97-108	$210.90	$160,705
109-120	$215.12	$163,919
121-132	$219.42	$167,197
133-144	$223.81	$170,541
145-153	$228.28	$173,952

SCHEDULE 3

Initial Excess Use Hours Charges

RTU#	Unit Tonnage	Portion of Building Served by Unit	Excess HVAC Charge/Hour*
1	90 ton	Tower 5th floor	$5.17
2	120 ton	Tower 3rd and 4th floors	$6.89
3	130 ton	Tower basement, 1st and 2nd floors	$7.47
4	100 ton	Annex 2nd floor North	$5.75
5	100 ton	Annex 2nd floor South	$5.75
6	130 ton	Annex 1st floor	$7.47
7	80 ton	CMU building 1st and 2nd floors	$4.50

*Subject to change upon replacement of the subject HVAC unit.

EXHIBIT A-1

Site Plan of the Premises

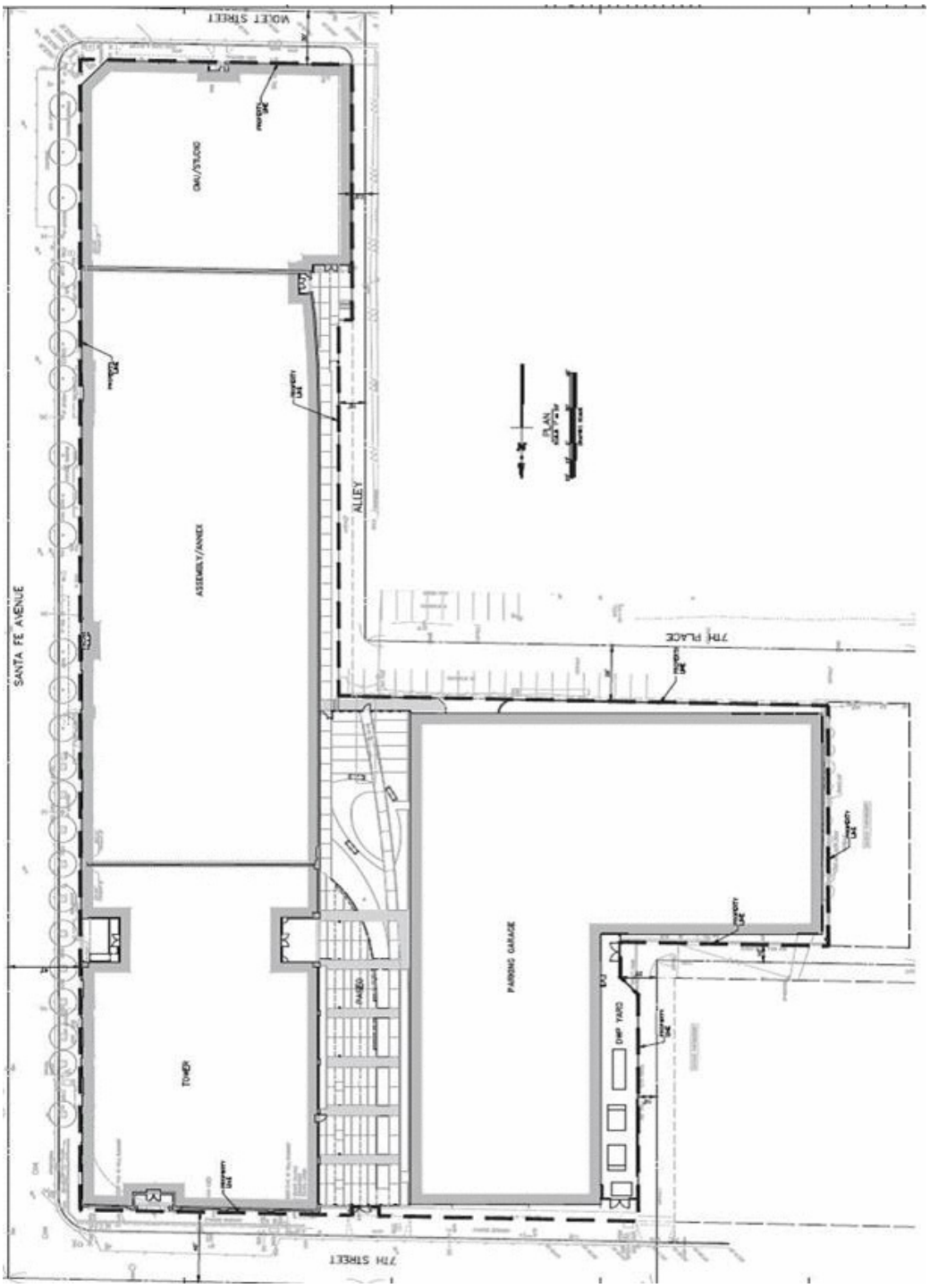
VIOLET STREET
SANTA FE AVENUE
ALLEY
7TH PLACE
7TH STREET
ASSEMBLY/ANNEX
PARKING GARAGE
TOWER
DMP YARD

EXHIBIT A-2

Legal Description of the Premises

The land referred to in this Commitment is situated in the City of Los Angeles, County of Los Angeles, State of California, and is described as follows:

PARCEL 1:

LOTS 11 TO 23 INCLUSIVE OF M. L. WICKS SUBDIVISION OF THE GARBOLINO-COOPER AND SOUTH AND PORTER TRACTS, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 16, PAGE 73 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, TOGETHER WITH THAT PORTION OF THAT CERTAIN NORTH-SOUTH ALLEY, 15 FEET WIDE, AS SHOWN ADJOINING LOTS 1 AND 42, M. L. WICKS SUBDIVISION OF THE KIEFER TRACT, AS PER MAP RECORDED IN BOOK 18, PAGE 25 OF SAID MISCELLANEOUS RECORDS, BOUNDED NORTHERLY BY A LINE PARALLEL WITH AND DISTANT 5 FEET SOUTHERLY MEASURED AT RIGHT ANGLES FROM THE EASTERLY PROLONGATION OF THE NORTHERLY LINE OF SAID LOT 1; AND BOUNDED SOUTHERLY BY A LINE PARALLEL WITH AND DISTANT 2 FEET NORTHERLY MEASURED AT RIGHT ANGLES FROM THE EASTERLY PROLONGATION OF THE SOUTHERLY LINE OF SAID LOT 42, AS DESCRIBED IN RESOLUTION TO VACATE NO. 96-1400503, A CERTIFIED COPY OF WHICH RECORDED FEBRUARY 4, 1997 AS INSTRUMENT NO. 97-185212, OFFICIAL RECORDS, THAT WOULD PASS WITH LEGAL CONVEYANCE OF SAID LOTS 11 TO 17 INCLUSIVE.

PARCEL 2:

LOTS 37 AND 38 OF M.L. WICKS SUBDIVISION OF THE KIEFER TRACT, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 18, PAGE 25 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 3:

LOTS 1, 2, 3, 4, 39, 40, 41 AND 42 OF M.L. WICKS SUBDIVISION OF THE KIEFER TRACT, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 18, PAGE 25 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, TOGETHER WITH THAT PORTION OF THAT CERTAIN NORTH-SOUTH ALLEY, 15 FEET WIDE, AS SHOWN ADJOINING LOTS 1 AND 42, M. L. WICKS SUBDIVISION OF THE KIEFER TRACT, AS PER MAP RECORDED IN BOOK 18, PAGE 25 OF SAID MISCELLANEOUS RECORDS, BOUNDED NORTHERLY BY A LINE PARALLEL WITH AND DISTANT 5 FEET SOUTHERLY MEASURED AT RIGHT ANGLES FROM THE EASTERLY PROLONGATION OF THE NORTHERLY LINE OF SAID LOT 1; AND BOUNDED SOUTHERLY BY A LINE PARALLEL WITH AND DISTANT 2 FEET NORTHERLY MEASURED AT RIGHT ANGLES FROM THE EASTERLY

PROLONGATION OF THE SOUTHERLY LINE OF SAID LOT 42, AND THAT PORTION OF THAT CERTAIN EAST-WEST ALLEY, 20 FEET WIDE, AS SHOWN ADJOINING LOTS 1 THROUGH 4, SAID M. L. WICKS SUBDIVISION OF KIEFER TRACT, BOUNDED EASTERLY BY THE SOUTHERLY PROLONGATION OF THE EASTERLY LINE OF SAID LOT 1; AND BOUNDED WESTERLY BY A LINE PARALLEL WITH AND DISTANT 30 FEET EASTERLY MEASURED AT RIGHT ANGLES FROM THE SOUTHERLY PROLONGATION OF THE WESTERLY LINE OF SAID LOT 4, AS BOTH ARE DESCRIBED IN RESOLUTION TO VACATE NO. 96-1400503, A CERTIFIED COPY OF WHICH RECORDED FEBRUARY 4, 1997 AS INSTRUMENT NO. 97-185212, OFFICIAL RECORDS, THAT WOULD PASS A LEGAL CONVEYANCE OF SAID LOTS 1, 2, 3, 4, 39, 40, 41 AND 42.

EXCEPT FROM SAID LOT 39, ALL OIL GAS, MINERAL AND OTHER HYDROCARBON SUBSTANCES LYING UNDER SAID LAND BUT WITH NO RIGHT OF ENTRY THEREON, AS RESERVED BY WINIFRED A KIDSON, IN DEED RECORDED SEPTEMBER 2, 1952, IN BOOK 39738, PAGE 250, OFFICIAL RECORDS.

PARCEL 4:

THAT PORTION OF LOTS 24, 25 AND 26 OF M.L. WICKS SUBDIVISION OF GARBOLINO-COOPER & SOUTH & PORTER TRACT, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 16 PAGE 73 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, LYING WESTERLY OF THE WEST LINE OF THE RIGHT OF WAY DESCRIBED IN DEED TO SOUTHERN PACIFIC RAILROAD COMPANY, RECORDED IN BOOK 4867 PAGE 266 OF DEED OF RECORDS OF SAID COUNTY.

PARCEL 5:

LOTS 24, 25 AND 26 OF M.L. WICKS SUBDIVISION OF GARBOLINO-COOPER & SOUTH & PORTER TRACTS, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 16 PAGE 73 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING THEREFROM THOSE PORTIONS OF SAID LOTS WESTERLY OF THE WESTERLY LINE OF THE RIGHT OF WAY DESCRIBES IN THE DEED TO THE SOUTHERN PACIFIC RAILROAD COMPANY, RECORDED IN BOOK 4867 PAGE 266 OF DEEDS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXHIBIT B

RULES AND REGULATIONS

FORD FACTORY CAMPUS

1. Tenant shall not alter any lock or install any new or additional locks or any bolts on any interior or exterior door of the Premises without prior notice (at least fifteen (15) days in advance) to Landlord (and Tenant shall provide Landlord copies or master keys for such new locks or bolts).

2. Tenant shall not overload the floor of the Premises.

3. Safes or other heavy objects shall, if considered necessary by Landlord, stand on a platform of such thickness as is necessary to properly distribute the weight. Landlord will not be responsible for loss of or damage to any such safe or property from any cause, and all damage done to the Building by moving or maintaining any such safe or other property shall be repaired at the expense of Tenant. The moving company must be a locally recognized professional mover and must be bonded and fully insured. A certificate or other verification of such insurance must be received and approved by Landlord prior to the start of any moving operations. Insurance must be sufficient in Landlord's sole opinion, to cover all personal liability, theft or damage to the Premises.

4. In no event shall Tenant keep, use, or permit to be used in the Premises or the Building any guns, firearm, explosive devices or ammunition.

5. Tenant shall not use or keep in the Premises or the Building any kerosene, gasoline, or, except as customary in connection with a general office or retail use or for the generator, inflammable or combustible fluid or material.

6. Landlord will direct electricians as to where and how telephone and telecommunications wiring is to be introduced into the Premises and the Building. No boring or cutting for wires will be allowed without the prior consent of Landlord. The location of telephones, call boxes and other office equipment affixed to the Premises shall be subject to the prior approval of Landlord.

7. Upon the expiration or earlier termination of the Lease, Tenant shall deliver to Landlord the keys of offices, rooms and toilet rooms which have been furnished by Landlord to Tenant and any copies of such keys which Tenant has made. In the event Tenant has lost any keys furnished by Landlord, Tenant shall pay Landlord for such keys.

8. Tenant shall not lay linoleum, tile, carpet or other similar floor covering so that the same shall be affixed to the floor of the Premises, except to the extent and in the manner approved in advance by Landlord. The expense of repairing any damage resulting from a violation of this rule or removal of any floor covering shall be borne by the tenant by whom, or by whose contractors, employees or invitees, the damage shall have been caused.

9. In case of invasion, mob, riot, public excitement, or other commotion, Landlord reserves the right to prevent access to the Building during the continuance of the same by closing the doors or otherwise, for the safety of the tenants and protection of property in the Building. Subject to Tenant's right of access to the Premises in accordance with Building security procedures, Landlord reserves the right to close and keep locked all entrance and exit doors of the Building outside of Building Hours, and during such further hours as Landlord may deem advisable for the adequate protection of the Building and the property of its tenants.

EXHIBIT C

Form of Commencement Date Letter

_____, 20__

_____
_____
_____

Re: Lease, dated as of _____ 20__ (the "**Lease**"), between SRI Ten SANTA FE LLC, a Delaware limited liability company ("**Landlord**") and WARNER MUSIC INC., a Delaware corporation ("**Tenant**") for premises located at 777 S. Santa Fe Avenue, Los Angeles, California.

Gentlemen or Ladies:

Pursuant to Paragraph 3.a. of your above-referenced Lease, this letter shall confirm the following dates:

1. The Commencement Date of the Lease (as defined in Paragraph 2.b. of the Lease) is _____.

2. The Expiration Date of the Lease (as defined in Paragraph 2.b. of the Lease) is _____ .

Please acknowledge Tenant's agreement to the foregoing by executing both duplicate originals of this letter and returning one fully executed duplicate original to Landlord at the address on this letterhead. If Landlord does not receive a fully executed duplicate original of this letter from Tenant evidencing Tenant's agreement to the foregoing (or a written response setting forth Tenant's disagreement with the foregoing) within fifteen (15) days of the date of Tenant's receipt of this letter, Tenant will be deemed to have consented to the terms set forth herein.

Very truly yours,

SRI TEN SANTA FE LLC,
a Delaware limited liability company

By: _____
Its designated signatory

The undersigned agrees to the dates set forth above:

WARNER MUSIC INC., a Delaware corporation

By: _____
Name:
Title:

EXHIBIT D-1

Cash Security Deposit Provisions

In the event that Tenant elects to provide a portion of the Letter of Credit Amount in the form of a cash security deposit pursuant to Paragraph 6.a. of this Lease (the "**Cash Security Deposit**"), then such Cash Security Deposit shall be held by Landlord as security for the faithful performance by Tenant of all of its obligations under this Lease. If Tenant defaults with respect to any provisions of this Lease, including, but not limited to, the provisions relating to the payment of rent, the removal of property and the repair of resultant damage, Landlord may, without notice to Tenant, but without any obligation on behalf of Landlord, apply all or any part of the Cash Security Deposit: (i) to the payment of any rent or any other sum in default; and (ii) to compensate Landlord for any and all damages or losses of any kind or nature sustained or which Landlord reasonably estimates that it will sustain that result from Tenant's breach or default of the Lease, including, but not limited to, any and all damages or losses arising out of, or incurred in connection with, the termination of this Lease, including, without limitation, those specifically identified in this Lease and Section 1951.2 of the California Civil Code. Following Landlord's application of the Cash Security Deposit, or any portion thereof, Tenant shall, upon demand therefor, restore the Cash Security Deposit to its original amount. Tenant shall not be entitled to any interest on the Cash Security Deposit. Tenant hereby irrevocably waives and relinquishes any and all rights, benefits, or protections, if any, Tenant now has, or in the future may have, under Section 1950.7 of the California Civil Code, any successor statute, and all other provisions of law, now or hereafter in effect, including, but not limited to, any provision of law which (i) establishes the time frame by which a landlord must refund a security deposit under a lease, or (ii) provides that a landlord may claim from a security deposit only those sums reasonably necessary to remedy defaults in the payment of rent, to repair damage caused by a tenant, or to clean the subject premises. Tenant acknowledges and agrees that (A) any statutory time frames for the return of a security deposit are superseded by the express period identified in this Exhibit D-1, above, and (B) rather than be so limited, Landlord may claim from the Cash Security Deposit (i) any and all sums expressly identified in this Exhibit D-1, above, and (ii) any additional sums reasonably necessary to compensate Landlord for any and all losses or damages caused by Tenant's default of this Lease, including, but not limited to, all damages or rent due upon termination of this Lease pursuant to Section 1951.2 of the California Civil Code. Any unapplied portion of the Cash Security Deposit shall be returned to Tenant, or, at Landlord's option, to the last assignee of Tenant's interest hereunder, within sixty (60) days following the expiration of the term of this Lease so long as this Lease was not terminated as a result of an Event of Default or other early termination due to a bankruptcy or insolvency of Tenant (and, if this Lease was terminated prior to the scheduled expiration date due to an Event of Default or due to a bankruptcy or insolvency of Tenant, then any unapplied portion of the Cash Security Deposit shall be returned within sixty (60) days following the final, non-appealable decision of a court of competent jurisdiction of the amounts owing to Landlord under this Lease as a result thereof and Tenant's right, if any, to the refund of any unapplied portion of the Cash Security Deposit).

EXHIBIT D-2

Form Letter of Credit
IRREVOCABLE LETTER OF CREDIT

Date of Issue: October 7, 2016

Beneficiary
SRI Tenant Santa Fe LLC
_____
_____

Applicant
WMG Acquisition Corp.
75 Rockefeller Plaza
New York, NY 10019

Ladies and Gentlemen,

We hereby issue this Irrevocable Standby Letter of Credit No. _____ in your favor, for the account of WMG Acquisition Corp. in the amount of USQLP4)JJ5MQ (SEVEN MILLION AND 00/100 UNITED STATES DOLLARS), (the "Stated Amount") available by payment upon presentation of your draft(s) drawn on us at sight, accompanied by the following:

1) The original of this Letter of Credit and amendment(s), if any.

2) A dated statement purportedly signed by an authorized officer/representative of the Beneficiary on Beneficiary's letterhead which includes one of the following statements:

"The undersigned hereby certifies that Beneficiary, either (a) in accordance with that certain office lease dated [insert lease date], as the same may have been amended (collectively, the "Lease"), or (b) as a result of the termination of the lease, has the right to draw down the amount of USD _____ under Letter of Credit No._____."

OR

"The undersigned hereby certifies that it has received written notice that Credit Suisse AG will not extend Letter of Credit No. _____ beyond its current expiration date"

OR

'The undersigned hereby certifies that Beneficiary is entitled to draw down the full amount of Letter of Credit No. _____ as the result of the filing of a voluntary petition under the U.S bankruptcy code or a state bankruptcy code by the Tenant under that certain office lease dated [insert lease date], as the same may have been amended (collectively, the "Lease")."

OR

'The undersigned hereby certifies that Beneficiary is entitled to draw down the full amount of Letter of Credit No. _____ as the result of an involuntary petition having been filed under the U.S. bankruptcy code or a state bankruptcy code against the Tenant under that certain office lease dated [insert lease date], as the same may have been amended (collectively, the "Lease")."

OR

"The undersigned hereby certifies that Beneficiary is entitled to draw down the full amount of Letter of Credit No. _____ as the result of the rejection, or deemed rejection, of that certain office lease dated [insert lease date], as the same may have been amended, under section 365 of the U.S. bankruptcy code."

SPECIAL CONDITIONS:

Draft(s) must state: "Drawn under Credit Suisse AG Standby Letter of Credit No. _____ dated October *1,* 2016."

We hereby agree with you that your draft(s) drawn under and in compliance with the terms of this Letter of Credit shall be duty honored upon presentation to us at our office located at Eleven Madison Avenue, 9th Floor, New York, New York 10010, Attention: Trade Finance Services Department, without inquiry as to the accuracy of the presentation and regardless of whether Applicant disputes the content of any presentation documents The written statement shall be accompanied by this Letter of Credit for surrender; provided, however, that if less than the balance of the Letter of Credit is drawn, this Letter of Credit need not be surrendered and shall continue in full force and effect with respect to the unused balance of this Letter of Credit unless and until we issue to you a replacement Letter of Credit for such unused balance, the terms of which replacement Letter of Credit shall be identical to those set forth in this Letter of Credit. Drawing request(s) made by fax transmission to fax number 212-325-8315 or such other fax number identified by us in a written notice to you is acceptable You shall notify us by telephone at 212-325-3610 or 212-538-1370 prior to or simultaneously with sending of such fax transmission.

Partial and multiple drawings are allowed. Each payment made by us pursuant to a drawing made hereon will automatically reduce the Stated Amount by the amount of such payment.

This Letter of Credit expires at our counters on October 7. 2017 (the "Expiry Date").

It is a condition of this letter of credit that it is deemed to be automatically extended without amendment for period{s) of one year each from the current expiry date hereof, or any future expiry date, unless at least sixty (60) days prior to any expiry date, we notify you by registered mail or overnight courier at the above listed address that this Letter of Credit will not be extended beyond its current expiry date Upon receipt of such notice, you have the right to draw yoif sight draft(s) on us, accompanied by the original of this Letter of Credit, and any amendments attached hereto, if any.

This Letter of Credit is transferable and any such transfer shall be effected by us, provided that you deliver to us your written request for transfer in form attached hereto as Exhibit A. Beneficiary may, at any time and without notice to Applicant and without first obtaining Applicant's consent thereto, transfer all of Beneficiary's interest in and to the Letter of Credit to another party, person or entity, regardless of whether or not such transfer is separate from or as a part of the assignment by Beneficiary of Beneficiary's rights and interests in and to this Lease. The original of this Letter of Credit together with any amendments thereto must be presented to Credit Suisse AG only and accompany any such transfer request. In case of any transfer under this Letter of Credit, the draft and any required statement must be executed by the transferee and where the beneficiary's name appears within this Letter of Credit, the transferee's name shall be automatically substituted therefor this Letter of Credit may not be transferred to any person with whom U.S. persons are prohibited from doing business under U.S. Foreign Assets Control Regulations or other applicable U.S. laws and regulations. Any transfer fees will be for the account of the Applicant.

All issuing bank charges including transfer charges are for the account of the Applicant. Our obligation to transfer this Letter of Credit shall not be affected by our ability to collect payment of the transfer fee from the Applicant

In the event that the original of this Letter of Credit or any amendment thereto is lost, stolen, mutilated, or otherwise destroyed, we hereby agree to issue a duplicate original hereof upon receipt of a written request from you and a certification by you (purportedly signed by your authorized representative) of the loss, theft, mutilation, or other destruction or the original hereof

Except so far as otherwise expressly stated herein, this Letter of Credit is subject to the International Standby Practices 1998, International Chamber of Commerce Publication No. 590 (ISP 98) subject to the following: (a) notwithstanding Rule 4.09(c) of ISB98 and regardless of whether the words "exact" or "identical" or similar words are used in this Letter of Credit, a document presented under this Letter of Credit need not reproduce the wording in this Letter of Credit exactly, including typographical errors, punctuation, spacing, blank lines and spaces, and the like; and (b) notwithstanding Rule 5.06(c)(i) of ISP98 the presenter shall not be precluded from asserting an objection to a notice of discrepancy solely by reason of having requested that the documents be forwarded or that a waiver be sought.

If you require any assistance or have any questions regarding this Letter of Credit, please call (212) 325-3610.

Very truly yours,

Credit Suisse AG

Authorized Signature	Authoriz Signature

EXHIBIT D-3

Letter of Credit Reduction Schedule

1. Subject to the provisions of Paragraph 6.d. of this Lease and Paragraph 2 of this Exhibit D-3 below, the Letter of Credit Amount shall be the amounts set forth in the table below as of the first day of each Lease Year:

Lease Year	Letter of Credit Amount*
1	$15,448,324**
2	$15,448,324**
3	$15,448,324**
4	$11,586,243
5	$7,724,162
6	$3,862,081
7	$1,931,000
8	$1,931,000**
9	$1,931,000**
10	$1,931,000**
11	$1,931,000**
12+	$0

* Letter of Credit Amounts set forth above are assuming that no reductions have been made as provided in Paragraph 2 below.

** Note that there will be no time – based reduction on the subject Lease Year (but there may nonetheless be reductions as provided in Paragraph 2, below).

2. Subject to the provisions of Paragraph 6.d. of this Lease, the Letter of Credit Amount shall be subject to further adjustment as set forth below to the extent the Letter of Credit Amount as determined pursuant to the chart below is lower than the Letter of Credit Amount otherwise required pursuant to the table in Paragraph 1 above:

a. The Letter of Credit Amount shall be reduced to the amount provided in the table below upon Tenant, together with Warner Parent Entity and its affiliates, obtaining a Moody's Corp. Family Rating or S&P Corporate Credit Rating corresponding to the applicable Letter of Credit Amount in the chart below:

Moody's Corp. Family Rating	S&P Corporate Credit Rating	Letter of Credit Amount
Baa3 & above	BBB- & above	$0
Ba1	BB+	$6,448,000
Ba2	BB	$9,448,000
Ba3	BB-	$12,448,000
B1	B+	$15,448,000
	B	$15,448,000

b. Notwithstanding anything contained herein to the contrary, the Letter of Credit Amount shall only be subject to adjustment as provided in Paragraph 2.a. above if, as of such date that the adjustment would otherwise occur (i) Tenant remains a wholly owned subsidiary of the Warner Parent Entity and (ii) Tenant continues to hold substantially all of the assets (which may include the equity interests in subsidiaries) of the Warner Corporate Family.

3. For example purposes only, the following are illustrative of how the provisions of Paragraphs 1 and 2 above would operate under the following circumstances:

a. Assume that as of the first day of Lease Year 3, Tenant and its affiliates have a Moody's Corp. Family Rating of Ba3 and an S&P Corporate Credit Rating of B+. Then, effective as of the first day of Lease 3, the Letter of Credit Amount shall be reduced to $12,448,000. Assuming no other changes are made in the credit rating (other than achieving an S&P Corporate Credit Rating of BB-), there will be no further adjustments to the Letter of Credit Amount until the first day of Lease Year 4.

b. Assume that as of the first day of Lease Year 4, Tenant and its affiliates have a Moody's Corp. Family Rating of Ba3 and an S&P Corporate Credit Rating of BB-, then, effective as of the first day of Lease 4, the Letter of Credit Amount shall be reduced from $12,448,000 to $11,586,243.

EXHIBIT E

Intentionally Omitted

EXHIBIT F

Memorandum of Lease

RECORDING REQUESTED BY
AND WHEN RECORDED, MAIL TO:

_____
_____
_____
_____

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE is made and entered by and between _____ ("Landlord"), and _____ ("Tenant").

RECITALS

A. Landlord and Tenant are parties to that certain Office Lease dated as of August ____, 2016 (the "Lease") pertaining to certain premises located at _____ (the "Premises"); and

B. Landlord and Tenant desire to file for record a Memorandum of Lease to evidence the execution of the Lease and to provide specific notice of certain provisions contained in the Lease.

LEASE PROVISIONS

1. **LEGAL DESCRIPTION**. The real property on which the Premises is located is described on Exhibit A attached hereto and incorporated herein by this reference.

2. **LEASE TERM**. The term of the Lease commences on _____ __, ____, and expires on _____ __, ____ (the "Lease Term"), which Lease Term is subject to the following extension period(s): one option to extend the Lease Term for an additional period of ten (10) years to _____ __, ____ (the "Outside Termination Date").

3. **TERMINATION OF THIS MEMORANDUM**. This Memorandum shall automatically terminate as of the date that is the earlier of (a) the Outside Termination Date or (b) the expiration or earlier termination of the Lease.

[Insert Signatures, Legal Description and Notary Certificates]

EXHIBIT G

Environmental Reports

1. Phase I Environmental Site Assessment (Former Ford Property – 2030, 2035, & 2060 East 7th Street, 821 South Santa Fe Avenue, 2053 Violet Street, and 2040 East 7th Place Los Angeles, California) dated April 16, 2014, prepared by AMEC Environment & Infrastructure, Inc., Project No. OD13165190.200.204

2. Phase II Investigation (Former Ford Property – 2030, 2035, & 2060 East 7th Street, 821 South Santa Fe Avenue, 2053 Violet Street, and 2040 East 7th Place Los Angeles, California) dated November 12, 2015, prepared by AMEC Environment & Infrastructure, Inc., Project OD13165190.500.502

EXHIBIT H

Arts District Map

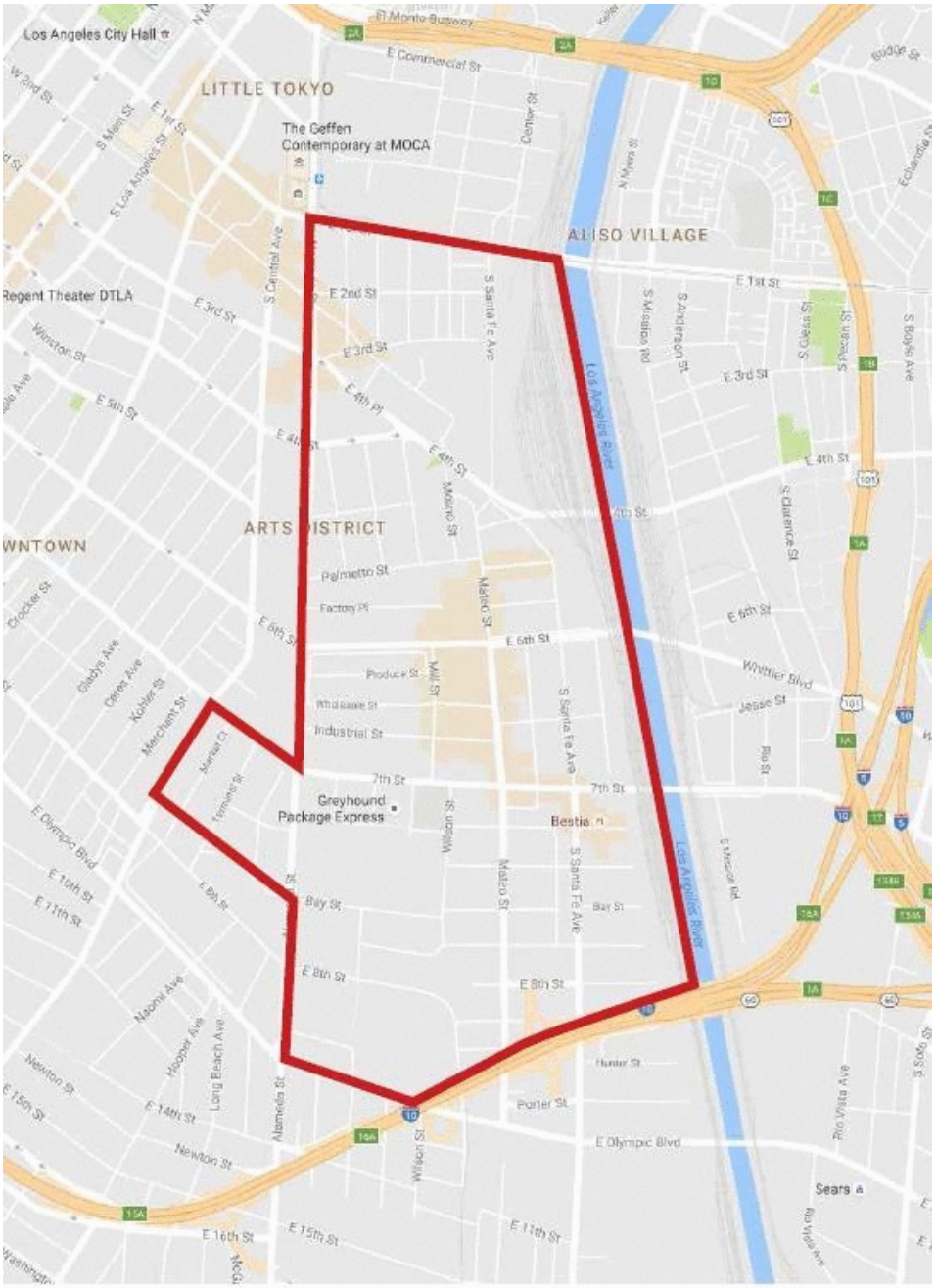

EXHIBIT I

Work Letter

This Work Letter shall set forth the terms and conditions relating to the construction of the Premises. All references in this Work Letter to Paragraphs of "this Lease" shall mean the relevant portions of the Office Lease to which this Work Letter is attached as Exhibit I, and all references in this Work Letter to Sections of "this Work Letter" shall mean the relevant portions of this Work Letter.

SECTION 1

LANDLORD'S WORK

1.1 Description of Landlord's Work; Final Plans.

1.1.1 Landlord shall, at Landlord's sole cost and expense (except as otherwise provided herein), cause the construction or installation of the work ("**Landlord's Work**") described in the narrative description and graphic figures attached hereto as Schedules L-1, L-2, L-3 and L-4 attached hereto. Notwithstanding anything contained herein to the contrary, in the event any item of work is not described in either the narrative descriptions set forth in Schedules L-1, L-2 or L-3 or the plans referenced in Schedule L-4, then such component of work is not included as part of Landlord's Work. To the extent that any portion of the plans referenced in Schedule L-4 are contradicted by the narrative descriptions set forth in Schedules L-1, L-2 or L-3, then such narrative descriptions shall govern.

1.1.2 Landlord shall have the right to make modifications to the Landlord's Work as shown on Schedules L-1, L-2, L-3 and L-4 attached hereto so long as such modifications do not constitute a Material Change (as defined below). No Material Changes in Landlord's Work may be made without the prior written consent of Tenant, which consent shall not be unreasonably withheld, conditioned or delayed. Tenant shall respond to any request for approval of a Material Change within five (5) Business Days. As used herein, the term "Material Change" shall mean any modification to the Landlord's Work as shown on Schedules L-1, L-2, L-3 and L-4 attached hereto that would (a) have a material effect on the Building structure, (b) have a material effect on the Building systems or imperil the LEED gold rating of the Base Building, (c) not be in compliance with Legal Requirements, (d) have a material effect on the exterior appearance of the Building, or (e) materially increase the cost of constructing the Tenant Improvements or require a material modification to any of the Contract Documents (as defined below) once approved.

1.2 Substantial Completion of Landlord's Work.

1.2.1 Landlord's Work shall be deemed to be "**Substantially Completed**" when Landlord's Work has been completed, subject only to correction or completion of "**Punch List**" items, which items shall be limited to items of missing or incomplete work (including, without limitation the MEPF commissioning, CMU skylight, Paseo finishes, and B Permit Work), defective work or materials, or mechanical maladjustments that are, in each case, of such a nature that they do not materially interfere with or impair the construction cost or completion

date of the Tenant Improvements, or Tenant's use of the Premises for Tenant's business. The definition of "**Substantially Completed**" shall also apply to the terms "**Substantial Completion**" and "**Substantially Complete**". Within thirty (30) days following the Substantial Completion of the Landlord's Work, Tenant may provide to Landlord a proposed Punch List of items of Landlord's Work that it believes remain to be completed by Landlord, and Landlord will notify Tenant if it believes any proposed items are not part of Landlord's Work and shall diligently work to complete agreed Punch List items. Landlord shall provide Tenant with full access to the Premises so as to allow Tenant to create such Punch List.

1.2.2 Notwithstanding anything contained herein to the contrary, any improvement work required by governmental authorities to be performed to the land adjacent to the Premises (i.e., offsite improvements) in connection with Landlord's Work (the "**B Permit Work**") shall be deemed "Punch List" work hereunder so long as the completion of such work does not delay or hinder (i) Tenant's ability to complete the Tenant Improvements and receive a certificate of occupancy (or its equivalent) for the Tenant Improvements so that Tenant may commence the conduct of business operations from the Premises, or (ii) Tenant's ability to access entries and exits or use the Premises for the conduct of its business therein. Tenant acknowledges that B Permit work will generate typical construction noise.

1.3 Tenant Delays. Tenant shall be responsible for, and shall pay to Landlord, any and all costs and expenses reasonably and actually incurred by Landlord in connection with any actual delay in the commencement or completion of Landlord's Work and any actual increase in the cost of Landlord's Work to the extent caused by (a) Tenant's failure to respond to Landlord's request for information regarding Landlord's Work within five (5) Business Days of Tenant's receipt thereof, (b) Tenant's failure to respond within five (5) Business Days to reasonable inquiries by Landlord or Contractor regarding the construction of the Landlord's Work, including approval of a Material Change, and (c) any other delay requested or caused by the wrongful actions or inactions of Tenant. Each of the foregoing is referred to herein as a "**Tenant Delay**". Notwithstanding the foregoing, no Tenant Delay shall be deemed to have occurred unless Tenant fails to cure such Tenant Delay within two (2) Business Days after receipt of written notice from Landlord detailing such claimed Tenant Delay.

1.4 Repairs to Landlord's Work. Landlord shall cause Landlord's Work to be performed in a good and workmanlike manner in compliance with all Legal Requirements; provided that the foregoing shall not imply any representation or warranty as to the useful life of such improvements or systems, nor shall the foregoing diminish Tenant's responsibility pursuant to Paragraph 10.a. of this Lease to perform any repairs, modifications or improvements to the same necessitated after the Commencement Date or otherwise by reason of Tenant's use of the same, Tenant's Alterations, ordinary wear and tear, or otherwise. The foregoing warranty by Landlord specifically excludes the Tenant Improvements or any other Alterations performed by or for Tenant and any damage caused by Tenant to the Building or the other portions of the Premises following the Tenant Access Date and any malfunctioning of any Building systems due to the Tenant Improvements or Tenant's acts or omissions. Landlord shall, at Landlord's sole cost and expense, repair any defect in the construction of the Landlord's Work (but not design defects if Tenant's architect or other consultant prepared the plans for such portion of Landlord's Work or otherwise specified the design at issue) arising on or before the date that is one (1) year following Substantial Completion of Landlord's Work (the "**Warranty Period**"), provided Tenant gives prompt notice of such matter to Landlord promptly upon discovery and no later than the expiration of the Warranty Period.

SECTION 2

TENANT IMPROVEMENTS

Beginning on the Tenant Access Date, Tenant shall have access to the Premises to perform the improvements (the "**Tenant Improvements**") described in the plans and specifications attached hereto as Schedule T-1, subject to the terms and conditions of this Section 2.

2.1 Construction Documents.

2.1.1 Final Contract Documents.

2.1.1.1 Tenant has or will have a licensed, qualified architect (the "**Architect**") to prepare a fully coordinated set of architectural, structural, mechanical, electrical, plumbing, fire suppression, life safety, security and data-com working drawings and specifications for the Tenant Improvements, in a form which is fully complete, and is the same set of documents in Tenants contract with Contractor (the "**Construction Contract**"; the Construction Contract and such other plans and specifications referenced above (including the Final Space Plan and the Final Working Drawings) shall be, collectively, the "**Contract Documents**"). The Architect shall be subject to Landlord's prior written approval, which shall not be unreasonably withheld, conditioned or delayed. Tenant may, at Tenant's election retain design-build subcontractors (the "**Engineers**") to prepare the portions of the Contract Documents relating to the structural, mechanical, electrical, plumbing, fire suppression, life safety, and data-com work in the Premises that is not part of Landlord's Work. Such Engineers shall be subject to Landlord's prior written approval, which shall not be unreasonably withheld, conditioned or delayed. The Contract Documents shall comply with reasonable industry standard drawing formats and specifications.

2.1.1.2 Landlord Plan Review.

(A) Preliminary Submissions**.** Prior to, or concurrently with, submission of the Contract Documents for Landlord's approval, Tenant shall make the following preliminary submissions to Landlord for its approval (collectively, the "**Preliminary Submissions**"): (a) Structural Modification Intent; (b) Space Plan and Schematic Design; (c) Bid and Permit Documents; and (d) Building Permits. Landlord shall advise Tenant within ten (10) Business Days after Landlord's receipt of any of such items if Landlord reasonably determines that such particular items are unsatisfactory or incomplete in any respect.

(B) Final Space Plan. Tenant shall supply Landlord with two (2) copies signed by Tenant of its final space plan for the Premises (the "Final Space Plan") for Landlord's reasonable approval. The Final Space Plan shall include a layout and designation of all offices, rooms and other partitioning, the configuration of workstations (if any) and their intended use. Landlord shall advise Tenant, with reasonable specificity, within ten (10) Business Days after Landlord's receipt of the Final Space Plan for the Premises if Landlord reasonably determines that the same are unsatisfactory or incomplete in any respect. If Tenant is so advised, Tenant shall promptly revise the Final Space Plan in accordance with such review. Landlord

shall limit its disapproval to areas of the Final Space Plan that (i) have a material effect on the Building structure, (ii) have a material effect on the Building systems or imperil the LEED rating of the Base Building, (iii) are not in compliance with Legal Requirements, and (iv) have an effect on the exterior appearance of the Building (any of the foregoing, a "**Design Problem**"). In addition to the foregoing, at Tenant's request at the time that Tenant is requesting approval of the Final Space Plan or the Final Working Drawings (which request shall make specific reference to this Section 2.1.1.2(A)), Landlord shall advise Tenant of which components of the Tenant Improvements that Landlord shall require removal at the expiration or earlier termination of this Lease in accordance with Paragraph 9.g. of this Lease.

(C) Final Working Drawings. After the approval and final correction of the Final Space Plan, Tenant shall promptly cause the Architect and the Engineers to complete the architectural and engineering drawings for the Premises, and cause Architect to compile a fully coordinated set of architectural, structural, mechanical, electrical, plumbing, and life safety working drawings in a form which is complete to allow subcontractors to bid on the work and to obtain all applicable permits (collectively, the "Final Working Drawings") and Tenant shall submit the same to Landlord for Landlord's reasonable approval. Tenant shall supply Landlord with two (2) copies signed by Tenant of such Final Working Drawings. Landlord shall advise Tenant, with reasonable specificity, within ten (10) Business Days after Landlord's receipt of the Final Working Drawings for the Premises if Landlord reasonably determines that the same are unsatisfactory or incomplete in any respect. If Tenant is so advised, Tenant shall immediately revise the Final Working Drawings in accordance with such review and any disapproval of Landlord in connection therewith. Landlord shall limit its disapproval to areas of the Final Working Drawings that have a Design Problem. In addition to the foregoing, at the time that Landlord provides its approval of the Final Working Drawings, Landlord shall also advise Tenant of which components of the Tenant Improvements that Landlord shall require removal at the expiration or earlier termination of this Lease in accordance with Paragraph 9.g. of this Lease.

(D) To the extent reasonably practicable and customary, Tenant may deliver any of the foregoing required items to Landlord simultaneously. In addition to the foregoing matters, Tenant may, at any time, request Landlord's approval for any draft plans specifications or any guidance as respects Tenant's preparation of the plans and specifications for the Tenant Improvements and Landlord shall respond to Tenant's request for approval or guidance in a reasonable period of time given the scope of the subject matter (but in no event later than ten (10) Business Days following receipt of Tenant's request thereof).

2.1.1.3 The Construction Contract (including the schedule of values for the Tenant Improvements) shall be on a commercially reasonable, industry standard form, and shall be provided to Landlord for Landlord's records promptly upon the completion thereof.

2.1.1.4 Landlord's review of the Final Space Plan, Construction Contract and Final Working Drawings as set forth in this Section 2, shall be for its sole purpose and shall not imply Landlord's review of the same, or obligate Landlord to review the same, for quality, design, code compliance or compliance with other Legal Requirements or other like matters. Accordingly, notwithstanding that any Contract Documents are reviewed by Landlord or its space planner, architect, engineers and consultants, and notwithstanding any advice or assistance

which may be rendered to Tenant by Landlord or Landlord's space planner, architect, engineers, and consultants, Landlord shall have no liability whatsoever in connection therewith and shall not be responsible for any omissions or errors contained in the Contract Documents, and Tenant's waiver and indemnity set forth in this Lease shall specifically apply to the Contract Documents.

2.1.1.5 To the extent customary, and provided that at such time Tenant has engaged a Contractor, each submission of any portion of the Contract Documents shall be accompanied by the schedule of values included in the construction contract between Tenant and Contractor, which schedule of values shall detail by trade the estimated final costs to be incurred or which have been incurred in connection with the design and construction of the Tenant Improvements to be performed by or at the direction of Tenant or Contractor.

2.1.2 Landlord's Approval. Landlord shall have the periods set forth above for approval of any portion of the Contract Documents, and Landlord's receipt of all information and documentation reasonably requested by Landlord relating to such applicable document, in which to approve or disapprove such applicable document, provided that any such written request to Landlord with respect to approval of any portion of the Contract Documents, as the case may be is marked in bold lettering with the following language: "**LANDLORD'S RESPONSE IS REQUIRED WITHIN TEN (10) BUSINESS DAYS OF RECEIPT OF THIS NOTICE PURSUANT TO THE TERMS OF THAT CERTAIN LEASE AGREEMENT BETWEEN THE UNDERSIGNED AND LANDLORD**" and the envelope containing the request must be marked "**PRIORITY**". In the event that Landlord fails to respond to Tenant's request for approval of any portion of the Contract Documents, as the case may be, Landlord's approval shall be deemed given with respect to the applicable document but only to the extent that such document strictly complies with (i) all other documents previously approved (or deemed approved) by Landlord hereunder, and (ii) the requirements of this Work Letter; provided, however, for any portion of the Contract Documents, as the case may be, that affect the Base Building (as defined below) or is of a scope for which Landlord will require review of the relevant plans and specifications by a third party expert, then the foregoing ten (10) Business Day response period shall not apply (nor shall Landlord's deemed consent as provided herein) and Landlord shall be provided a reasonable period of time to have such third party complete its review of the applicable portion of the applicable documents prior to Landlord being required to provide its approval or disapproval of the applicable portion of such documents. For purposes of clarification, Landlord requesting additional and/or clarified information, in addition to approving or denying any request (in whole or in part), shall be deemed a response by Landlord for purposes of the foregoing ten (10) Business Day period response requirement.

2.1.3 Approved Contract Documents. The Contract Documents, as approved (or deemed approved) by Landlord shall be referred to herein as the "**Approved Contract Documents**". Tenant hereby agrees that, except as related to Landlord's completion of the Landlord Work, and the requirement that Landlord obtain a certificate of occupancy for the Building based on completion of the Landlord Work, neither Landlord nor Landlord's consultants shall be responsible for obtaining any building permit or certificate of occupancy for the Tenant Improvements and that obtaining the same shall be Tenant's responsibility; provided, however, that Landlord shall cooperate with Tenant in executing permit applications and performing other ministerial acts reasonably necessary to enable Tenant to obtain any such permit or certificate of occupancy. Except as allowed in accordance with Legal Requirements,

Tenant shall not commence construction until all required governmental permits are obtained and the other Tenant Access Requirements have been met. No material changes, modifications or alterations in the Approved Working Drawings may be made without the prior written consent of Landlord, which consent shall be subject to the approval requirements set forth in Section 2.1.1.3 above.

2.2 Construction of Tenant Improvements by Tenant's Agents.

2.2.1 Tenant Access Requirements; Terms of Entry.

2.2.1.1 Tenant Access Requirements. Tenant shall not commence construction of the Tenant Improvements until all of the following requirements have been satisfied (collectively, the "**Tenant Access Requirements**"): (a) Landlord has approved all aspects of the Contract Documents (or they are deemed approved), including, without limitation, the Preliminary Submissions and the schedule of values; (b) Tenant has received the necessary building permits to construct the Tenant Improvements; and (c) Tenant has delivered certificates of insurance to Landlord as required by Article 15 of this Lease, and a copy of the Contract as required by Section 2.1.1.3 of this Tenant Work Letter.

2.2.1.2 Terms of Entry. During the period commencing on the Tenant Access Date and ending on the Commencement Date, all of the agreements and covenants of Tenant in this Lease, except the payment of rent, shall apply and be in force, including, without limitation, the provisions of Articles 8, 9, 14 and 15. Without limiting the generality of the foregoing, all of the provisions of this Lease, including Article 9 of this Lease, relative to Alterations to the Premises shall apply with respect to the Tenant Improvements; provided, however, that to the extent any of the provisions of said Article 9 conflict with the terms of this Work Letter, the terms of this Work Letter shall control.

2.2.2 Contractor and Tenant's Agents. Tenant shall retain Contractor for preconstruction services and to construct the Tenant Improvements. All subcontractors, laborers, materialmen, and suppliers used by Tenant (such subcontractors, laborers, materialmen, and suppliers, and the Contractor to be known collectively as "**Tenant's Agents**") must be approved in writing by Landlord, which approval shall not be unreasonably withheld or delayed, and shall be given or withheld (with reasonably detailed reasons for any withheld approval) within three (3) Business Days. If Landlord does not approve any of Tenant's proposed subcontractors, laborers, materialmen or suppliers, Tenant shall submit other proposed subcontractors, laborers, materialmen or suppliers for Landlord's written approval, which shall not be unreasonably withheld.

2.2.3 Tenant's Agents.

2.2.3.1 Landlord's General Conditions for Tenant's Agents and Tenant Improvement Work. The Tenant Improvements shall be constructed in accordance with the Contract Documents and the terms of this Lease.

2.2.3.2 Indemnity. Tenant's indemnity of Landlord and the other Indemnitees as set forth in this Lease shall also apply with respect to any and all costs, losses, damages, injuries and liabilities related in any way to any act or omission of Tenant or Tenant's Agents, or anyone directly or indirectly employed by any of them, or in connection with Tenant's non-payment of any amount arising out of the Tenant Improvements and/or Tenant's disapproval of all or any portion of any request for payment. Such indemnity by Tenant, as set forth in this Lease, shall also apply with respect to any and all costs, losses, damages, injuries and liabilities related in any way to Landlord's performance of any ministerial acts reasonably necessary (i) to permit Tenant to complete the Tenant Improvements, and (ii) to enable Tenant to obtain any building permit or certificate of occupancy for the Premises.

2.2.3.3 Requirements of Tenant's Agents. Each of Tenant's Agents shall guarantee to Tenant and for the benefit of Landlord that the portion of the Tenant Improvements for which it is responsible shall be free from any defects in workmanship and materials for a period of not less than one (1) year from the date of completion thereof. Each of Tenant's Agents shall be responsible for the replacement or repair, without additional charge, of all work done or furnished in accordance with its contract that shall become defective within one (1) year after the completion of the work performed by such contractor or subcontractors. The correction of such work shall include, without additional charge, all additional expenses and damages incurred in connection with such removal or replacement of all or any part of the Tenant Improvements, and/or the Building and/or common areas that may be damaged or disturbed thereby. All such warranties or guarantees as to materials or workmanship of or with respect to the Tenant Improvements shall be contained in the Contract or subcontract and shall be written such that such guarantees or warranties shall inure to the benefit of both Landlord and Tenant, as their respective interests may appear, and can be directly enforced by either. Tenant covenants to give to Landlord any assignment or other assurances which may be necessary to effect such right of direct enforcement.

2.2.4 Insurance Requirements.

2.2.4.1 General Coverages. All of Tenant's Agents shall carry worker's compensation insurance covering all of their respective employees, and shall also carry public liability insurance, including property damage, all with limits, in form and with companies as are reasonably approved by Landlord, including naming Landlord and such other parties designated by Landlord as additional insureds.

2.2.4.2 Special Coverages. Tenant shall carry “Builder's All Risk” insurance in a reasonable and customary amount and approved by Landlord covering the construction of the Tenant Improvements, and such other insurance as Landlord may require, it being understood and agreed that the Tenant Improvements shall be insured by Tenant pursuant to this Lease immediately upon completion thereof. Such insurance shall be in amounts and shall include such extended coverage endorsements in form and with companies as are reasonably approved by Landlord.

2.2.4.3 General Terms. Certificates for all insurance carried pursuant to this Section 2.2.4 shall be delivered to Landlord before the commencement of construction of the Tenant Improvements. In the event that the Tenant Improvements are damaged by any cause during the course of the construction thereof, Tenant shall immediately repair the same at Tenant's sole cost and expense (subject to Tenant's right to revise the design of the Tenant Improvements to the extent provided herein). Tenant's Agents shall maintain all of the foregoing insurance coverage in force until the Tenant Improvements are fully completed and accepted by Landlord, except for any reasonable and customary Products and Completed Operation Coverage insurance reasonably required by Landlord. All policies (with the exception of workers compensation insurance) carried under this Section 2.2.4 shall insure Landlord and Tenant, as their interests may appear, as well as Contractor and Tenant's Agents. All insurance maintained by Tenant's Agents shall preclude subrogation claims by the insurer against Landlord and any party required by Landlord to be named or automatically added as an additional insured. Such insurance shall provide that it is primary insurance as respects the owner and that any other insurance maintained by owner is excess and noncontributing with the insurance required hereunder. The requirements for the foregoing insurance shall not derogate from the provisions for indemnification of Landlord by Tenant under this Lease. Landlord may, in its discretion, require Tenant to obtain a lien and completion bond or some alternate form of security satisfactory to Landlord in an amount sufficient to ensure the lien-free completion of the Tenant Improvements and naming Landlord as a co-obligee.

2.2.5 Alterations Operations Fee. Tenant shall pay Landlord on demand prior to commencement of construction of the Tenant Improvements, a fee in the amount of one percent (1%) of the total amount of the Tenant Improvement Allowance (the "**Alteration Operations Fee**"). Landlord shall retain from Landlord's Allowance, as payment of the Alteration Operations Fee, an amount equal to the Alteration Operations Fee.

2.2.6 Additional Provisions. Notwithstanding anything contained herein to the contrary, the following additional provisions shall apply with respect to the construction of the Tenant Improvements:

2.2.6.1 Subject to availability of adequate parking spaces, Tenant's Agents shall be allowed to park at the Premises (in locations designated by Landlord from time to time) at no cost during the construction and move-in period. Landlord shall make reasonably sufficient parking spaces in the Parking Structure available for use by Tenant's Agents.

2.2.6.2 Landlord shall provide reasonable electrical or temporary power during construction of the Tenant Improvements at no cost to Tenant.

2.2.6.3 In accordance with Paragraph 12 of this Lease, Tenant shall keep the Premises and the Building free from mechanics', materialmen's and all other liens arising out of any work performed, materials furnished or obligations incurred by Tenant and shall promptly and fully pay and discharge all claims on which any such lien could be based. In the event that Landlord elects to pay or satisfy any lien as provided in Paragraph 12 of this Lease, Landlord may apply Landlord's Allowance on account of such expense.

2.2.6.4 Tenant hereby acknowledges that notwithstanding anything contained herein to the contrary, Landlord is not and shall not be deemed to be a "participating owner" with respect to the Tenant Improvements.

2.2.6.5 Tenant shall comply in all material respects with Landlord's Construction Standards.

2.2.7 Governmental Compliance. The Tenant Improvements shall comply in all respects with the following: (i) all Legal Requirements, including, but not limited to, all applicable building codes; (ii) applicable standards of the American Insurance Association (formerly, the National Board of Fire Underwriters) and the National Electrical Code; and (iii) building material manufacturer's specifications.

2.2.8 Inspection by Landlord. Landlord (and Landlord's mortgagees, agents and consultants) shall have the right to inspect the Tenant Improvements at all times, provided however, that Landlord's failure to inspect the Tenant Improvements shall in no event constitute a waiver of any of Landlord's rights hereunder nor shall Landlord's inspection of the Tenant Improvements constitute Landlord's approval of the same. Should Landlord disapprove any portion of the Tenant Improvements because they cause a Design Problem, or don't comply with the Approved Contract Documents, Landlord shall notify Tenant in writing of such disapproval and shall specify in reasonably specific detail the items disapproved. Any defects or deviations in the Tenant Improvements shall be rectified by Tenant at no expense to Landlord.

2.2.9 Meetings. Tenant shall hold weekly meetings at a reasonable time, with the Architect and the Contractor regarding the progress of the preparation of construction drawings and the construction of the Tenant Improvements, which meetings shall be held at the Building or another reasonable location mutually agreed upon by Landlord and Tenant, and Landlord and/or its agents shall receive prior notice of, and shall have the right to attend, all such meetings, and, upon Landlord's request, certain of Tenant's Agents shall attend such meetings. In addition, minutes shall be taken at all such meetings, a copy of which minutes shall be promptly delivered to Landlord. One such meeting each month shall include the review of Contractor's current request for payment.

2.2.10 Notice of Completion; Copy of Record Set of Plans. Within ten (10) days after completion of construction of the Tenant Improvements, Tenant shall cause a Notice of Completion to be recorded in the office of the Recorder of the Los Angeles County in accordance with Section 8182 of the Civil Code of the State of California or any successor statute, and shall furnish a copy thereof to Landlord upon such recordation (the "**Notice of Completion**"). If Tenant fails to do so, Landlord may execute and file the same on behalf of Tenant as Tenant's agent for such purpose, at Tenant's sole cost and expense. At the conclusion of construction Tenant shall provide a "close-out" package to Landlord containing the following items: (i) an update of the Approved Working Drawings as necessary to reflect all changes made to the Approved Working Drawings during the course of construction, (ii) two (2) CD ROMS of such updated drawings in accordance with "Landlord's CAD format requirements," as set forth below, (iii) evidence that all required governmental approvals required for Tenant to legally occupy the Premises have been obtained, and (iv) a copy of all warranties, guaranties, and operating manuals and information relating to the improvements, equipment, and systems in the

Premises. For purposes of this Work Letter, "Landlord's CAD format requirements" shall mean (a) the version is no later than current Autodesk version of AutoCAD plus the most recent release version, (b) files must be unlocked and fully accessible (no "cad-lock", read-only, password protected or "signature" files), (c) files must be in ".dwg" format, (d) if the data was electronically in a non-Autodesk product, then files must be converted into "'dwg" files when given to Landlord.

2.3 Landlord's Allowance.

2.3.1 Landlord's Allowance. Tenant shall be entitled to a one-time improvement allowance (the "**Landlord's Allowance**") in the amount of Eighteen Million Seven Hundred Sixty-Three Thousand Forty-Four and 0/100 Dollars ($18,763,044) (i.e., $73.00 per rentable square foot of the Premises) for Landlord's Allowance Items (as defined in Section 2.3.2 below). In no event shall Landlord be obligated to make disbursements pursuant to this Work Letter in a total amount which exceeds Landlord's Allowance. Notwithstanding anything contained herein to the contrary, except as provided in Sections 2.3.2 and 2.4 below, no portion of the Tenant Improvement Allowance may be applied to the cost of space planning or other soft costs, permit fees, cabling, equipment, trade fixtures, moving expenses, furniture, signage, free rent, or computer cabling.

2.3.2 Landlord's Allowance Items. Except as otherwise set forth in this Work Letter, Landlord's Allowance shall be disbursed by Landlord only for the following items and costs (collectively the "**Landlord's Allowance Items**"):

2.3.2.1 Payment of the fees of the Architect and the Engineers;

2.3.2.2 The payment of plan check, permit and license fees relating to construction of the Tenant Improvements;

2.3.2.3 The cost of construction of the Tenant Improvements, including, without limitation, testing and inspection costs, hoisting and trash removal costs, and contractors' fees and general conditions;

2.3.2.4 The cost of any changes to the Approved Working Drawings or Tenant Improvements required by all Legal Requirements;

2.3.2.5 The cost of the Alterations Operations Fee;

2.3.2.6 Sales and use taxes and Title 24 fees; and

2.3.2.7 IT/Telco, security systems, furniture, fixtures and equipment located in the Premises not exceed an aggregate amount equal to $5.00 per rentable square foot of the Premises with respect to the amount of Landlord's Allowance that may be used to pay such amounts.

2.3.3 Disbursement of Landlord's Allowance. During the construction of the Tenant Improvements, Landlord shall make disbursements, not more than once per month, of Landlord's Allowance for Landlord's Allowance Items for the benefit of Tenant and shall authorize the release of monies for the benefit of Tenant as follows.

2.3.3.1 Monthly Disbursements. On or before the first (1st) day of each calendar month during the construction of the Tenant Improvements (or such other date as Landlord may designate), Tenant shall (if it is requesting a disbursement) deliver to Landlord: (i) a request for payment of the Contractor approved by Tenant, in an industry standard form reasonably acceptable to Landlord and Landlord's lender, showing the schedule of values, by trade, of percentage of completion of the Tenant Improvements in the Premises, detailing the portion of the work completed and the portion not completed; (ii) invoices from the Tenant's Agents for whom Tenant is requesting payment for labor rendered and materials delivered to the Premises; (iii) executed conditional mechanic's lien releases from the Tenant's Agents (along with unconditional mechanics lien releases with respect to payments made pursuant to Tenant's prior submission hereunder) for whom Tenant is requesting payment, which shall comply with the appropriate provisions, as reasonably determined by Landlord, of California Civil Code Sections 8132, 8134, 8136 and 8138; and (iv) all other customarily required information and/or documentation relating to the Tenant Improvements reasonably requested by Landlord (including, without limitation, any additional requirements for disbursement as may be reasonably required by Landlord's lender). Tenant's request for payment shall be deemed Tenant's acceptance and approval of the work furnished and/or the materials supplied as set forth in Tenant's payment request. Thereafter, within thirty (30) days after receipt of such items, Landlord shall deliver a check to Tenant (or, at Landlord's election, a check made jointly payable to Contractor and Tenant) in payment of the lesser of: (A) the amounts so requested by Tenant as set forth in this Section 2.3.3.1, above (and, if Tenant's payment request does not already account for a ten percent (10%) retention, less a ten percent (10%) retention (the aggregate amount of such retentions (either withheld by Landlord or withheld as provided in the relevant construction contract) to be known as the "**Final Retention**"), and (B) the balance of any remaining available portion of Landlord's Allowance (not including the Final Retention), provided that Landlord does not dispute any request for payment based on non-compliance of any work with the Approved Working Drawings or for any other reasonable reason. Landlord's payment of such amounts shall not be deemed Landlord's approval or acceptance of the work furnished or materials supplied as set forth in Tenant's payment request.

2.3.3.2 Final Retention. Subject to the provisions of this Work Letter, a check for the Final Retention payable to Tenant (or, at Landlord's election, payable jointly to Tenant and Contractor) shall be delivered by Landlord to Tenant following the completion of construction of the Premises, provided that (i) Tenant delivers to Landlord properly executed mechanics lien releases in compliance with both California Civil Code Section 8134 and either Section 8136 or Section 8138 and the recorded Notice of Completion, (ii) Landlord has reasonably determined (which determination shall be made promptly) that no substandard work exists which adversely affects the mechanical, electrical, plumbing, heating, ventilating and air conditioning, life-safety or other systems of the Building, the curtain wall of the Building, the structure or exterior appearance of the Building, (iii) Architect delivers to Landlord a certificate, in a form reasonably acceptable to Landlord, certifying that the construction of the Tenant Improvements in the Premises has been substantially completed, (iv) Tenant supplies Landlord

with evidence that all required governmental approvals required for Tenant to legally occupy the Premises have been obtained, (v) Tenant delivers to Landlord a "close-out package" as provided in Section 2.2.10 above and any additional documentation required by Landlord's lender related to completion and final payment for the Tenant Improvements, and (vi) a certificate of occupancy, a temporary certificate of occupancy or its equivalent is issued to Tenant for the Premises.

2.3.3.3 Share of Costs. Tenant shall pay for all costs of the construction of the Tenant Improvements in excess of Landlord's Allowance (the "**Excess Cost**"). Based on the estimated cost of the construction of the Tenant Improvements, as shown in the construction contract for the Tenant Improvements or such other estimate of costs for the Tenant Improvements as has been approved by Landlord and Tenant (the "**Estimated Costs**"), the prorata share of the Estimated Costs payable by Landlord and Tenant shall be determined and an appropriate percentage share established for each (a "**Share of Costs**"). Notwithstanding anything contained herein to the contrary, Tenant and Landlord shall fund the cost of the construction (including the applicable portion of the applicable fees) as the same is performed, in accordance with their respective Share of Costs for the construction. At such time as Landlord's Allowance has been entirely disbursed, Tenant shall pay the remaining Excess Cost, if any, which payments shall be made in installments as construction progresses in the same manner as Tenant's payments of Tenant's Share of Costs were paid.

2.3.3.4 Default by Tenant. Notwithstanding any provision to the contrary contained in this Lease, if any Event of Default by Tenant under this Lease (including, without limitation, any default by Tenant to comply with the terms of this Work Letter) occurs at any time on or before payment of the Final Retention, then, in addition to all other rights and remedies granted to Landlord pursuant to this Lease, Landlord shall have the right to withhold payment of all or any portion of the Landlord's Allowance until such Event of Default has been cured.

2.3.3.5 Other Terms.

a. Landlord shall only be obligated to make disbursements from Landlord's Allowance to the extent costs are incurred by Tenant for Landlord's Allowance Items. No payment of Landlord's Allowance will be made for materials or supplies not located in the Premises, other than for reasonable deposits for such materials or supplies (not to exceed 20% of the estimated cost of such materials or supplies).

b. All Landlord's Allowance Items for which Landlord's Allowance has been made available shall be deemed Landlord's property under the terms of this Lease. The Landlord's Allowance is for constructing or improving qualified long term real property and with respect to such items is intended as a "qualified lessee construction allowance" pursuant to Treasury Regulation Section 1.110-1(c).

c. Tenant shall be responsible for all applicable state sales or use taxes, if any, payable in connection with the Tenant Improvements and/or Landlord's Allowance.

d. Tenant acknowledges that Landlord's Allowance is to be applied to improvements covering the entire Premises so that the entire Premises is built-out and ready for occupancy. If Tenant does not initially elect to improve the entire Premises, then, notwithstanding anything contained herein to the contrary, only a pro-rata portion of Landlord's Allowance (on a pro-rata per rentable square foot basis to reflect the number of square feet then being improved vis-à-vis the rentable square footage of the entire Premises, as reasonably determined by Landlord) will be available to Tenant until such time as Tenant commences improvements to complete tenant finishes in the entire Premises.

e. To the extent that Landlord fails to pay amounts due from the Tenant Improvement Allowance in accordance with the terms hereof, and such amounts remain unpaid for thirty (30) days after notice from Tenant, then without limiting Tenant's other remedies under the Lease, Tenant may, after Landlord's failure to pay such amounts within five (5) Business Days after Tenant's delivery of a second notice from Tenant delivered after the expiration of such 30-day period, pay same and deduct the amount thereof, together with interest at the Interest Rate, from the Monthly Rent next due and owning under the Lease (provided, however, that the amount that Tenant may offset hereunder in any calendar month shall not exceed fifty percent (50%) of the Monthly Rent owing for such calendar month, with such offset continuing until the full amount has been recovered by Tenant). Notwithstanding the foregoing, if during either the 30-day or 5-Business Day period set forth above, Landlord (i) delivers notice to Tenant that it disputes any portion of the amounts claimed to be due (the "**Allowance Dispute Notice**"), and (ii) pays any amounts not in dispute, Tenant shall have no right to offset any amounts against rent, but may institute expedited arbitration proceedings using JAMS to resolve such dispute. Notwithstanding of the foregoing, in the event Tenant institutes arbitration proceedings as provided herein and the determination of the arbitrator is in favor of Tenant, Landlord shall pay interest at the Interest Rate on the award granted to Tenant in such proceedings, from the date of the Allowance Dispute Notice until the date of the award, and Tenant shall be entitled, automatically, to offset the amount of such award, together with interest thereon as provided herein, against the Monthly Rent next coming due under the Lease (provided, however, that the amount that Tenant may offset hereunder in any calendar month shall not exceed fifty percent (50%) of the Monthly Rent owing for such calendar month, with such offset continuing until the full amount has been recovered by Tenant). In the event the arbitration award is in favor of Landlord, Tenant shall pay all costs of such arbitration.

SECTION 3

LANDLORD DELAYS

3.1 Landlord Delays. The Commencement Date shall occur as provided in Paragraph 2.b. of this Lease (as adjusted pursuant to Paragraph 3 of the Lease), provided that in the event that substantial completion of the Tenant Improvements is delayed as the result of a Landlord Delay (as defined below), then the Scheduled Commencement Date shall be extended by the lesser of (a) the aggregate number of days of such Landlord Delay and (b) the number of days beyond the Scheduled Commencement Date that substantial completion of the Tenant Improvements has been delayed as a result of such Landlord Delay; provided, however, in no event shall the Commencement Date be extended pursuant to this Section 3.1 beyond the date that Tenant first commences business operations in the Premises. The number of days that the

Scheduled Commencement Date is delayed solely as a result of Landlord Delays pursuant to the preceding sentence shall be referred to herein as the "**Landlord Delay Period**". If the Landlord Delay Period exceeds forty-five (45) days (any such delay in excess of forty-five (45) days, the "**Extended Landlord Delay Period**"), then for each day of such Extended Landlord Delay Period, Tenant shall receive, in addition to the extension of the Scheduled Commencement Date, one (1) full day of credit against Monthly Rent and Parking Space Rental (and the amount of such credit shall not be reduced by the Rent Credit) to be applied against the Monthly Rent first coming due under this Lease. As used herein, a "**Landlord Delay**" shall mean actual delays to the extent resulting from (a) Landlord's failure to respond to Tenant's request for Landlord's approval within the time periods required hereunder, (b) any failure by Landlord to timely pay any amounts due from Landlord to Tenant hereunder, (c) any failure of Landlord to allow Tenant and Tenant's agents access to the Premises following the Tenant Access Date, (d) unreasonable interference with Tenant's work in the Premises resulting from Landlord's continuing to complete the Landlord's Work, or (e) Tenant's inability to receive permits because of Landlord's failure to have completed the Landlord's Work and closed out any permits as required to allow Tenant to receive permits for the Tenant Improvements. Any rent credit that Tenant receives hereunder for Landlord Delay shall not be duplicative of any rent credit that Tenant is receiving under Paragraphs 3.b.ii. or 3.d. of this Lease (but may be in addition to any rent credit otherwise being received by Tenant under such Paragraphs 3.b.ii. or 3.d. of this Lease). Notwithstanding the foregoing, no Landlord Delay shall be deemed to have occurred unless Landlord fails to cure such Landlord Delay within two (2) Business Days after receipt of written notice from Tenant detailing such claimed Landlord Delay. In addition, the Scheduled Commencement Date shall be extended by up to 60 days for delays beyond the Scheduled Commencement Date that substantial completion of the Tenant Improvements has been delayed as a result of Force Majeure Delay, provided that Tenant provides Landlord with written notice of any such Force Majeure Delay within five (5) Business Days after the commencement thereof. For purposes of this Section 3.1 only, "**Force Majeure Delay**" shall mean any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, inability to obtain services, labor, or materials or reasonable substitutes therefor, governmental actions, civil commotions, fire or other casualty, and other causes beyond the reasonable control of Tenant, but shall not include any delay or inability to obtain building permits or other permits required in connection with the construction of the Tenant Improvements unless such delay is the result of a work stoppage or other labor disturbance.

Schedule L-1 to the Work Letter

Landlord's Work – Tower

Landlord shall perform the following work to the base building, core and shell of the "Tower" portion of the Building per the narrative description below and the graphic description contained in Schedule L-4:

1. Regulatory
    - Codes – Compliance with all applicable state and local codes and regulations then in force, including but not limited to those for building, structural, mechanical, electrical, plumbing, fire, accessibility, hazardous materials and energy, as reviewed and approved by the city of Los Angeles.
    - ADA – Compliance with the federal Americans with Disabilities Act as reviewed and approved by the city of Los Angeles.
    - Historic – Compliance with the California Historical Building Code as a qualified historical building by virtue of its listing in the California Register of Historical Resources, including exceptions to other codes and regulations such as those noted above.

2. Structural
    - Gravity – Live load capacity of 50psf levels 2-5; 100psf at ground; and 20psf partition capacity at all levels.
    - Lateral – Seismic upgrade with new lateral elements designed in accordance with the California Building Code 2013 edition, as reviewed and approved by the city of Los Angeles.

3. Exterior
    - Glazing – At ground level west elevation: new low-e IGU in new aluminum storefront. At ground level north elevation: new laminated low-e storefronts in new aluminum frames. At balance of ground level and levels 2-5: new laminated low-e glass in refurbished/repainted existing steel frames. At skylights on level 5: new low-e IGU in new aluminum frames. Blinds or other window treatments are part the Tenant Improvements and shall conform to the building standard.
    - Roof Deck – New pavers and egress lighting per Schedule L-4.
    - Paseo – New planting, paving, lighting and fixed amenities per Schedule L-4. Movable furniture NIC.
    - Garage – New poured in place concrete garage with green screen wall treatment.

4. Main Lobby and Elevators
    - Main Lobby – Floor-through main lobby and elevator vestibule per plans referenced in Schedule L-4. Finishes per sections 5 and 6 below. Security desk NIC.
    - Elevators – Two new passenger service elevators of 4,000 pound capacity and 350 fpm, and one new passenger service elevator of 4,000 pound capacity and 350 fpm. Passenger and service cab finishes per building standard.

- Elevator Lobbies & Corridors – As a full building lease, and except for the main lobby, multi tenant elevator lobbies and corridors will not be provided.

5. Core of Premises Floor
   - Toilet Rooms – Toilet rooms per Schedule L-4, and shall comply with current regulatory requirements as noted in Section 1 above. Compliance shall include, but not be limited to, accessibility, fixtures counts, and exhaust.
   - Premises Side Finishes – Other than toilet room interiors, the interior side of all core walls and columns shall be existing concrete, new troweled shotcrete, or gypsum wall board of level 4 finish. In order to integrate tenant interior design concept, paint, baseboard and alternate finish materials are part of the Tenant Improvements.
   - Core Side Finishes – Core side of stair wells, equipment and other code required rooms shall be delivered finished per Landlord's standard.

6. Interior Building Finishes
   - As Is – Except as explicitly noted elsewhere in this Exhibit or the Lease, existing building components that have not been removed, refurbished or replaced shall be delivered in their "As Is" condition at the time the Lease is executed.
   - Floors & Base – Concrete floors will be delivered broom clean without fill or base.
   - Columns & Exterior Walls – All columns and the interior surface of exterior walls shall be unimproved and delivered without base.
   - Ceilings – Ceilings, if any, are part of the Tenant Improvements. The concrete deck above shall be exposed in As Is condition. All new HVAC duct work, sprinkler, pipes, conduits and other building systems are exposed and are further described below. Existing piping and sprinklers lines to remain will remain at current location and height. Gravity piping heights will be determined by code requirements.

7. HVAC
   - Design Criteria – HVAC performance is based upon occupancy density of no more than one person per 150 sf of usable area premises.
   - Equipment – Equipment shall consist of 3 new roof mounted package units serving multiple floors, providing the cooling capacity set forth on Schedule 3 of this Lease.
   - Distribution – Supply and return air shall each be ducted from the roof top equipment to a single point of entry on each floor of the Building, and shall include code required smoke and fire dampers. Heating hot water will be stubbed to a single location per floor to support tenant's mechanical system. Lateral extension downstream of the points of entries and stubs, including ductwork and associated VAV boxes, piping, controls, power, etc. are part of the Tenant Improvements.
   - TI Conformance – Landlord system performance is dependent upon TI MEPF drawings and specifications designed and constructed for proper capacity and coordinated with the base building system and in conformance with the Building Standard.
   - Supplementary – Any supplementary roof mounted equipment required by Tenant shall be Tenant's responsibility per the Lease. Landlord will assist and cooperate to identify acceptable future mechanical locations on roof for Tenant's installation.

8. Plumbing
    - Domestic Water – Domestic water supply of adequate capacity for normal office tenant shall be stubbed to a single for location.
    - Lavatories – Tepid water.

9. Fire Protection & Life safety
    - Sprinklers – Sprinkler system shall include building fire pump and risers and, at all Building floors, mains, laterals and upright heads complying with code requirements. Further modification of the sprinkler system shall be part of the Tenant Improvements.
    - Smoke Control – A passive smoke control system shall comply with code and Fire Department requirements for core and shell permit and inspection approvals.
    - Fire & Life Safety – Fire alarm and life safety alarm and communication system infrastructure shall include panels and power sources, elevator recall and pull stations at exits and other locations required by code. Landlord shall provide Tenant expansion space for typical office capacity within the base system. Expansion shall be part of the Tenant Improvements.

10. Electrical
    - Demolition – All prior electrical distribution within the Building shall be demolished and removed.
    - Room – A single electrical room on the Building floor with code compliant ventilation system.
    - Demand Load – Power capacity for demand loads (excluding lighting and typical office use air conditioning load) of up to five (5) watts per usable square foot shall be available to Tenant.
    - Lighting – Power capacity for non-emergency lighting loads of up to one and a half (1.5) watts of connected load per usable square foot shall be available to Tenant at a dedicated T24 compliant lighting control panel for in the electrical room.
    - Egress – All interior and exterior egress lighting shall be Class A office types controlled from a dedicated emergency power panel. Additional egress lighting required by Tenant's configuration shall be part of the Tenant Improvements and conform to the Building standard.
    - Supplementary – Demand load or emergency power in excess of the capacities described above may be installed by Tenant at its own cost and expense.

11. Data & Communications
    - Building Supply – Fiber or copper service from a single vendor selected by Landlord shall be available at the basement floor main point of entry (MPOE).
    - Distribution –Cored holes shall be provided stacked on successive floors between the MPOE and the Building. Tenant may run conduit, copper and/or fiber from MPOE and through cored holes to each floor Telecom Room as approved by Landlord.

Schedule L-2 to the Work Letter

Landlord's Work – Annex/Assembly

Landlord shall perform the following work to the base building, core and shell of the "Annex/Assembly" portion of the Building per the narrative description below and the graphic description contained in Schedule L-4:

1. Regulatory
    - Codes – Compliance with all applicable state and local codes and regulations then in force, including but not limited to those for building, structural, mechanical, electrical, plumbing, fire, accessibility, hazardous materials and energy, as reviewed and approved by the city of Los Angeles.
    - ADA – Compliance with the federal Americans with Disabilities Act as reviewed and approved by the city of Los Angeles.
    - Historic – Compliance with the California Historical Building Code as a qualified historical building by virtue of its listing in the California Register of Historical Resources, including exceptions to other codes and regulations such as those noted above.

2. Structural
    - Gravity – Live load capacity of 50 psf at level 2; 100 psf at ground level; and 20 psf partition load at both levels.
    - Lateral – Seismic upgrade with new lateral elements designed in accordance with the California Building Code 2013 edition, as reviewed and approved by the city of Los Angeles.

3. Exterior
    - Glazing – At ground level and level 2 west elevation: new low-e IGU in new aluminum frames. At balance of level 2 and ground level locations: new laminated low-e glass in refurbished/repainted existing steel frames. At skylights: new low-e IGU in aluminum frames. Blinds or other window treatments are part the Tenant Improvements and shall conform to the building standard.
    - Paseo – New planting, paving, lighting and fixed amenities per Schedule L-4. Movable furniture NIC.
    - Garage – New poured in place concrete garage with green screen wall treatment.

4. Lobbies and Elevators
    - Secondary Lobby – Shared with CMU building. Finishes per sections 5 and 6 below. Security desk NIC. See Schedule L-1 for Main Lobby.
    - Elevators – One new passenger service elevator, shared with CMU building, of 4,500 pound capacity and 125 fpm.
    - Elevator Lobbies & Corridors – As a full building lease, multitenant elevator lobbies and corridors will not be provided.

5. Core of Premises Floor
    - Toilet Rooms – Toilet rooms per Schedule L-4, and shall comply with current regulatory requirements as noted in Section 1 above. Compliance shall include, but not be limited to, accessibility, fixtures counts, and exhaust.
    - Premises Side Finishes – Other than toilet room interiors, the interior side of all core walls and columns shall be existing concrete, new troweled shotcrete, or gypsum wall board of level 4 finish. In order to integrate tenant interior design concept, paint, baseboard and alternate finish materials are part of the Tenant Improvements.
    - Core Side Finishes – Core side of stair wells, equipment and other code required rooms shall be delivered finished per Landlord's standard.

6. Interior Building Finishes
    - As Is – Except as explicitly noted elsewhere in this Exhibit or the Lease, existing building components that have not been removed, refurbished or replaced shall be delivered in their "As Is" condition at the time the Lease is executed.
    - Floors & Base – Concrete floors will be delivered broom clean without fill or base.
    - Columns & Exterior Walls – All columns and the interior surface of exterior walls shall be unimproved and delivered without base.
    - Ceilings – Ceilings, if any, are part of the Tenant Improvements. The concrete deck above shall be exposed in As Is condition. All new HVAC duct work, sprinkler, pipes, conduits and other building systems are exposed and are further described below. Existing piping and sprinklers lines to remain will remain at current location and height. Gravity piping heights will be determined by code requirements.

7. HVAC
    - Design Criteria – HVAC performance is based upon occupancy density of no more than one person per 150 sf of usable area premises.
    - Equipment – Equipment shall consist of 3 roof mounted package units serving the two floors, providing the cooling capacity set forth on Schedule 3 of this Lease.
    - Distribution – Supply and return air shall each be ducted from the roof top equipment to a single point of entry on each floor of the Building, and shall include code required smoke and fire dampers. Heating hot water will be stubbed to a single location per floor to support tenant's mechanical system. Lateral extension downstream of the points of entries and stubs, including ductwork and associated VAV boxes, piping, controls, power, etc. are part of the Tenant Improvements.
    - TI Conformance – Landlord system performance is dependent upon TI MEPF drawings and specifications designed and constructed for proper capacity and coordinated with the base building system and in conformance with the Building Standard.
    - Supplementary – Any supplementary roof mounted equipment required by Tenant shall be Tenant's responsibility per the Lease. Landlord will assist and cooperate to identify acceptable future mechanical locations on roof for Tenant's installation.

8. Plumbing
    - Domestic Water – Domestic water supply of adequate capacity for normal office tenant shall be stubbed to a single for location.
    - Lavatories – Tepid water.

9. Fire Protection & Life safety
    - Sprinklers – Sprinkler system shall include building fire pump and risers and, at all Building floors, mains, laterals and upright heads complying with code requirements. Further modification of the sprinkler system shall be part of the Tenant Improvements.
    - Smoke Control – A passive smoke control system shall comply with code and Fire Department requirements for core and shell permit and inspection approvals.
    - Fire & Life Safety – Fire alarm and life safety alarm and communication system infrastructure shall include panels and power sources, elevator recall and pull stations at exits and other locations required by code. Landlord shall provide Tenant expansion space for typical office capacity within the base system. Expansion shall be part of the Tenant Improvements.

10. Electrical
    - Demolition – All prior electrical distribution within the Building shall be demolished and removed.
    - Room – A single electrical room on the Building floor with code compliant ventilation system.
    - Demand Load – Power capacity for demand loads (excluding lighting and typical office use air conditioning load) of up to five (5) watts per usable square foot shall be available to Tenant.
    - Lighting – Power capacity for non-emergency lighting loads of up to one and a half (1.5) watts of connected load per usable square foot shall be available to Tenant at a dedicated T24 compliant lighting control panel for in the electrical room.
    - Egress – All interior and exterior egress lighting shall be Class A office types controlled from a dedicated emergency power panel. Additional egress lighting required by Tenant's configuration shall be part of the Tenant Improvements and conform to the Building standard.
    - Supplementary – Demand load or emergency power in excess of the capacities described above may be installed by Tenant at its own cost and expense.

11. Data Communication
    - Building Supply – Fiber or copper service from a single vendor selected by Landlord shall be available at the basement floor main point of entry (MPOE) in Tower portion of the Building per Schedule L-1.
    - Distribution –Cored holes shall be provided between the ground level and level 2. Tenant may run conduit, copper and/or fiber from MPOE and through cored holes to as approved by Landlord.

Schedule L-3 to the Work Letter

Landlord's Work – CMU/Studio

Landlord shall perform the following work to the base building, core and shell of the "CMU" or "Studio" portion of the Building per the narrative description below and the graphic description contained in Schedule L-4:

1. Regulatory
    - Codes – Compliance with all applicable state and local codes and regulations then in force, including but not limited to those for building, structural, mechanical, electrical, plumbing, fire, accessibility, hazardous materials and energy, as reviewed and approved by the city of Los Angeles.
    - ADA – Compliance with the federal Americans with Disabilities Act as reviewed and approved by the city of Los Angeles.

2. Structural
    - Gravity – Live load capacity of 100psf at both levels, and 20psf partition load at both levels.

3. Exterior
    - Glazing –At South elevation and Northwest entry: New low-e IGU in new aluminum frames. At skylight: new low-e IGU in aluminum frame. Blinds or other window treatments are part the Tenant Improvements and shall conform to the building standard.
    - Paseo – New planting, paving, lighting and fixed amenities per Schedule L-4.
    - Garage – New poured in place concrete garage with green screen wall treatment.

4. Lobby and Elevators
    - Lobbies – Shared with Annex building (Schedule L-2). Finishes per sections 5 and 6 below. Security desk NIC. See Tower (Schedule L-1) for Main Lobby.
    - Elevators – One new passenger service elevator, shared with Annex building, of 4,500 pound capacity and 125 fpm.
    - Elevator Lobbies & Corridors – As a full building lease, multitenant elevator lobbies and corridors will not be provided.

5. Core of Premises Floor
    - Toilet Rooms Toilet rooms per Schedule L-4, and shall comply with current regulatory requirements as noted in Section 1 above. Compliance shall include, but not be limited to, accessibility, fixtures counts, and exhaust.
    - Premises Side Finishes – Other than toilet room interiors, the interior side of all core walls and columns shall be existing concrete, new troweled shotcrete, or gypsum wall board of level 4 finish. In order to integrate tenant interior design concept, paint, baseboard and alternate finish materials are part of the Tenant Improvements.

- Core Side Finishes – Core side of stair wells, equipment and other code required rooms shall be delivered finished per Landlord's standard.

6. Interior Building Finishes
   - As Is – Except as explicitly noted elsewhere in this Exhibit or the Lease, existing building components that have not been removed, refurbished or replaced shall be delivered in their "As Is" condition at the time the Lease is executed.
   - Floors & Base – Concrete floors will be delivered broom clean without fill or base.
   - Columns & Exterior Walls – All columns and the interior surface of exterior walls shall be unimproved and delivered without base.
   - Ceilings – Ceilings, if any, are part of the Tenant Improvements. The concrete deck above shall be exposed in As Is condition. All new HVAC duct work, sprinkler, pipes, conduits and other building systems are exposed and are further described below. Existing piping and sprinklers lines to remain will remain at current location and height. Gravity piping heights will be determined by code requirements.

7. HVAC
   - Design Criteria – HVAC performance is based upon occupancy density of no more than one person per 150 sf of usable area premises.
   - Equipment – Equipment shall consist of a single roof mounted package unit, providing the cooling capacity set forth on Schedule 3 of this Lease.
   - Distribution – Supply and return air shall each be ducted from the roof top equipment to a single point of entry on each floor of the Building, and shall include code required smoke and fire dampers. Heating hot water will be stubbed to a single location per floor to support tenant's mechanical system. Lateral extension downstream of the points of entries and stubs, including ductwork and associated VAV boxes, piping, controls, power, etc. are part of the Tenant Improvements.
   - TI Conformance – Landlord system performance is dependent upon TI MEPF drawings and specifications designed and constructed for proper capacity and coordinated with the base building system and in conformance with the Building Standard.
   - Supplementary – Any supplementary roof mounted equipment required by Tenant shall be Tenant's responsibility per the Lease. Landlord will assist and cooperate to identify acceptable future mechanical locations on roof for Tenant's installation.

8. Plumbing
   - Domestic Water – Domestic water supply of adequate capacity for normal office tenant shall be stubbed to a single for location.
   - Lavatories – Tepid water.

9. Fire Protection & Life safety
   - Sprinklers – Sprinkler system shall include building fire pump and risers and, at all Building floors, mains, laterals and upright heads complying with code requirements. Further modification of the sprinkler system shall be part of the Tenant Improvements.

- Smoke Control – A passive smoke control system shall comply with code and Fire Department requirements for core and shell permit and inspection approvals.
- Fire & Life Safety – Fire alarm and life safety alarm and communication system infrastructure shall include panels and power sources, elevator recall and pull stations at exits and other locations required by code. Landlord shall provide Tenant expansion space for typical office capacity within the base system. Expansion shall be part of the Tenant Improvements.

10. Electrical
    - Demolition – All prior electrical distribution within the Building shall be demolished and removed.
    - Room – A single electrical room on the ground floor with code compliant ventilation system.
    - Demand Load – Power capacity for demand loads (excluding lighting and typical office use air conditioning load) of up to five (5) watts per usable square foot shall be available to Tenant.
    - Lighting – Power capacity for non-emergency lighting loads of up to one and a half (1.5) watts of connected load per usable square foot shall be available to Tenant at a dedicated T24 compliant lighting control panel for in the electrical room.
    - Egress – All interior and exterior egress lighting shall be Class A office types controlled from a dedicated emergency power panel. Additional egress lighting required by Tenant's configuration shall be part of the Tenant Improvements and conform to the Building standard.
    - Supplementary – Demand load or emergency power in excess of the capacities described above may be installed by Tenant at its own cost and expense.

11. Data Communication
    - Building Supply – Fiber or copper service from a single vendor selected by Landlord shall be available at the basement floor main point of entry (MPOE) in Tower.
    - Distribution –Tenant may run conduit, copper and/or fiber from MPOE and through Premises as approved by Landlord.

Schedule L-4 to the Work Letter

Plans

Ford Submittals

Counter Prefix	Form Counter	Subject
01-142100-0	1	Elevator Shop Drawings (Electric Traction & Hydraulic Elevators)
01-224100-0	2	Plumbing Fixture Product Data
05-224100-0	3	General Purpose Roof Drains Product Data
06-224100-0	4	Water Closet Flush Valve
01-230000-0	5	Product Data - RTUs (Roof Top Units)
02-230000-0	6	Product Data - Hydronic Pumps
03-230000-0	7	Product Data - Boilers
04-230000-0	8	Product Data - Wall Mounted AC Units
01-080351.23-0	9	Product Data - Benco 4 Industrial Paint Remover, Denatured Alcohol etc
02-080351 .23-0	10	Shop Drawings - Arcadia Venetian Series Hot-Rolled Steel Windows
06-080351.23-0	11	Steel Window Historic Treatment Program
05-080351.23-0	12	Historic Treatment of Steel Historic Windows Qualification Data
01-088000-0	13	Product Data - GlasPro 1/8” Energy Advantage Low-E
01-032000-0	14	Product Data - Steel Reinforcing
01-033000-0	15	Product Data - Concrete
04-033000-0	16	Concrete Design Mixtures
10-033000-0	17	Material Test Reports
09-033000-0	18	Material Certificate
05-033713-0	19	Design Mixes
02-142100-1	20	Elevator Shop Drawings (Electric Traction & Hydraulic Elevators) Rev. 1
01-260000-0	21	Shop Drawings - Switchboards
07-230000-0	22	Product Data- HVAC Duct & Casing
06-230000-0	23	Product Data - Hydronic Piping
1.1-088000-0	24	Product Data - Laminated Glass (Alternative)
03-088000-0	25	Sample for Verification - Laminated Glass Samples for Restored Historic Windows
11-033000-0	26	Concrete Restoration Mock-Up Product Data & MSDS
02-224100-0	27	Shop Drawings - Plumbing Issued for Plan Check on 6.26.15
08-230000-0	28	Shop Drawings - Mechanical Issued for Plan Check on 8.18.15
02-260000-0	29	Shop Drawings - Electrical Issued for Plan Check on 8.20.15
07-224100-0	30	Product Data - Floor or Shower Drains with Adjustable Strainer Heads
09-260000-0	31	Product Data - Generator & Automatic Transfer Switch
1 2-033000-0	32	Product Data - Rapid Hardening Repair Mortar (Concrete Restoration Mock-Up)
02-099000-0	33	Product Data - Exterior Concrete Paint

03-260000-0	34	Product Data - Hangers & Supports for Electrical Systems
04-260000-0	35	Product Data - Raceways & Boxes
05-260000-0	36	Product Data - Sleeves & Sleeve Seals for Electrical
06-260000-0	37	Product Data - Underground Ducts & Raceways
07-260000-0	38	Product Data - Low Voltage Power Conductors and Cables
08-260000-0	39	Product Data - Grounding & Bonding for Electrical Systems
07-080351 .23-0	40	Chemical Stripping & Macropoxy Priming Mock-Up
03-099000-0	41	Samples - Painted Historic Steel Windows Color
04-032000-0	42	Shop Drawings - Steel Reinforcing (B1-01 To B1-04)
01-211313-0	43	Shop Drawings- Fire Suppression Plan Check Drawings 9.21.15
17-283101-0	44	Product Data - Fire Alarm
08-080351.23-0	45	Samples - Dow Corning 795 Silicone Building Sealant
12-088000-0	46	Sample for Verification - Fritted Glass
13-033000-0	47	Product Data - Mix Design 3K Misc Lightweight Concrete
05-032000-0	48	Shop Drawings - Steel Reinforcing (B1-05 To B1-05G)
06-032000-0	49	Shop Drawings - Test Panel Rebar
01-265010-0	50	Product Data - Lighting Fixtures
ARB 14-033000-0	51	Over Excavating Earthwork Plan
10-260000-0	52	BusDuct, Fire Pump, & Overhead Routing
06-080351.23-1	53	Steel Window Historic Treatment Program Rev.1
01-083320-0	54	Product Data - Lawrence Roll-Up Doors (Substitution)
ARB 15-033000-0	55	Foundation Layout
04-051 200-0	56	Shop Drawings - Tower Elevator Embeds & Placement Plan
05-051 200-0	57	Shop Drawings - CMU Elevator Embeds & Placement Plan
06-051 200-0	58	Shop Drawings - Tower Building Steel Collector Plates
01-265000-0	59	Product Data - Lighting Controls
07-032000-0	60	Shop Drawings - Tower Building Collector Beams (Floors 1-4)
08-032000-0	61	Shop Drawings - 5th Floor Collector Beams & Tower-CMU Reinforcing Elevator Pit Layouts
02-211313-0	62	Product Data - General Material Equipment & Data
07-051 200-0	63	Shop Drawings -Annex Building Anchor Bolt Plans
08-051 200-0	64	Shop Drawings - Annex Building Brace Frames
08-224100-0	65	Product Data - Clean Check Backwater Valve
16-033000-0	66	Samples - Parking Garage CMU & Mortar (Submit for Record)
05-283101-0	67	Shop Drawings - Fire Alam System
09-230000-0	68	Shop Drawings - Complete Mechanical RTU - Equipment Pad Layout
04-099000-0	69	Samples - Paint Color Window Mock-Up
04-032000-1	70	Shop Drawings - Tower Building Steel Reinforcing (B1-01 To B1-01D) Rev 1
01-076200-0	71	Product Data - Sheet Metal Flashing at Annex Skylights
07-260000-1	72	Product Data - Low Voltage Power Conductors and Cables Rev 1
11-051200-0	73	Welding Procedures (WPSs) & Procedure Qualification Records (PQRs)
17-051200-0	74	Shop Drawings - Tower Building Channels At Parapet
09-080351.23-0	75	Historic Steel Window Mock-Up

18-051200-0	76	Shop Drawings - Annex Building Channel Strengthening at Roof
19-051200-0	77	Shop Drawings - Annex Building Beam Strengthening Plates at Roof
09-260000-1	78	Product Data - Generator & Automatic Transfer Switch Rev.1
01-105220-0	79	Product Data - Fire Extinguisher & Fire Extinguisher Cabinets
01-084113-0	80	01 -0841 1 3-0 Product Data - TC670 Series Arcadia Aluminum Framed Storefronts
09-032000-0	81	Shop Drawings - Tower Building Post Shores (RPA Submittal #81)
10-032000-0	82	Shop Drawings - Deck Infills Post Shores (RPA Submittal #82)
17-033000-0	83	Product Data - Masterlife 300D Crystalline Capillary Waterproofing Admixture (RPA Submittal #83)
18-033000-0	84	Product Data - Stego Wrap Vepor Barrier (RPA Submittal #84)
19-033000-0	85	Product Data - Sika Lockstop Mastic Waterstop for Construction Joints (RPA Submittal #85)
20-033000-0	86	Product Data - Spec Chem Concrete Repair Mortar (RepCon 928 FS) (RPA Submittal #86)
04-051 200-1	87	Shop Drawings - Tower Elevator Embeds & Placement Plan Rev.1 (RPA Submittal #87)
20-051200-0	88	Shop Drawings - Tower Building Elevator Framing (RPA Submittal #88)
11-032000-0	89	Shop Drawings - Annex Building Footings Steel Reinforcing (B1-02 To B1 -02F) (RPA Submittal #89)
12-032000-0	90	Shop Drawings - Tower Building Shear Wall Steel Reinforcing Basement To 2nd Floor (B1-04 To B1-04E) (RPA Submittal #90)
01-092900-0	91	Product Data - Gypsum Board Systems Products (RAP Submittal #91)
13-088000-0	92	Sample for Verification - Old Castle 1/8” Solarban 70XL Laminated Glass Sample (Monitor Skylights) (RPA Submittal #92)
13-032000-0	93	Shop Drawings - Annex Building Shear Wall Steel Reinforcing (B1-03 To B1-03C) (RPA Submittal #93)
21-051200-0	94	Shop Drawings - Annex Building Plate At Expansion Joint (RPA Submittal #94)
22-051200-0	95	Shop Drawings -Annex Building Counter Supports (RPA Submittal #95)
23-051 200-0	96	Shop Drawings - Tower Building Counter Supports (Submittal #96)
24-051 200-0	97	Shop Drawings - Tower Building Plates At Entry (RPA Submittal #97)
01-061000-0	98	Product Data - Hilti KWIK Bolt 3 Expansion Anchor (RPA Submittal #98)
02-061000-0	99	Shop Drawings - Annex Building Roof Glulam Beams (RPA Submittal #99)
03-061000-0	100	Material Safety S Data Sheet -Wood Dust (RPA Submittal #100)
14-032000-0	101	Shop Drawings - Tower Building Shear Wall Steel Reinforcing 2nd to 5th Floor (B1-05 To B1 - 05G) (RPA Submittal #101)
01-040326-0	102	Product Data - Repair Mortar, Rapid Set Mortar Mix, Sika 110 EmpCem & 123 Plus (RPA Submittal #102)

05-099000-0	103	Product Data - Loxon Concrete & Masonry Primer & A- 100 Exterior Flat Latex Paint (RPA Submittal#103)
01-076200-1	104	Product Data - Sheet Metal Flashing & Trim at Annex Skylights Rev 1 (RPASubmittal #104)
15-032000-0	105	Shop Drawings - Tower Building Collector Beam Soffit Formwork System (RPA Submittal
18-051200-1	106	Shop Drawings -Annex Building Channel Strengthening at Roof Rev. 1 (RPA Submittal # 106)
03-055113-0	107	Shop Drawings - Tower Building Added Stair (RPA Submittal #107)
04-055113-0	108	Shop Drawings - Annex Building Added Stair #4 (RPA Submittal #108)
05-055113-0	109	Shop Drawings - Annex Building Added Stair #3 (RPA Submittal #109)
08-051200-1	110	Shop Drawings -Annex Building Brace Frames Rev. 1 (RPA Submittal #110)
01-081173-0	111	Product Data - Won-Door Firegaurd Compressed Stack Model FG-CS180 (RPA Submittal #111)
02-081173-0	112	Shop Drawings - Won-Door Firegaurd Compressed Stack Model FG-CS180 - Type UDC-P & PSC-L (RPA Submittal #112)
03-081173-0	113	Product Data - Fireguard Color Chart (Standard Color - #55 Platinum)
10-230000-0	114	Product Data – Duct & HVAC Pipe Insulation (RPA Submittal #114)
03-040326-0	115	Samples - Colored Mortar - 6” long by 1/2” Wide Set In Aluminum Channels (RPA Submittal #115)
14-088000-0	116	Product Data - PPG (NWI) Solarban 70XL Clear & Clear insulating Units (1st & 2nd Floor) (RPA Submittal #116)
05-283101-1	117	Shop Drawings - Fire Alam Systems Rev.1 (RPA Submittal #117)
11-260000-0	118	Product Data - Power System Study (RPA Submittal #118)
07-051200-1	119	Shop Drawings - Annex Building Anchor Bolt Plans Rev.1 (RPA Submittal #119)
21-033000-0	120	Product Data - Quikrete Concrete Mix For Tower Roof Top Curbs (RPA Submittal #120)
01-075419-0	121	Product Data - Tower & Annex Building Polyvinyl-Chloride Roofing (RPA Submittal #121)
01-077600-0	122	Product Data - Roof Paver System Specification & Cutsheet (RPA Submittal #122)
13-032000-1	123	Shop Drawings - Annex Building Shear Wall Steel Reinforcing (B1-03 To B1-03C) Rev.1
14-032000-1	124	Shop Drawings - Tower Building Shear Wall Steel Reinforcing 2nd to 5th Floor (B1-05 To B1- 05G) Rev.1 (RPA Submittal #124)
25-051200-0	125	Shop Drawings - Tower Building Roof Screen Framing (RPA Submittal #125)
17-051200-1	126	Shop Drawings - Tower Building Channels At Parapet Rev 1 (RPA Submittal #126)

03-084113-0	127	Shop Drawings - Tower Building Sawtooth Skylights Extruded Aluminum Framing (Proposal) (RPA Submittal #127)
01-071600-0	128	Product Data - Crystalline Waterproofing (RPA Submittal #128)
03-142100-0	129	Shop Drawings - Interior & Exterior Fixtures (RPA Submittal #129)
ARB 05-071600-0	130	Product Data - XYPEX Crystalline Waterproofing (RPA Submittal #130)
ARB 02-079200-0	131	Product Data - Tremco Dymonic 100 Polyurethane Sealant (RPA Submittal #131)
ARB 01-071000-0	132	Product Data - Henry 787 Elastomulsion Waterproofing (RPA Submittal #132)
ARB 02-071000-0	133	Product Data - Bituthene 3000/3000 HC Waterproofing Membrane with Hydroduct Drainage Composite (RPA Submittal #133)
ARB 03-071000-0	134	Product Data - Tremco Vulkem 350NF/351NF/351NF Deck Coating Vehicular Waterproofing System (RPA Submittal #134)
ARB 01 -079500-0	135	Product Data - EMSEAL DSM System Expansion Joint (RPA Submittal #135)
ARB 11-075419-0	136	Product Data - FiberTite PVC Membrane Roofing (Parking Structure) (RPA Submittal #136)
12-260000-0	137	Product Data - Metering (RPA Submittal #137)
05-087100-0	138	Door Frame & Hardware Schedule (RPA Submittal #138)
01-081113-0	139	Product Data - Curries Assa Abloy Hoilow Metal Doors & Frames (RPA Submittal #139)
03-081113-0	140	Product Data - Total Doors & Frames (RPA Submittal #140)
04-087100-0	141	Product Data - Door Hardware Catalog Cut-Sheet (RPA Submittal #141)
04-051200-2	142	Shop Drawings - Tower Elevator Embeds & Placement Plan Rev.2 (RPA Submittal #142)
20-051200-1	143	Shop Drawings -Tower Building Elevator Framing Rev.1 (RPA Submittal #143)
26-051200-0	144	Shop Drawings - Annex Building WT Framing At Roof (RPA Submittal #144)
02-105220-0	145	Product Data - Fire Extinguishers & Non-Rated Fire Extinguisher Cabinets (RPA Submittal #145)
09-224100-0	146	Product Data - Fiber Care Baths Inc. Shower Stall (Model - HES62-31BF) (RPA Submittal #146)
ARB 01 -11 1200-0	147	Product Data - Parking Controls Equipment (RPA Submittal #147)
01-075250-0	148	Product Data - Torch-Applied Bituminous Roofing (RPA Submittal #148)
20-051200-2	149	Shop Drawings - Tower Building Elevator Framing Rev 2 (RPA Submittal #149)
12-075419-0	150	Safety Data - Sealants & Bonding-Flashing Adhesives (RPA Submittal #150)
03-075250-0	151	Pre-Material Safety Data Sheet (MSDS): Products Containing Hazardous Materials (RPA Submittal #151)

16-032000-0	152	Shop Drawings - Revised Annex Building Footings F-A1 & F-A2 (RPA Submittal #152)
01-033543-0	153	Product Data - Polished Concrete Finishing & Location (RPA Submittal #153)
02-123600-0	154	Samples - Caesarstone #2141 Quartz Surfaces (RPA Submittal #154)
04-142100-0	155	Samples For Initial Selection - Rigidized Stainless Steel 5WL Interior Elevator Panels (RPA Submittal #155)
ARB 01 -055000-0	156	Shop Drawings - Eco-Mesh Screen Elevation (RPA Submittal #156)
27-051200-0	157	Shop Drawings - Annex Building 2nd Floor Framing (RPA Submittal #157)
04-084113-0	158	Shop Drawings - Tower Buidling Sawtooth Skylgihts Extruded Aluminum Framing (Full-Shops) (RPA Submittal #158)
06-084113-0	159	Aluminum Entrance Door Hardware Schedule (RPA Submittal #159)
ARB 10-2241 00-0	160	Product Data - Parking Structure Plumbing Fixtures (Record Only) (RPA Submittal #160)
03-055213-0	161	Shop Drawings - Tower Building Roof Guardrails & Parapet Rails (RPA Submittal #161)
10-08035123-0	162	Shop Drawings - Annex Building East Elevation Replicated Historic Steel Windows (RPA Submittal #162)
17-032000-0	163	Shop Drawings -Tower Building 5th Level Collector Beams (B1 -11 & B1-11A) (RPA Submittal #163)
01-083613-0	164	Product Data - Aluma View AV200 Commercial Sectional Garage Door (RPA Submittal #164)
01-074213.13-0	166	Product Data - Morin Mechanical Wind Screen Panels (RPA Submittal #166)
ARB 13-260000-0	167	Product Data - Emergency Phones (RPA Submittal #167)
01-076200-2	168	Product Data - Sheet Metal Flashing & Trim at Tower, Annex, & CMU Buildings Rev.2 (RPA Submittai#168)
01-102800-0	169	Product Data - Tower Building Bobrick Restroom Accessories (RPA Submittal #169)
02-102800-0	170	Product Data - Annex Building Bobrick Restroom Accessories (RPA Submittal #170)
01-102113.13-0	171	Product Data - Tower Building Floor Mounted Toilet Comparments & Wall Mounted Urinal Screens (RPA Submittal #171)
02-102113.13-0	172	Product Data -Annex Building Floor Mounted Toilet Compartments & Wall Mounted Urinal Screen (RPA Submittal #172)
22-033000-0	173	Product Data - MasterEmaco P 124 Water-Based Epoxy-Cementitious Bonding Agent & Rebar Coating (RPA Submittal #173)
23-033000-0	174	Product Data - MasterEmaco ADH 327 RS Liquid Epoxy Concrete Bonding Adhesive with Short Pot Life (RPA Submittal #174)

24-033000-0	175	Product Data - MasterEmaco N 425 Non-Sag Concrete Repair Mortar with Integral Corrosion Inhibitor (RPA Submittal #175)
25-033000-0	176	Product Data - MasterEmaco T 1061 Rapid-Setting Cemen-Based Concrete Repair Mortar (RPA Submittal #176)
26-033000-0	177	Product Data - Sika Top 123 & Sika Armatec 110 EpoCem (Patching Repairs at the Interior Columns) (RPA Submittal #177)
ARB 06-0551 13-0	178	Shop Drawings - Parking Structure Metal Stairs Rev.1 (RPA Submittal #178)
01-055133-0	179	Shop Drawings -Tower Building Mechanical Penthouse Ships Ladder (RPA Submittal #179)
04-081173-0	180	Shop Drawings - Won-Door Framing At Tower Building 2nd Level On Gridlines H Between Gridlines 3 & 4 (RPA Submittal #180)
02-055133-0	181	Shop Drawings -Tower Building Elevators Pit Ladders (RPA Submittal #181)
11-230000-0	182	Product Data - HVAC Equipment Anchorage & Duct Riser Supoorts (RPA Submittal #182)
12-230000-0	183	Product Data - Tower & Annex Building HVAC Roof Mounted Duct Supports (RPA Submittal #183)
01-321123-0	184	Product Data - Irwindale 3/4” Crushed Aggregate & Crushed Aggregate Base (RPA Submittal #184)
27-033000-0	185	Product Data -Concrete Mix Design (Portland Cement Type II/V) (RPA Submittal #185)
01-334044-0	186	Product Data - 4” Vitrified Clay Pipe (VCP) & Fittings (RPA Submittal #186)
02-334044-0	187	Product Data - Storm Drain Utilities (RPA Submittal #187)
03-334044-0	188	Product Data - The MaxWell Plus Precast Infiltration & Setting DryWell Chamber (RPA Submittal#188)
28-051200-0	189	Welding Procedure Specification - Base Plate Plug Weld (RPA Submittal #189)
06-283101-0	190	Shop Drawings - Fire Alarm System Permit Drawings (RPA Submittal #190)
28-051200-1	191	Welding Procedure Specification -Base Plate Plug Weld Rev 1 (RPA Submittal #191)
ARB 01-055000-1	192	Shop Drawings - Eco-Mesh Screen Elevation Rev 1 (RPA Submittal #192)
07-084113-0	193	Samples for Verification - Aluminum Storefronts-Entrance Doors & Tower Building Skylights Colors (RPA Submittal #193)
ARB 02-055000-0	194	Material Samples -Eco-Mesh Screen Color Finish (RPA Submittal #194)
ARB 05-1 42400-0	195	Samples for Initial Selection - PS Schindler Rigidized Stainless Steel 5WL Interior Elevator Panels (RPA Submittal #195)
ARB 03-055000-0	196	Structural Calculation - Parking Structure Eco-Mesh Screen (RPA Submittal #196)
03-102800-0	197	Product Data - Shower Stall Wheelchair Accessible Barrier Free with Grab Bar & Seat Alternate (RPA Submittal #197)

04-055113-1	198	Shop Drawings - Annex Building Added Stair #4 Rev.1 (RPA Submittal #198)
05-055113-1	199	Shop Drawings - Annex Building Added Stair #3 Rev.1 (RPA Submittal #199)
03-055113-1	200	Shop Drawings - Tower Building Added Stair #2 Rev.1 (RPA Submittal #200)
ARB 06-142400-0	201	Shop Drawings - Parking Structure Schindler Hydraulic Elevator (RPA Submittal #201)
05-102113.13-0	202	Sustainable Design Product data - Indicate Post & Preconsumer Recycled Content & Cost (RPA Submittal #202)
07-102113.13-0	203	Product Schedule - Tower & Annex Building Restroom Metal Toilet Compartments (RPA Submittal #203)
01-071416-0	204	Product Data - Cold Fluid-Applied Waterproofing (RPA Submittal #204)
11-224100-0	205	Product Data - B-Permit Rectangular Steel Pipes & Fittings Storm Drain Through Curb (RPA Submittal #205)
01-099000-0	206	Samples - Exterior Facade (Concrete-Brick-Terra Cotta) (RPA Submittal #206)
17-088000-0	207	Samples - Exterior Glazing (New Storefront Windows - Sawtooth Skylights - Steel Windows - Monitor Skylights)(RPA Submittal #207)
ARB 05-081113-0	208	Product Data - Parking Structure Hollow Metal Doors (RPA Submittal #208)
ARB 14-260000-0	209	Product Data - Parking Structure Light Fixtures & Switchgear (RPA Submittal #209)
13-230000-0	210	Product Data - Controls (RPA Submittal #210)
04-055213-0	211	Shop Drawings - Tower Building Stair #1 Rails & Barrier Gates (RPA Submittal #211)
03-055133-0	212	Product Data - Alaco Ships Ladder Model 775X - Crossover Access Ladder (RPA Submittal #212)
15-260000-0	213	Product Data - Electrical Firestopping (RPA Submittal #213)
01-093000-0	214	Product Data - CBP ProLite Tile & Stone Mortar (RPA Submittal #214)
05-093000-0	215	Samples for Verification - DalTile RM 92 Silver Spring (RPA Submittal #215)
12-224100-0	216	Product Data - Woodford Recessed Hose Bib Model B24 Anti-Siphon Protected Wall Faucet (RPA Submittal #216)
18-032000-0	217	Mill Certificates - Concrete Reinforcing (RPA Submittal #217)
15-230000-0	218	Project Load Calculations (RPA Submittal #218)
12-080351.23-0	219	Annex Building Historic Reproduction Steel Window Mock-Up & Proposed Perimeter Grout for Window Installation
28-033000-0	220	Concrete Certificates (RPA Submittal #220)
29-051200-0	221	Shop Drawings - Tower Building Roof Screen Gate (RPA Submittal #221)
02-033543-0	222	Sustainable Design - RetroGaurd & RetroPlate 99 Laboratory Test Reports (RPA Submittal #222)

04-033543-0	223	Product Data -Water Based Stain Resistant Concrete & Masonry Sealer with or without Aggregate (RPA Submtital #223)
05-033543-0	224	Product Data - Tower Building Shower Room SC-65 WB Polyurethane Sealer with Aggregate (RPA Submittal #224)
01-096513-0	225	Product Data - Johnsonite Resilient Rubber Wall Base with Toe Profile (RPA Submittal #225)
02-096513-0	226	Sustainable Design - Chapo Safe-Set 400 Cove Base Adhesive (RPA Submittal #226)
03-096513-0	227	Product Data - Elevator Vinyl Composition Tile (VCT) (RPA Submittal #227)
02-033000-0	228	LEED Product Data - Credit MR 4.1 & MR 4.2 (RPA Submittal #228)
29-051200-1	229	Shop Drawings - Tower Building Roof Screen & Gate Rev1 (RPA Submittal #229)
10-055213-0	230	Shop Drawings - Annex Building Added Stair #4 Rails (RPA Submittal #230)
30-051200-0	231	Shop Drawings - Annex Building Won Door Framing (RPA Submittal #231)
04-055133-0	232	Shop Drawings - Annex Building Walkover Parapet Ladder (RPA Submittal #232)
11-055213-0	233	Shop Drawings - Annex Building Exterior Elevated Walkway Rails (RPA Submittal #233)
33-051200-0	234	Shop Drawings - CMU Building Roof Screen Framing (RPA Submittal 234)
09-055213-0	235	Shop Drawings - Annex Building Added Stair #3 Stainless Steel Rails at Lobby Entrance (RPA Submittal #235)
04-055000-0	236	Shop Drawings - Paseo Railroad Tracks (RPA Submittal #236)
13-055213-0	237	Shop Drawings - CMU Building Guardrails at Loading Dock (RPA Submittal #237)
34-051200-0	238	Shop Drawings - CMU Building F.O.B Wood Beam Support Plates (RPA Submittal #238)
37-051200-0	239	Shop Drawings - Paseo l-Beam Light Poles & Anchor Bolts (RPA Submittal #239)
12-055213-0	240	Shop Drawings - CMU Building Mezzanine Railing (RPA Submittal #240)
13-224100-0	241	Product Data - Ceco Water Heater Rooms Floor Sinks (RPA Submittal #241)
38-051200-0	242	Mill Certification - High Strength Bolts (RPA Submittal #242)
06-084113-1	243	Aluminum Entrance Door Hardware Schedule (RPA Submittal #243)
05-334044-0	244	Product Data - Paseo Area Drains (RPA Submittal #244)
01-213113-0	245	Product Data - 6x4x12F-M Fire Pump Series 8100 (RPA Submittal #245)
03-032000-0	246	LEED - Product Data: Credit MR 4.1 *&* MR 4.2 (RPA Submittal #246)

19-032000-0	247	Mill Certificates - Concrete Reinforcing for Exterior Annex Elevated Walkway (RPA Submittal #247)
14-224100-0	248	Product Data - Woodford Model B74 Anti-Siphon Vacuum Breaker Protected Wall (RPA Submittal #248)
ARB 16-260000-0	249	Product Data - Parking Structure Display Case Light Fixtures (RPA Submittal #249)
02-079500-0	250	Product Data - Ceiling to Ceiling Expansion Joints Model WS-5 (RPA Submittal #250)
08-055113-0	251	Structural Calculations - Tower& Annex Building Structural Stair Design Calculations (RPA Submittal #251)
01-077243-0	252	Product Data - Sarnatred-V Rolled-Out Heat Welded Walkway (RPA Submittal #252)
02-077600-0	253	Product Data - California Architectural (CalArc) Pavers (RPA Submittal #253)
ARB 16-230000-0	254	Product Data - Parking Structure HVAC (RPA Submittal #254)
ARB 17-260000-0	255	Product Data - Parking Structure Switchgear (RPA Submittal #255)
ARB 12-084113-0	256	Shop Drawings - Parking Structure Display Case (Storefront) & Glazing (RPA Submittal #258)
12-083100-0	257	Product Data - ELMDOR Stainless Steel Ceiling Access Door (RPA Submittal #257)
06-099000-0	258	Samples - Back-Of-House Wall Color (Sherwin Williams OC-125 Moonlight White) (RPA Submittal #258)
04-096513-0	259	Samples for Verification - Resilient Rubber Wall Base (Johnsonite 48 Grey WG) (RPA Submittal #259)
07-099000-0	260	Samples - Annex 2nd Level Truss Color (Sherwin Williams 2121 -50 Iced Cube Silver Semi-Gloss) (RPA Submittal #260)
ARB 01-101400-0	261	Product Data - Parking Structure Non-Illuminated Clearance Barriers (RPA Submittal #261)
32-051200-0	262	Shop Drawings - CMU Building Elevator #4 Framing (RPA Submittal #262)
03-077243-0	263	Product Data - W.R. Meadows Whitewalk Roof Traffic Pads (RPA Submittal #263)
01-071416-1	264	Product Data - Cold Fluid-Applied Waterproofing Rev.1 (RPA Submittal #264)
01-075250-1	265	Product Data - Torch-Applied Bituminous Roofing Rev 1 (RPA Submittal #265)
ARB 18-260000-0	266	Product Data - Parking Structure Automatic Transfer Switch (RPA Submittal #266)
ARB 02-083320-0	267	Product Data - Parking Structure Cookson Overhead Coiling Grilles (RPA Submittal #267)
20-032000-0	268	Mill Certificates - Concrete Reinforcing for Annex SOG Between Gridlines 1-2 & H-l (RPA Submittal #268)
07-033000-0	269	Qualification Data - Installer & Supplier (RPA Submittal #269)
02-033713-0	270	LEED Product Data - Credit MR 4.1 & MR 4.2 for Shotcrete (RPA Submittal #270)

01-123600-0	271	Shop Drawings - Tower & Annex Building Restroom Countertops (RAP Submittal #271)
06-033543-0	272	Shop Drawings - Seaming Diagrams for Polished Concrete (RPA Submittal #272)
ARB 01 -321723-0	273	Product Data - Fast Dry Latex Traffic Marking Paint (RPA Submittal #273)
01-329000-0	274	Product Data - Planting Dry Goods (RPA Submittal #274)
ARB 05-055000-0	275	Shop Drawings - Parking Structure Chain Link Fencing & Swing Gates (RPA Submittal #275)
04-055113-2	276	Shop Drawings - Annex Building Added Stair #4 Rev.2 (RPA Submittal #276)
01-328416-0	277	Product Data - Irrigation Controls (RPA Submittal #277)
07-033453-0	278	Mock-Up- Polished Concrete Finishing (RPA Submittal #278)
11-084113-0	279	Installer Qualification - Liberty Glass Contractors State License Board Active License (RPA Submittal #279)
07-079500-1	280	Shop Drawings - Expansion Control Rev.1 (RPA Submittal #280)
08-033543-0	281	Product Data - Westcoat EC-11 Water-Based Epoxy (RPA Submittal #281)
06-055213-0	282	Shop Drawings - Tower Building New Stair #2 Above Existing Stair #1 Rails Framing Plan (RPA Submittal #282)
ARB 05-083320-0	283	Product Data - Parking Structure Cookson Overhead Coiling Fire Door (RPA Submittal #283)
ARB 16-260000-1	284	Product Data - Parking Structure Display Case Light Fixtures Rev.1 (RPA Submittal #284)
ARB 03-076200-0	285	Shop Drawings - Parking Structure Sheet Metal (RPA Submittal #285)
06-055000-0	286	Shop Drawings - Paseo Steel & Wood Seatwall (RPA Submittal #286)
35-051200-0	287	Shop Drawings - Paseo Bridge Framing (RPA Submittal #287)
36-051 200-0	288	Shop Drawings - Paseo Site Work Plates At Planter (RPA Submittal #288)
ARB 03-1 05220-0	289	Product Data - Parking Structure Fire Extinguisher & Fire Extinguisher Cabinets (RPA Submittal #289)
ARB 17-230000-0	290	Shop Drawings - Parking Structure HVAC (RPA Submittal #290)
ARB 19-260000-0	291	Shop Drawings - Parking Structure Electrical (RPA Submittal #291)
ARB 15-2241 00-0	292	Shop Drawings - Parking Structure Plumbing (RPA Submittal #292)
ARB 07-055000-0	293	Shop Drawings - Parking Structure Elevator Canopy (RPA Submittal #293)
ARB 08-055000-0	294	Shop Drawings - Parking Structure Elevator Separator Beam, Divider Screen, & Pit Ladder (RPA Submittal #294)
ARB 01 -210000-0	295	Shop Drawings - Parking Structure Fire Protection (RPA Submittal #295)
ARB 13-084113-0	296	Sample For Verification - Parking Structure Display Case Storefront Aluminum Extrusion (RPA Submittal #296)

ARB 04-071000-0	297	Sample For Verification - Parking Structure Elastomeric Coating Tremco Vulkein 350 (RPA Submittal #297)
08-099000-0	298	Sample For Verification - Restroom Ceilings (Benjamme Moore OC-5 Moonshine) (RPA Submittal #298)
ARB 09-099000-0	299	Sample For Verification - Parking Structure Transaction Window Frame & Hollow Metal Doors (PM-2 BM Decorator White) (RPA #299)
ARB 01 -079200-0	300	Sample For Verification - Tremco Dynomic 100 Sealant & Caulking (RPA Submittal #300)
01-088700-0	301	Product Data - SX-1000 Clear Cast Sand Blast Film (Tower Building Restroom Windows Level 3-5) (RPA Submmittal #301)
03-265010-0	302	Product Data - Paseo XF-7 Light Fixtures (RPA Submittal #302)
09-033543-0	303	LEED Product Data - Polished Concrete (RPA Submittal #303)
02-040326-0	304	Product Data -Spec Mix Mortar Cements Sand Masonry Mortar (RPA Submittal #304)
04-040326-0	305	Product Data - Historic Pointing Mortar (RPA Submittal #305)
05-040326-0	306	Product Data -JAHN M100 Terra Cotta & Brick Repair Mortar (RPA Submittal #306)
01-042200-0	307	Product Data - Angelus Split Face CMU Block (RPA Submittal #307)
29-033000-0	308	Product Data - Rapid Set High-Strength Structural Repair Mortar (RPA Submittal #308)
01-088300-0	309	Product Data - Tower & Annex Building Restroom Guardian UltraMirror (RPA Submittal #309)
ARB 02-111200-1	310	Shop Drawings - Parking Controls Equipment Rev.1 (RPA Submittal #310)
03-079200-0	311	Sample For Verification - Storefront & Sawtooth Skylights Dow Corning 795 Sealant (RPA Submittal #311)
ARB 06-083320-1	312	Shop Drawings - Parking Structure Cookson Overhead Coiling Fire Door Rev 1 (RPA Submittal #312)
ARB 10-099000-0	313	Sample For Verification - Parking Structure Sheet Metal Finish RAL 7010 (RPA Submittal
ARB 01 -099623-0	314	Sample For Verification - Parking Structure Madico Graffiti-Free 6 Mil (RPA Submittal #314)
16-329000-0	315	Sample For Verification - RWF Spec Mulch (RPA Submittal #315)
ARB 03-111200-0	316	Parking Structure Parking Controls Equipment Operation (RPA Submittal #316)
ARB 09-055000-0	317	Sample For Verification -Parking Structure Cham Link Fencing Finish (RPA Submittal #317)
10-084113-0	318	Shop Drawings - Capitol Doors 101.1 8 101.2Opcon Installation (RPA Submittal #318)
20-260000-0	319	Shop Drawings - UPSS Security System Plan (RPA Submittal #319)
ARB 11-099000-0	320	Sample For Verification - Parking Structure Stair Structure, Elevator Canopy, & Sheet Metal Finish (RPA Submittal #320)

01-092000-0	321	Product Data - Roof Elevator Lath & Portland Cement Plastering Infill (RPA Submittal #321)
ARB 21 -260000-0	322	Shop Drawings - Parking Structure Fire Alarm Drawings (RPA Submittal #322)
ARB 01-111200-1	323	Product Data - Parking Structure Parking Controls Equipment Rev.1 (RPA Submittal #323)
17-329000-0	324	Sample For Verification - Paseo Planting Green Goods (RPA Submittal #324)
ARB 10-055000-0	325	Shop Drawings - Parking Structure Roll Up Grille HSS (RPA Submittal #325)
ARB 02-101400-0	326	Product Data - Parking Structure Signage (RPA Submittal #326)
ARB 05-055000-1	327	Shop Drawings - Parking Structure Chain Link Fencing &. Swing Gates Rev.1 (RPA Submittal #327)
ARB 03-105220-1	328	Product Data - Parking Structure Fire Extinguisher & Fire Extinguisher Cabinets Rev.1 (RPA Submittal #328)
31-051200-0	329	Shop Drawings - CMU Building Anchor Bolt Setting Plan *&* Template Assembly For Skylight Framing (RPA Submittal #329)
ARB 14-0841 13-0	330	Sample For Verification - Parking Structure Display Case Mullion Finish & Dow Corning 795 Sealant (RPA Submittal #330)
01-333913-0	331	Product Data - Paseo WunderCover (RPA Submittal #331)
ARB 04-111200-0	332	Sample For Verification - Parking Controls Equipment Finish (RPA Submittal #332)
07-055213-0	333	Shop Drawings - Tower Building Area Way Guardrail (RPA Submittal #333)
08-055213-0	334	Shop Drawings - CMU Building Skylight Guardrail (RPA Submittal #334)
01-321313-0	335	Product Data - Site Concrete Package (RPA Submittal #335)
09-321313-0	336	Design Mix - Site Concrete Mix Designs (RPA Submittal #336)
ARB 15-084113-0	337	Sample For Verification - PS Display Case Starphire Laminated Tempered Glazing (RPA Submittal #337)
ARB 07-083320-0	338	Sample For Verification - PS Cookson Clear Anodized Overhead Rolling Grille (RPA Submittal #338)
11-321313-0	339	Sample For Verification -Flatwork, Walls, & Stair Mock-Up Plan (RPA Submittal #339)
39-051200-0	340	Shop Drawings - Paseo Fence Embeds Per RFI 348 (RPA Submittal #340)
01-086200-0	341	Product Data - CMU Skylight (RPA Submittal #341)
04-055113-3	342	Shop Drawings - Annex Building Added Stair #4 Rev.3 (RPA Submittal #342)
33-051200-1	343	Shop Drawings - CMU Building Roof Screen Framing Rev.1 (RPA Submittal #343)
02-321123-0	344	Product Data - Crushed Miscellaneous Base (RPA Submittal #344)
07-087100-0	345	Product Data - Paseo Gate Hardware
40-051 200-0	346	Shop Drawings - Paseo Fence Footings I Beam Pole Footings, Cutoff Wall at Bridges , & Paving Steel Reinforcement
18-329000-0	347	Field Report - Tree Tagging (RPA Submittal #347)

33-051200-2	348	Shop Drawings -CMU Building Roof Screen Framing Rev.2 (RPA Submittal #348)
14-055213-0	349	Shop Drawings - Tower Building East Entry Stainless Steel Rails (RPA Submittal #349)
41-051200-0	350	Shop Drawings - CMU Skylight Framing & Associated Guardrails (RPA Submittal #350)
ARB 08-083320-0	351	Sample For Verification - Parking Structure Overhead Coiling Fire Door (RPA Submittal #351)
42-051200-0	352	Shop Drawings - Paseo Fence & Gate Framing (RPA Submittal #352)
04-086200-0	353	Sample For Verification -CMU Skylight Aluminum Framing Finish (RPA Submittal #353)
12-321313-0	354	Shop Drawings - Paseo Site Concrete Joint Plan (RPA Submittal #354)
01-072100-0	355	Product Data - CMU Building R-19 Fiber Glass Insulation (RPA Submittal #355)
15-329000-1	356	Product Data - Soils Amendment Rev. 1 (RPA Submittal #356)
13-321313-0	357	Sample For Verification - Paseo Site Concrete (RPA Submittal #357)
43-051200-0	358	Shop Drawings -Annex Building Stair 3 Entry Columns per RFI 413 (RPA Submittal #358)
44-051200-0	359	Sample For Verification - Elevated Walkway & Paseo Fence Welded Wire Mesh (RPA Submittal #359)
15-055213-0	360	Sample For Verification - Exterior Stairs & Ramp Stainless Steel Rails (RPA Submittal #360)
45-051200-0	361	Sample For Verification - Exterior Steel Finish Tiger Drylac RAL 7010 per RFI 510 (RPA Submittal #361)
05-086200-0	362	Sample For Verification -CMU Skylight Aluminum Framing Finish (Marquee Gray) (RPA Submittal #362)
06-086200-0	363	Sample For Verification -CMU Skylight Viracon Insulating Glass (RPA Submittal #363)
16-084113-0	364	Shop Drawings -Annex Building Stair 3 Entry Storefront (RPA Submittal #364)
01-321216-0	365	Product Data - Asphalt Mix Design (B-Permit Work) (RPA Submittal #365)

Counter Prefix	Form Counter	Subject
RFI 02	1	Additional Information Necessary to Finalize PGMP Pricing
RFI 01	2	Otis Elevators & Various Others
RFI 03	3	Tower 5th Floor Interior Column & Bean Repair
RFI 04	4	K-5244-ER Vs. K-5244-ET Urinal
RFI 05	5	RTU3 System Serving Restaurant & Office
RFI 06	6	Ramp Access To Basement
RFI 07	7	Water Service from Street to the Building
RFI 08	8	Mechanical Pads
RFI 09	9	Demo of Electrical Room Wall
RFI 10	10	Partial Capital Demo for New Shear Walls & Collector Beams
RFI 11	11	Basement Clerestory Window Demo
RFI 012	12	Annex Building Brace Frame Connections
RFI 013	13	Splice Requirements
RFI 014	14	Detail 7/S4.02
RFI 015	15	Collector Plate at Ridge
RFI 016	16	Channel Reinforcement
RFI 017	17	Roof Drain & Overflow Routing
RFI 018	18	Steel Base & Acoustic Requirements
RFI 022	19	Basement Concrete Access Room
RFI 021	20	Water Proofing
RFI 019	21	West Elevation Basement Windows
RFI 020	22	Proposed Deck Cores
RFI 023	23	RTU Pads & Penetrations
RFI 024	24	Slab Edge Dimensions
RFI 025	25	Rails Per Landscape Drawings
RFI 026	26	Perforate Metal
RFI 027	27	Tube Steel Members Attachment
RFI 028	28	Wall Thickness for Tube Steel & Steel Thickness for the Angle Iron
RFI 029	29	Finish for Fencing & Gate
RFI 030	30	Roof Guardrail Detail Confirmation
RFI 031	31	Irrelevant Details
RFI 032	32	Gate Location at RTU-3C Mechanical Screen
RFI 033	33	Infill Framing Confirmation
RFI 034	34	Framed Roof Infill
RFI 035	35	Gate Location at the Mechanical Equipment Screen
RFI 036	36	Annex Building Rail at Elevated Walkway
RFI 037	37	Annex Building Entry Stair
RFI 038	38	Door Schedule
RFI 039	39	Tower Roof Screen Post Attachments
RFI 040	40	CMU Building Elevator Framing
RFI 041	41	Annex Building Brace Frames
RFI 042	42	Tower Roof Framing Beam
RFI 043	43	Railroad Track Size

RFI 044	44	Details for Fastening the Railroad Track to the Base
RFI 045	45	Weep Holes
RFI 046	46	Bent Plate to Concrete Footing Connection Details
RFI 047	47	Cane Rails at Existing Stairs
RFI 048	48	Barrier Gates at Existing Stairs
RFI 049	49	Base Plate Detail
RFI 050	50	Field Splice Detail
RFI 051	51	High Strength Grout
RFI 052	52	Structural Beam Demo Confirmation
RFI 053	53	Splice Detail
RFI 054	54	Diameter & Embedment Length of Epoxy Bolts
RFI 055	55	Plate Weld Requirements
RFI 056	56	Epoxy Bolt Installation Confirmation
RFI 057	57	Angle Support to Wall/Framing Detail
RFI 058	58	Wall Thickness Confirmation
RFI 059	59	Angle to Tube Steel Welding Requirements
RFI 060	60	WT Beam Splice Detail
RFI 061	61	Existing Channels Confirmation
RFI 062	62	Lighting Conduit Runs & Grounding Proposed Cores
RFI 064	63	Annex Stair 3 Structural Detail & Demo Limits
RFI 063	64	Proposed Power Feeder Conduit Rack Route
RFI 065	65	Vertical Rebar Cored at Shear Walls
RFI 066	66	Roll Down Door Demo Confirmation
RFI 067	67	F-A5 Spread Footing Tie Confirmation
RFI 068	68	Door Schedule Bulletin 1 Comments
RFI 069	69	PSI Strength & Reinforcing Steel (Confirming RFI)
RFI 070	70	Wind Load Exposure
RFI 071	71	Shear Walls Dimensions
RFI 072	72	Cut Sections at Footings
RFI 073	73	New Shear Wall Off-Set Points
RFI 074	74	Wall Connection to Existing Columns
RFI 075	75	Underground Conduit Routes
RFI 076	76	Existing Column Structural Infill Detail
RFI 077	77	Limits of Demolition
RFI 078	78	Steel Handrails Clarifications
RFI 079	79	Bulletin 2 Structural Drawing Clarification
RFI 080	80	Existing Basement Shaft Wall Demo Confirmation
RFI 081	81	Annex Roof Deck Unistrut Bridging Confirmation
RFI 082	82	Steel Collector Above Roof Skylight
RFI 083	83	Column Line & New Shotcrete Wall Interference
RFI 084	84	Beam Dimensions with Reference to Gridline
RFI 085	85	New Spread Footing Undermining
RFI 086	86	Section Details Needed
RFI 087	87	Glass Size
RFI 088	88	Exterior Concrete Paint & Primer Products
RFI 089	89	Shear Wall Connection

RFI 090	90	Suggested Demolition
RFI 091	91	Slot Cut Method Confirmation
RFI 092	92	Tower Basement Clerestory Windows
RFI 093	93	Finish Legend
RFI 094	94	Restroom Tile
RFI 095	95	Column Capital Demo
RFI 096	96	Tower Basement Existing Slab Demo Confirmation
RFI 097	97	New Shear Walls Vertical Rebar Through Heavily Congested Rebar Areas
RFI 098	98	Floor/Wall Penetration
RFI 099	99	Revised Mechanical RTU Layout
RFI 100	100	Expansion Joints
RFI 101	101	Tile Types & Locations
RFI 102	102	Plumbing Within Footings
RFI 103	103	4th & 5th Floor Elevation Confirmation
RFI 104	104	Existing Concrete Demo Confirmation
RFI 105	105	Fire Extinguisher Cabinets & Extinguishers
RFI 106	106	Annex Shear Walls - Vertical Rebar Dowels into Existing Slab Confirmation
RFI 107	107	Channels at Parapet
RFI 108	108	Annex Shear Wall Intersecting Existing Concrete Beam Confirmation
RFI 109	109	Undermining
RFI 110	110	Rebar Dowel Embedment
RFI 111	111	Threaded Rebar
RFI 112	112	Beam Support Demo Concern
RFI 113	113	Backfilling Confirmation
RFI 114	114	Existing Glass Block Skylight Structural & Waterproofing Details Infill Info.
RFI 115	115	Threaded Rebar
RFI 116	116	New Shear Wall Corner Chipping
RFI 117	117	Aggregate Base Course & Asphalt Paving Thickness
RFI 118	118	ASi Signage
RFI 119	119	Metal Pan-Filled Stairs In Lieu Of RediStair
RFI 120	120	Roof Monitor Flashing
RFI 121	121	Elevator Walls Conflict with Existing Footings
RFI 122	122	Existing Wall In FT-2 Footing
RFI 123	123	Tower Elevator Column Field Splice
RFI 124	124	Built Up Slabs - Dirt Backfilling In Lieu of Foam
RFI 125	125	Conduit Sleeve Locations in Shear Walls
RFI 126	126	Complete Mechanical RTU - Equipment Pad Layout
RFI 127	127	Bobrick Soap Dispenser Discontinued
RFI 128	128	Pavement Markings
RFI 129	129	Roof Drain Grout Spec.
RFI 130	130	Annex Switchboard MSA
RFI 131	131	Tenant Metering Requirements & BMS

RFI 132	132	Knox Boxes Determination
RFI 133	133	Door 180.1 Roll Down Door per Bulletin 2
RFI 134	134	Entrance Floor Mats
RFI 135	135	Detail 6/A9 11 -Threshold
RFI 136	136	Annex Wall Intersecting At Existing Beam Detail
RFI 137	137	Concrete Pavers At The Paseo
RFI 138	138	Anti Graffiti Film at Glass Doors
RFI 139	139	Glass & Glazing
RFI 140	140	Plumbing Chase Walls in Restrooms
RFI 141	141	Door Opening Dowel Embedment
RFI 142	142	Built Up Slab Cut Section Request
RFI 143	143	RTU Conduit Blockout Room 511
RFI 144	144	Annex Footing 5 - Gridline T Existing Footings
RFI 145	145	Tower Basement Footing 2 & 3 - Epoxy Dowels in Lieu of Demo
RFI 146	146	Annex Footing 5 - Existing Tie Footing Epoxy Dowel Confirmation
RFI 147	147	Mechanical Built-Up Slab Detail Confirmation
RFI 148	148	Tower Basement Footing (1-3) - 2 Pour System in lieu of Monolithic Pour
RFI 149	149	Furred Out Walls needed for Service Sink Waste Vents and Water Lines
RFI 150	150	Aluminum Framed Entrances & Storefronts
RFI 151	151	Exterior Glazing Specification
RFI 152	152	Metal Framed Skylights Wind Load
RFI 153	153	Revised Wall Schedule & Revise Wall Type's on Plans Request
RFI 154	154	Structural Design for Elevator Tube Steel Supports
RFI 155	155	Elevator Pit Dimension Clarification Sketch Request
RFI 156	156	Bulletin 2 Missing Sheets A9.71 & A5.00
RFI 157	157	Dimension Detail of Frames & Pockets at All Door Pockets
RFI 158	158	Won Door & Brace Frame Coordination
RFI 159	159	Framing Details & Structural Support for Won Doors
RFI 160	160	Coordinate All DWG Dimensions to Either FOF or FOS
RFI 161	161	Detail 1/A8 13 Missing Dimensions
RFI 162	162	Detail 1&3/A8.01 Missing Dimensions
RFI 163	163	Masonry Infill Demo Confirmation
RFI 164	164	Restroom & Stair Dimensions With Reference to Gridline
RFI 165	165	Proposed Sewage Ejector Locations
RFI 166	166	Tower Basement Column Footing G4 Additional Required Demolition Based Off New Elevator Pit Dimensions
RFI 167	167	Structural Support Needed for Elevators 1 & 2 Opening
RFI 168	168	Elkay EDFP217C Drinking Fountain Substitution
RFI 169	169	Tower Rooftop Collector Plates In Relation to the Existing Sawtooth Skylights
RFI 170	170	MEP Shear Wall Penetrations - Tower & Annex Building
RFI 171	171	Suspended Sound Traps Below the Roof Deck for RTU-1

RFI 172	172	RTU-3 Service Access
RFI 173	173	Tower Basment Stariwell SOG
RFI 174	174	Proposed Area of Cut for Seeley Brothers Single Door Rough Opening
RFI 175	175	Additional Tower Basement Restroom Dimensions
RFI 176	176	Annex Building Brace Frame Base Plates Per Detail 3/S4.01
RFI 177	177	Tower Building Collector Plates At Roof Details 4 & 14/S4.00
RFI 178	178	Vertical Threaded Rebar At Annex Building
RFI 179	179	Tempered Glass Heat Soaking Testing
RFI 180	180	Anti-Graffiti Finish
RFI 181	181	Security Rough Installation Details
RFI 182	182	Ground Floor Construction Joint at Concrete Beam
RFI 183	183	Restroom Plumbing Chase Wall Dimensions
RFI 184	184	Tower Building Parapet Channels at Roof Detail 9/S4.00
RFI 185	185	Aluminum Glass Storefront Doors
RFI 186	186	Annex Building Channel Strengthening Detail 7/S4.00
RFI 187	187	Shear Wall 180 Degree Hooks in Lieu of 90 Degree Hooks
RFI 188	188	Annex Electrical Room 154- Wall Location
RFI 189	189	Collector Beam Dowel U-Shaped Layout
RFI 190	190	Erico Lenton EL22S4 Bolt Coupler In Lieu of Threading The #8 Bar
RFI 191	191	Elevator Feeder Conduit Routing
RFI 192	192	Basement Level Wall Thickness Increase
RFI 193	193	Threaded Bar
RFI 194	194	Slab On Grade Replacement Detail
RFI 195	195	Hairpin Ties
RFI 196	196	Plenum Rated Cable
RFI 197	197	Collector Beam Stirrup
RFI 198	198	Tower Building Roof Puddling
RFI 199	199	Tower Building Roof Top Collector Beam Location
RFI 200	200	Beam at the Tower Roof Along Gridline 3
RFI 201	201	Vertical Construction Joint at Shear Walls
RFI 202	202	Tower Basement Bathroom Ceiling
RFI 203	203	TX-2 Conflict with Sink
RFI 204	204	Collector Beam Through Shear Wall Detail
RFI 205	205	Annex Shear Wall Along Gridline T
RFI 206	206	Divider Beam at Existing Shear Walls
RFI 207	207	Aluminum/Glass Doors
RFI 208	208	Tower Building Level 1 - Main Entrance Card Reader
RFI 209	209	Annex Building Baseplate Template - Layout Holes
RFI 210	210	KGM F-6 Light Fixture Specifications
RFI 211	211	Sanitary Waste Elevation in Basement
RFI 212	212	Annex Building Wall Penetration on Grid N (3/4)
RFI 213	213	Deck Infills Straight Dowels
RFI 214	214	Tower Gound Floor Infill at Gridlines F/G & 5/6

RFI 215	215	Additional Information Required Regarding RFI 101 - Tile Types & Location
RFI 216	216	Deck Infills - Shoring Strip
RFI 217	217	Annex Walls On Gridlines 3/4 Between Gridlines S/T
RFI 218	218	Tower Ground Level Interior Partition Demo Confirmation
RFI219	219	TX-2 COnflict with Sink Alternate Location Response
RFI 220	220	Detail 2/S4.10 4x Purlins
RFI 221	221	Benchmark Elevation Related To 9' OverEx.
RFI 222	222	Roof Top Collector Beams - Rebar Transition from Overhead Beam to Side Beam
RFI 223	223	#8 Rebar for Roof Level Collector Beam on Gridline D
ARB RFI 224	224	CCTV Conduit Stub-Out Locations
RFI 225	225	Tower Building Depressed Slab Dimensions Detail 7/S4.10
RFI 226	226	Detail 7/S4.10 Depressed Slab Section Dimension Confirmation
RFI 227	227	Tower Building Roof Top Raised Deck Elevation & Dimensions Request
RFI 228	228	Required Sawcut & Demolition Confirmation In Annex Building
ARB RFI 229	229	Electrical Scope of Work Card Readers
RFI 230	230	Power Assist Operators
RFI 231	231	Horizontal Sliding Doors
232	232	Annex Building Channels at Roof Details 5, 7, 10/S4.01
RFI 233	233	Pay-On-Foot Station Locations Confirmation
ARB RFI 234	234	Paseo Tile Extension
RFI 235	235	Annex Footings F-A1 & F-A2 Existing Conditions
RFI 236	236	Annex Loading Dock - Existing Footing
RFI 237	237	Detail 3C/S1.11 Bulletin 3 (Confirming)
RFI 238	238	Proposed CMU Building Electrical Room
RFI 239	239	Annex Stair 3 Dimension Confirmation
RFI 240	240	Tower Building Elevators 1 & 2 Repair Procedures
RFI 241	241	Elevator Machine Room Rating
RFI 242	242	F2, F4 & F5 Bulletin 3 Lighting Fixtures Conflicts
RFI 243	243	Mechanical Wind Screen Confirmation
RFI 244	244	2nd Floor Annex Building Temporary Support
RFI 245	245	Annex Building Brace Frame Conflict with Existing Beam
RFI 246	246	Northwest CMU Entrance Storefront Detail 5/A8.02
RFI 247	247	Annex Building WT Framing at Roof Level
RFI 248	248	3/8” Connection Plates at the Ends of the WT 6 x 29 Sections Confirmation
RFI 249	249	3/4” - 1 “ Diameter Rods Repair or Replacement Confirmation
RFI 250	250	FA-1 Footing Section Proposal (Confirming RFI)
RFI 251	251	Parking Garage Motorcycle Designated Spaces
RFI 252	252	Tower Building Mechanical Penthouse (N) Cone. Pilaster Confirmation
RFI 253	253	Tower Building Basement 2-1/2” Core for Line Set
RFI 254	254	Annex Building Roof Slab Mechanical Pads Dowel Embedment
RFI 255	255	Tower 5th Floor Collectors Existing Conditions

RFI 256	256	Elevator Hoistway Proposed Relief Vents
RFI 257	257	CMU Elevator Machine Room & Electrical Room Fire Rating Hard Lid Ceiling Confirmation
RFI 258	258	Annex Building Electrical Room - Required Means of Egress
RFI 259	259	Tower Building Level 5 Sleeve Penetration for 3" HHWS/R
RFI 260	260	Surface Parking Lot - Not In Contract Confirmation
RFI 261	261	Tower Building Roof Level Standpipe Location Confirmation
RFI 184-1	262	Tower Building Parapet Channels at Roof Detail 9/S4.00
ARB RFI 263	263	Parking Structure Point-Of-Connection for Tele/Data Line
RFI 264	264	Bulletin 3 Annex Building Restroom Dimensions Confirmation
RFI 249-1	265	3/4"- 1" Diameter Rods Repair or Replacement Confirmation / Material Specification
RFI 266	266	Plywood Backboards and FRP Wall Panels at Janitors Closets
RFI 267	267	Tower Building Mechanical Wind Screen Revised Structural Design
RFI 268	268	Annex Building 2nd Floor East Wall Infills Confirmation
RFI 269	269	Tower Building Elevators 1 & 2 HSS 6 x 6 x 5/16 Columns Alternate Detail
RFI 270	270	Electrical Site Pullbox Location Confirmation
RFI 271	271	Tower 5th Floor -Collector Beam Alignment/ Shotcrete Void Confirmation
RFI 272	272	Annex Building 2nd Floor - Gridline H Baseplate
RFI 273	273	Tower Building Basement B103.1 Door Size Revisions
RFI 274	274	(2) Steel Beams Located on Tower Building Gridline H between Gridlines G & F Demo Confirmation
RFI 248-1	275	5/16" Fillet Weld on Both Sides of the 3/4" Plate When Plates are at a 90 Degree Angle
RFI 275	276	Tower Building Penthouse Level Cores for Lineset & Controls - Location Confirmation
RFI 276	277	Annex Building WT Braces at Roof/Detail 8/S4.01
ARB RFI 278	278	Parking Structure Electrical Room AC Unit Relocation Confirmation
RFI 279	279	Tower Building Water Tower Light Fixture Location
ARB RFI 280	280	Parking Structure Elevator Lobby Emergency Phones
RFI 281	281	Annex building 2nd Floor - Threaded Rebar Drill - Epoxy
RFI 282	282	South Tower Building Penthouse Wall Infills
RFI 283	283	Elevator 3 Total Rise
RFI 284	284	Penthouse Door Layout Dimensions & Elevations
RFI 285	285	Annex/CMU Building New Opening Demo Limits
RFI 286	286	Parking Structure Stair Pathways Into Paseo
RFI 267-1	287	Tower Building Mechanical Wind Screen Revised Structural Design Confirmation
RFI 288	288	Annex Building Wall Extensions on Gridline H Between Gridlines 4 & 5

RFI 289	289	Annex Building 2nd Level Baseplate Holes
RFI 247 R1	290	Annex Building WT Framing at Roof Level Location
RFI 290	291	Stair #3 Surrounding Walls Rating Confirmation
RFI 291	292	CMU Building RTU-7 Roof Leveling Pad Details
RFI 248 R2	293	3/4” X 6” Plates with a 3/8” Fillet Weld
RFI 292	294	Annex Building Pipe Station Roof Top Attachment
RFI 293	295	Annex Building Brace Frame Base Plate Plug Weld
RFI 294	296	T-Line 2nd Level Annex Building Shear Wall Connection Above Existing Steel Beam
RFI 295	297	Tower Building Basement Restroom 7'-6” Soffit & Access Panel Locations Confirmation
RFI 296	298	Annex Building SOG to Tower Building Slab Deck Rebar Doweling Confirmation
RFI 297	299	Tower Building Mechanical Penthouse Detail 22/A9.61
RFI 298	300	Bulletin 3 Sheet A8. 09 Dimensions Vindication
RFI 299	301	4 1/2” Pipe In 3 3/4” Framed Wall Conflict (North Wall of Closet 107B)
RFI 267 R2	302	Tower Building Mechanical Screen Anchor Bolts Confirmation
RFI 301	303	Tower Building Elevator Overrun Column Base Plate
RFI 302	304	Annex Building Brace Frame Column Connection Welding Confirmation
RFI 301 R1	305	Tower Building Elevator 1 & 2 Overrun Framing
RFI 247 R2	306	Annex Building Added WT's at Gridline N
ARB RFI 303	307	Parking Structure Fire Alarm Interface
RFI 304	308	Tower Building Elevator 1 & 2 Guiderail Support Columns
RFI 305	309	CMU Building Elevator #4 Pit Epoxy Dowels Confirmation
RFI 294 R1	310	T-Line 2nd Level Annex Building Shear Wall Connection Above Existing Steel Beam
RFI 267 R3	311	Tower Building Mechanical Equipment Screen Fixed Elevation
RFI 117 R1	312	Aggregate Base Course Type
ARB RFI 280	313	Parking Structure Elevator Lobby Emergency Phones
RFI 247 R3	314	Annex Building WT Framing at Roof (Concrete Roof Deck Sagging)
ARB RFI 306	315	Spandrel Wall In Lieu of Barrier Cable on P5
RFI 307	316	Tower Building SOG Replacement Required Between Gridlines 1/2 & H/l
RFI 308	317	Fire Pump Pad Location Confirmation
RFI 100 R1	318	Expansion Joints
RFI 309	319	CMU Elevator Embeds Dimensional Location Request
RFI 256 R1	320	Elevator Hoistway Relief
RFI 310	321	Tower Building Window Tie-In Detail Needed
RFI 304 R1	322	Tower Building Elevator 1 & 2 Guiderail/Counter Weight Support Columns
RFI 311	323	Tower Building Depressed Slab Cut Section Between Gridlines 5/6 & F/G

RFI 312	324	Tower Building 5th Floor Elevated Slop Sink with Proposed Dirty Arm
RFI 313	325	Tower Building Level 1-3 HHWSR Cores
RFI 293 R1	326	Annex Building Brace Frame Grout at Base Plates
RFI 314	327	Annex Building Stair 3 Handrail Confirmation
ARB RFI 315	328	Parking Structure Elevator Hoistway Door Openings
RFI 316	329	CMU Existing Stair Landing/Deck Support
RFI 317	330	Tower Building Roof Railing Extent
RFI 318	331	Tower Building Restroom Ceiling Heights (Level 3-5)
ARB RFI 319	332	Parking Structure Elevator Oil Line & Conduit
RFI 291 R1	333	CMU Building RTU-7 Roof Leveling Pad Detail
RFI 267 R4	334	Tower Building Mechanical Roof Screen Column Height Confirmation
RFI 320	335	Annex Building Stair 4 Infill Confirmation & Details Required
RFI 321	336	MEP Penetration Through Web of Horizontal Structural Steel Located in the Annex Between Gridlines H & I
RFI 302 R1	337	C 15X33. 9 Channel Weld to New Brace Frame Confirmation
RFI 322	338	Paseo Fence Footings In Conflict With Parking Structure Footings
RFI 302 R2	339	Annex Building Brace Frames Existing Framing
RFI 267 R5	340	Tower Building Roof Screen Column Base Plates
RFI 215 R1	341	Height Of Tiled Walls & Tile Cuts Confirmation
RFI 302 R3	342	Annex Building Brace Frame New Channel To Beam Connection
RFI 230 R1	343	Which of the Two Doors Leaves In The Power Assist Doors Is To Received The Assist Unit
RFI 323	344	Annex Level 2 Hanger Attached to C-Channel Using Through Bolts Confirmation
RFI 324	345	CMU Building RTU-7 Supply & Return In Conflict with Existing CMU Roof Framing
RFI 325	346	North CMU Storefront Opening Proposed Framing Dimensions
RFI 326	347	4” to 6” Tower Building Wall Confirmation
RFI 327	348	North CMU Storefront Opening Conflicts with Existing CMU Level 1 Deck Beam
RFI 215 R2	349	Tile Grout Layouts To Enable Layout Of Restroom Accessories
RFI 328	350	Dimensioned Elevations Coordinating Restroom Accessories & Electrical Devices
RFI 329	351	Restroom Paper Tower Dispenser in Direct Conflict with Receptacle
RFI 330	352	Recreated Historic Steel Window Openings
RFI 331	353	Permanent Fire Department Connection (FDC) Location Confirmation
ARB RFI 332	354	Parking Structure North & South Entrance/Exit Barrier Beams
ARB RFI 333	355	Parking Structure Management Office Transaction Window Orientation

RFI 329 R1	356	Restroom Paper Towel Dispenser in Direct Conflict with Receptacle
ARB RFI 334	357	Parking Structure Stairs, Hollow Metal Doors, & Elevator Hoistway Paint Color
RFI 320 R1	358	Annex Building Stair 4 to be Mirrored in the North/South Direction
RFI 280 R2	359	Parking Structure Emergency Phone Locations
RFI 335	360	Annex Building Monitor End-Caps
RFI 320 R2	361	Annex Building Stair 4
RFI 336	362	Tower Building to Annex Expansion Joints
RFI 337	363	Automatic Sprinklers at Tower Building Historic Ceiling
RFI 329 R2	364	Tower Building Basement Restrooms Receptacle Relocation Confirmation
ARB RFI 338	365	Parking Structure Pay In Lane Station
ARB RFI 339	366	Parking Structure Trash Enclosure Layout Confirmation
ARB RFI 340	367	Parking Structure Planter Drainage
ARB RFI 341	368	Parking Structure Electrical Room Condensing Unit Location Confirmation
RFI 342	369	Structural Jam Detail on Gridlines T between Gridlines 2 & 3 Door Openings
RFI 343	370	Annex Building Exterior Elevated Walkway Ramp Detail Confirmation
RFI 344	371	CMU - Prep & Repair Existing Metal Roof to Wall Straps
RFI 345	372	Exterior Stairs Tooled Treads Confirmation
RFI 346	373	Paseo Metal Header at Rain Garden Detail 9/L-3.10
RFI 347	374	Paseo Steel & Wood Bench
RFI 348	375	Paseo Steel Fence Footing
RFI 283 R1	376	Tower Building Elevator 3
RFI 349	377	Won Door Hilti Bolt Confirmation
RFI 350	378	Paseo Light Fixtures
ARB RFI 224	379	Additional CCTV Interior Camera Exposed Conduit Route Confirmation
RFI 351	380	Annex Building Sections Requested
RFI 352	381	XF-3 BEGA 9560LED RAL Bollard Light Fixture Footing Detail Request
RFI 256 R2	382	Elevator Hoistway Relief
RFI 353	383	Max Well IV Overall Depth & Infiltration Depth
RFI 354	384	Tower Building Basement Showers Reflected Ceiling Plan
RFI 355	385	Flush Mounted Hose Bibbs at Tower & Annex Roofs
RFI 230 R2	386	Power Assist Doors - Bollard Type Activation Plate Mounting Confirmation
RFI 356	387	Exterior Stairs & Ramps Cane Detection Confirmation
ARB RFI 332	388	Parking Structure Clearance Barrier Finish
RFI 357	389	West Annex Exterior Elevated Walkway Control Joint Confirmation
RFI 358	390	Annex & CMU Building Level 2 Flex Joint Deflections

RFI 359	391	Tower Building Basement Electrical Room B115 Fire Rating Confirmation
RFI 360	392	Supplemental Anchorage Detail for Annex Building Roof Deck to Meet Anchorage & Seismic Requirements
RFI 302 R4	393	Annex building Added Channels Detail Confirmation
ARB RFI 361	394	Parking Structure Short Term Bicycle Rack
ARB RFI 362	395	Parking Structure Chain Link Security Fence Locations Confirmation
RFI 363	396	Window Expansion Joint Between Tower & Annex Building
RFI 267 R6	397	Tower Building Roof Screen Embedment for the Epoxy Anchors Confirmation
ARB RFI 338	398	Parking Structure North Exit Pay In Lane Station
RFI 364	399	Sika RoofPro 641 Application Location Confirmation
RFI 365	400	Termination Detail for Roof Membrane Installation at the CMU to Annex Wall
RFI 366	401	End of Valleys at Sawtooth Skylights of Tower Roof
RFI 367	402	PVC Clad Metal Door Threshold Pan Flashing
RFI 368	403	Structural Support After Column Demolition Between Annex & CMU Building 2nd Level
RFI 369	404	Tower Building Roof Pedestal Pavers Termination Detail
RFI 370	405	North & South Tower Roof Penthouses Access Ladder Specification & Location
RFI 371	406	XF-6 Light Fixture Layout
RFI 372	407	CMU Building Roof Confirmation
RFI 373	408	XF-5 Catenary Attachment to East Parking Structure Facade
RFI 374	409	Interior & Exterior Concrete Repair Confirmation
ARB RFI 361	410	Long-Term Bicycle Rack Layout Confirmation
ARB RFI 375	411	Parking Structure Trash Compactor Color Option
ARB RFI 332	412	Parking Structure Entrance & Exit Clearance Barriers
ARB RFI 377	413	Chain Link Fence Infill Between South Entrance/Exit Roll Up Grilles
RFI 376	414	Elevator 3 Steel Confirmation
RFI 378	415	North Tower Building Storefront Curbs
RFI 379	416	CMU Building Loading Dock Curbs for New Storefront Systems
RFI 380	417	Tower Building Area Way Sills Detail
RFI 381	418	Annex Building Voids Along Gridline 1
RFI 336 R1	419	Annex Monitor End Cap Curbs & Curb Along Annex Roof at Gridline H Details Request
RFI 382	420	Annex Building 6” Hub Drains Relocation
RFI 383	421	Intermediate Horizontals in Windows
ARB RFI 384	422	Parking Structure Elevator Flooring
RFI 371 R1	423	XF-6 Stake Mount Confirmation
ARB RFI 385	424	Parking Structure Address Sign & Knox Box Location Confirmation
RFI 386	425	Section Cut Along Gridline 6 South of Gridline G

RFI 387	426	Tower & Annex Buildings Sill Construction Confirmation Along Gridline 6
RFI 388	427	Annex Building Infill Confirmation On Gridline 6 Between Gridlines M & N
RFI 389	428	Section Cuts Requested on Gridline 6 Between Gridlines L & M
RFI 310 R1	429	Tower Building Window Tie-In Detail
RFI 335 R1	430	Annex Building Monitor End-Caps
RFI 390	431	Tower Building Restroom Water Curtain Requirements
RFI 391	432	Sheet Metal Expansion Joint Cover at Tower To Annex Building
RFI 392	433	Tower Building Restroom Levels 3-5 RCP Revision Confirmation
RFI 393	434	(2) Paseo Gate Post In Direct Conflict With Building Foundation
RFI 394	435	XF-7 Tree Strap Size Determination
RFI 395	436	Ceiling Section Cut at New Storefront on Gridline 6 Between Gridlines L & M
RFI 320 R3.1	437	Annex Building Stair 4 Roof Framing
RFI 397	438	Tower Building Closet Door 207. 1 to be Changed to 2'-8"
RFI 398	439	Tower Building Elevator Lobby Total Door Frames
RFI 399	440	Roll-Up Door 180.1
RFI 400	441	CMU Skylight Requested Sections
RFI 401	442	CMU Building Mechanical Roof Screen
RFI 396	443	Tower Building Restroom Draft Stop on Levels 3-5
RFI 402	444	Tower Building to Paseo Pavers
RFI 403	445	Tower Building Lobby Terminal Hall Buttons Location Confirmation
RFI 320 R3	446	Annex Building Stair 4 Roof Framing
ARB RFI 404	447	Parking Structure Knox Box Finish & Location
RFI 405	448	VAV Controls & Electrical Coordination
RFI 406	449	Tower Building Elevators Overrun Framing
RFI 407	450	Suspending Fan Coils & Seismic Cables from Wood Purlins Confirmation
ARB RFI 408	451	Parking Structure Security Screen Panels Confirmation
RFI 409	452	Tower Building Northeast Exterior Copper Pipe Confirmation
RFI 410	453	Proposed Surface Mounted Hose Bibb Location Confirmation
RFI 411	454	Annex Building 2nd Level Restroom Slop Sink & Water Heater Conflict
RFI 413	456	Tower & Annex Building East Facade
RFI 414	457	Tower Building Plates At Entry Per Detail 10/A9.40
RFI 415	458	Existing Infills At Basement Windows South Of Areaway
RFI 416	459	(Tower, Annex, & CMU) Hollow Meta Doors & Frames
RFI 417	460	Tower Building Elevator #3 Pit Demo Confirmation
RFI 418	461	Parapet Blocking Attachment
RFI 419	462	East Annex Parapet Wall
RFI 420	463	Restroom Hollow Metal Doors Knock On Trim
ARB RFI 361	464	Parking Structure Short Term Bicycle Rack Location
RFI 421	465	Tower Building Elevator Lobby Ceiling Finish
RFI 422	466	Loose & Flaky Ceiling Confirmation

RFI 423	467	Tower & Annex Building Stairwell Finish
RFI 424	468	Revisions For Makeup Air In Tower Building Restrooms Confirmation
RFI 425	469	Roofing Detail for Duct & Mechanical Screen Supports
RFI 426	470	Annex Building Plate At Expansion Joint Per Detail 9/S4.01
ARB RFI 427	471	Parking Structure Display Case Light Fixture Control
RFI 428	472	Handrail Brackets Per Detail 13/A7.02
RFI 429	473	Gas Meter Room Layout Confirmation
RFI 430	474	CMU Building Wall Demo Confirmation
RFI 431	475	Landscaping Detail 5/L-3.10 Dimensions Request
ARB RFI 432	476	Parking Structure Clearance Barrier Beams Finish
RFI 434	477	CMU Building 2nd Level Opening Post Shore Confirmation
RFI 435	478	Elevated Walkway Guardrail Concerns
RFI 436	479	Missing Parapet Wall Detail at Annex Roof
RFI 437	480	Storefront Aluminum Framing In Direct Conflict With Existing Column Capitals
RFI 438	481	Electrical Conduit Encasement At Tower Basement Ceiling
RFI 439	482	CMU Skylight Blocking & Flashing Confirmation
RFI 440	483	UPSS Security Plans Conduit Rout & Shorenstein Design Requirements
RFI 441	484	Restroom Thresholds Confirmation
RFI 442	485	Tower Building Basement Shower Room Tile Grout Confirmation
RFI 443	486	Standpipe and Door Conflict at Stair 2 Landing
RFI 444	487	Smoke Detector Access Ladders at Top of Elevator Shaft
RFI 445	488	Tower Levels 3-5 South Interior Elevations at Restrooms
RFI 446	489	Paper and Trash Dispenser Relocation
RFI 447	490	Means to Access Elevator Control Room on Tower Building Roof
RFI 448	491	Tower Building Elevator Lobbies B-5 Level of Repair Finish
RFI 449	492	DWP Utility Yard Concrete Paving Details
RFI 450	493	Tower Building Parapet Railing Finish
RFI 451	494	Annex 2nd Level Structure Steel l-Beam Finish
RFI 335 R2	495	Annex Monitor End Cap Returns - Waterproofing
RFI 452	496	CMU Skylight Concerns
RFI 453	497	Total Doors Finish Color
RFI 454	498	Exterior Elevated Walk Way Guardrail - Area Way Guardrail - Paseo Steel Clear Powder Coat Finish
ARB RFI 455	499	Parking Structure Grille Key Switches & Button Locations
ARB RFI 456	500	Parking Structure Phone/Data Lines
RFI 457	501	CMU Skylight Confirmation
RFI 458	502	Annex Wet Stack Pipes Relocation Due to North Facing Duct Confirmation
RFI 459	503	Tower Building North Elevation Historical Windows Confirmation
RFI 460	504	Paving Details Request for Concrete Located on the Backside of West Parking Structure Facade

RFI 461	505	Paseo Bridge Framing Confirmation
RFI 462	506	Annex Building FSD Confirmation Between Gridlines M/N & 3/4
RFI 463	507	Ventilation or AC for Stair 3 & 4
RFI 464	508	Duct Detector Clarification
ARB RFI 465	509	Parking Structure Recessed Card Reader Box At North Entry
RFI 466	510	XF-5 Catenary Lighting Conduit Routing
RFI 467	511	Paseo Bridge Framing - Site Concrete - Planter Box Location Confirmation
RFI 468	512	Tower Building Parapet Detail Request
RFI 469	513	Light Fixture Location Request
RFI 470	514	Angle For Stair #4 Beam Connection
RFI 471	515	Evacuation & Egress Signage Graphics
RFI 472	516	Guardrail at Loading Dock in CMU Building
ARB RFI 473	517	North Entrance and Exit Key Switch
RFI 474	518	Paseo I Beam Footings
ARB RFI 476	519	Stairway Warning Strip Color
ARB RFI 475	520	Parking Controls AMI Parking Rate Request Form
RFI 475	521	Stair 4 Roof Framing
RFI 477	522	Stair 4 Roof Framing
RFI 478	523	Paseo South Pathway Rail ADA Compliant Confirmation
RFI 479	524	Paseo Concrete Stair Nosing Confirmation
RFI 480	525	Paseo Southwest Fence Confirmation
ARB RFI 481	526	Parking Structure Transaction Window Sealant
RFI 477 R1	527	Stair 4 Roof Framing
RFI 482	528	Tower Building Lobby HVAC Additions
RFI 483	529	Tower Building Mechanical Penthouse Access Ladder Security Measures
RFI 484	530	Tower Building Roof Level Terra Cotta/Plaster Wall Replacement
RFI 485	531	Paseo Northeast Footing Conflict
RFI 486	532	South Paseo Fence Footing Confirmation
ARB RFI 487	533	Planters at Parking Garage
ARB RFI 488	534	Parking Structure North Entry
RFI 489	535	Tower Building Level 3 & 4 Return Air Confirmation
RFI 490	536	East Tower Building Entry Plates
ARB RFI 361	537	Parking Structure Short Term Bicycle Rack Location
RFI 477 R2	538	Stair 4 Roof Framing
RFI 491	539	Tower Lobby Lights Elevation Confirmation
RFI 492	540	Roof Receptor Drain Near Skylight
RFI 493	541	Tower East Entrance Sill Proposal
RFI 494	542	Door210.2 Existing Concrete Wall Demo & Wall Replacement
ARB RFI 455	543	Parking Structure Grille Key Switch & Button Locations
RFI 495	544	CMLJ Building Elevator 4
RFI 497	545	Tower Building Restrootn Concrete Level of Repair
RFI 498	546	Tower Building Level 5 Epoxy Injection Confirmation
RFI 499	547	Tower Building Main Entry Steel Finish Color
RFI 500	548	Elevator 4 Tube Steel Protruding Into CMLJ Elevator Lobby

RFI 502	550	Tower Building South Parapet
RFI 503	551	East Annex Roof Handrail/Cham Bollard
RFI 504	552	Unsupported Concrete Edge at South Annex Roof
RFI 505	553	Basement Existing East Electrical Room Wall Demo Confirmation
RFI 506	554	North Tower Building Penthouse Future Mech /Grease Duct Shaft Infill
RFI 507	555	Tower Basement Gas Meter Room Added Wall & Door
RFI 508	556	Stair Well Level Of Repair & Preferred Finish Color
ARB RFI 509	557	Parking Structure Entrance/Exit Barrier Beam Embeds
RFI 510	558	Exterior Steel Finishes
RFI 477 R3	559	Stair 4 Roof Framing
RFI 322 R1	580	Southwest Paseo Fence Baseplate In Conflict with Parking Structure Footing
RFI 511	561	Tower to Annex Building Room EMSEAL Conflict
RFI 513	563	Elevator4 Hoist Beam In Direct Conflict with CMU Roof Glulam Beam
RFI 514	564	Gas Meter Room Vent Vault Location
RFI 515	565	Exterior Door Card Readers
RFI 517	567	Annex Building Stair 4
RFI 518	568	Tower Building Roof Terra Cotta Confirmation
RFI 513 R1	569	Elevator4 Hoist Beam In Direct Conflict with CMU Roof Glulam Beam
RFI 519	570	Annex Building Second Level Slab Demo for Stair 4
ARB RFI 520	571	Parking Structure Key Switch Locations Revision
RFI 444 R1	572	Ladders at Elevator Access Panels
RFI 521	573	Elevator 3 Total Doors Levels 2-5
RFI 524	576	CMU Building Roofing Details
RFI 525	577	Elevator 4 Guide Rail Supports - 2nd Floor to Overrun Framing
RFI 526	578	Fire Bell Proposed Location
RFI 527	579	Plaster Wall Waterproofing Detail
ARB RFI 528	580	Roll Up Grille Motor Control Box

Exhibit 10.44

INCREMENTAL COMMITMENT AMENDMENT

SECOND INCREMENTAL COMMITMENT AMENDMENT, dated as of November 21, 2016 (this "Second Incremental Amendment"), to the Existing Credit Agreement referred to below among WMG Acquisition Corp., a Delaware corporation (together with its successors and assigns, the "Borrower"), the other Loan Parties (as defined in the Credit Agreement (as defined below)) parties hereto, WMG Holdings Corp., a Delaware corporation (together with its successors and assigns, "Holdings"), the Administrative Agent (as defined below) and Credit Suisse AG, Cayman Islands Branch, as Tranche C Term Lender.

RECITALS

WHEREAS, the Borrower has entered into that certain Credit Agreement, dated as of November 1, 2012 (as amended, amended and restated, supplemented or otherwise modified from time to time, prior to the date hereof, the "Existing Credit Agreement", and as amended hereby, the "Credit Agreement"), among the Borrower; the several lenders party thereto from time to time; Credit Suisse AG, as administrative agent for the Lenders (in such capacity, the "Administrative Agent"); Barclays Bank PLC and UBS Securities LLC, as syndication agents, joint lead arrangers and joint bookrunners; and Credit Suisse Securities (USA) LLC, Macquarie Capital (USA) Inc. and Nomura Securities International, Inc., as joint lead arrangers and joint bookrunners;

WHEREAS, pursuant to and in accordance with Section 2.6 of the Existing Credit Agreement, the Borrower has requested that Incremental Term Loan Commitments be made available to the Borrower, and the Tranche C Term Lender and the Administrative Agent have agreed, upon the terms and subject to the conditions set forth herein, that the Tranche C Term Lender will make Incremental Loans in the form of the Tranche C Term Loans in an aggregate principal amount of $1,005,975,000, the proceeds of which will be used to repay the Tranche B Term Loans in full and to pay fees and expenses relating thereto (the entry into this Second Incremental Amendment and the borrowing of the Tranche C Term Loans hereunder and any or all of the foregoing transactions referred to in this paragraph, collectively, the "Transactions"); and

WHEREAS, Credit Suisse Securities (USA) LLC is acting as sole lead arranger and bookrunner (the "Tranche C Lead Arranger") for the Tranche C Term Loans;

WHEREAS, effective as of the making of the Tranche C Term Loans, each Lender party hereto has agreed to the amendment of the Existing Credit Agreement as set forth herein.

NOW, THEREFORE, in consideration of the covenants and agreements contained herein, as well as other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Defined Terms. Capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Credit Agreement.

Section 2. Amendment of the Existing Credit Agreement.

(a) It is understood and agreed that the Tranche C Term Loans are "Incremental Loans", the Tranche C Term Lender is an "Additional Lender," the Tranche C Term Loan Commitment is an "Incremental Term Loan Commitment" and this Second Incremental Amendment is an "Incremental Commitment Amendment", in each case, as defined in the Existing Credit Agreement. It is further understood and agreed that this Second Incremental Amendment and the Credit Agreement are each a "Loan Document", as defined in the Existing Credit Agreement.

(b) Exhibits J, K, L, M, N, O and P to the Existing Credit Agreement are hereby amended to read as set forth in Annex II hereto.

(c) The Schedules to the Existing Credit Agreement are hereby amended by adding as new Schedule A-2 Annex III hereto.

Section 3A. Conditions to Effectiveness of Amendment. The effectiveness of this Second Incremental Amendment, including the obligation of the Tranche C Term Lender to make a Tranche C Term Loan, is subject to the satisfaction or waiver of the following conditions (the date of such satisfaction or waiver of such conditions being referred to herein as the "Second Incremental Amendment Effective Date"):

(a) Second Incremental Amendment. The Administrative Agent shall have received this Second Incremental Amendment executed and delivered by a duly authorized officer of the Borrower, each other Loan Party, Holdings and the Tranche C Term Lender.

(b) Legal Opinions, Officer's Certificates, Corporate Authorizations. The Administrative Agent shall have received, on behalf of itself and the Tranche C Term Lender, customary legal opinions, customary officer's closing certificates, organizational documents, customary evidence of authorization and good standing certificates in jurisdictions of formation or organization, in each case, with respect to the Borrower, the other Loan Parties and Holdings (to the extent applicable), in each case (to the extent applicable) substantially similar to the corresponding opinions, certificates and documents delivered in connection with the closing of the Existing Credit Agreement on the Closing Date and described in Section 6.1(c) and Section 6.1(d) of the Existing Credit Agreement.

(c) Officer's Certificate. A certificate of a Responsible Officer of the Borrower certifying to the representations and warranties set forth in Section 4.

(d) PATRIOT Act and Anti-Money Laundering . The Administrative Agent shall have received, at least 5 days prior to the Second Incremental Amendment Effective Date, all documentation and other information required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including, without limitation, the PATRIOT Act, as has been reasonably requested in writing at least 10 days prior to the Second Incremental Amendment Effective Date by the Administrative Agent or the Tranche C Lead Arranger.

(e) Fees and Other Amounts. (i) The Tranche C Lead Arranger shall have received all fees and expenses required to be paid or delivered by the Borrower to it on or prior to such date pursuant to that certain engagement letter, dated as of October 17, 2016 among the Tranche C Lead Arranger and the Borrower, (ii) the Administrative Agent shall have received all fees and other amounts due and payable for the account of any Lender having a Tranche B Term Loan outstanding under the Existing Credit Agreement on or before the Second Incremental Amendment Effective Date, including accrued and unpaid interest with respect to the Tranche B Term Loans and (iii) the Administrative Agent shall have received, for the ratable account of each Lender that delivers an executed counterpart of this Second Incremental Amendment, a fee in an amount equal to 0.50% of the Tranche C Term Loan Commitment of such Lender.

(f) Borrowing Notice. The Administrative Agent shall have received a notice in respect of the Tranche C Term Loans as required by Section 2.3 of the Credit Agreement.

(g) Compliance Certificate. The Administrative Agent shall have received a certificate of the Borrower certifying compliance with the financial test set forth in clause (i)(B) of the proviso to Section 2.6(a) of the Credit Agreement (together with calculations demonstrating compliance with such test).

The making of the Tranche C Term Loans by the Tranche C Term Lender shall conclusively be deemed to constitute an acknowledgement by the Administrative Agent and the Tranche C Term Lender that each of the conditions precedent set forth in this Section 3A shall have been satisfied in accordance with its respective terms or shall have been irrevocably waived by such Person.

Section 3B. Amendment and Restatement of Exiting Credit Agreement.

(a) Subject to satisfaction of the condition set forth in paragraph (b) below, effective as of the Amendment and Restatement Effective Date (as defined below), the Existing Credit Agreement is hereby amended to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the bold and double-underlined text (indicated textually in the same manner as the following example: **double underlined text**) as set forth in the pages of the Existing Credit Agreement attached as Annex I hereto.

(b) The amendments to the Existing Credit Agreement set forth in Section 3B(a) shall become effective on the date (the "Amendment and Restatement Effective Date") on which the Administrative Agent shall have received the written consent to this Agreement of Lenders constituting the Required Lenders as of such date, provided that the Amendment and Restatement Effective Date shall not occur prior to the Second Incremental Amendment Effective Date. For purposes of the foregoing, the parties hereto acknowledge that if the Lenders executing this Agreement would constitute the Required Lenders after giving effect to the repayment of Tranche B Term Loans described in the Recitals hereof, the Amendment and Restatement Effective Date shall occur on the date of such repayment.

Section 4. Representations and Warranties. To induce the other parties hereto to enter into this Second Incremental Amendment and the Tranche C Term Lender to make the Tranche C Term Loans, the Borrower hereby represents and warrants, with respect to itself and its Restricted Subsidiaries, to the Administrative Agent and the Tranche C Term Lender that on and as of the date hereof after giving effect to this Second Incremental Amendment:

(a) No Default or Event of Default has occurred and is continuing.

(b) The representations and warranties of the Loan Parties set forth in Article V of the Existing Credit Agreement are true and correct in all material respects on and as of the Second Incremental Amendment Effective Date with the same effect as though made on and as of such date, except that (i) to the extent that such representations and warranties specifically refer to an earlier date, they are true and correct in all material respects as of such earlier date and (ii) the representations and warranties contained in Section 5.5(a) of the Existing Credit Agreement shall be deemed to refer to the most recent statements furnished pursuant to Section 7.1(a) of the Existing Credit Agreement.

(c) The execution and delivery by each Loan Party of this Second Incremental Amendment, the performance of this Second Incremental Amendment by each Loan Party, the performance of the Credit Agreement by the Borrower and the consummation of the Transactions, (i) are within such Loan Party's corporate or other powers and have been duly authorized by all necessary corporate or other organizational action and (ii) (A) do not and will not contravene the terms of any of such Person's Organization Documents; (B) conflict with or result in any breach or contravention of, or require any payment to be made under, (x) any Contractual Obligation to which such Person is a party or affecting such Person or the properties of such Person or any of its Restricted Subsidiaries or (y) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which the Borrower or its property is subject; or (C) violate any Law; except in the case of clauses (ii)(B) and (ii)(C) to the extent that such conflict, breach, contravention or payment would not reasonably be expected to have a Material Adverse Effect.

(d) This Second Incremental Amendment has been duly executed and delivered by the Borrower and each other Loan Party. This Second Incremental Amendment and, solely in the case of the Borrower, the Credit Agreement constitute legal, valid and binding obligations of the Borrower and such other Loan Party, enforceable against the Borrower and each other Loan Party that is party hereto in accordance with their terms, in each case except as such enforceability may be limited by applicable domestic or foreign bankruptcy, insolvency, reorganization, receivership, moratorium or other Laws affecting creditors' rights generally and by general principles of equity.

(e) The Borrower will use the proceeds of the Tranche C Term Loans to (i) prepay in full the Tranche B Term Loans, (ii) redeem up to $27,500,000 of the 2014 Senior Secured Notes and (iii) to pay fees, costs and expenses related to the Transactions.

Section 5. Effects on Loan Documents; Acknowledgement.

(a) Except as expressly set forth herein, this Second Incremental Amendment shall not (i) by implication or otherwise limit, impair, constitute a waiver of or otherwise affect the rights and remedies of the Lenders, the Administrative Agent, the Collateral Agent, Holdings or the Loan Parties under the Existing Credit Agreement or any other Loan Document or (ii) alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Existing Credit Agreement or any other provision of the Existing Credit Agreement or any other Loan Document. Except as expressly set forth herein, each and every term, condition, obligation, covenant and agreement contained in the Existing Credit Agreement or any other Loan Document is hereby ratified and re-affirmed in all respects and shall continue in full force and effect and nothing herein can or may be construed as a novation thereof. Each Loan Party and Holdings reaffirms its obligations under the Loan Documents to which it is party and the validity, enforceability and perfection of the Liens granted by it pursuant to the Security Agreement on the Second Incremental Amendment Effective Date. This Second Incremental Amendment shall constitute a Loan Document for purposes of the Credit Agreement and from and after the Second Incremental Amendment Effective Date, all references to the "Credit Agreement" in any Loan Document and all references in the Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Credit Agreement, shall, unless expressly provided otherwise, refer to the Credit Agreement as amended by this Second Incremental Amendment. Each of the Loan Parties and Holdings hereby consents to this Second Incremental Amendment and confirms that all obligations of such Loan Party or Holdings under the Loan Documents to which such Loan Party or Holdings is a party shall continue to apply to the Credit Agreement, as amended hereby.

(b) Without limiting the foregoing, each of the Loan Parties party to the Guarantee Agreement and the Security Agreement hereby (i) acknowledges and agrees that the Tranche C Term Loans are Loans and the Tranche C Term Lender is a Lender, (ii) acknowledges and agrees that all of its obligations under the Guarantee Agreement and the Security Agreement are reaffirmed and remain in full force and effect on a continuous basis, (iii) reaffirms each Lien granted by each Loan Party to the Collateral Agent for the benefit of the Secured Parties (including the Tranche C Term Lender) and reaffirms the guaranties made pursuant to the Guarantee Agreement, (iv) acknowledges and agrees that the grants of security interests by and the guaranties of the Loan Parties contained in the Guarantee Agreement and the Security Agreement are, and shall remain, in full force and effect after giving effect to the Second Incremental Amendment, (v) agrees that the Secured Obligations include, among other things and without limitation, the prompt and complete payment and performance by the Borrower when due and payable (whether at the stated maturity, by acceleration or otherwise) of principal and interest on, the Tranche C Term Loans, and (vi) agrees that all Secured Obligations are Guaranteed Obligations (as defined in the Guarantee Agreement).

(c) Without limiting the foregoing, Holdings, as party to the Security Agreement hereby (i) acknowledges and agrees that the Tranche C Term Loans are Loans and the Tranche C Term Lender is a Lender, (ii) acknowledges and agrees that all of its obligations under the Security Agreement are reaffirmed and remain in full force and effect on a continuous basis,

(iii) reaffirms each Lien granted it to the Collateral Agent for the benefit of the Secured Parties (including the Tranche C Term Lender), (iv) acknowledges and agrees that the grants of security interests by it contained in the Security Agreement are, and shall remain, in full force and effect after giving effect to the Second Incremental Amendment and (v) agrees that the Secured Obligations include, among other things and without limitation, the prompt and complete payment and performance by the Borrower when due and payable (whether at the stated maturity, by acceleration or otherwise) of principal and interest on, the Tranche C Term Loans.

Section 6. Expenses. The Borrower agrees to pay or reimburse the Administrative Agent for (1) all of its reasonable and documented out-of-pocket costs and expenses incurred in connection with this Second Incremental Amendment, any other documents prepared in connection herewith and the transactions contemplated hereby, and (2) the reasonable documented fees, charges and disbursements of Davis Polk & Wardwell LLP, as counsel to the Administrative Agent.

Section 7. Counterparts. This Second Incremental Amendment may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which when so executed and delivered shall be deemed to be an original, but all of which when taken together shall constitute a single instrument. Delivery of an executed counterpart of a signature page of this Second Incremental Amendment by facsimile or any other electronic transmission shall be effective as delivery of a manually executed counterpart hereof.

Section 8. Applicable Law. THIS INCREMENTAL AMENDMENT AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS SECOND INCREMENTAL AMENDMENT (INCLUDING, WITHOUT LIMITATION, ANY CLAIMS SOUNDING IN CONTRACT LAW OR TORT LAW ARISING OUT OF THE SUBJECT MATTER HEREOF) SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO THE PRINCIPLES OF CONFLICTS OF LAWS THEREOF, TO THE EXTENT THAT THE SAME ARE NOT MANDATORILY APPLICABLE BY STATUTE AND WOULD REQUIRE OR PERMIT THE APPLICATION OF THE LAW OF ANOTHER JURISDICTION.

Section 9. Headings. The headings of this Second Incremental Amendment are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

[*Remainder of page intentionally left blank.*]

IN WITNESS WHEREOF, the parties hereto have caused this Second Incremental Amendment to be executed and delivered by their respective duly authorized officers as of the date first above written.

WMG ACQUISITION CORP.

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

Acknowledged and agreed:

WMG HOLDINGS CORP.

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

ROADRUNNER RECORDS, INC.
T.Y.S., INC.
THE ALL BLACKS U.S.A., INC.
A.P. SCHMIDT CO.
ATLANTIC RECORDING CORPORATION
ATLANTIC/MR VENTURES INC.
BIG BEAT RECORDS MC.
CAFE AMERICANA INC.
CHAPPELL MUSIC COMPANY, INC.
COTA MUSIC, INC.
COTILLION MUSIC, INC.
CRK MUSIC INC.
E/A MUSIC, INC.
ELEKSYLUM MUSIC, INC.
ELEKTRA/CHAMELEON VENTURES INC.
ELEKTRA ENTERTAINMENT GROUP INC.
ELEKTRA GROUP VENTURES INC.
FHK, INC.
FIDDLEBACK MUSIC PUBLISHING COMPANY, INC.
FOSTER FREES MUSIC, INC.
INSOUND ACQUISITION INC.
INTERSONG U.S.A., INC.
JADAR MUSIC CORP.
LEM AMERICA, INC.
LONDON-SIRE RECORDS INC.
MAVERICK PARTNER INC.
MCGUFFIN MUSIC INC.
MIXED BAG MUSIC, INC.
NONESUCH RECORDS INC.
NON-STOP MUSIC HOLDINGS, INC.
OCTA MUSIC, INC.
PEPAMAR MUSIC CORP.
REP SALES, INC.
REVELATION MUSIC PUBLISHING CORPORATION
RHINO ENTERTAINMENT COMPANY
RICK'S MUSIC INC.
RIGHTSONG MUSIC INC.
RYKO CORPORATION
RYKODISC, INC.
RYKOMUSIC, INC.

(cont-d):

SEA CHIME MUSIC, INC.
SR/MDM VENTURE INC.
SUPER HYPE PUBLISHING, INC.
TOMMY BOY MUSIC, INC.
TOMMY VALANDO PUBLISHING GROUP, INC.
UNICHAPPELL MUSIC INC.
W.B.M. MUSIC CORP.
WALDEN MUSIC INC.
WARNER ALLIANCE MUSIC INC.
WARNER BRETHREN INC.
WARNER BROS. MUSIC INTERNATIONAL INC.
WARNER BROS. RECORDS INC.
WARNER CUSTOM MUSIC CORP.
WARNER DOMAIN MUSIC INC.
WARNER MUSIC DISCOVERY INC.
WARNER MUSIC LATINA INC.
WARNER MUSIC SP INC.
WARNER SOJOURNER MUSIC INC.
WARNER SPECIAL PRODUCTS INC.
WARNER STRATEGIC MARKETING INC.
WARNER/CHAPPELL MUSIC (SERVICES), INC.
WARNER/CHAPPELL MUSIC, INC.
WARNER/CHAPPELL PRODUCTION MUSIC, INC.
WARNER-ELEKTRA-ATLANTIC CORPORATION
WARNERSONGS, INC.
WARNER-TAMERLANE PUBLISHING CORP.
WARPRISE MUSIC INC.
WB GOLD MUSIC CORP.
WB MUSIC CORP.
WBM/HOUSE OF GOLD MUSIC, INC.
WBR/QRI VENTURE, INC.
WBR/RUFFNATION VENTURES, INC.
WBR/SIRE VENTURES INC.
WEA EUROPE INC.
WEA INC.
WEA INTERNATIONAL INC.
WIDE MUSIC, INC.
ASYLUM RECORDS LLC
ATLANTIC MOBILE LLC
ATLANTIC PRODUCTIONS LLC
ATLANTIC SCREAM LLC
ATLANTIC/143 L.L.C.
BB INVESTMENTS LLC
BULLDOG ISLAND EVENTS LLC
BUTE SOUND LLC
CORDLESS RECORDINGS LLC
EAST WEST RECORDS LLC
FOZ MAN MUSIC LLC
FUELED BY RAMEN LLC
LAVA RECORDS LLC
MM INVESTMENT LLC
RHINO NAME & LIKENESS HOLDINGS, LLC

(cont-d):

RHINO/FSE HOLDINGS, LLC
T-BOY MUSIC, LLC
T-GIRL MUSIC, LLC
THE BIZ LLC
UPPED.COM LLC
WARNER MUSIC DISTRIBUTION LLC
J. RUBY PRODUCTIONS, INC.
SIX-FIFTEEN MUSIC PRODUCTIONS, INC.
SUMMY-BIRCHARD, INC.
ARTIST ARENA LLC
ATLANTIC PIX LLC
FERRET MUSIC HOLDINGS LLC
FERRET MUSIC LLC
FERRET MUSIC MANAGEMENT LLC
FERRET MUSIC TOURING LLC
P & C PUBLISHING LLC

WARNER MUSIC NASHVILLE LLC

By: /s/ Paul M. Robinson
Name: Paul M. Robinson
Title: Vice President & Secretary of each of the above named entities listed under the heading Guarantors and signing this agreement in such capacity on behalf of each such entity

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

615 MUSIC LIBRARY, LLC

By: Six-Fifteen Music Productions, Inc., its Sole Member

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

ARTIST ARENA INTERNATIONAL, LLC

By: Artist Arena LLC, its Sole Member By: Warner Music Inc., its Sole Member

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

ALTERNATIVE DISTRIBUTION ALLIANCE

By: Warner Music Distribution LLC, its Managing Partner By: Rep Sales, Inc., its Sole Member and Manager

By: /s/ Paul M. Robinson
Name: Paul M. Robinson

Title: Vice President and Secretary

MAVERICK RECORDING COMPANY

By: SR/MDM Venture Inc., its Managing Partner

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

NON-STOP CATACLYSMIC MUSIC, LLC
NON-STOP INTERNATIONAL PUBLISHING, LLC NON-STOP OUTRAGEOUS PUBLISHING, LLC

By: Non-Stop Music Publishing, LLC, their Sole Member
By: Non-Stop Music Holdings, Inc., its Sole Member
By: /s/ Paul M. Robinson
Name: Paul M. Robinson
Title: Vice President and Secretary

NON-STOP MUSIC LIBRARY, L.C. NON-STOP MUSIC PUBLISHING, LLC NON-STOP PRODUCTIONS, LLC

By: Non-Stop Music Holdings, Inc., their Sole Member

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

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH, as Administrative Agent

By: /s/ Judith E. Smith
Name: Judith E. Smith
Title: Authorized Signatory

By: /s/ D. Andrew Maletta
Name: D. Andrew Maletta
Title: Authorized Signatory

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH, as Tranche C Term Lender

By: /s/ Judith E. Smith
Name: Judith E. Smith
Title: Authorized Signatory

By: /s/ D. Andrew Maletta
Name: D. Andrew Maletta
Title: Authorized Signatory

ANNEX I

Credit Agreement

#88939479V8

~~**CONFORMED CONVENIENCE COPY. NOTE THAT THIS CONFORMED COPY IS NOT AN OPERATIVE DOCUMENT. PLEASE REFERENCE THE EXECUTED VERSION OF THE CREDIT AGREEMENT DATED NOVEMBER 1, 2012 AND THE EXECUTION VERSIONS OF THE SUBSEQUENT AMENDMENTS FOR THE FINAL TERMS OF THE CREDIT AGREEMENT AS AMENDED.**~~

$1,310,000,000

CREDIT AGREEMENT

among

WMG ACQUISITION CORP.,
as Borrower,

THE LENDERS
FROM TIME TO TIME PARTIES HERETO,

CREDIT SUISSE AG,
as Administrative Agent,

BARCLAYS BANK PLC,
UBS SECURITIES LLC,
as Syndication Agents,

and

CREDIT SUISSE SECURITIES (USA) LLC,
BARCLAYS BANK PLC,
UBS SECURITIES LLC,
MACQUARIE CAPITAL (USA) INC.,
and NOMURA SECURITIES INTERNATIONAL, INC.,
as Joint Lead Arrangers and Joint Bookrunners

dated as of November 1, 2012

Table of Contents

SCHEDULES

EXHIBITS

CREDIT AGREEMENT, dated as of November 1, 2012, among WMG ACQUISITION CORP. (as further defined in Section 1.1, the "Borrower"), a Delaware corporation, the several banks and other financial institutions from time to time party hereto (as further defined in Section 1.1, the "Lenders"), and CREDIT SUISSE AG, as administrative agent (in such capacity and as further defined in Section 1.1, the "Administrative Agent") for the Lenders hereunder.

The parties hereto hereby agree as follows:

SECTION 1
Definitions

1.1 Defined Terms. As used in this Agreement, the following terms shall have the following meanings:

"2011 Transactions": has the meaning given to the term "Transactions" under the Existing Unsecured Indenture.

"2014 Senior Secured Notes": the Borrower's Dollar-denominated 5.625% Senior Secured Notes due 2022 issued pursuant to the New Notes Indenture, and any substantially similar senior secured notes exchanged therefor that have been registered under the Securities Act, and as the same or such substantially similar notes may be amended, supplemented, waived or otherwise modified from time to time.

"ABR": when used in reference to any Loan or Borrowing, is used when such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Alternate Base Rate.

"ABR Loans": Loans to which the rate of interest applicable is based upon the Alternate Base Rate.

"Acceleration": as defined in Section 9.1(e).

"Acceptable Discount": as defined in Section 4.4(h)(iv)(2).

"Acceptable Prepayment Amount": as defined in Section 4.4(h)(iv)(3).

"Acceptance and Prepayment Notice": a written notice from the Borrower setting forth the Acceptable Discount pursuant to Section 4.4(h)(iv)(2) substantially in the form of Exhibit J.

"Acceptance Date": as defined in Section 4.4(h)(iv)(2).

"Access Investors": collectively, (i) Mr. Len Blavatnik; (ii) immediate family members (including spouses and direct descendants) of the Person described in clause (i); (iii) any trusts created for the benefit of the Persons described in clause (i) or (ii) or any trust for the benefit of any such trust; (iv) in the event of the incompetence or death of any Person described in clauses (i) and (ii), such Person's estate, executor, administrator, committee or other personal representative or beneficiaries, in each case who at any particular date shall beneficially own or

#88946885v8

have the right to acquire, directly or indirectly, Capital Stock of the Borrower or any direct or indirect parent company of the Borrower; (v) any of his or their Affiliates (each of the Persons described in clauses (i) through (v), an "Access Party"); and (vi) any group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, or any successor provision) of which any of the Access Parties is a member; provided that in the case of clause (vi) and without giving effect to the existence of such group or any other group, Access Parties, collectively, have beneficial ownership, directly or indirectly, of a majority of the total voting power of the Voting Stock of the Borrower or any direct or indirect parent of the Borrower held by such group.

"Accounts": "accounts" as defined in the UCC and, with respect to any Person, all such Accounts of such Person, whether now existing or existing in the future, including (a) all accounts receivable of such Person (whether or not specifically listed on schedules furnished to the Administrative Agent), including all accounts receivable created by or arising from all of such Person's sales of goods or rendition of services made under any of its trade names, or through any of its divisions, (b) all unpaid rights of such Person (including rescission, replevin, reclamation and stopping in transit) relating to the foregoing or arising therefrom, (c) all rights to any goods represented by any of the foregoing, including returned or repossessed goods, (d) all reserves and credit balances held by such Person with respect to any such accounts receivable of any Obligors, (e) all letters of credit, guarantees or collateral for any of the foregoing and (f) all insurance policies or rights relating to any of the foregoing.

"Acquired Debt": with respect to any specified Person, (1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Restricted Subsidiary of such specified Person, including Indebtedness incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Restricted Subsidiary of, such specified Person; and (2) Indebtedness secured by an existing Lien encumbering any asset acquired by such specified Person.

"Additional Indebtedness": additional Indebtedness subject to the terms of the Security Agreement, the Junior Lien Intercreditor Agreement or any Other Intercreditor Agreement, as applicable.

"Additional Lender": as defined in Section 2.6(b).

"Adjusted LIBOR Rate": with respect to any Borrowing of Eurodollar Loans for any Interest Period, an interest rate per annum determined by the Administrative Agent to be equal to the higher of (a) (i) the LIBOR Rate for such Borrowing of Eurodollar Loans in effect for such Interest Period divided by (ii) 1 minus the Statutory Reserves (if any) for such Borrowing of Eurodollar Loans for such Interest Period and (b) (i) 1.25% in the case of Eurodollar Loans that are Initial Term Loans ~~and~~, (ii) 1.00% in the case of Eurodollar Loans that are Tranche B Term Loans and (iii) 1.00% in the case of Eurodollar Loans that are Tranche C Term Loans; provided that if the Adjusted LIBOR Rate determined in accordance with the foregoing shall be less than zero, the Adjusted LIBOR Rate shall be deemed to be zero for all purposes of this Agreement.

"Administrative Agent": as defined in the Preamble hereto and shall include any successor to the Administrative Agent appointed pursuant to Section 10.9.

"Affected Eurodollar Rate": as defined in Section 4.7.

"Affected Loans": as defined in Section 4.9.

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

"Affiliate Transaction": as defined in Section 8.4(a).

"Affiliated Debt Fund": any Affiliated Lender that is primarily engaged in, or advises funds or other investment vehicles that are engaged in, making, purchasing, holding or otherwise investing in commercial loans, notes, bonds and similar extensions of credit or securities in the ordinary course, so long as (i) any such Affiliated Lender is managed as to day-to-day matters (but excluding, for the avoidance of doubt, as to strategic direction and similar matters) independently from Sponsor and any Affiliate of Sponsor that is not primarily engaged in the investing activities described above, (ii) any such Affiliated Lender has in place customary information screens between it and Sponsor and any Affiliate of Sponsor that is not primarily engaged in the investing activities described above, and (iii) neither Holdings nor any of its Subsidiaries directs or causes the direction of the investment policies of such entity.

"Affiliated Lender": any Lender that is a Permitted Affiliated Assignee.

"Affiliated Lender Assignment and Assumption": as defined in Section 11.6(h)(i)(1).

"Agent Default": an Agent has admitted in writing that it is insolvent or such Agent becomes subject to an Agent-Related Distress Event.

"Agent-Related Distress Event": with respect to any Agent (each, a "Distressed Person"), a voluntary or involuntary case with respect to such Distressed Person under any debtor relief law, or a custodian, conservator, receiver or similar official is appointed for such Distressed Person or any substantial part of such Distressed Person's assets, or such Distressed Person makes a general assignment for the benefit of creditors or is otherwise adjudicated as, or determined by any Governmental Authority having regulatory authority over such Distressed Person to be, insolvent or bankrupt; provided that an Agent-Related Distress Event shall not be deemed to have occurred solely by virtue of the ownership or acquisition of any equity interests in any Agent or any person that directly or indirectly controls such Agent by a Governmental Authority or an instrumentality thereof.

"Agents": the collective reference to the Administrative Agent and the Collateral Agent and "Agent" shall mean any of them.

"Agreement": this Credit Agreement, as amended, supplemented, waived or otherwise modified, from time to time.

"Alternate Base Rate": means, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1% and (c) the Adjusted LIBOR Rate for a one-month Interest Period on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1%; provided that, for the avoidance of doubt, the Adjusted LIBOR Rate for any day shall be based on the rate determined on such day at approximately 11 a.m. (London time) by reference to the ICE Benchmark Administration Interest Settlement Rates (or the successor thereto if the ICE Benchmark Administration is no longer making a LIBOR Rate available) for deposits in Dollars (as set forth by any service selected by the Administrative Agent that has been nominated by the ICE Benchmark Administration (or the successor thereto if the ICE Benchmark Administration is no longer making a LIBOR Rate available) as an authorized vendor for the purpose of displaying such rates). If the Administrative Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Federal Funds Effective Rate for any reason, including the inability or failure of the Administrative Agent to obtain sufficient quotations in accordance with the terms of the definition thereof, the Alternate Base Rate shall be determined without regard to clause (b) of the preceding sentence until the circumstances giving rise to such inability no longer exist. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Federal Funds Effective Rate or the Adjusted LIBOR Rate shall be effective on the effective date of such change in the Prime Rate, the Federal Funds Effective Rate or the Adjusted LIBOR Rate, as the case may be.

"Amendment": as defined in Section 8.7(b)(xii).

"Applicable Discount": as defined in Section 4.4(h)(iii)(2).

"Applicable Margin": (x) with respect to all periods prior to but not including the First Incremental Amendment Effective Date, the rate(s) per annum as in effect from time to time under the Agreement prior to the First Incremental Amendment Effective Date and (y) with respect to all periods commencing on and after the First Incremental Amendment Effective Date (a) with respect to any Eurodollar Loan that is a Tranche B Term Loan~~,~~ or a Tranche C Term Loan, 2.75% per annum and (b) with respect to any ABR Loan that is a Tranche B Term Loan or a Tranche C Term Loan, 1.75% per annum.

"Approved Fund": as defined in Section 11.6(b).

"Asset Sale": (i) the sale, conveyance, transfer or other disposition (whether in a single transaction or a series of related transactions) of property or assets (including by way of a sale and lease-back) of the Borrower or any Restricted Subsidiary (each referred to in this definition as a "disposition") or (ii) the issuance or sale of Equity Interests of any Restricted Subsidiary, other than Preferred Stock of a Restricted Subsidiary issued in compliance with Section 8.1 (whether in a single transaction or a series of related transactions), in each case, other than:

(1) a disposition of Cash Equivalents or Investment Grade Securities or obsolete or worn out property or equipment in the ordinary course of business or inventory (or other assets) held for sale in the ordinary course of business, dispositions of property or assets no longer used or useful in the conduct of the business of the Borrower and its Restricted Subsidiaries and dispositions of Equity Interests received as consideration under contracts entered into in the ordinary course of business with digital service providers and other service providers;

(2) (a) the disposition of all or substantially all of the assets of the Borrower and its Subsidiaries in a manner permitted pursuant to, and as defined in, the covenant contained in Section 8.6 or (b) any disposition that constitutes a Change of Control pursuant to this Agreement;

(3) the making of any Restricted Payment (including any transaction specifically excluded from the definition of the term "Restricted Payment," including pursuant to the exceptions contained in the definition thereof and the parenthetical exclusions of such definition) or Permitted Investment that is permitted to be made, and is made, pursuant to Section 8.2 or the granting of a Lien permitted by Section 8.5;

(4) any disposition of assets or issuance or sale of Equity Interests of any Restricted Subsidiary in any transaction or series of related transactions with an aggregate fair market value of less than $50.0 million;

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

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

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

(8) foreclosures, condemnations or any similar actions with respect to assets;

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

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

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

(12) to the extent allowable under Section 1031 of the Code, any exchange of like property (excluding any boot thereon) for use in a Permitted Business;

(13) any financing transaction with respect to property ~~built or acquired by~~of the Borrower or any Restricted Subsidiary ~~after the Closing Date~~, including sale and lease-back transactions and asset securitizations permitted by this Agreement;

(14) the sale or discount of inventory, accounts receivable or notes receivable in the ordinary course of business or the conversion of accounts receivable to notes receivable;

(15) the licensing or sublicensing of intellectual property or other general intangibles in the ordinary course of business;

(16) any surrender or waiver of contract rights or the settlement, release or surrender of contract rights or other litigation claims in the ordinary course of business;

(17) the unwinding or termination of any Hedging Obligations;

(18) sales, transfers and other dispositions of Investments in joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in joint venture arrangements and similar binding arrangements;

(19) the abandonment of intellectual property rights in the ordinary course of business, which in the reasonable good faith determination of the Borrower are not material to the conduct of the business of the Borrower and its Restricted Subsidiaries taken as a whole; and

(20) any sale, transfer or other disposition necessary or advisable in the good faith determination of the Borrower in order to consummate any acquisition (including any acquisition by means of a merger or consolidation with or into the Borrower or any Restricted Subsidiary).

"Assignee": as defined in Section 11.6(b)(i).

"Assignment and Acceptance": an Assignment and Acceptance, substantially in the form of Exhibit E hereto.

"Attorney Costs": all reasonable fees, expenses and disbursements of any law firm or other external legal counsel.

"Audited Financial Statements": the audited consolidated balance sheet of the Borrower and its Subsidiaries for the fiscal year ended September 30, 2011 and the related consolidated statements of operations, shareholders' equity and cash flows for such fiscal year, including the notes thereto.

"Bail-In Action" means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"Bail-In Legislation" means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

"Bankruptcy Proceeding": as defined in Section 11.6(h)(iv).

"Benefited Lender": as defined in Section 11.7(a).

"Board": the Board of Governors of the Federal Reserve System.

"Board of Directors": (1) with respect to a corporation, the board of directors of the corporation;

(2) with respect to a partnership, the board of directors of the general partner of the partnership; and

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

"Borrower": WMG Acquisition Corp., a Delaware corporation, and any successor in interest thereto.

"Borrower Materials": as defined in Section 11.2(e).

"Borrower Offer of Specified Discount Prepayment": the offer by the Borrower to make a voluntary prepayment of Term Loans at a specified discount to par pursuant to Section 4.4(h)(ii).

"Borrower Solicitation of Discount Range Prepayment Offers": the solicitation by the Borrower of offers for, and the corresponding acceptance by a Lender of a voluntary prepayment of Term Loans at a specified range at a discount to par pursuant to Section 4.4(h)(iii).

"Borrower Solicitation of Discounted Prepayment Offers": the solicitation by the Borrower of offers for, and the subsequent acceptance, if any, by a Lender of a voluntary prepayment of Term Loans at a discount to par pursuant to Section 4.4(h)(iv).

"Borrowing": the borrowing of one Type of Loan of a single Tranche from all the Lenders having Initial Term Loan Commitments, Tranche B Term Loan Commitments, Tranche C Term Loan Commitments or other commitments of the respective Tranche on a given date (or resulting from a conversion or conversions on such date) having, in the case of Eurodollar Loans, the same Interest Period.

"Business Day": a day other than a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required by law to close, except that, when used in connection with a Eurodollar Loan, "Business Day" shall mean any Business Day on which dealings in Dollars between banks may be carried on in London, England and New York, New York.

"Capital Expenditures": for any period, the aggregate of all expenditures (whether paid in cash or accrued as liabilities and including in all events all amounts expended or capitalized under leases evidencing Capitalized Lease Obligations) by the Borrower and the Restricted Subsidiaries during such period that, in conformity with GAAP, are or are required to be included as capital expenditures on a consolidated statement of cash flows of the Borrower.

"Capital Stock": (1) in the case of a corporation, capital stock; (2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of capital stock; (3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and (4) any other interest or participation (including, without limitation, options, warrants or other equivalents) that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

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

"Captive Insurance Subsidiary": any Subsidiary of the Borrower that is subject to regulation as an insurance company (or any Subsidiary thereof).

"Cash Contribution Amount": the aggregate amount of cash contributions made to the capital of the Borrower or any Guarantor described in (and applied pursuant to) the definition of "Contribution Indebtedness."

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

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

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

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

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

(6) marketable short-term money market and similar securities having a rating of at least P-2 or A-2 from either Moody's or S&P, respectively (or, if at any time neither Moody's nor S&P shall be rating such obligations, an equivalent rating from another Rating Agency) and in each case maturing within 12 months after the date of creation thereof;

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

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

"Cash Management Obligations": obligations owed by the Borrower or any of its Restricted Subsidiaries to any Lender or any Revolving Lender, or any financial institution that was a Lender or a Revolving Lender at the time of entering into the underlying bank products agreement, or any Affiliate of a Lender or a Revolving Lender, or any party to an underlying bank products agreement as of the Closing Date in respect of any overdraft and related liabilities from treasury, depository and cash management services or any automated clearing house transfers of funds, provided that any such bank product agreements are designated by the Borrower in writing to the Administrative Agent as being a "secured term loan bank products agreement" as of the Closing Date or, if later, as of the time of the entering into of such bank products agreement.

"Change in Law": as defined in Section 4.11(a).

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

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

(b) the Borrower becomes aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) the acquisition by any Person or group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, or any successor provision), including any group acting for the purpose of acquiring, holding or disposing of securities (within the meaning of Rule 13d-5(b)(1) under the Exchange Act), other than the Permitted Holders, in a single transaction or in a related series of transactions, by way of merger, consolidation or other business combination or purchase of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act, or any successor provision), of 50% or more of the total voting power of the Voting Stock of the Borrower; provided that (x) so long as the Borrower is a Subsidiary of any Parent, no Person or group shall be deemed to be or become a "beneficial owner" of 50% or more of the total voting power of the Voting Stock of the Borrower unless such Person or group shall be or become a "beneficial owner" of 50% or more of the total voting power of the Voting Stock of such Parent and (y) any Voting Stock of which any Permitted Holder is the "beneficial owner" shall not in any case be included in any Voting Stock of which any such Person is the "beneficial owner";

(c) the first day on which the Board of Directors of the Borrower shall cease to consist of a majority of directors who (i) were members of the Board of Directors of the Borrower on the Closing Date or (ii) were either (x) nominated for election by the Board of Directors of the Borrower, a majority of whom were directors on the Closing Date or whose election or nomination for election was previously approved by a majority of such directors, or (y) designated or appointed by a Permitted Holder; or

(d) at any time prior to a Qualifying IPO of the Borrower, the Borrower ceasing to be a directly or indirectly Wholly Owned Subsidiary of Holdings.

For the purpose of this definition, with respect to any sale, lease, transfer conveyance or other disposition of properties or assets in connection with any acquisition (including any acquisition by means of a merger or consolidation with or into the Borrower or any Restricted Subsidiary), the determination of whether such sale, lease, transfer, conveyance or disposition constitutes a sale of all or substantially all of the properties or assets of the Borrower and its Subsidiaries taken as a whole shall be made on a pro forma basis giving effect to such acquisition.

"Claim": as defined in Section 11.6(h)(iv).

"Closing Date": ~~the date on which all the conditions precedent set forth in Section 6.1 shall be satisfied or waived~~November 1, 2012.

"Code": the United States Internal Revenue Code of 1986, as amended from time to time.

"Collateral": all assets of Holdings or the Loan Parties, now owned or hereafter acquired, upon which a Lien is purported to be created by any Security Document.

"Collateral Agent": Credit Suisse AG as Collateral Agent under the Security Documents and shall include any successor to the Collateral Agent appointed pursuant to the terms of the Security Agreement.

"Commitment": (x) as to any Tranche B Term Lender, the Tranche B Term Loan Commitment of such Lender and (y) as to any Tranche C Term Lender, the Tranche C Term Loan Commitment of such Lender.

"Commitment Fee": as defined in Section 4.5(d).

"Commodities Agreement": in respect of a Person, any commodity futures contract, forward contract, option or similar agreement or arrangement (including derivative agreements or arrangements), as to which such Person is a party or beneficiary.

"Compliance Certificate": as defined in Section 7.2(b).

"Conduit Lender": any special purpose corporation organized and administered by any Lender for the purpose of making Loans otherwise required to be made by such Lender and designated by such Lender in a written instrument delivered to the Administrative Agent (a copy of which shall be provided by the Administrative Agent to the Borrower on request); provided that the designation by any Lender of a Conduit Lender shall not relieve the designating Lender of any of its obligations under this Agreement, including its obligation to fund a Term Loan if, for any reason, its Conduit Lender fails to fund any such Loan, and the designating Lender (and not the Conduit Lender) shall have the sole right and responsibility to deliver all consents and waivers required or requested under this Agreement with respect to its Conduit Lender, and provided, further, that no Conduit Lender shall (a) be entitled to receive any greater amount pursuant to any provision of this Agreement, including Section 4.10, 4.11, 4.12 or 11.5, than the designating

Lender would have been entitled to receive in respect of the extensions of credit made by such Conduit Lender if such designating Lender had not designated such Conduit Lender hereunder, (b) be deemed to have any Initial Term Loan Commitment ~~or~~, Tranche B Term Loan Commitment or Tranche C Term Loan Commitment or (c) be designated if such designation would otherwise increase the costs of any Facility to the Borrower.

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

"Consolidated Interest Expense": with respect to any Person for any period, the sum, without duplication, of: (a) consolidated interest expense of such Person and its Restricted Subsidiaries for such period, to the extent such expense was deducted (and not added back) in computing Consolidated Net Income for such period (including (x) amortization of original issue discount, non-cash interest payments (other than imputed interest as a result of purchase accounting and any non-cash interest expense attributable to the movement in the mark-to-market valuation of Hedging Obligations or other derivative instruments pursuant to GAAP), the interest component of Capitalized Lease Obligations, and net payments (if any) pursuant to interest rate Hedging Obligations, but excluding (y) amortization of deferred financing fees, debt issuance costs, commissions, fees and expenses, expensing of any bridge, commitment or other financing fees, penalties and interest relating to taxes and any "special interest" or "additional interest" with respect to other securities, and any accretion of accrued interest on discounted liabilities) and (b) consolidated capitalized interest of such Person and its Restricted Subsidiaries for such period, whether paid or accrued, less (c) interest income of such Person for such period; provided, however, that Securitization Fees shall not be deemed to constitute Consolidated Interest Expense.

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

(1) any net after-tax extraordinary, unusual or nonrecurring gains, losses or charges (including, without limitation, severance, relocation, transition and other restructuring costs, and any fees, expenses or charges associated with the Transactions or the 2011 Transactions and any acquisition, merger or consolidation after the Closing Date) shall be excluded;

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

(3) any net after-tax income (loss) from disposed or discontinued operations and any net after-tax gains or losses on disposal of disposed or discontinued operations shall be excluded;

(4) any net after-tax gains or losses attributable to asset dispositions other than in the ordinary course of business (as determined in good faith by the Board of Directors of such Person) shall be excluded;

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

(6) solely for the purpose of determining the amount available for Restricted Payments under Section 8.2(a)(3), the Net Income for such period of any Restricted Subsidiary (other than a Guarantor) shall be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of its Net Income is not permitted at the date of determination without any prior governmental approval (which has not been obtained) or, directly or indirectly, by the operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its stockholders, unless such restriction with respect to the payment of dividends or similar distributions has been legally waived; provided that Consolidated Net Income of such Person shall be increased by the amount of dividends or distributions or other payments that are actually paid in cash (or to the extent converted into cash) to such Person or a Restricted Subsidiary thereof in respect of such period, to the extent not already included therein;

(7) solely for purposes of determining the amount available for Restricted Payments under Section 8.2(a)(3), the amount equal to any reduction in current taxes recognized during the applicable period by the Borrower and its Restricted Subsidiaries as a direct result of deductions arising from (A) the amortization allowed under Section 167 or 197 of the Code for the goodwill and other intangibles arising from the Transactions or the 2011 Transactions and (B) employee termination and related restructuring reserves established pursuant to purchase accounting for the two-year period commencing with the Closing Date, in each case, will be included in the calculation of "Consolidated Net Income" so long as such addition will not result in double-counting;

(8) any non-cash impairment charges resulting from the application of ASC 350 and ASC 360 (formerly Financial Accounting Standards Board Statement Nos. 142 and 144, respectively) and the amortization of intangibles arising from the application of ASC 805 (formerly Financial Accounting Standards Board Statement No. 141), shall be excluded;

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

(10) any net after-tax gains or losses attributable to the early extinguishment of Indebtedness, Hedging Obligations or other derivative instruments shall be excluded;

(11) any fees, expenses or charges incurred during such period, or any amortization thereof for such period, in connection with any acquisition, Investment, Asset Sale, incurrence or repayment of Indebtedness, issuance of Equity Interests, refinancing transaction or amendment or modification of any debt instrument and including, in each case, any such transaction consummated prior to the Closing Date and any such transaction undertaken but not completed, and any charges or non-recurring merger costs incurred during such period as a result of any such transaction, in each case whether or not successful, shall be excluded;

(12) accruals and reserves that are established within twelve months after the Closing Date that are so required to be established as a result of the Transactions or the 2011 Transactions (or within twelve months after the closing of any acquisition that are so required to be established as a result of such acquisition) in accordance with GAAP shall be excluded;

(13) to the extent covered by insurance and actually reimbursed, or, so long as such Person has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer and only to the extent that such amount is (a) not denied by the applicable carrier in writing within 180 days and (b) in fact reimbursed within 365 days of the date of the insurable event (with a deduction for any amount so added back to the extent not so reimbursed within such 365-day period), expenses with respect to liability or casualty events or business interruption shall be excluded;

(14) any non-cash gain or loss resulting from mark-to-market accounting relating to Hedging Obligations or other derivative instruments shall be excluded; and

(15) any unrealized currency translation gains or losses including those related to currency remeasurements of Indebtedness (including any loss or gain resulting from Hedging Obligations for currency exchange risk) shall be excluded.

Notwithstanding the foregoing, for the purpose of Section 8.2(a)(3)(A) only, there shall be excluded from Consolidated Net Income any income from any sale or other disposition of Restricted Investments made by the Borrower and the Restricted Subsidiaries, any repurchases and redemptions of Restricted Investments by the Borrower and the Restricted Subsidiaries, any repayments of loans and advances which constitute Restricted Investments by the Borrower and any Restricted Subsidiary, any sale of the stock of an Unrestricted Subsidiary or any distribution or dividend from an Unrestricted Subsidiary, in each case only to the extent such amounts increase the amount of Restricted Payments permitted under Section 8.2(a)(3)(D).

"Consolidated Tangible Assets": with respect to any Person, the consolidated total assets of such Person and its Restricted Subsidiaries determined in accordance with GAAP, less all goodwill, trade names, trademarks, patents, organization expense and other similar intangibles properly classified as intangibles in accordance with GAAP, in each case reflected on the consolidated balance sheet of such Person as of the end of the most recently ended fiscal quarter of such Person for which such a balance sheet is available (or, if earlier, was required to be delivered pursuant to Section 7.1(a) or (b)) (and, in the case of any determination relating to any incurrence of Indebtedness or any Investment, on a pro forma basis including any property or assets being acquired in connection therewith). Unless the context otherwise requires, "Consolidated Tangible Assets" shall mean the Consolidated Tangible Assets of the Borrower.

"Consolidated Working Capital": at any date, the excess of (a) the sum of all amounts (other than cash, Cash Equivalents and Investment Grade Securities) that would, in conformity with GAAP, be set forth opposite the caption "total current assets" (or any like caption) on a consolidated balance sheet of the Borrower at such date excluding the current portion of current and deferred income taxes over (b) the sum of all amounts that would, in conformity with GAAP, be set forth opposite the caption "total current liabilities" (or any like caption) on a consolidated balance sheet of the Borrower on such date, including deferred revenue but excluding, without duplication, (i) the current portion of any Funded Debt, (ii) all Indebtedness consisting of Loans to the extent otherwise included therein, (iii) the current portion of interest and (iv) the current portion of current and deferred income taxes.

"Consolidation": the consolidation of the accounts of each of the Restricted Subsidiaries with those of the Borrower in accordance with GAAP; provided that "Consolidation" will not include consolidation of the accounts of any Unrestricted Subsidiary, but the interest of the Borrower or any Restricted Subsidiary in any Unrestricted Subsidiary will be accounted for as an investment. The term "Consolidated" has a correlative meaning.

"Contingent Obligations": means, with respect to any Person, any obligation of such Person guaranteeing any leases, dividends or other obligations that do not constitute Indebtedness ("primary obligations") of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, any obligation of such Person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (A) for the purchase or payment of any such primary obligation or (B) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor or (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"Contract Consideration": as defined in the definition of "Excess Cash Flow".

"Contractual Obligation": as to any Person, any provision of any material security issued by such Person or of any material agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

"Contribution Indebtedness": Indebtedness of the Borrower or any Guarantor in an aggregate principal amount not greater than twice the aggregate amount of cash contributions (other than Excluded Contributions) made to the capital of the Borrower or such Guarantor after the Closing Date.

"Control": as defined in the definition of "Affiliate."

"Credit Agreement": (a) this Agreement, (b) the Senior Revolving Credit Facility and (c) if so designated by the Borrower, and so long as Indebtedness incurred thereunder does not constitute Subordinated Indebtedness, one or more debt facilities, commercial paper facilities or series of notes documented in one or more agreements or indentures, including any related notes, guarantees, collateral documents, instruments and agreements executed in connection therewith,

as each may be amended, restated, supplemented, modified, renewed, refunded, replaced or refinanced (in whole or in part) from time to time in one or more agreements or indentures (in each case with the same or new lenders or institutional investors or otherwise, and except for any such agreement or indenture that expressly provides that it is not a Credit Agreement), including any agreement or indenture extending the maturity thereof or otherwise restructuring all or any portion of the Indebtedness thereunder or increasing the amount loaned or issued thereunder or altering the maturity thereof.

"Currency Agreement": in respect of a Person, any foreign exchange contract, currency swap agreement or other similar agreement or arrangements (including derivative agreements or arrangements), as to which such Person is a party or a beneficiary.

"Default": any of the events specified in Section 9.1, whether or not any requirement for the giving of notice (other than, in the case of Section 9.1(e), a Default Notice), the lapse of time, or both, or any other condition specified in Section 9.1, has been satisfied.

"Default Notice": as defined in Section 9.1(e).

"Defaulting Agent": any Agent whose acts or failure to act, whether directly or indirectly, cause it to meet any part of the definition of Agent Default.

"Defaulting Lender": a Tranche B Term Lender or Tranche C Term Lender that (a) has defaulted in its obligation to make a Loan required to be made by it hereunder, (b) has notified the Administrative Agent or a Loan Party in writing that it does not intend to satisfy any such obligation, (c) has admitted in writing that it is insolvent or such Lender becomes subject to a Lender-Related Distress Event or (d) has, or has a direct or indirect parent company, that has, become the subject of a Bail-in Action.

"Designated Noncash Consideration": the fair market value of non-cash consideration received by the Borrower or one of its Restricted Subsidiaries in connection with an Asset Sale that is so designated as Designated Noncash Consideration pursuant to a certificate of a Responsible Officer, setting forth the basis of such valuation, less the amount of cash or Cash Equivalents received in connection with a subsequent sale, redemption or repurchase of, or collection or payment on, such Designated Noncash Consideration.

"Designated Preferred Stock": Preferred Stock of the Borrower or any direct or indirect parent company of the Borrower (other than Disqualified Stock), that is issued for cash (other than to the Borrower or any of its Subsidiaries or an employee stock ownership plan or trust established by the Borrower or any of its Subsidiaries) and is so designated as Designated Preferred Stock, pursuant to a certificate of a Responsible Officer of the Borrower, on the issuance date thereof, the cash proceeds of which are excluded from the calculation set forth in Section 8.2(a)(3).

"Designation Date": as defined in Section 2.8(f).

"Discount Prepayment Accepting Lender": as defined in Section 4.4(h)(ii)(2).

"Discount Range": as defined in Section 4.4(h)(iii)(1).

"Discount Range Prepayment Amount": as defined in Section 4.4(h)(iii)(1).

"Discount Range Prepayment Notice": a written notice of the Borrower Solicitation of Discount Range Prepayment Offers made pursuant to Section 4.4(h) substantially in the form of Exhibit K.

"Discount Range Prepayment Offer": the irrevocable written offer by a Lender, substantially in the form of Exhibit L, submitted in response to an invitation to submit offers following the Administrative Agent's receipt of a Discount Range Prepayment Notice.

"Discount Range Prepayment Response Date": as defined in Section 4.4(h)(iii)(1).

"Discount Range Proration": as defined in Section 4.4(h)(iii)(3).

"Discounted Prepayment Determination Date": as defined in Section 4.4(h)(iv)(3).

"Discounted Prepayment Effective Date": in the case of a Borrower Offer of Specified Discount Prepayment, Borrower Solicitation of Discount Range Prepayment Offers or Borrower Solicitation of Discounted Prepayment Offers, or otherwise, five Business Days following the receipt by each relevant Lender of notice from the Administrative Agent in accordance with Section 4.4(h)(ii), Section 4.4(h)(iii) or Section 4.4(h)(iv), as applicable unless a shorter period is agreed to between the Borrower and the Administrative Agent.

"Discounted Term Loan Prepayment": as defined in Section 4.4(h)(i).

"Disqualified Institution": any Person that is competitor of the Borrower and its Restricted Subsidiaries that is in the same or a similar line of business as the Borrower and its Restricted Subsidiaries or any affiliate of such Person, which Person or any of its affiliates has been designated in writing by the Borrower to the Administrative Agent and the Lenders, from time to time upon three Business Days' prior notice.

"Disqualified Institution List": any list of Disqualified Institutions.

"Disqualified Stock": with respect to any Person, any Capital Stock of such Person which, by its terms (or by the terms of any security into which it is convertible or for which it is putable or exchangeable), or upon the happening of any event, matures or is mandatorily redeemable (other than as a result of a change of control or asset sale), pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder thereof (other than as a result of a change of control or asset sale), in whole or in part, in each case prior to the date 91 days after the earlier of the Tranche ~~B~~C Term Loan Maturity Date or the date the Tranche ~~B~~C Term Loans are no longer outstanding; provided, however, that if such Capital Stock is issued to any plan for the benefit of employees of the Borrower, any of its Subsidiaries or any of its direct or indirect parent companies or by any such plan to such employees, such Capital Stock shall not constitute Disqualified Stock solely because it may be required to be repurchased by the Borrower, any of its Subsidiaries or any of its direct or indirect parent companies in order to satisfy applicable statutory or regulatory obligations; provided, further, that any Capital Stock held by any future, current or former employee, director, officer, manager or consultant of the Borrower, any of its Subsidiaries or any of its direct or indirect parent companies, or their respective estates, spouses and former spouses, in each case pursuant to any stock subscription or shareholders' agreement,

management equity plan or stock option plan or any other management or employee benefit plan or agreement, shall not constitute Disqualified Stock solely because it may be required to be repurchased by the Borrower or any of its Subsidiaries or any of its direct or indirect parent companies or employee investment vehicles.

"Dollars" and "$": dollars in lawful currency of the United States of America.

"Domestic Subsidiary": any Subsidiary of the Borrower which is not a Foreign Subsidiary.

"EBITDA": with respect to any Person for any period, the Consolidated Net Income of such Person for such period

(x) increased (without duplication) by the following, in each case to the extent deducted (and not added back) in calculating Consolidated Net Income for such period:

(1) provision for taxes based on income, profits or capital, plus franchise or similar taxes of such Person,

(2) Consolidated Interest Expense of such Person, plus amounts excluded from the calculation of Consolidated Interest Expense as set forth in subclause (y) of clause (a) in the definition thereof,

(3) Consolidated Depreciation and Amortization Expense of such Person for such period,

(4) the amount of any restructuring charges or reserves (which, for the avoidance of doubt, shall include retention, severance, systems establishment cost, excess pension charges, contract termination costs, including future lease commitments, and costs to consolidate facilities and relocate employees),

(5) without duplication, any other non-cash charges (including any impairment charges and the impact of purchase accounting, including, but not limited to, the amortization of inventory step-up) (provided that, in the case of any such charge that represents an accrual or reserve for a cash expenditure for a future period, the cash payment in respect thereof in such future period shall be subtracted from EBITDA),

(6) the amount of any minority interest expense consisting of Subsidiary income attributable to minority equity interests of third parties in any non-Wholly Owned Subsidiary,

(7) any net loss resulting from Hedging Obligations,

(8) the amount of management, monitoring, consulting and advisory fees and related expenses paid to the Sponsor and its Affiliates (or any accruals relating to such fees and related expenses), and any Restricted Payment made to any direct or indirect parent company of such Person intended to enable any such parent company to pay or cause to be paid such amount, during such period,

(9) Securitization Fees,

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

(11) business optimization expenses (including consolidation initiatives, severance costs and other costs relating to initiatives aimed at profitability improvement), and

(12) any costs or expenses incurred by such Person or a Restricted Subsidiary thereof pursuant to any management equity plan or stock option plan or any other management or employee benefit plan, agreement or any stock subscription or shareholder agreement, to the extent that such cost or expenses are funded with cash proceeds contributed to the capital of such Person or net cash proceeds of an issuance of Equity Interest of such Person (other than Disqualified Stock) solely to the extent that such net cash proceeds are excluded from the calculation set forth in Section 8.2(a)(3);

(y) increased by the amount of net cost savings and synergies projected by such Person in good faith to result from actions taken or expected to be taken no later than ~~12~~18 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 EBITDA is being determined), net of the amount of actual benefits realized during such period from such actions; provided that (A) such cost savings and synergies are reasonably identifiable and factually supportable, (B) for any period that includes one or more of the first three fiscal quarters of such Person ended after July 20, 2011 (the latest such period, the "Initial Period"), the aggregate amount of such cost savings and synergies added pursuant to this clause (y) shall not exceed $65.0 million plus any applicable Historical Adjustments, and (C) for any other period ended after the end of the Initial Period, the aggregate amount of such cost savings and synergies added pursuant to this clause (y) shall not exceed the greater of (1) $40.0 million and (2) 10.0% of EBITDA for such period (calculated prior to giving effect to any adjustment pursuant to this clause (y)); and

(z) decreased (without duplication) by the following, in each case to the extent included in calculating Consolidated Net Income for such period:

(1) non-cash gains increasing Consolidated Net Income of such Person for such period (excluding any non-cash gains which represent the reversal of any accrual of, or cash reserve for, anticipated cash charges or asset valuation adjustments made in any prior period), and

(2) any net gain resulting from Hedging Obligations.

"ECF CNI": with respect to the Borrower for any period, the aggregate of the Net Income of the Borrower and its Restricted Subsidiaries for such period, on a consolidated basis, and otherwise determined in accordance with GAAP; provided, however, that in calculating ECF CNI for any period, there shall be excluded, without duplication, (a) the Net Income of any Person accrued prior to the date it becomes a Restricted Subsidiary of the Borrower or is merged into or consolidated with the Borrower or any of its Restricted Subsidiaries, (b) the Net Income (but not loss) of any Person (other than a Restricted Subsidiary) in which the Borrower or a Restricted

Subsidiary has an ownership interest (including any joint venture), except to the extent that any such Net Income is actually received by the Borrower or such Restricted Subsidiary in the form of dividends or similar distributions (which dividends or distributions shall be included in the calculation of ECF CNI), (c) the Net Income (but not loss) of any Restricted Subsidiary (other than a Loan Party) for any period to the extent that, during such period, there exists any encumbrance or restriction on the ability of such Restricted Subsidiary to pay dividends or make distributions in cash on the Equity Interests of such Restricted Subsidiary held by the Borrower and its Restricted Subsidiaries, except to the extent that any such Net Income is actually received by the Borrower or a Restricted Subsidiary that is not itself subject to any such encumbrance or restriction, in the form of dividends or similar distributions (which dividends or distributions shall be included in the calculation of ECF CNI), (d) to the extent not already excluded or deducted as minority interest expense in accordance with GAAP, payments made in respect of minority interests of third parties in any non-Wholly Owned Restricted Subsidiary or joint venture in such period, including pursuant to dividends declared or paid on Equity Interests held by third parties in respect of such non-Wholly Owned Restricted Subsidiary or joint venture and (e) the cumulative effect of any change in accounting principles during such period, in each case as determined in accordance with GAAP.

"ECF Payment Date": as defined in Section 4.4(b).

"EEA Financial Institution" means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition and is subject to the supervision of an EEA Resolution Authority, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision of an EEA Resolution Authority with its parent.

"EEA Member Country" means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"EEA Resolution Authority" means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"Engagement Letter": the Engagement Letter, dated as of October 16, 2012, among Credit Suisse Securities (USA) LLC, Barclays Bank PLC, UBS Securities LLC, Macquarie Capital (USA) Inc., Nomura Securities International, Inc. and the Borrower, as amended, supplemented, waived or otherwise modified from time to time.

"Environmental Laws": any and all Federal, state, local, and foreign statutes, laws (statutory, common or otherwise), regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

"Environmental Permits": any permit, approval, identification number, license or other authorization required under any Environmental Law.

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

"ERISA": the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA Affiliate": any trade or business (whether or not incorporated) under common control with the Borrower within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

"ERISA Event": (a) a Reportable Event with respect to a Pension Plan; (b) a withdrawal by the Borrower or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a "substantial employer" (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by the Borrower or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization (within the meaning of Section 4241 of ERISA); (d) the filing of a notice to terminate, the treatment of a Plan amendment as a termination under Sections 4041 or 4041A of ERISA (other than, in each case, a standard termination), or the commencement of proceedings by the PBGC to terminate a Pension Plan or Multiemployer Plan; (e) the appointment of a trustee to administer any Pension Plan or Multiemployer Plan; or (f) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Borrower or any ERISA Affiliate.

"EU Bail-In Legislation Schedule" means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"Eurodollar Loans": Loans the rate of interest applicable to which is based upon the Adjusted LIBOR Rate.

"Event of Default": any of the events specified in Section 9.1, provided that any requirement for the giving of notice, the lapse of time, or both, or any other condition, has been satisfied.

"Excess Cash Flow": for any period, an amount equal to the excess of

(a) the sum, without duplication, of

(i) ECF CNI for such period,

(ii) an amount equal to the amount of all non-cash charges to the extent deducted in calculating such ECF CNI and cash receipts to the extent excluded in calculating such ECF CNI (except to the extent such cash receipts are attributable to revenue or other items that would be included in calculating ECF CNI for any prior period),

(iii) decreases in Consolidated Working Capital for such period (other than any such decreases arising from any acquisition or disposition of (a) any business unit, division, line of business or Person or (b) any assets other than in the ordinary course of business (each, an Acquisition" or "Disposition", respectively) by the Borrower and the Restricted Subsidiaries completed during such period, or from the application of purchase accounting),

(iv) an amount equal to the aggregate net non-cash loss on Asset Sales (or any Disposition specifically excluded from the definition of the term "Asset Sale") by the Borrower and the Restricted Subsidiaries during such period (other than any Asset Sale or Disposition in the ordinary course of business) to the extent deducted in calculating such ECF CNI, and

(v) cash receipts in respect of Hedge Agreements during such period to the extent not otherwise included in calculating such ECF CNI,

provided that any amount excluded from such ECF CNI pursuant to any of clauses (a) through (e) of the definition thereof shall not be added pursuant to this clause (a), over (b) the sum, without duplication, of

(i) an amount equal to the amount of all non-cash credits included in calculating such ECF CNI and cash charges to the extent not deducted in calculating such ECF CNI,

(ii) without duplication of amounts deducted pursuant to clause (xi) below in prior years, the amount of Capital Expenditures either made in cash or accrued during such period (provided that, whether any such Capital Expenditures shall be deducted for the period in which cash payments for such Capital Expenditures have been paid or the period in which such Capital Expenditures have been accrued shall be at the Borrower's election; provided, further that, in no case shall any accrual of a Capital Expenditure which has previously been deducted give rise to a subsequent deduction upon the making of such Capital Expenditure in cash in the same or any subsequent period), except to the extent that such Capital Expenditures were financed with the proceeds of long-term Indebtedness of the Borrower or the Restricted Subsidiaries (unless such Indebtedness has been repaid) or the proceeds of the issuance (or contribution in respect of) Equity Interests of the Borrower,

(iii) the aggregate amount of all principal payments, purchases or other retirements of Indebtedness of the Borrower and the Restricted Subsidiaries (including (A) the principal component of payments in respect of Capitalized Lease Obligations, (B) the amount of mandatory prepayments of Term Loans pursuant to Section 4.4(b)(i) to the extent required due to an Asset Sale or Recovery Event that resulted in an increase to ECF CNI and not in excess of the amount of such increase and (C) the amount of voluntary prepayments of Term Loans made pursuant to Section 4.4(h) (in an amount equal to the discounted amount actually paid in respect of the principal amount of such Term Loans), but excluding (w) all other prepayments of Term Loans, (x) all prepayments of loans under the Senior Revolving Credit Facility, (y) all prepayments of any other revolving loans (other than Pari Passu Indebtedness), to the extent there is not an equivalent permanent reduction in commitments thereunder and (z) all voluntary prepayments, scheduled principal payments and mandatory "excess cash flow" prepayments that are applied pro rata to the Term Loans, in each case of Pari Passu Indebtedness made during such period), except to the extent financed with the proceeds of long term Indebtedness of the Borrower or the Restricted Subsidiaries or the proceeds of the issuance (or contribution in respect of) Equity Interests of the Borrower,

(iv) an amount equal to the aggregate net non-cash gain on Asset Sales (or any Disposition specifically excluded from the definition of the term "Asset Sale") by the Borrower and the Restricted Subsidiaries during such period (other than any Asset Sale or Disposition in the ordinary course of business) to the extent included in calculating such ECF CNI,

(v) increases in Consolidated Working Capital for such period (other than any such increases arising from any Acquisition or Disposition by the Borrower and the Restricted Subsidiaries completed during such period or from the application of purchase accounting),

(vi) cash payments by the Borrower and the Restricted Subsidiaries during such period in respect of long-term liabilities of the Borrower and the Restricted Subsidiaries other than Indebtedness, to the extent such payments are not expensed in such period or are not already deducted in calculating such ECF CNI,

(vii) without duplication of amounts deducted pursuant to clause (xi) below in prior years, the aggregate amount of cash consideration paid by the Borrower and the Restricted Subsidiaries (on a consolidated basis) in connection with Investments made during such period constituting "Permitted Investments" (other than Permitted Investments of the type described in clause (2) of the definition thereof and intercompany Investments by and among the Borrower and its Restricted Subsidiaries) or made pursuant to Section 8.2 and Acquisitions, except to the extent that such Investments or Acquisitions were financed with the proceeds of long-term Indebtedness of the Borrower or the Restricted Subsidiaries (unless such Indebtedness has been repaid) or the proceeds of the issuance (or contribution in respect of) Equity Interests of the Borrower,

(viii) without duplication of amounts deducted pursuant to clause (xv) below in prior years, the amount of Restricted Payments (other than Investments) made in cash during such period (on a consolidated basis) by the Borrower and the Restricted Subsidiaries pursuant to Section 8.2(b) (other than Section 8.2(b)(ii), (iii), (x), (xi) and (xv)), except to the extent that such Restricted Payments were financed with the proceeds of long-term Indebtedness of the Borrower or the Restricted Subsidiaries (unless such Indebtedness has been repaid),

(ix) the aggregate amount of expenditures actually made by the Borrower and the Restricted Subsidiaries in cash during such period (including expenditures for the payment of financing fees) to the extent that such expenditures are not expensed during such period and are not deducted in calculating such ECF CNI, except to the extent that such expenditures were financed with the proceeds of long-term Indebtedness of the Borrower or the Restricted Subsidiaries (unless such Indebtedness has been repaid) or the proceeds of the issuance (or contribution in respect of) Equity Interests of the Borrower,

(x) the aggregate amount of any premium, make-whole or penalty payments actually paid in cash by the Borrower and the Restricted Subsidiaries during such period that are made in connection with any prepayment of Indebtedness to the extent that such payments are not expensed in such period or are not deducted in calculating such ECF CNI,

(xi) at the Borrower's election, without duplication of amounts deducted from Excess Cash Flow in prior periods, the aggregate consideration required to be paid in cash by the Borrower or any of the Restricted Subsidiaries pursuant to binding contracts (the "Contract Consideration")

entered into prior to or during such period relating to contingent contractual obligations to artists, songwriters and co-publishers, Investments constituting "Permitted Investments" (other than Permitted Investments of the type described in clause (2) of the definition thereof and intercompany Investments by and among the Borrower and its Restricted Subsidiaries) or made pursuant to Section 8.2, Acquisitions or Capital Expenditures expected to be consummated or made during the period of four consecutive fiscal quarters of the Borrower following the end of such period, provided that to the extent the aggregate amount of internally generated cash actually utilized to finance such contingent contractual obligations to artists, songwriters and co-publishers, Investments, Acquisitions and Capital Expenditures during such period of four consecutive fiscal quarters is less than the Contract Consideration, the amount of such shortfall shall be added to the calculation of Excess Cash Flow at the end of such period of four consecutive fiscal quarters,

(xii) the amount of taxes (including penalties and interest) paid in cash or tax reserves set aside or payable (without duplication) in such period to the extent they exceed the amount of tax expense deducted in calculating such ECF CNI,

(xiii) cash expenditures in respect of Hedge Agreements during such period to the extent not deducted in calculating such ECF CNI;

(xiv) the amount of cash payments made in respect of pensions and other post-employment benefits in such period to the extent not deducted in calculating such ECF CNI; and

(xv) at the Borrower's election, without duplication of amounts deducted from Excess Cash Flow in prior periods, non cash expenses under an equity plan to the extent not deducted in calculating ECF CNI (or deducted but added back under clause (a) of this definition) (it being understood that (x) no deduction shall be allowed at the time of the related cash payment to the extent the Borrower has previously elected to deduct such expenses under this clause and (y) to the extent such related cash payment does not occur by the expected time therefor under such equity plan (as determined by the Borrower in good faith), Excess Cash Flow shall be increased by the related expenses deducted under this clause).

"Exchange Act": the Securities Exchange Act of 1934, as amended from time to time.

"Excluded Assets": as defined in the Security Agreement.

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

(1) contributions to its common equity capital; and

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

in each case designated as Excluded Contributions pursuant to a certificate of a Responsible Officer of the Borrower on the date such capital contributions are made or the date such Equity Interests are sold, as the case may be, which are excluded from the calculation set forth in Section 8.2(a)(3) and (ii) any Excluded Contribution (as defined under the Existing Unsecured Indenture) made and not utilized prior to the Closing Date under the Existing Unsecured Indenture.

"Excluded Information": as defined in Section 4.4(h)(i).

"Excluded Subsidiaries": as defined in Section 7.12(a).

"Excluded Taxes": (a) any Taxes measured by or imposed upon the net income of any Agent or Lender or its applicable lending office, or any branch or affiliate thereof, and all franchise Taxes, branch Taxes, Taxes on doing business or Taxes measured by or imposed upon the overall capital or net worth of any such Agent or Lender or its applicable lending office, or any branch or affiliate thereof, in each case imposed: (i) by the jurisdiction under the laws of which such Agent or Lender, applicable lending office, branch or affiliate is organized or is located, or in which its principal executive office is located, or any nation within which such jurisdiction is located or any political subdivision thereof; or (ii) by reason of any connection between the jurisdiction imposing such Tax and such Agent or Lender, applicable lending office, branch or affiliate other than a connection arising solely from such Agent or Lender having executed, delivered or performed its obligations under, or received payment under or enforced, this Agreement or any Notes, and (b) any Taxes imposed by FATCA.

"Existing Indebtedness": Indebtedness of the Borrower or any of its Subsidiaries (other than Indebtedness hereunder and under the Senior Revolving Credit Facility) in existence on the Closing Date, including the Existing Unsecured Notes.

"Existing Term Loans": as defined in Section 2.8(a).

"Existing Term Tranche": as defined in Section 2.8(a).

"Existing Unsecured Indenture": that certain indenture dated as of July 20, 2011 by and between the Borrower and Wells Fargo Bank, National Association, as agent (as amended, amended and restated, supplemented, waived or modified from time to time).

"Existing Unsecured Notes": the Borrower's 11.5% Senior Notes due 2018, issued pursuant to the Existing Unsecured Indenture, outstanding on the Closing Date or subsequently issued in exchange for or in respect of any such notes.

"Extended Term Loans": as defined in Section 2.8(a).

"Extended Term Tranche": as defined in Section 2.8(a).

"Extending Lender": as defined in Section 2.8(b).

"Extension": as defined in Section 2.8(b).

"Extension Amendment": as defined in Section 2.8(c).

"Extension Date": as defined in Section 2.8(d).

"Extension Election": as defined in Section 2.8(b).

"Extension of Credit": as to any Lender, the making of a Term Loan.

"Extension Request": as defined in Section 2.8(a).

"Extension Series": all Extended Term Loans that are established pursuant to the same Extension Amendment (or any subsequent Extension Amendment to the extent such Extension Amendment expressly provides that the Extended Term Loans provided for therein are intended to be part of any previously established Extension Series) and that provide for the same interest margins and amortization schedule.

"Facility": each of (a) the Initial Term Loan Commitments and the Extensions of Credit made thereunder (the "Initial Term Loan Facility"), (b) the Tranche B Term Loan Commitments and the Extensions of Credit made thereunder (the "Tranche B Term Loan Facility") ~~and~~, (c) the Tranche C Term Loan Commitments and the Extensions of Credit made thereunder (the "Tranche C Term Loan Facility") and (d) any other committed facility hereunder and the Extensions of Credit made thereunder.

"FATCA": Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b) of the Code and any applicable legislation, regulations or other official guidance adopted by a Governmental Authority pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code.

"Federal District Court": as defined in Section 11.13(a).

"Federal Funds Effective Rate": means, for any day, the rate calculated by the Federal Reserve Bank of New York based on such day's federal funds transactions by depositary institutions (as determined in such manner as the Federal Reserve Bank of New York shall set forth on its public website from time to time) and published on the next succeeding Business Day by the Federal Reserve Bank of New York as an overnight bank funding rate (from and after such date as the Federal Reserve Bank of New York shall commence to publish such composite rate).

"First Incremental Amendment": the Incremental Commitment Amendment, dated as of May 9, 2013, by and among the Borrower, the other Loan Parties party thereto, Holdings, the Tranche B Term Lenders party thereto and the Administrative Agent.

"First Incremental Amendment Closing Date": the date on which all the conditions precedent set forth in Section 5 of the First Incremental Amendment shall be satisfied or waived.

"First Incremental Amendment Effective Date": the date on which the conditions set forth or referred to in Section 3 of the First Incremental Amendment are satisfied or waived.

"Fiscal Year": any period of 12 consecutive months ending on September 30 of any calendar year.

"Fixed Charge Coverage Ratio": with respect to any Person for any period consisting of such Person's most recently ended four fiscal quarters for which internal financial statements are available (or, if earlier, were required to be delivered pursuant to Section 7.1(a) or (b)), the ratio of EBITDA of such Person for such period to the Fixed Charges of such Person for such period. In the event that such Person or any Restricted Subsidiary thereof incurs, issues, assumes, enters into any guarantee of, redeems, repays, retires or extinguishes any Indebtedness or issues or repays Disqualified Stock or Preferred Stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated but prior to or concurrently with the event for which the calculation of the Fixed Charge Coverage Ratio is made (the date of such event, the "Calculation Date"), then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect to such incurrence, assumption, guarantee, redemption, repayment, retirement or extinguishment of Indebtedness, or such issuance or repayment of Disqualified Stock or Preferred Stock, as if the same had occurred at the beginning of the applicable four-quarter period.

For purposes of making the computation referred to above with respect to any specified Person, if any Specified Transaction has been made by such specified Person or any of its Restricted Subsidiaries during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, the Fixed Charge Coverage Ratio shall be calculated on a pro forma basis assuming that all such Specified Transactions (and the change in any associated fixed charge obligations and the change in EBITDA resulting therefrom) had occurred on the first day of the four-quarter reference period. If, since the beginning of such period, any other Person became a Restricted Subsidiary of such specified Person or was merged with or into such specified Person or any of its Restricted Subsidiaries and, since the beginning of such period, such other Person shall have made any Specified Transaction that would have required adjustment pursuant to the immediately preceding sentence if made by such specified Person or a Restricted Subsidiary thereof since the beginning of such period, then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect thereto for such period as if such Specified Transaction had occurred at the beginning of the applicable four-quarter period.

For purposes of this definition with respect to any specified Person, whenever pro forma effect is to be given to any Specified Transaction (including the Transactions and the 2011 Transactions), the pro forma calculations shall be made in good faith by a responsible financial or accounting officer of such specified Person and may include, for the avoidance of doubt, cost savings and synergies resulting from or related to any such Specified Transaction (including the Transactions and the 2011 Transactions) which is being given pro forma effect that have been or are expected to be realized and for which the actions necessary to realize such cost savings and synergies are taken or expected to be taken no later than 12 months after the date of any such Specified Transaction (in each case as though such cost savings and synergies had been realized on the first day of the applicable period). If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligations applicable to such Indebtedness). Interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a

responsible financial or accounting officer of such specified Person to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP. For purposes of making the computation referred to above, interest on any Indebtedness under a revolving credit facility computed on a pro forma basis shall be computed based upon the average daily balance of such Indebtedness during the applicable period. Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, shall be deemed to have been based upon the rate actually chosen, or, if none, then based upon such optional rate chosen as such specified Person may designate.

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

"Fixed GAAP Date": the Closing Date, provided that at any time after the Closing Date, the Borrower may, by prior written notice to the Administrative Agent, elect to change the Fixed GAAP Date to be the date specified in such notice, and upon the date of such notice, the Fixed GAAP Date shall be such date for all periods beginning on and after the date specified in such notice.

"Fixed GAAP Terms": (a) the definitions of the terms "Capitalized Lease Obligation," "Consolidated Depreciation and Amortization Expense," "Consolidated Interest Expense," "Consolidated Net Income," "Consolidated Tangible Assets," "Consolidated Working Capital," "EBITDA," "ECF CNI," "Excess Cash Flow," "Fixed Charge Coverage Ratio," "Fixed Charges," "Funded Debt," "Indebtedness," "Investments," "Net Income," "Senior Secured Indebtedness" and "Senior Secured Indebtedness to EBITDA Ratio," (b) all defined terms in this Agreement to the extent used in or relating to any of the foregoing definitions, and all ratios and computations based on any of the foregoing definitions, and (c) any other term or provision of this Agreement or the other Loan Documents that, at the Borrower's election, may be specified by the Borrower by written notice to the Administrative Agent from time to time.

"Foreign Benefit Event": with respect to any Foreign Pension Plan, (a) the existence of unfunded liabilities in excess of the amount permitted under any applicable law or in excess of the amount that would be permitted absent a waiver from applicable governmental authority, (b) the failure to make the required contributions or payments, under any applicable law, on or before the due date for such contributions or payments, (c) the receipt of a notice by applicable governmental authority to terminate any such Foreign Pension Plan, or alleging the insolvency of any such Foreign Pension Plan, (d) the incurrence by the Borrower or any Restricted Subsidiary of any liability under applicable law on account of the complete or partial termination of such Foreign Pension Plan or the complete or partial withdrawal of any participating employer therein or (e) the occurrence of any transaction that is prohibited under any applicable law and that could reasonably be expected to result in the incurrence of any liability by the Borrower or any

Restricted Subsidiary, or the imposition on the Borrower or any Restricted Subsidiary of any fine, excise tax or penalty resulting from any noncompliance with any applicable law, in each case, with respect to clauses (a) through (e), as could reasonably be expected to result in material liability to the Borrower or any Restricted Subsidiary.

"Foreign Pension Plan": any employee benefit plan described in Section 4(b)(4) of ERISA sponsored or maintained by a Foreign Subsidiary that under applicable law is required to be funded through a trust or other funding vehicle other than a trust or funding vehicle maintained exclusively by a Governmental Authority.

"Foreign Subsidiary": (i) any Subsidiary of the Borrower not organized under the laws of the United States, any state thereof or the District of Columbia; (ii) any Subsidiary of the Borrower organized under the laws of the United States, any state thereof or the District of Columbia if all or substantially all of the assets of such Subsidiary consist of equity or debt of one or more Subsidiaries described in clause (i) or this clause (ii); or (iii) any Subsidiary of a Subsidiary described in clause (i) or (ii).

"Funded Debt": all Indebtedness of the Borrower and the Restricted Subsidiaries for borrowed money that matures more than one year from the date of its creation or matures within one year from such date that is renewable or extendable, at the option of the Borrower or any Restricted Subsidiary, to a date more than one year from such date or arises under a revolving credit or similar agreement that obligates the lender or lenders to extend credit during a period of more than one year from such date, including all amounts of such debt required to be paid or prepaid within one year from the date of its creation and, in the case of the Borrower, Indebtedness in respect of the Term Loans.

"GAAP": generally accepted accounting principles in the United States of America as in effect on the Fixed GAAP Date (for purposes of the Fixed GAAP Terms) and as in effect from time to time (for all other purposes of this Agreement), including those set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as approved by a significant segment of the accounting profession, and subject to the following sentence. If at any time the SEC permits or requires U.S.-domiciled companies subject to the reporting requirements of the Exchange Act to use IFRS in lieu of GAAP for financial reporting purposes, the Borrower may elect, by written notice to the Administrative Agent, to use IFRS in lieu of GAAP and, upon any such notice, references herein to GAAP shall thereafter be construed to mean (a) for all periods beginning on and after the date specified in such notice, IFRS as in effect on the date specified in such notice (for purposes of the Fixed GAAP Terms) and as in effect from time to time (for all other purposes of this Agreement) and (b) for prior periods, GAAP as defined in the first sentence of this definition. All ratios and computations based on GAAP contained in this Agreement shall be computed in conformity with GAAP.

"Governmental Authority": any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, administrative tribunal, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supranational bodies such as the European Union or the European Central Bank).

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

"Guarantee": any guarantee of the Secured Obligations by a Guarantor in accordance with the provisions of the Guarantee Agreement. When used as a verb, "Guarantee" shall have a corresponding meaning.

"Guarantee Agreement": the Guarantee Agreement delivered to the Administrative Agent as of the date hereof, substantially in the form of Exhibit C hereto, as the same may be amended, supplemented, waived or otherwise modified from time to time.

"Guarantee Obligation": as to any Person (the "guaranteeing person"), any obligation of (a) the guaranteeing person or (b) another Person (including any bank under any letter of credit) to induce the creation of which the guaranteeing person has issued a reimbursement, counterindemnity or similar obligation, in either case guaranteeing or in effect guaranteeing any Indebtedness, leases, dividends or other obligations (the "primary obligations") of any other third Person (the "primary obligor") in any manner, whether directly or indirectly, including any such obligation of the guaranteeing person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (A) for the purchase or payment of any such primary obligation or (B) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the owner of any such primary obligation against loss in respect thereof; provided, however, that the term Guarantee Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guarantee Obligation of any guaranteeing person shall be deemed to be the lower of (a) an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee Obligation is made and (b) the maximum amount for which such guaranteeing person may be liable pursuant to the terms of the instrument embodying such Guarantee Obligation, unless such primary obligation and the maximum amount for which such guaranteeing person may be liable are not stated or determinable, in which case the amount of such Guarantee Obligation shall be such guaranteeing person's maximum reasonably anticipated liability in respect thereof as determined by the Borrower in good faith.

"Guarantors": the collective reference to each Subsidiary Guarantor; individually, a "Guarantor".

"Hazardous Materials": all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

"Hedge Agreements": collectively, Interest Rate Agreements, Currency Agreements and Commodities Agreements.

"Hedge Bank": any Person that is a Lender, a Revolving Lender, an Affiliate of a Lender or an Affiliate of a Revolving Lender, or a Person that was, at the time of entering into a Hedge Agreement, a Lender, a Revolving Lender, an Affiliate of a Lender or an Affiliate of a Revolving Lender, or that was a party to a Hedge Agreement as of the Closing Date, in each case in its capacity as a party to a Hedge Agreement.

"Hedging Obligations": as to any Person, the obligations of such Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodities Agreement.

"Historical Adjustments": for any period, the aggregate amount of all adjustments of the nature used in connection with the calculation of "Pro Forma Adjusted EBITDA" with respect to actions described in notes (a) and (b) to footnote 5 of "Summary Historical Consolidated Financial and Other Data" contained in the offering circular relating to the Existing Unsecured Notes to the extent such adjustments continue to be applicable for such period.

"Holdings": WMG Holdings Corp., a Delaware corporation, and any successor in interest thereto.

"Holdings Notes": Holdings' 13.75% Senior Notes due 2019 issued on July 20, 2011, or subsequently issued in exchange for or in respect of any such notes (the "Initial Holdings Notes"), and any Indebtedness that serves to extend, replace, refund, refinance, renew or defease any Initial Holdings Notes, provided that such Indebtedness extending, replacing, refunding, refinancing, renewing or defeasing such Initial Holdings Notes shall not be in a principal amount (or, if issued with original issue discount, an aggregate issue price) in excess of the principal amount of, and premium, if any, and accrued interest on, the Initial Holdings Notes plus any fees, premiums, underwriting discounts, costs and expenses relating to such extension, replacement, refunding, refinancing, renewal or defeasance.

"Identified Participating Lenders": as defined in Section 4.4(h)(iii)(3).

"Identified Qualifying Lenders": as defined in Section 4.4(h)(iv)(3).

"IFRS": International Financial Reporting Standards and applicable accounting requirements set by the International Accounting Standards Board or any successor thereto (or the Financial Accounting Standards Board, the Accounting Principles Board of the American Institute of Certified Public Accountants, or any successor to either such Board, or the SEC, as the case may be), as in effect from time to time.

"Immaterial Subsidiary" means, at any date of determination, any Subsidiary that (i) (x) contributed 5% or less of EBITDA for the period of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which consolidated financial statements of the Borrower are available, (y) had consolidated assets representing 5% or less of Consolidated Tangible Assets as of the end of the most recently ended financial period for which consolidated financial statements of the Borrower are available and (z) is designated by the Borrower as an Immaterial Subsidiary for the purposes of this definition; and (ii) together with all other Immaterial Subsidiaries designated pursuant to the preceding clause (i), (x) contributed 10% or less of EBITDA for the period of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which consolidated financial statements of the Borrower are available, and (y) had consolidated assets representing 10% or less of Consolidated Tangible Assets as of the end of the most recently ended financial period for which consolidated financial statements of the Borrower are available. Any Subsidiary so designated as an Immaterial Subsidiary that fails to meet the foregoing requirements as of the last day of the period of the most recent four consecutive fiscal quarters for which consolidated financial statements of the Borrower are available shall continue to be deemed an "Immaterial Subsidiary" hereunder until the date that is 30 days following the date on which such annual or quarterly financial statements were required to be delivered pursuant to Section 7.1(a) or (b) with respect to such period.

"Increase Supplement": as defined in Section 2.6(c).

"Incremental Commitment Amendment": as defined in Section 2.6(d).

"Incremental Commitments": as defined in Section 2.6(a).

"Incremental Indebtedness": Indebtedness incurred by the Borrower pursuant to and in accordance with Section 2.6.

"Incremental Loans": as defined in Section 2.6(d).

"Incremental Term Loan": any Incremental Loan made pursuant to an Incremental Term Loan Commitment.

"Incremental Term Loan Commitments": as defined in Section 2.6(a).

"incur": as defined in Section 8.1.

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

(i) in respect of borrowed money,

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

(iii) representing the balance deferred and unpaid of the purchase price of any property (including Capitalized Lease Obligations) due more than twelve months after such property is

acquired, except (x) any such balance that constitutes a trade payable or similar obligation to a trade creditor, in each case, accrued in the ordinary course of business, and (y) any earn-out obligations until such obligation becomes a liability on the balance sheet of such Person in accordance with GAAP, and if not paid, after becoming due and payable; or

(iv) representing the net obligations under any Hedging Obligations,

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

(b) Disqualified Stock of such Person,

(c) to the extent not otherwise included, any obligation by such Person to be liable for, or to pay, as obligor, guarantor or otherwise, the Indebtedness of another Person (other than by endorsement of negotiable instruments for collection in the ordinary course of business); and

(d) to the extent not otherwise included, Indebtedness of another Person secured by a Lien on any asset owned by such Person (whether or not such Indebtedness is assumed by such Person); provided that the amount of Indebtedness of such Person shall be the lesser of (A) the fair market value of such asset at such date of determination (as determined in good faith by such Person) and (B) the amount of such Indebtedness of such other Persons;

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

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

"Individual Lender Exposure": of any Lender, at any time, the sum of the aggregate principal amount of all Term Loans made by such Lender and then outstanding ~~and~~, all Tranche B Term Loan Commitments of such Lender then outstanding and all Tranche C Term Loan Commitments of such Lender then outstanding.

"Initial Agreement": as defined in Section 8.7(b).

"Initial Extension of Credit": as to any Lender, the making of an Initial Term Loan.

"Initial Lien": as defined in Section 8.5(a).

"Initial Term Loan": as defined in Section 2.1(a). The aggregate principal amount of the Initial Term Loans on the First Incremental Amendment Effective Date giving effect to the incurrence of the Tranche B Term Loans and the application of proceeds thereof shall be $0.

"Initial Term Loan Commitment": as to any Lender, its obligation to make Initial Term Loans to the Borrower pursuant to Section 2.1(a) in an aggregate amount not to exceed at any one time outstanding the amount set forth opposite such Lender's name in Schedule A under the heading

"Initial Term Loan Commitment"; collectively, as to all the Lenders, the "Initial Term Loan Commitments". The original aggregate amount of the Initial Term Loan Commitments on the Closing Date is $600.0 million.

"Initial Term Loan Maturity Date": November 1, 2018.

"Initial Term Loan Repricing Transaction": other than in connection with a transaction involving a Change of Control, the prepayment in full or in part of the Initial Term Loans by the Borrower with the proceeds of secured term loans (including any new, amended or additional loans or Term Loans under this Agreement, whether as a result of an amendment to this Agreement or otherwise), that are broadly marketed or syndicated to banks and other institutional investors in financings similar to the Initial Term Loan Facility and having an effective interest cost or weighted average yield (as determined prior to such prepayment by the Administrative Agent consistent with generally accepted financial practice and, in any event, excluding any arrangement, structuring, syndication or commitment fees in connection therewith, and excluding any performance or ratings based pricing grid that could result in a lower interest rate based on future performance, but including any LIBOR Rate floor or similar floor that is higher than the then applicable LIBOR Rate) that is less than the interest rate for or weighted average yield (as determined prior to such prepayment by the Administrative Agent on the same basis) of the Initial Term Loans, including as may be effected through any amendment to this Agreement relating to the interest rate for, or weighted average yield of, the Initial Term Loans.

"Intellectual Property Security Agreement": collectively, the Copyright Security Agreement, the Trademark Security Agreement and the Patent Security Agreement, substantially in the forms attached to the Security Agreement, together with each other intellectual property security agreement executed and delivered pursuant to Section 7.12 or the Security Agreement.

"Intercreditor Agreement Supplement": as defined in Section 10.8(a).

"Interest Payment Date": (a) as to any ABR Loan, the last Business Day of each March, June, September and December to occur while such Loan is outstanding, and the final maturity date of such Loan, (b) as to any Eurodollar Loan having an Interest Period of three months or less, the last day of such Interest Period, and (c) as to any Eurodollar Loan having an Interest Period longer than three months, (i) each day which is three months, or a whole multiple thereof, after the first day of such Interest Period and (ii) the last day of such Interest Period.

"Interest Period": with respect to any Eurodollar Loan:

(a) initially, the period commencing on the borrowing or conversion date, as the case may be, with respect to such Eurodollar Loan and ending one, two, three or six months (or, if agreed to by each affected Lender ~~nine months,~~ 12 months or a shorter period) thereafter, as selected by the Borrower in its notice of borrowing or notice of conversion, as the case may be, given with respect thereto; and

(b) thereafter, each period commencing on the last day of the next preceding Interest Period applicable to such Eurodollar Loan and ending one, two, three or six months (or if agreed to by each affected Lender ~~nine months,~~ 12 months or a shorter period) thereafter, as selected by the

Borrower by irrevocable notice to the Administrative Agent not less than three Business Days prior to the last day of the then current Interest Period with respect thereto; provided that all of the foregoing provisions relating to Interest Periods are subject to the following:

(i) if any Interest Period would otherwise end on a day that is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless the result of such extension would be to carry such Interest Period into another calendar month in which event such Interest Period shall end on the immediately preceding Business Day;

(ii) any Interest Period that would otherwise extend beyond (A) the Initial Term Loan Maturity Date (in the case of Initial Term Loans), ~~or~~ (B) the Tranche B Term Loan Maturity Date (in the case of Tranche B Term Loans) or (C) the Tranche C Term Loan Maturity Date (in the case of Tranche C Term Loans) shall (for all purposes other than Section 4.12) end on (A) the Initial Term Loan Maturity Date (in the case of Initial Term Loans) ~~or~~, (B) the Tranche B Term Loan Maturity Date (in the case of Tranche B Term Loans) or (C) the Tranche C Term Loan Maturity Date (in the case of Tranche C Term Loans);

(iii) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of a calendar month; and

(iv) the Borrower shall select Interest Periods so as not to require a scheduled payment of any Eurodollar Loan during an Interest Period for such Eurodollar Loan.

"Interest Rate Agreement": with respect to any Person, any interest rate protection agreement, future agreement, option agreement, swap agreement, cap agreement, collar agreement, hedge agreement or other similar agreement or arrangement (including derivative agreements or arrangements), as to which such Person is party or a beneficiary.

"Investment Company Act": the Investment Company Act of 1940, as amended from time to time.

"Investment Grade Rating": a rating equal to or higher than Baa3 (or the equivalent) by Moody's and BBB- (or the equivalent) by S&P, or an equivalent rating by any other Rating Agency.

"Investment Grade Securities": (1) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality thereof (other than Cash Equivalents); (2) debt securities or debt instruments with an Investment Grade Rating, but excluding any debt securities or instruments constituting loans or advances among the Borrower and its Subsidiaries; (3) investments in any fund that invests exclusively in investments of the type described in clauses (1) and (2), which fund may also hold immaterial amounts of cash pending investment or distribution; and (4) corresponding instruments in countries other than the United States customarily utilized for high quality investments.

"Investments": with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the form of loans (including guarantees), advances or capital contributions (excluding accounts receivable, trade credit, advances to customers, commission, travel and similar advances to officers, employees, directors and consultants, in each case made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities issued by any other Person and investments that are required by GAAP to be classified on the balance sheet (excluding the footnotes) of such Person in the same manner as the other investments included in this definition to the extent such transactions involve the transfer of cash or other property.

For the purposes of the definition of "Unrestricted Subsidiary" and Section 8.2, (i) "Investments" shall include the portion (proportionate to the Borrower's equity interest in such Subsidiary) of the fair market value of the net assets of a Subsidiary of the Borrower at the time that such Subsidiary is designated an Unrestricted Subsidiary; provided, however, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Borrower shall be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to (x) the Borrower's "Investment" in such Subsidiary at the time of such redesignation less (y) the portion (proportionate to the Borrower's equity interest in such Subsidiary) of the fair market value of the net assets of such Subsidiary at the time of such redesignation; (ii) any property transferred to or from an Unrestricted Subsidiary shall be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Borrower; and (iii) any transfer of Capital Stock that results in an entity which became a Restricted Subsidiary after the Closing Date ceasing to be a Restricted Subsidiary shall be deemed to be an Investment in an amount equal to the fair market value (as determined by the Board of Directors of the Borrower in good faith as of the date of initial acquisition) of the Capital Stock of such entity owned by the Borrower and the Restricted Subsidiaries immediately after such transfer.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced by any dividend, distribution, interest payment, return of capital, repayment or other amount received in cash by the Borrower or a Restricted Subsidiary in respect of such Investment.

"IP Rights": has the meaning specified in Section 5.19.

"Junior Lien Intercreditor Agreement": an intercreditor agreement to be entered into with the representative of Indebtedness secured by a Lien having Junior Lien Priority substantially in the form attached as Annex B to the Security Agreement or such other form reasonably satisfactory to the Applicable Authorized Representative (as such term is defined in the Security Agreement).

"Junior Lien Priority": with respect to specified Indebtedness, secured by a Lien on specified Collateral ranking junior to the Lien on such Collateral securing the Term Loan Facility Obligations or any Guarantee, as applicable, either pursuant to the Junior Lien Intercreditor Agreement or one or more other intercreditor agreements having terms no less favorable to the Lenders with respect to such Collateral than the terms of the Junior Lien Intercreditor Agreement, as determined in good faith by the Borrower.

"Laws": collectively, all applicable international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority.

"Lead Arrangers": collectively, Credit Suisse Securities (USA) LLC, Barclays Bank PLC, UBS Securities LLC, Macquarie Capital (USA) Inc. and Nomura Securities International, Inc., each solely in its capacity as a joint lead arranger of the Initial Term Loan Commitments ~~and~~, Tranche B Term Loan Commitments and, solely with respect to Credit Suisse (USA) LLC, Tranche C Term Loan Commitments hereunder.

"Lender Joinder Agreement": as defined in Section 2.6(c).

"Lender-Related Distress Event": with respect to any Lender (each, a "Distressed Lender"), a voluntary or involuntary case with respect to such Distressed Lender under any debtor relief law, or a custodian, conservator, receiver or similar official is appointed for such Distressed Lender or any substantial part of such Distressed Lender's assets, or such Distressed Lender makes a general assignment for the benefit of creditors or is otherwise adjudicated as, or determined by any Governmental Authority having regulatory authority over such Distressed Lender to be, insolvent or bankrupt; provided that a Lender-Related Distress Event shall not be deemed to have occurred solely by virtue of the ownership or acquisition of any equity interests in any Lender or any person that directly or indirectly controls such Lender by a Governmental Authority or an instrumentality thereof.

"Lenders": the several banks and other financial institutions from time to time parties to this Agreement together with, in each case, any affiliate of any such bank or financial institution through which such bank or financial institution elects, by notice to the Administrative Agent and the Borrower to make any Loans available to the Borrower, provided that for all purposes of voting or consenting with respect to (a) any amendment, supplementation or modification of any Loan Document, (b) any waiver of any of the requirements of any Loan Document or any Default or Event of Default and its consequences or (c) any other matter as to which a Lender may vote or consent pursuant to Section 11.1, the bank or financial institution making such election shall be deemed the "Lender" rather than such affiliate, which shall not be entitled to so vote or consent.

"LIBOR Rate": means, with respect to any Eurodollar Loan for any Interest Period, the rate per annum determined by the Administrative Agent at approximately 11:00 a.m., London time, on the date that is two Business Days prior to the commencement of such Interest Period by reference to the ICE Benchmark Administration Interest Settlement Rates (or the successor thereto if the ICE Benchmark Administration is no longer making such rates available) for deposits in the currency in which the applicable Eurodollar Loan is denominated (as set forth by any service selected by the Administrative Agent that has been nominated by the ICE Benchmark Administration (or the successor thereto if the ICE Benchmark Administration is no longer making such rates available) an authorized information vendor for the purpose of displaying such rates) for a period equal to such Interest Period; provided that, to the extent that an interest rate is not ascertainable pursuant to the foregoing provisions of this definition, the "LIBOR Rate" shall be the interest rate per annum determined by the Administrative Agent to be the average of the rates per annum at which deposits in the currency in which the applicable Eurodollar Loan is denominated are offered for such relevant Interest Period to major banks in the London interbank market in London, England by the Administrative Agent at approximately 11:00 a.m., London time, on the date that is two Business Days prior to the beginning of such Interest Period.

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

"Limited Condition ~~Acquisition~~Transaction": (x) any acquisition ~~which the Borrower or~~, including by way of merger, amalgamation, consolidation or other business combination or the acquisition of Capital Stock or otherwise, by one or more of the Borrower and its Restricted Subsidiaries ~~has contractually committed to consummate, the terms of which do not condition the Borrower's or its Subsidiary's, as applicable, obligation to close such acquisition~~of any assets, business or Person or any other Investment permitted by this Agreement whose consummation is not conditioned on the availability of ~~third-party financing.~~, or on obtaining, third party financing or (y) any redemption, repurchase, defeasance, satisfaction and discharge or repayment of Indebtedness, Disqualified Stock or Preferred Stock requiring irrevocable notice in advance of such redemption, repurchase, defeasance, satisfaction and discharge or prepayment.

"Loan": each Initial Term Loan, Tranche B Term Loan, Tranche C Term Loan, Incremental Loan and Extended Term Loan; collectively, the "Loans".

"Loan Documents": this Agreement, the First Incremental Amendment, any Notes, the Guarantee Agreement, the Security Agreement, the Junior Lien Intercreditor Agreement (on and after execution thereof), each Other Intercreditor Agreement (on and after the execution thereof) and any other Security Documents, each as amended, supplemented, waived or otherwise modified from time to time.

"Loan Parties": the Borrower and the Subsidiary Guarantors; individually, a "Loan Party".

"Management Agreement": the Management Agreement, dated as of July 20, 2011, by and among Warner Music Group Corp., Holdings. and the Sponsor and/or its Affiliates, as the same may be amended, supplemented, waived or otherwise modified from time to time, provided that the Management Agreement as so amended, supplemented, waived or otherwise modified (other than in the case of an amendment to effect the Borrower becoming a party to or otherwise bound by the Management Agreement) is not materially less advantageous to the Lenders in the good faith judgment of the Board of Directors of the Borrower than the Management Agreement as in effect on the Closing Date.

"Material Adverse Effect": (a) a material adverse effect on the business, operations, assets, liabilities (actual or contingent) or condition (financial or otherwise) of the Borrower and its Subsidiaries, taken as a whole, (b) a material adverse effect on the ability of the Borrower or the Loan Parties (taken as a whole) to perform their respective payment obligations under any Loan Document to which the Borrower or any of the Loan Parties is a party or (c) a material adverse effect on the rights and remedies of the Lenders under the Loan Documents taken as a whole.

"Material Subsidiaries": Restricted Subsidiaries of the Borrower constituting, individually (or, solely for purposes of Section 9.1(f), in the aggregate (as if such Restricted Subsidiaries constituted a single Subsidiary)), a "significant subsidiary" in accordance with Rule 1-02 under Regulation S-X.

"Maturity Date": (a) with respect to Initial Term Loans, the Initial Term Loan Maturity Date ~~and~~, (b) with respect to Tranche B Term Loans, the Tranche B Term Loan Maturity Date and (c) with respect to Tranche C Term Loans, the Tranche C Term Loan Maturity Date.

"Maximum Management Fee Amount" means the greater of (x) $6.0 million plus, in the event that the Borrower acquires (including by consolidation or merger), directly or indirectly, any business, entity or operations following the Closing Date, an amount equal to 1.5% of the positive EBITDA of such acquired business, entity or operations (as determined by the Sponsor in its sole discretion) for the most recent four fiscal quarters prior to such acquisition for which internal financial statements are available (or, if earlier, were required to be delivered pursuant to Section 7.1(a) or (b)) as at the date of such acquisition and (y) 1.5% of EBITDA of the Borrower for the most recently completed fiscal year.

"Minimum Exchange Tender Condition": as defined in Section 2.7(b).

"Minimum Extension Condition": as defined in Section 2.8(g).

"Moody's": Moody's Investors Service, Inc., and its successors.

"Mortgages": collectively, the deeds of trust, trust deeds and mortgages made by the Loan Parties in favor or for the benefit of the Collateral Agent on behalf of the Lenders on the Closing Date together with each other mortgage to secure any of the Secured Obligations executed and delivered after the Closing Date.

"Multiemployer Plan": any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which the Borrower or any ERISA Affiliate makes or is obligated to make contributions, or during the preceding five plan years, has made or been obligated to make contributions.

"Music Publishing Business": the subsidiaries and assets constituting the music publishing segment, as defined in the financial statements of the Borrower. At any point in time in which music publishing is not a reported segment of the Borrower, "Music Publishing Business" shall refer to the business that was previously included in this segment.

"Music Publishing Sale" means the sale of all or substantially all of the Music Publishing Business, which, for the avoidance of doubt, may include assets constituting a portion of the Recorded Music Business not to exceed 10.0% of the total assets constituting the Recorded Music Business.

"Net Cash Proceeds": with respect to any issuance or sale of any securities of the Borrower or any Subsidiary by the Borrower or any Subsidiary, or any capital contribution, or any incurrence of Indebtedness, the cash proceeds of such issuance, sale, contribution or incurrence net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees actually incurred in connection with such issuance, sale, contribution or incurrence and net of taxes paid or payable as a result, or in respect thereof.

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

"Net Proceeds": the aggregate cash proceeds received by the Borrower or any Restricted Subsidiary in respect of any Asset Sale or Recovery Event, net of the costs relating to such Asset Sale or Recovery Event, including, without limitation, legal, accounting and investment banking fees, payments made in order to obtain a necessary consent or required by applicable law, and brokerage and sales commissions, any relocation expenses incurred as a result thereof, other fees and expenses, including title and recordation expenses, taxes paid or payable as a result thereof (after taking into account any available tax credits or deductions and any tax sharing arrangements), amounts applied or required to be applied to the repayment of Indebtedness that is secured by the property or assets that are the subject of such Asset Sale or Recovery Event (including in respect of principal, premium, if any, and interest) or that is required to be paid as a result of such transaction, and any deduction of appropriate amounts to be provided by the Borrower or any Restricted Subsidiary as a reserve in accordance with GAAP against any liabilities associated with the asset disposed of in such transaction and retained by the Borrower or any Restricted Subsidiary after such sale or other disposition thereof, including, without limitation, pension and other post-employment benefit liabilities and liabilities related to environmental matters or against any indemnification obligations associated with such transaction.

"New Dollar Notes": the Borrower's Dollar-denominated 6.000% Senior Secured Notes due 2021 issued pursuant to the New Notes Indenture, and any substantially similar senior secured notes exchanged therefor that have been registered under the Securities Act, and as the same or such substantially similar notes may be amended, supplemented, waived or otherwise modified from time to time.

"New Euro Notes": the Borrower's Euro-denominated 6.250% Senior Secured Notes due 2021 issued pursuant to the New Notes Indenture, and any substantially similar senior secured notes exchanged therefor that have been registered under the Securities Act, and as the same or such substantially similar notes may be amended, supplemented, waived or otherwise modified from time to time.

"New Notes": collectively, the New Dollar Notes and the New Euro Notes.

"New Notes Indenture": the indenture dated as of November 1, 2012 among Wells Fargo Bank, National Association, as trustee, the Borrower and the guarantors party thereto, as the same may be amended or supplemented from time to time.

"New York Courts": as defined in Section 11.13(a).

"New York Supreme Court": as defined in Section 11.13(a).

"Non-Excluded Taxes": all Taxes other than Excluded Taxes.

"Non-Extending Lender": as defined in Section 2.8(e).

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

"Non-Recourse Product Financing Indebtedness" means any Indebtedness incurred by the Borrower or any Restricted Subsidiary solely for the purpose of financing (whether directly or through a partially-owned joint venture) the production, acquisition, exploitation, creation or development of items of Product produced, acquired, exploited, created or developed after the Closing Date (including any Indebtedness assumed in connection with the production, acquisition, creation or development of any such items of Product or secured by a Lien on any such items of Product prior to the production, acquisition, creation or development thereof) where the recourse of the creditor in respect of that Indebtedness is limited to Product revenues generated by such items of Product or any rights pertaining thereto and where the Indebtedness is

unsecured save for Liens over such items of Product or revenues and such rights and any extension, renewal, replacement or refinancing of such Indebtedness. "Non-Recourse Product Financing Indebtedness" excludes, for the avoidance of doubt, any Indebtedness raised or secured against Product where the proceeds are used for any other purposes.

"Notes": as defined in Section 2.2(a).

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

"Obligor": any purchaser of goods or services or other Person obligated to make payment to the Borrower or any of its Restricted Subsidiaries (other than any Restricted Subsidiary that is not a Loan Party) in respect of a purchase of such goods or services.

"Offered Amount": as defined in Section 4.4(h)(iv)(1).

"Offered Discount": as defined in Section 4.4(h)(iv)(1).

"OID": as defined in Section 2.6(d).

"Organization Documents": means, (a) with respect to any corporation, the certificate or articles of incorporation and the bylaws; (b) with respect to any limited liability company, the certificate or articles of formation or organization and operating agreement or limited liability company agreement; and (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

"Other Intercreditor Agreement": an intercreditor agreement (other than the Security Agreement and the Junior Lien Intercreditor Agreement) in form and substance reasonably satisfactory to the Borrower and the Collateral Agent.

"Other Representatives": the Syndication Agents, and the Lead Arrangers.

"Outstanding Amount": with respect to the Loans on any date, the principal amount thereof after giving effect to any borrowings and prepayments or repayments thereof occurring on such date.

"Parent": any of Holdings, Warner Music Group Corp. (and any successor in interest thereto), Airplanes Music LLC (and any successor in interest thereto), any Other Parent, and any other Person that is a Subsidiary of Holdings, Warner Music Group Corp. (and any successor in interest thereto), Airplanes Music LLC (and any successor in interest thereto) or any Other Parent and of which the Borrower is a Subsidiary. As used herein, "Other Parent" means a Person of which the Borrower becomes a Subsidiary after the Closing Date, provided that either

(x) immediately after the Borrower first becomes a Subsidiary of such Person, more than 50% of the Voting Stock of such Person shall be held by one or more Persons that held more than 50% of the Voting Stock of a Parent of the Borrower immediately prior to the Borrower first becoming such Subsidiary or (y) such Person shall be deemed not to be an Other Parent for the purpose of determining whether a Change of Control shall have occurred by reason of the Borrower first becoming a Subsidiary of such Person.

"Pari Passu Indebtedness": Indebtedness secured by Liens with Pari Passu Lien Priority.

"Pari Passu Lien Priority": with respect to specified Indebtedness, secured by a Lien on specified Collateral ranking equal with the Lien on such Collateral securing the Term Loan Facility Obligations or any Guarantee, as applicable, either pursuant to the Security Agreement or one or more other intercreditor agreements having terms no less favorable to the Lenders in relation to the holders of such specified Indebtedness with respect to such Collateral than the terms of the Security Agreement, as determined in good faith by the Borrower.

"Participant": as defined in Section 11.6(c).

"Participant Register": as defined in Section 11.6(b)(v).

"Participating Lender": as defined in Section 4.4(h)(iii)(2).

"Patriot Act": as defined in Section 11.18.

"PBGC": the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA (or any successor thereto).

"Pension Plan": any "employee pension benefit plan" (as such term is defined in Section 3(2) of ERISA), other than a Multiemployer Plan, that is subject to Title IV of ERISA and is sponsored or maintained by the Borrower or any ERISA Affiliate or to which the Borrower or any ERISA Affiliate contributes or has an obligation to contribute, or in the case of a multiple employer or other plan described in Section 4064(a) of ERISA, has made contributions at any time during the immediately preceding five (5) plan years.

"Permitted Affiliated Assignee": the Sponsor, any investment fund managed or controlled by the Sponsor and any special purpose vehicle established by the Sponsor or by one or more of such investment funds.

"Permitted Asset Swap" means the substantially concurrent purchase and sale or exchange of Permitted Business Assets or a combination of Permitted Business Assets and cash or Cash Equivalents between the Borrower or any of its Restricted Subsidiaries and another Person; provided that any cash or Cash Equivalents received must be applied in accordance Section 8.3(c).

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

"Permitted Business Assets" means assets (other than Cash Equivalents) used or useful in a Permitted Business, provided that any assets received by the Borrower or a Restricted Subsidiary in exchange for assets transferred by the Borrower or a Restricted Subsidiary shall not be deemed to be Permitted Business Assets if they consist of securities of a Person, unless upon receipt of the securities of such Person, such Person would become a Restricted Subsidiary.

"Permitted Debt": as defined in Section 8.1(b).

"Permitted Debt Exchange": as defined in Section 2.7(a).

"Permitted Debt Exchange Notes": as defined in Section 2.7(a).

"Permitted Debt Exchange Offer": as defined in Section 2.7(a).

"Permitted Holders": any of the following: (i) the Access Investors; (ii) Edgar Bronfman Jr.; (iii) any officer, director, employee or other member of the management of any Parent, the Borrower or any of their respective Subsidiaries; (iv) immediate family members (including spouses and direct descendants) of a Person described in clause (ii) or (iii); (v) any trusts created for the benefit of a Person or Persons described in clause (ii), (iii) or (iv) or any trust for the benefit of any such trust; (vi) in the event of the incompetence or death of any Person described in clause (ii), (iii) or (iv), such Person's estate, executor, administrator, committee or other personal representative or beneficiaries, in each case, who, at any particular date, shall beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Borrower or any direct or indirect parent company of the Borrower; or (vii) any Person acting in the capacity of an underwriter in connection with a public or private offering of Capital Stock of any of the Borrower, Holdings or any of their respective direct or indirect parents. In addition, any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) whose status as a "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act) constitutes or results in a Change of Control in respect of which the Borrower makes all payments of the Term Loans and other amounts required by, if applicable, Section 8.8, together with its Affiliates, shall thereafter constitute Permitted Holders.

"Permitted Investments": (1) any Investment by the Borrower in any Restricted Subsidiary or by a Restricted Subsidiary in the Borrower or another Restricted Subsidiary;

(2) any Investment in cash and Cash Equivalents or Investment Grade Securities;

(3) any Investment by the Borrower or any Restricted Subsidiary of the Borrower in a Person that is engaged in a Permitted Business if, as a result of such Investment, (A) such Person becomes a Restricted Subsidiary or (B) such Person, in one transaction or a series of related transactions, is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Borrower or a Restricted Subsidiary, and, in each case, any Investment held by such Person; provided that such Investment was not acquired by such Person in contemplation of such Person becoming a Restricted Subsidiary or such merger, consolidation, amalgamation, transfer, conveyance or liquidation;

(4) any Investment in securities or other assets not constituting cash or Cash Equivalents or Investment Grade Securities and received in connection with an Asset Sale made pursuant to the provisions described above in Section 8.3 or any other disposition of assets not constituting an Asset Sale;

(5) any Investment existing on the Closing Date or made pursuant to binding commitments in effect on the Closing Date or an Investment consisting of any modification, replacement, renewal or extension of any Investment or binding commitment existing on the Closing Date; provided that the amount of any such Investment or binding commitment may be increased (x) as required by the terms of such Investment or binding commitment as in existence on the Closing Date or (y) as otherwise permitted under this Agreement;

(6) loans and advances to, or guarantees of Indebtedness of, employees not in excess of $25.0 million in the aggregate outstanding at any one time;

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

(8) Hedging Obligations permitted under Section 8.1(b)(ix);

(9) (1) loans and advances to officers, directors and employees (x) for business-related travel expenses, moving expenses and other similar expenses, in each case incurred in the ordinary course of business or consistent with past practice or (y) to fund such Person's purchases of Equity Interests of the Borrower or any of its direct or indirect parent companies in an aggregate principal amount (net of any proceeds of such loans and advances used to purchase Equity Interests of the Borrower or contributed to the equity capital thereof) not to exceed, in the case of this clause (y), $25.0 million outstanding at any time and (2) promissory notes of any officer, director, employee or other member of the management of any Parent, the Borrower or any of their respective Subsidiaries acquired (other than for cash) in connection with the issuance of Capital Stock of the Borrower or any Parent (including any options, warrants or other rights in respect thereof) to such Person;

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

(11) any Investment by the Borrower or a Restricted Subsidiary in a Permitted Business in an aggregate amount, taken together with all other Investments made pursuant to this clause (11) that are at that time outstanding (without giving effect to the sale of an Unrestricted Subsidiary to the extent the proceeds of such sale do not consist of cash and/or marketable securities), not to exceed the greater of $150.0 million and 13.0% of Consolidated Tangible Assets;

(12) Investments the payment for which consists of Equity Interests of the Borrower or any of its direct or indirect parent companies or employee investment vehicles (exclusive of Disqualified Stock);

(13) guarantees (including Guarantees) of Indebtedness permitted under Section 8.1 and performance guarantees consistent with past practice or in the ordinary course of business and the creation of Liens on the assets of the Borrower or any restricted subsidiary in compliance with the covenant described under Section 8.5;

(14) any transaction to the extent it constitutes an Investment that is permitted and made in accordance with the provisions of Section 8.4 (except transactions described in Section 8.4(b)(ii), (vi) and (vii));

(15) Investments by the Borrower or a Restricted Subsidiary in joint ventures engaged in a Permitted Business in an aggregate amount, taken together with all other Investments made pursuant to this clause (15) that are at that time outstanding, not to exceed the greater of $100.0 million and 9.0% of Consolidated Tangible Assets;

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

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

(18) additional Investments in an aggregate amount, taken together with all other Investments made pursuant to this clause (18) that are at that time outstanding (without giving effect to the sale of an Unrestricted Subsidiary to the extent the proceeds of such sale do not consist of cash or marketable securities), not to exceed the greater of (a) $100.0 million and (b) 9.0% of Consolidated Tangible Assets;

(19) any Investment in any Subsidiary or any joint venture in connection with intercompany cash management arrangements or related activities arising in the ordinary course of business;

(20) Investments in prepaid expenses, negotiable instruments held for collection and lease, utility and workers' compensation, performance and similar deposits entered into in the ordinary course of business; and

(21) repurchases of the Notes.

"Permitted Liens": the following types of Liens:

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

(2) Liens in favor of issuers of performance, surety, bid, indemnity, warranty, release, appeal or similar bonds or with respect to other regulatory requirements or letters of credit or bankers' acceptances issued, and completion guarantees provided for, in each case pursuant to the request of and for the account of such Person in the ordinary course of its business or consistent with past practice;

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

(4) Liens existing on property of a Person at the time such Person becomes a Subsidiary of the Borrower (or at the time the Borrower or a Restricted Subsidiary acquires such property, including any acquisition by means of a merger or consolidation with or into the Borrower or any Restricted Subsidiary); provided, however, that such Liens are not created or incurred in connection with, or in contemplation of, such acquisition; provided, further, however, that such Liens are limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which such Liens arose, could secure) the obligations to which such Liens relate; provided, further, that for purposes of this clause (4), if a Person other than the Borrower is the Successor Borrower with respect thereto, any Subsidiary thereof shall be deemed to become a Subsidiary of the Borrower, and any property or assets of such Person or any such Subsidiary shall be deemed acquired by the Borrower or a Restricted Subsidiary, as the case may be, when such Person becomes such Successor Borrower;

(5) Liens securing Indebtedness or other obligations of a Restricted Subsidiary owing to the Borrower or another Restricted Subsidiary permitted to be incurred in accordance Section 8.1;

(6) Liens on cash deposits or property constituting Cash Equivalents securing Hedging Obligations not prohibited by this Agreement;

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

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

(9) Liens existing on the Closing Date (other than Liens securing Indebtedness under this Agreement and the other Loan Documents, the Senior Revolving Credit Agreement and the New Notes) and Liens to secure any Indebtedness that is incurred to refinance any Indebtedness that has been secured by a Lien (A) existing on the Closing Date (other than under this Agreement,

the Senior Revolving Credit Agreement or the New Notes) or (B) referred to in clauses (3), (4) and (19)(B) of this definition; provided, however, that in each case, such Liens (x) are no less favorable to the Lenders and are not more favorable to the lienholders with respect to such Liens than the Liens in respect of the Indebtedness being refinanced; and (y) do not extend to or cover any property or assets of the Borrower or any of its Restricted Subsidiaries not securing the Indebtedness so refinanced;

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

(11) Liens for taxes, assessments or other governmental charges or levies not yet delinquent for a period of more than 30 days, or which are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted, or for property taxes on property that the Borrower or one of its Subsidiaries has determined to abandon if the sole recourse for such tax, assessment, charge, levy or claim is to such property;

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

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

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

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

(16) any lease, license, sublease or sublicense granted to or from any Person in the ordinary course of business that is not granted for the purpose of securing any Indebtedness of the Borrower or any Restricted Subsidiary owing to such lessee, licensee, sublessee or sublicensee;

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

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

(19) (A) other Liens securing Indebtedness for borrowed money with respect to property or assets with an aggregate fair market value (valued at the time of creation thereof) of not more than $25.0 million at any time and (B) Liens securing Indebtedness incurred to finance the construction, purchase or lease of, or repairs, improvements or additions to, property of such Person; provided, however, that (x) the Lien may not extend to any other property (except for accessions to such property) owned by such Person or any of its Restricted Subsidiaries at the time the Lien is incurred, (y) such Liens attach concurrently with or within 270 days after the acquisition, repair, replacement, construction or improvement (as applicable) of the property subject to such Liens and (z) with respect to Capitalized Lease Obligations, such Liens do not at any time extend to or cover any assets (except for accessions to such assets) other than the assets subject to such Capitalized Lease Obligations; provided that individual financings of equipment provided by one lender may be cross-collateralized to other financings of equipment provided by such lender;

(20) Liens to secure Non-Recourse Product Financing Indebtedness permitted to be incurred pursuant to Section 8.1(b)(xviii), which Liens may not secure Indebtedness other than Non-Recourse Product Financing Indebtedness and which Liens may not attach to assets other than the items of Product acquired, exploited, created or developed with the proceeds of such Indebtedness and Liens to secure Non-Recourse Acquisition Financing Indebtedness permitted to be incurred pursuant to Section 8.1(b)(xviii), which Liens may not secure Indebtedness other than Non-Recourse Acquisition Financing Indebtedness and which Liens may not attach to assets other than the assets acquired, exploited, created or developed with the proceeds of such Indebtedness;

(21) Liens (i) of a collection bank arising under Section 4-210 of the Uniform Commercial Code on items in the course of collection, (ii) attaching to commodity trading accounts or other commodities brokerage accounts incurred in the ordinary course of business and (iii) in favor of a banking institution arising as a matter of law encumbering deposits (including the right of set-off) and which are within the general parameters customary in the banking industry;

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

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

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

(25) Liens incurred to secure Obligations in respect of any Indebtedness permitted to be incurred pursuant to Section 8.1(b)(iv) and (xx);

(26) ~~(x) prior to the occurrence of the Trigger Date, Liens securing Indebtedness~~ in an aggregate principal amount ~~(as of the date of incurrence of any such Indebtedness and~~ after giving pro forma effect to the ~~incurrence thereof and the application of the net proceeds therefrom (or as of the date of the initial borrowing of such Indebtedness after giving pro forma effect to the incurrence of the entire committed amount of such Indebtedness)), not exceeding the greater of (A) $1,550.0 million and (B) the maximum aggregate principal amount of Senior Secured Indebtedness that could be incurred without exceeding a Senior Secured Indebtedness to EBITDA Ratio for the Borrower of 3.50 to 1.00 (y) on and after the occurrence of the Trigger Date,~~ Liens securing (i) Indebtedness in an aggregate principal amount (as of the date of incurrence of any such Indebtedness and after giving pro forma effect to the incurrence thereof and the application of the net proceeds therefrom (or as of the date of the initial borrowing of such Indebtedness after giving pro forma effect to the incurrence of the entire committed amount of such Indebtedness)), not exceeding the greater of (A) $2,275.0 million and (B) the maximum aggregate principal amount of Senior Secured Indebtedness that could be incurred without exceeding a Senior Secured Indebtedness to EBITDA Ratio for the Borrower of 4.00 to 1.00 and (ii) Revolving Credit Agreement Indebtedness not to exceed at any time outstanding $180.0 million;

(27) Liens securing (A) interest rate or currency swaps, caps or collars or other Hedging Obligations entered into to hedge the Borrower's or any Guarantor's exposure with respect to activities not prohibited under this Agreement and (B) obligations in respect of any overdraft and related liabilities arising from treasury, depositary and cash management services or any automated clearing house transfers of funds;

(28) any encumbrance or restriction (including put and call arrangements) with respect to capital stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(29) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale or purchase of goods entered into by the Borrower or any Restricted Subsidiary in the ordinary course of business;

(30) Liens on insurance policies and the proceeds thereof securing the financing of the premiums with respect thereto;

(31) Liens on the assets of a non-guarantor Subsidiary securing Indebtedness or other obligations of a non-Guarantor Subsidiary;

(32) Liens on cash advances in favor of the seller of any property to be acquired in an Investment permitted under this Agreement to be applied against the purchase price for such Investment; and

(33) other Liens securing obligations incurred in the ordinary course of business which obligations (at the time of incurrence thereof) do not exceed the greater of $50.0 million and 5.0% of Consolidated Tangible Assets at any one time outstanding.

For purposes of determining compliance with any U.S. dollar-denominated restriction in this definition, the U.S. dollar-equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred, in the case of term debt, or first committed, in the case of revolving credit debt; provided that if such Indebtedness is incurred to extend, replace, refund, refinance, renew or defease other Indebtedness denominated in a foreign currency, and such extension, replacement, refunding, refinancing, renewal or defeasance would cause the applicable U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such extension, replacement, refunding, refinancing, renewal or defeasance, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of, premium, if any, and accrued interest on, the Indebtedness being extended, replaced, refunded, refinanced, renewed or defeased plus any fees, premiums, underwriting discounts, costs and expenses relating to such extension, replacement, refunding, refinancing, renewal or defeasance.

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

"Plan": any "employee benefit plan" (as such term is defined in Section 3(3) of ERISA) established by the Borrower or, with respect to any such plan that is subject to Section 412 of the Code or Title IV of ERISA, any ERISA Affiliate.

"Platform": Intralinks, SyndTrak Online or any other similar electronic distribution system.

"Pledged Debt": as defined the Security Agreement.

"Preferred Stock": as applied to the Capital Stock of any corporation, Capital Stock of any class or classes (however designated) that by its terms is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such corporation, over shares of Capital Stock of any other class of such corporation.

"Prepayment Date": as defined in Section 4.4(d).

"Prime Rate": for any day, a rate per annum that is equal to the corporate base rate of interest established by the Administrative Agent as its "prime rate" in effect at its principal office in New York City from time to time; each change in the Prime Rate shall be effective on the date such change is effective. The corporate base rate is not necessarily the lowest rate charged by the Administrative Agent to its customers.

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

(1) is an initial copyright owner; or

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

"Public Lender": as defined in Section 11.2(e).

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

"Qualified Proceeds": assets that are used or useful in, or Capital Stock of any Person engaged in, a Permitted Business; provided that the fair market value of any such assets or Capital Stock shall be determined by the Board of Directors of the Borrower in good faith.

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

"Qualifying IPO": the issuance by the Borrower or any Parent of its common Equity Interests in an underwritten primary public offering (other than a public offering pursuant to a registration statement on Form S-8) pursuant to an effective registration statement filed with the SEC in accordance with the United States Securities Act of 1933 (whether alone or in connection with a secondary public offering).

"Qualifying Lender": as defined in Section 4.4(h)(iv)(3).

"Rating Agency": Moody's or S&P or, if Moody's or S&P or both shall not make a rating on the Term Loans publicly available, a nationally recognized statistical rating agency or agencies, as the case may be, selected by the Borrower which shall be substituted for Moody's or S&P or both, as the case may be.

"Receivable": a right to receive payment pursuant to an arrangement with another Person pursuant to which such other Person is obligated to pay, as determined in accordance with GAAP.

"Recorded Music Business": means the subsidiaries and assets constituting the recorded music segment, as defined in the financial statements of the Borrower. At any point in time in which recorded music is not a reported segment of the Borrower, Recorded Music Business shall refer to the business that was previously included in this segment.

"Recorded Music Sale": means the sale of all or substantially all of the Recorded Music Business, which, for the avoidance of doubt, may include assets constituting a portion of the Music Publishing Business not to exceed 10.0% of the total assets constituting the Music Publishing Business.

"Recovery Event": any settlement of or payment in respect of any property or casualty insurance claim or any condemnation proceeding relating to any asset of any Loan Party giving rise to Net Proceeds to such Loan Party, as the case may be, in excess of $10.0 million, to the extent that such settlement or payment does not constitute reimbursement or compensation for amounts previously paid by the Borrower or any other Loan Party in respect of such casualty or condemnation.

"Reference Banks": Credit Suisse AG, Barclays Bank PLC, UBS Securities LLC or such additional or other banks as may be appointed by the Administrative Agent and reasonably acceptable to the Borrower, provided that at any time the maximum number of Reference Banks does not exceed six.

"refinance": refinance, refund, replace, renew, repay, modify, restate, defer, substitute, supplement, reissue, resell or extend (including pursuant to any defeasance or discharge mechanism); and the terms "refinances," "refinanced" and "refinancing" as used for any purpose in this Agreement shall have a correlative meaning.

"Refinancing Agreement": as defined in Section 8.7(b).

"Refinancing Indebtedness": as defined in Section 8.1(b)(xiii).

"Refunding Capital Stock": as defined in Section 8.2(b)(ii)(A).

"Register": as defined in Section 11.6(b)(iv).

"Regulation D": Regulation D of the Board as in effect from time to time.

"Regulation S-X": Regulation S-X promulgated by the SEC, as in effect on the Closing Date.

"Related Parties": with respect to any Person, such Person's affiliates and the partners, officers, directors, trustees, employees, employees, shareholders, members, attorneys and other advisors, agents and controlling persons of such person and of such person's affiliates and "Related Party" shall mean any of them.

"Reportable Event": any of the events set forth in Section 4043(c) of ERISA, other than those events as to which the 30 day notice period is waived under Section 21, 22, 23, 24, 25, 27 or 28 of PBGC Regulation Section 4043 or any successor regulation thereto.

"Required Conversion Date": as defined in Section 4.2(c).

"Required Lenders": Lenders, the sum of whose outstanding Individual Lender Exposures represents a majority of the sum of the Individual Lender Exposures at such time; provided that the Tranche B Term Loan Commitments ~~and~~, Tranche C Term Loan Commitments, Tranche B Term Loans and Tranche C Term Loans of any Defaulting Lender shall be disregarded from Individual Lender Exposures in the determination of the Required Lenders at any time.

"Requirement of Law": as to any Person, the Organization Documents of such Person, and any law, statute, ordinance, code, decree, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its material property or to which such Person or any of its material property is subject, including laws, ordinances and regulations pertaining to zoning, occupancy and subdivision of real properties; provided that the foregoing shall not apply to any non-binding recommendation of any Governmental Authority.

"Responsible Officer": the chief executive officer, director, president, vice president, executive vice president, chief financial officer, treasurer or assistant treasurer or other similar officer of a Loan Party and, as to any document delivered on the Closing Date, any vice president, secretary or assistant secretary. Any document delivered hereunder that is signed by a Responsible Officer of a Loan Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Loan Party and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Loan Party.

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

"Restricted Payment": as defined in Section 8.2.

"Restricted Subsidiary": any Subsidiary of the Borrower other than an Unrestricted Subsidiary.

"Retired Capital Stock": as defined in Section 8.2(b)(ii)(A).

"Revolving Credit Agreement Indebtedness": Indebtedness in an aggregate principal amount not exceeding ~~(x) prior to the occurrence of the Trigger Date $150.0 million and (y) on and after the occurrence of the Trigger Date~~ $180.0 million outstanding under the Senior Revolving Credit Agreement, including any guarantees, collateral documents and other instruments, agreements and documents executed or delivered pursuant to or in connection therewith, as the same may be refunded, refinanced, restructured, replaced, renewed, repaid or extended from time to time (whether in whole or in part, whether with the original agent and lenders or other agents and lenders or otherwise, and whether provided under the original Senior Revolving Credit Agreement, any other revolving credit agreement, or one or more other credit or financing agreements with a revolving financing component (to the extent of such component)), and in each case as the same may be amended, supplemented, waived or otherwise modified from time to time, and including any agreement changing maturity or increasing the Indebtedness incurred or available to be borrowed (provided that any such increase shall not be deemed to increase the ~~(x) prior to the occurrence of the Trigger Date $150.0 million and (y) on and after the occurrence of the Trigger Date~~ $180.0 million maximum principal amount of Revolving Credit Agreement Indebtedness provided for in this definition), or otherwise altering the terms and conditions thereof.

"Revolving Lender": a lender under the Senior Revolving Credit Facility.

"Rollover Indebtedness": means Indebtedness of a Loan Party issued to any Lender in lieu of such Lender's pro rata portion of any repayment of Term Loans made pursuant to Subsection 4.4(a) or (b), so long as (other than in connection with a refinancing in full of the Facilities) such Indebtedness (1) is incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of (x) the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced, plus (y) fees, underwriting discounts, premiums and other costs and expenses incurred in connection with such Rollover Indebtedness and (2) would not have a weighted average life to maturity shorter than the weighted average life to maturity, or a maturity date earlier than the Maturity Date of the Term Loans being repaid.

"S&P": Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, Inc., and its successors.

"SEC": the Securities and Exchange Commission.

"Second Amendment Date": the date of effectiveness of the Second Amendment, dated July 15, 2016, by and among the Borrower, the other Loan Parties thereto, Holdings, the Lenders party thereto and the Administrative Agent.

"Section 2.8 Additional Amendment": as defined in Section 2.8(c).

"Secured Hedge Agreement": any Hedge Agreement that is outstanding as of the Closing Date or that is entered into by and between any Loan Party and any Hedge Bank, and that is designated by the Borrower in writing to the Administrative Agent as being a "secured term loan hedge agreement" as of the Closing Date or, if later, as of the time of entering into such Hedge Agreement.

"Secured Obligations": all (x) Term Loan Facility Obligations, (y) obligations of any Loan Party arising under any Secured Hedge Agreement (including any guarantee thereof) and (z) Cash Management Obligations (including any guarantee thereof). Without limiting the generality of the foregoing, the Secured Obligations of the Loan Parties under the Loan Documents include (a) the obligation to pay principal, interest, expenses, fees, Attorney Costs, indemnities and other amounts payable by any Loan Party under any Loan Document and (b) the obligation of any Loan Party to reimburse any amount in respect of any of the foregoing that any Lender, in its sole discretion, may elect to pay or advance on behalf of such Loan Party.

"Secured Parties": collectively, the Collateral Agent, the Administrative Agent, the Lenders, the Hedge Banks, the cash management banks with respect to Cash Management Obligations and each sub-agent appointed by the Administrative Agent from time to time pursuant to Section 10.

"Securities Act": the Securities Act of 1933, as amended from time to time.

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

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

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

"Securitization Repurchase Obligation": any obligation of a seller of Securitization Assets in a Qualified Securitization Financing to repurchase Securitization Assets arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, off-set or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"Securitization Subsidiary": a Wholly Owned Subsidiary of Holdings (or another Person formed for the purposes of engaging in a Qualified Securitization Financing in which Holdings or any Subsidiary of Holdings makes an Investment and to which Holdings or any Subsidiary of Holdings transfers Securitization Assets and related assets) which engages in no activities other

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

"Security Agreement": the Security Agreement delivered to the Collateral Agent as of the date hereof, substantially in the form of Exhibit B hereto, as the same may be amended, supplemented, waived or otherwise modified from time to time.

"Security Documents": the Security Agreement, each Security Agreement Supplement (as defined in the Security Agreement) and any mortgages, security agreements, pledge agreements, Intellectual Property Security Agreements or other instruments evidencing or creating Liens on the assets of the Holdings and the Loan Parties to secure the Secured Obligations delivered to the Collateral Agent and the Lenders pursuant to Section 7.12, as amended, restated, amended and restated, supplemented, waived or otherwise modified from time to time, executed by the Loan Parties and Holdings, together with each other security agreement supplement executed and delivered pursuant to Section 7.12 and each other applicable joinder agreement.

"Senior Revolving Credit Agreement": that certain credit agreement, to be dated on or about the Closing Date, by and among the Borrower, Credit Suisse AG, as the administrative agent, and the lenders party thereto, as the same may be amended, supplemented, waived or otherwise modified from time to time.

"Senior Revolving Credit Facility": the revolving credit facility under the Senior Revolving Credit Agreement, including any guarantees, collateral documents, instruments and agreements executed in connection therewith.

"Senior Revolving Credit Facility Documents": the "Loan Documents" as defined in the Senior Revolving Credit Agreement, as the same may be amended, supplemented, waived, otherwise modified, extended, renewed, refinanced or replaced from time to time.

"Senior Secured Indebtedness": with respect to any Person, the aggregate amount, without duplication, of Indebtedness for borrowed money of such Person as of the end of the most recently ended fiscal quarter for which internal financial statements are available plus the amount of any Indebtedness for borrowed money of such Person incurred subsequent to the end of such fiscal quarter and minus the amount of any Indebtedness for borrowed money of such Person redeemed, repaid, retired or extinguished subsequent to the end of such fiscal quarter, as determined in accordance with GAAP, secured by Liens other than Permitted Liens (excluding Permitted Liens incurred pursuant to clause (26) of the definition thereof, provided that Revolving Credit Agreement Indebtedness so secured shall be excluded from the calculation of Senior Secured Indebtedness).

In addition, to the extent that any Indebtedness is incurred pursuant to Section 8.1(b)(i)(B) or Section 2.6(a)(i)(B) or is secured by any Lien pursuant to clause (26)(B) of the definition of "Permitted Liens," such Indebtedness may be refinanced from time to time with other Indebtedness (including by Indebtedness refinancing any such refinancing Indebtedness) in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) not exceeding the principal amount of, and premium (if any) and accrued interest on, the Indebtedness being refinanced plus any fees, premiums, underwriting discounts, costs and expenses relating to such refinancing, and such refinancing Indebtedness may be secured by any Lien, without further compliance with the Senior Secured Indebtedness to EBITDA Ratio thereunder.

"Senior Secured Indebtedness to EBITDA Ratio": with respect to the Borrower, the ratio of (x) the Borrower's Senior Secured Indebtedness, minus an amount of cash and Cash Equivalents held by the Borrower and its Restricted Subsidiaries as of the date of determination not exceeding $150.0 million, to (y) the Borrower's EBITDA for the most recently ended four full fiscal quarters for which internal financial statements are available (or, if earlier, were required to be delivered pursuant to Section 7.1(a) or (b)) immediately preceding the date on which such event for which such calculation is being made shall occur (the "Measurement Period").

For purposes of making the computation referred to above, if any Specified Transaction has been made by the Borrower or any of its Restricted Subsidiaries during the Measurement Period or subsequent to the Measurement Period and on or prior to the date of determination of the Senior Secured Indebtedness to EBITDA Ratio, the Senior Secured Indebtedness to EBITDA Ratio shall be calculated on a pro forma basis assuming that all such Specified Transactions (and the change in EBITDA resulting therefrom) had occurred on the first day of the Measurement Period. If, since the beginning of such Measurement Period, any Person became a Restricted Subsidiary or was merged with or into the Borrower or any of its Restricted Subsidiaries and, since the beginning of such Measurement Period, such Person shall have made any Specified Transaction that would have required adjustment pursuant to the immediately preceding sentence if made by the Borrower or a Restricted Subsidiary since the beginning of such Measurement Period, then the Senior Secured Indebtedness to EBITDA Ratio shall be calculated giving pro forma effect thereto for such period as if such Specified Transaction had occurred at the beginning of such Measurement Period.

For purposes of this definition, whenever pro forma effect is to be given to any Specified Transaction (including the Transactions and the 2011 Transactions), the pro forma calculations shall be made in good faith by a responsible financial or accounting officer of the Borrower and may include, for the avoidance of doubt, cost savings and synergies resulting from or related to any such Specified Transaction (including the Transactions and the 2011 Transactions) which is being given pro forma effect that have been or are expected to be realized and for which the actions necessary to realize such cost savings and synergies are taken or expected to be taken no later than 12 months after the date of any such Specified Transaction (in each case as though such cost savings and synergies had been realized on the first day of the applicable Measurement Period).

In the event that any calculation of the Senior Secured Indebtedness to EBITDA Ratio shall be made as of the date of the initial borrowing of any applicable Indebtedness after giving pro forma effect to the entire committed amount of such Indebtedness (as contemplated by Section 2.6(a), Section 8.1(b)(i) and clause (26) of the definition of "Permitted Liens"), such committed amount may thereafter be borrowed and reborrowed, in whole or in part, from time to time, and secured by Liens without further compliance with such ratio, provided that such committed amount shall be included as outstanding Indebtedness in any subsequent calculation of the Senior Secured Indebtedness to EBITDA Ratio, to the extent the commitment therefor then remains outstanding.

"Set": the collective reference to Eurodollar Loans of a single Tranche, the then current Interest Periods with respect to all of which begin on the same date and end on the same later date (whether or not such Eurodollar Loans shall originally have been made on the same day).

"Settlement Service": as defined in Section 11.6(b).

"Solicited Discounted Prepayment Amount": as defined in Section 4.4(h)(iv)(1).

"Solicited Discounted Prepayment Notice": an irrevocable written notice of the Borrower Solicitation of Discounted Prepayment Offers made pursuant to Section 4.4(h)(iv) substantially in the form of Exhibit M.

"Solicited Discounted Prepayment Offer": the irrevocable written offer by each Lender, substantially in the form of Exhibit N, submitted following the Administrative Agent's receipt of a Solicited Discounted Prepayment Notice.

"Solicited Discounted Prepayment Response Date": as defined in Section 4.4(h)(iv)(1).

"Solicited Discount Proration": as defined in Section 4.4(h)(iv)(3).

"Solvent" and "Solvency": with respect to the Borrower and its Subsidiaries on a consolidated basis after giving effect to the Transactions on the Closing Date means (i) the Fair Value and Present Fair Salable Value of the assets of the Borrower and its Subsidiaries taken as a whole exceed their Stated Liabilities and Identified Contingent Liabilities; (ii) the Borrower and its Subsidiaries taken as a whole do not have Unreasonably Small Capital; and (iii) the Borrower and its Subsidiaries taken as a whole will be able to pay their Stated Liabilities and Identified Contingent Liabilities as they mature (all capitalized terms used in this definition (other than "Borrower" and "Subsidiary" which have the meanings set forth in this Agreement) shall have the meaning assigned to such terms in the form of solvency certificate attached hereto as Exhibit F.

"Special Purpose Entity": (x) any Special Purpose Subsidiary or (y) any other Person that is engaged in the business of acquiring, selling, collecting, financing or refinancing Receivables, accounts (as defined in the Uniform Commercial Code as in effect in any jurisdiction from time to time), other accounts and/or other receivables, and/or related assets.

"Special Purpose Subsidiary": any Subsidiary of the Borrower that (a) is engaged solely in (x) the business of (i) acquiring, selling, collecting, financing or refinancing Receivables, accounts (as defined in the Uniform Commercial Code as in effect in any jurisdiction from time to time) and other accounts and receivables (including any thereof constituting or evidenced by chattel paper, instruments or general intangibles), all proceeds thereof and all rights (contractual and other), collateral and other assets relating thereto and/or (ii) owning or holding Capital Stock of any Special Purpose Subsidiary and/or engaging in any financing or refinancing in respect thereof, and (y) any business or activities incidental or related to such business, and (b) is designated as a "Special Purpose Subsidiary" by the Borrower.

"Specified Debt": collectively, the New Notes, the Indebtedness under the Senior Revolving Credit Facility and the Existing Unsecured Notes.

"Specified Discount": as defined in Section 4.4(h)(ii)(1).

"Specified Discount Prepayment Amount": as defined in Section 4.4(h)(ii)(1).

"Specified Discount Prepayment Notice": an irrevocable written notice of the Borrower Offer of Specified Discount Prepayment made pursuant to Section 4.4(h)(ii) substantially in the form of Exhibit O.

"Specified Discount Prepayment Response": the written response by each Lender, substantially in the form of Exhibit P, to a Specified Discount Prepayment Notice.

"Specified Discount Prepayment Response Date": as defined in Section 4.4(h)(ii)(1).

"Specified Discount Proration": as defined in Section 4.4(h)(ii)(3).

"Specified Existing Term Tranche": as defined in Section 2.8(a).

"Specified Financings": the financings included in the Transactions and the 2011 Transactions.

"Specified Transaction": (a) any designation of operations or assets of the Borrower or a Restricted Subsidiary as discontinued operations (as defined under GAAP), (b) any Investment that results in a Person becoming a Restricted Subsidiary, (c) any designation of a Subsidiary as a Restricted Subsidiary or an Unrestricted Subsidiary in compliance with this Agreement, (d) any purchase or other acquisition of a business of any Person, of assets constituting a business unit, line of business or division of any Person or (e) any Asset Sale or other disposition (i) that results in a Restricted Subsidiary ceasing to be a Subsidiary of the Borrower or (ii) of a business, business unit, line of business or division of the Borrower or a Restricted Subsidiary, in each case whether by merger, consolidation or otherwise.

"Sponsor": Access Industries, Inc. and any successor in interest thereto.

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

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

"Statutory Reserves": for any day as applied to a Eurodollar Loan, the average maximum rate at which reserves (including any marginal, supplemental or emergency reserves) are required to be maintained during such Interest Period under Regulation D by member banks of the United States Federal Reserve System in New York City with deposits exceeding one billion Dollars against "Eurocurrency liabilities" (as such term is used in Regulation D). Eurodollar Loans shall be deemed to constitute Eurocurrency liabilities and to be subject to such reserve requirements without benefit of or credit for proration, exceptions or offsets which may be available from time to time to any Lender under Regulation D.

"Submitted Amount": as defined in Section 4.4(h)(iii)(1).

"Submitted Discount": as defined in Section 4.4(h)(iii)(1).

"Subordinated Indebtedness": (a) with respect to the Borrower, indebtedness of the Borrower that is by its terms subordinated in right of payment to the Term Loans and (b) with respect to any Guarantor, any Indebtedness of such Guarantor that is by its terms subordinated in right of payment to its Guarantee of the Term Loans.

"Subsidiary": with respect to any specified Person:

(1) any corporation, association or other business entity, of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

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

"Subsidiary Guarantor": each Domestic Subsidiary that is a Wholly Owned Subsidiary (other than any Excluded Subsidiary) of the Borrower which executes and delivers the Guarantee pursuant to Section 6.1(a) or a supplement to the Guarantee Agreement pursuant to Section 7.12 or otherwise, in each case, unless and until such time as the respective Subsidiary Guarantor (a) ceases to constitute a Domestic Subsidiary of the Borrower in accordance with the terms and provisions hereof, (b) is designated an Unrestricted Subsidiary pursuant to the terms of this Agreement or (c) is released from all of its obligations under the Guarantee Agreement in accordance with terms and provisions thereof.

"Subsidiary Guarantee": the guaranty of the Term Loan Facility Obligations of the Borrower under the Loan Documents provided pursuant to the Guarantee Agreement.

"Successor Borrower": as defined in Section 8.6.

"Supplemental Term Loan Commitments": as defined in Section 2.6(a).

"Syndication Agents": Barclays Bank PLC and UBS Securities LLC, each in its capacity as syndication agent for the Initial Term Loan Commitments.

"Taxes": any and all present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority.

"Term Loan Facility Obligations": obligations of the Borrower and the other Loan Parties from time to time arising under or in respect of the due and punctual payment of (i) the principal of and premium, if any, and interest (including interest accruing during (or that would accrue but for) the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on the Term Loans, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise and (ii) all other monetary obligations, including fees, costs, expenses and indemnities, whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), of the Borrower and the other Loan Parties under this Agreement and the other Loan Documents.

"Term Loans": the Initial Term Loans, Tranche B Term Loans, Tranche C Term Loans, Incremental Term Loans and Extended Term Loans, as the context shall require.

"Third Amendment": the Second Incremental Commitment Amendment, dated as of November 21, 2016, by and among the Borrower, the other Loan Parties party thereto, Holdings, the Tranche C Term Lender party thereto and the Administrative Agent.

"Third Amendment Closing Date": the date on which all the conditions precedent set forth in Section 3 of the Third Amendment shall be satisfied or waived.

"Threshold Amount": $50 million.

"Ticking Fee Rate": as of any day, the rate per annum equal to the percentage of the Applicable Margin applicable to Tranche B Term Loans that are Eurodollar Loans set forth below for such day.

Time Period after First Incremental Amendment Effective Date	Percentage
30 days or less	0%
31 to 60 days	33%
61 to 90 days	66%
91 days or longer	100%

"Tranche": with respect to Term Loans or commitments, refers to whether such Term Loans or commitments are (1) Initial Term Loans or Initial Term Loan Commitments, (2) Tranche B Term Loans or Tranche B Term Loan Commitments, (3) Tranche C Term Loans or Tranche C Term Loan Commitments, (4) Incremental Loans or Incremental Commitments with the same terms and conditions made on the same day, or (45) Extended Term Loans (of the same Extension Series). For the avoidance of doubt, the Tranche B Refinancing Term Loans, Tranche B Initial Term Loans and the Tranche B Delayed Draw Term Loans shall be considered an increase in the Tranche B Term Loans and shall not be considered a separate Tranche of Tranche B Term Loans hereunder.

"Tranche B Delayed Draw Closing Date": the date on which all the conditions precedent set forth in Section 6 of the First Incremental Amendment shall be satisfied or waived.

"Tranche B Delayed Draw Commitment": as to any Lender, its obligation to make Tranche B Delayed Draw Term Loans to the Borrower pursuant to Section 2.1(c) in an aggregate amount not to exceed the amount set forth opposite such Lender's name in Schedule A-1 under the heading "Tranche B Delayed Draw Commitment"; collectively as to all the Tranche B Delayed Draw Term Lenders, the "Tranche B Delayed Draw Commitments". The original aggregate amount of the Tranche B Delayed Draw Commitments on the First Incremental Effective Date is $110 million.

"Tranche B Delayed Draw Commitment Fee": as defined in Section 4.5(d).

"Tranche B Delayed Draw Term Lender": any Lender having a Tranche B Delayed Draw Term Loan Commitment and/or a Tranche B Delayed Draw Term Loan outstanding hereunder.

"Tranche B Delayed Draw Term Loan": as defined in Section 2.1(c). For the avoidance of doubt, the Tranche B Delayed Draw Term Loans shall be considered an increase in the Tranche B Term Loans and shall not be considered a separate Tranche of Tranche B Term Loans hereunder.

"Tranche B Delayed Draw Ticking Fee Period": the period from (A) the date that is 31 days after the First Incremental Amendment Effective Date to (B) the earlier of (i) the Tranche B Delayed Draw Closing Date and (ii) the Tranche B Delayed Draw Outside Date.

"Tranche B Delayed Draw Outside Date": as defined in the First Incremental Amendment.

"Tranche B Initial Outside Date": as defined in the First Incremental Amendment.

"Tranche B Initial Term Lender": any Lender having a Tranche B Initial Term Loan Commitment and/or a Tranche B Initial Term Loan outstanding hereunder.

"Tranche B Initial Term Loan": as defined in Section 2.1(b). For the avoidance of doubt, the Tranche B Initial Term Loans shall be considered an increase in the Tranche B Term Loans and shall not be considered a separate Tranche of Tranche B Term Loans hereunder.

"Tranche B Initial Term Loan Commitment": as to any Lender, its obligation to make Tranche B Initial Term Loans to the Borrower pursuant to Section 2.1(b) in an aggregate amount not to exceed the amount set forth opposite such Lender's name in Schedule A-1 under the heading "Tranche B Initial Term Loan Commitment"; collectively, as to all the Tranche B Initial Term Lenders, the "Tranche B Initial Term Loan Commitments". The original aggregate amount of the Tranche B Initial Term Loan Commitments on the First Incremental Amendment Effective Date is $710 million.

"Tranche B Initial Term Loan Commitment Fee": as defined in Section 4.5(d).

"Tranche B Initial Term Loan Ticking Fee Period": the period from the date that is 31 days after the First Incremental Amendment Effective Date to the earlier of (i) the First Incremental Amendment Closing Date and (ii) the Tranche B Initial Outside Date.

"Tranche B Refinancing Term Lender": any Lender having a Tranche B Refinancing Term Loan Commitment and/or a Tranche B Refinancing Term Loan outstanding hereunder.

"Tranche B Refinancing Term Loan": as defined in Section 2.1(d).

"Tranche B Refinancing Term Loan Commitment": as to any Lender, its obligation to make Tranche B Refinancing Term Loans to the Borrower pursuant to Section 2.1(d) in an aggregate amount not to exceed the amount set forth opposite such Lender's name in Schedule A-1 under the heading "Tranche B Refinancing Term Loan Commitment"; collectively, as to all the New Tranche B Refinancing Term Lenders, the "Tranche B Refinancing Term Loan Commitments." The original aggregate amount of the Tranche B Refinancing Term Loan on the First Incremental Amendment Effective Date is $490 million.

"Tranche B Term Lender": any Lender having a Tranche B Term Loan Commitment and/or a Tranche B Term Loan outstanding hereunder.

"Tranche B Term Loan": (i) prior to the First Incremental Amendment Closing Date, the Tranche B Refinancing Term Loans, (ii) on and after the First Incremental Amendment Closing Date and prior to the Tranche B Delayed Draw Closing Date, the Tranche B Refinancing Term Loans and the Tranche B Initial Term Loans and (iii) thereafter, the Tranche B Refinancing Term Loans, the Tranche B Initial Term Loans and the Tranche B Delayed Draw Term Loans, collectively the "Tranche B Term Loans". The aggregate principal amount of the Tranche B Term Loans on the Third Amendment Closing Date after giving effect to the incurrence of the Tranche C Term Loans and the application of proceeds thereof shall be $0.

"Tranche B Term Loan Commitment": as to any Lender, its Tranche B Refinancing Term Loan Commitment, its Tranche B Initial Term Loan Commitment and its Tranche B Delayed Draw Commitment; collectively, as to all the Tranche B Term Lenders, the "Tranche B Term Loan Commitments".

"Tranche B Term Loan Maturity Date": July 1, 2020; provided that in the event that more than $153 million aggregate principal amount of the Existing Unsecured Notes are outstanding on June 28, 2018 (the "Reference Date"), the "Tranche B Term Loan Maturity Date" shall mean July 2, 2018; provided further that the first proviso of this definition shall not apply if the Senior Secured Indebtedness to EBITDA Ratio for the Borrower as of the Reference Date is less than or equal to 3.50 to 1.00.

"Tranche B Term Loan Repricing Transaction": other than in connection with a transaction involving a Change of Control, the prepayment in full or in part of the Tranche B Term Loans by the Borrower with the proceeds of secured term loans (including any new, amended or additional loans or Term Loans under this Agreement, whether as a result of an amendment to this Agreement or otherwise), that are broadly marketed or syndicated to banks and other institutional investors in financings similar to the Tranche B Term Loan Facility and having an effective interest cost or weighted average yield (as determined prior to such prepayment by the Administrative Agent consistent with generally accepted financial practice and, in any event, excluding any arrangement, structuring, syndication or commitment fees in connection therewith, and excluding any performance or ratings based pricing grid that could result in a lower interest rate based on future performance, but including any LIBOR Rate floor or similar floor that is higher than the then applicable LIBOR Rate) that is less than the interest rate for or weighted average yield (as determined prior to such prepayment by the Administrative Agent on the same basis) of the Tranche B Term Loans, including as may be effected through any amendment to this Agreement relating to the interest rate for, or weighted average yield of, the Tranche B Term Loans.

"Tranche C Term Lender": any Lender having a Tranche C Term Loan Commitment and/or a Tranche C Term Loan outstanding hereunder.

"Tranche C Term Loan": as defined in Section 2.1(e).

"Tranche C Term Loan Commitment": as to any Lender, its obligation to make Tranche C Term Loans to the Borrower pursuant to Section 2.1(e) in an aggregate amount not to exceed the amount set forth opposite such Lender's name in Schedule A-2 under the heading "Tranche C Term Loan Commitment"; collectively, as to all the Tranche C Term Lenders, the "Tranche C Term Loan Commitments". The original aggregate amount of the Tranche C Term Loan Commitments on the Third Amendment Closing Date is $1,005.975 million.

"Tranche C Term Loan Maturity Date": November 1, 2023; provided that (i) in the event that (x) more than $400 million of the aggregate principal amount of the 2014 Senior Secured Notes and the 5.00% Senior Secured Notes due August 1, 2023 are outstanding on January 15, 2022 and (y) the Senior Secured Indebtedness to EBITDA Ratio as of December 31, 2021 is greater than 4.00:1.00, the "Tranche C Term Loan Maturity Date" shall mean January 15, 2022 and (ii) in the event that more than $190.5 million of the aggregate principal amount of the Borrower's 6.750% Senior Unsecured Notes due April 15, 2022 are outstanding on January 15, 2022, the "Tranche C Term Loan Maturity Date" shall mean January 15, 2022.

"Tranche C Term Loan Repricing Transaction": other than in connection with a transaction involving a Change of Control, the prepayment in full or in part of the Tranche C Term Loans by the Borrower with the proceeds of secured term loans (including any new, amended or additional loans or Term Loans under this Agreement, whether as a result of an amendment to this Agreement or otherwise), that are broadly marketed or syndicated to banks and other institutional investors in financings similar to the Tranche C Term Loan Facility and having an effective interest cost or weighted average yield (as determined prior to such prepayment by the Administrative Agent consistent with generally accepted financial practice and, in any event, excluding any arrangement, structuring, syndication or commitment fees in connection therewith, and excluding any performance or ratings based pricing grid that could result in a lower interest rate based on future performance, but including any LIBOR Rate floor or similar floor that is higher than the then applicable LIBOR Rate) that is less than the interest rate for or weighted average yield (as determined prior to such prepayment by the Administrative Agent on the same basis) of the Tranche C Term Loans, including as may be effected through any amendment to this Agreement relating to the interest rate for, or weighted average yield of, the Tranche C Term Loans.

"Transactions": collectively, any or all of the following: (i) the entry into the New Notes Indenture and the offer and issuance of the New Notes, (ii) the entry into this Agreement and incurrence of Indebtedness hereunder, (iii) the entry into the Senior Revolving Credit Agreement and the incurrence of Indebtedness thereunder, (iv) the repayment of certain existing Indebtedness of the Borrower, including the redemption of the Borrower's 9.50% Senior Secured Notes due 2016, (v) the solicitation of certain consents and related amendments with respect to the Existing Unsecured Notes and Holdings Notes and (vi) all other transactions relating to any of the foregoing (including payment of fees and expenses related to any of the foregoing).

"Transferee": any Participant or Assignee.

"Trigger Date": July 27, 2016.

~~"Trigger Date"[1]: the date on or prior to September 30, 2016 as of which both of the following conditions have been satisfied: (i) the Borrower and its Restricted Subsidiaries, after the Second Amendment Date, have incurred Indebtedness for borrowed money with a maturity date after the Maturity Date the gross proceeds of which (before deduction of original issue discount and other fees) equal at least $300 million and (ii) the Borrower has prepaid Tranche B Term Loans after the Second Amendment Date in an amount at least equal to the lesser of (x) $300 million and (y) the net proceeds of the Indebtedness described in clause (i) above. The Borrower may notify the Administrative Agent of the occurrence of the Trigger Date. Upon receipt of such notice the Administrative Agent shall promptly confirm to the Borrower that the Trigger Date has occurred and notify the Lenders of the occurrence of the Trigger Date. Each Lender hereby authorizes the Administrative Agent to provide such confirmation and agrees that such confirmation shall be irrevocably conclusive and binding upon such Lender.~~

"Type": the type of Term Loan determined based on the interest option applicable thereto, with there being two Types of Term Loans hereunder, namely ABR Loans and Eurodollar Loans.

"UCC": the Uniform Commercial Code as in effect in the State of New York from time to time.

"United States Person": any United States person within the meaning of Section 7701(a)(30) of the Code.

"Unrestricted Subsidiary": (i) WMG Kensington, Ltd., and its Subsidiaries, (ii) any Subsidiary of the Borrower that at the time of determination is an Unrestricted Subsidiary (as designated by the Board of Directors of the Borrower, as provided below) and (iii) any Subsidiary of an Unrestricted Subsidiary. The Board of Directors of the Borrower may designate any Subsidiary of the Borrower (including any existing Subsidiary and any newly acquired or newly formed Subsidiary) to be an Unrestricted Subsidiary unless such Subsidiary or any of its Subsidiaries owns any Equity Interests or Indebtedness of, or owns or holds any Lien on, any property of, the Borrower or any Subsidiary of the Borrower (other than any Subsidiary of the Subsidiary to be so designated); provided that (a) any Unrestricted Subsidiary must be an entity of which shares of the Capital Stock or other equity interests (including partnership interests) entitled to cast at least a majority of the votes that may be cast by all shares or equity interests having ordinary voting power for the election of directors or other governing body are owned, directly or indirectly, by the Borrower, (b) such designation complies with Section 8.2 and (c) each of (I) the Subsidiary to be so designated and (II) its Subsidiaries does not at the time of designation, and does not thereafter,

(1) create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable with respect to any Indebtedness pursuant to which the lender has recourse to any of the assets of the Borrower or any Restricted Subsidiary; or

(2) own assets constituting part of the Music Publishing Business in excess of 10.0% of the total assets constituting the Music Publishing Business.

~~[1] The Trigger Date occurred on July 27, 2016.~~

The Board of Directors of the Borrower may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided that, immediately after giving effect to such designation, no Default or Event of Default shall be continuing and (1) the Borrower could incur $1.00 of additional Indebtedness under Section 8.1(a) or (2) the Fixed Charge Coverage Ratio for the Borrower and its Restricted Subsidiaries would be greater than such ratio for the Borrower and its Restricted Subsidiaries immediately prior to such designation, in each case on a pro forma basis taking into account such designation. Any such designation by such Board of Directors shall be notified by the Borrower to the Administrative Agent by promptly filing with the Administrative Agent a copy of the board resolution giving effect to such designation and a certificate of a Responsible Officer certifying that such designation complied with the foregoing provisions.

"U.S. Tax Compliance Certificate": as defined in Section 4.11(b)(ii)(2).

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

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

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

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

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

"Wholly Owned Subsidiary": as to any Person, any Subsidiary of such Person of which such Person owns, directly or indirectly through one or more Wholly Owned Subsidiaries, all of the Capital Stock of such Subsidiary other than directors qualifying shares or shares held by nominees.

"Write-Down and Conversion Powers" means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

1.2 Other Definitional Provisions. Unless otherwise specified therein, all terms defined in this Agreement shall have the defined meanings when used in any Notes, any other Loan Document or any certificate or other document made or delivered pursuant hereto.

(a) As used herein and in any Notes and any other Loan Document, and any certificate or other document made or delivered pursuant hereto or thereto, accounting terms relating to the Borrower and its Restricted Subsidiaries not defined in Section 1.1 and accounting terms partly defined in Section 1.1, to the extent not defined, shall have the respective meanings given to them under GAAP.

(b) The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section, Section, Schedule and Exhibit references are to this Agreement unless otherwise specified. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation".

(c) For purposes of determining any financial ratio or making any financial calculation for any fiscal quarter (or portion thereof) ending prior to the Closing Date, the components of such financial ratio or financial calculation shall be determined on a pro forma basis to give effect to the 2011 Transactions as if they had occurred at the beginning of such four quarter period; and each Person that is a Restricted Subsidiary upon giving effect to the 2011 Transactions shall be deemed to be a Restricted Subsidiary for purposes of the components of such financial ratio financial calculation as of the beginning of such four quarter period. In addition, for purposes of determining any financial ratio or making any financial calculation for any fiscal quarter (or portion thereof) ending prior to the Closing Date, the components of such financial ratio or financial calculation shall be determined on a pro forma basis to give effect to the Transactions as if they had occurred at the beginning of such four quarter period.

(d) Any financial ratios, including any required to be satisfied in order for a specific action to be permitted under this Agreement, shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

(e) Any references in this Agreement to "cash and/or Cash Equivalents", "cash, Cash Equivalents and/or Investment Grade Securities" or any similar combination of the foregoing shall be construed as not double counting cash or any other applicable amount which would otherwise be duplicated therein.

(f) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

(g) In connection with any action being taken in connection with a Limited Condition Transaction, for purposes of determining compliance with any provision of this Agreement which requires that no Default or Event of Default, as applicable, has occurred, is continuing or would result from any such action, as applicable, such condition shall, at the option of the Borrower, be deemed satisfied, so long as no Default or Event of Default, as applicable, exists on the date the definitive agreements for such Limited Condition Transaction are entered into or irrevocable notice of redemption, repurchase, defeasance, satisfaction and discharge or repayment of Indebtedness, Disqualified Stock or Preferred Stock is given. For the avoidance of doubt, if the Borrower has exercised its option under the first sentence of this clause (g), and any

Default or Event of Default, as applicable, occurs following the date the definitive agreements for the applicable Limited Condition Transaction were entered into or irrevocable notice of redemption, repurchase, defeasance, satisfaction and discharge or repayment of Indebtedness, Disqualified Stock or Preferred Stock is given and prior to the consummation of such Limited Condition Transaction, any such Default or Event of Default, as applicable, shall be deemed to not have occurred or be continuing for purposes of determining whether any action being taken in connection with such Limited Condition Transaction is permitted hereunder.

(h) In connection with any action being taken in connection with a Limited Condition Transaction, for purposes of:

(a) determining compliance with any provision of this Agreement which requires the calculation of the Fixed Charge Coverage Ratio or the Senior Secured Indebtedness to EBITDA Ratio; or

(b) testing baskets set forth in this Agreement (including baskets measured as a percentage of Consolidated Tangible Assets);

in each case, at the option of the Borrower (the Borrower's election to exercise such option in connection with any Limited Condition Transaction, an "LCT Election"), the date of determination of whether any such action is permitted hereunder, shall be deemed to be the date the definitive agreements for such Limited Condition Transaction are entered into or irrevocable notice of redemption, repurchase, defeasance, satisfaction and discharge or repayment of Indebtedness, Disqualified Stock or Preferred Stock is given, as applicable (the "LCT Test Date"), and if, after giving pro forma effect to the Limited Condition Transaction and the other transactions to be entered into in connection therewith (including any incurrence or Discharge of Indebtedness and the use of proceeds of such incurrence) as if they had occurred at the beginning of the most recent four consecutive fiscal quarters ending prior to the LCT Test Date for which consolidated financial statements of the Borrower are available, the Borrower could have taken such action on the relevant LCT Test Date in compliance with such ratio, basket or amount, such ratio, basket or amount shall be deemed to have been complied with. For the avoidance of doubt, if the Borrower has made an LCT Election and any of the ratios, baskets or amounts for which compliance was determined or tested as of the LCT Test Date are exceeded as a result of fluctuations in any such ratio or basket, including due to fluctuations in exchange rates or in EBITDA or Consolidated Tangible Assets of the Borrower or the Person subject to such Limited Condition Transaction, at or prior to the consummation of the relevant transaction or action, such baskets, ratios or amounts will not be deemed to have been exceeded as a result of such fluctuations. If the Borrower has made an LCT Election for any Limited Condition Transaction, then in connection with any subsequent calculation of any ratio, basket or amount with respect to the incurrence of Indebtedness or Liens, or the making of Restricted Payments, Asset Dispositions, mergers, the conveyance, lease or other transfer of all or substantially all of the assets of the Borrower or the designation of an Unrestricted Subsidiary on or following the relevant LCT Test Date and prior to the earlier of the date on which such Limited Condition Transaction is consummated or the definitive agreement for such Limited Condition Transaction is terminated or expires without consummation of such

Limited Condition Transaction, any such ratio, basket or amount shall be calculated on a pro forma basis assuming such Limited Condition Transaction and other transactions in connection therewith (including any incurrence or discharge of Indebtedness and the use of proceeds thereof) have been consummated.

SECTION 2

Amount and Terms of Commitments

2.1 Term Loans. (a) Subject to the terms and conditions hereof, each Lender holding an Initial Term Loan Commitment severally agrees to make, in Dollars, in a single draw on the Closing Date, one or more term loans (each, an "Initial Term Loan") to the Borrower in an aggregate principal amount not to exceed the amount set forth opposite such Lender's name in Schedule A under the heading "Initial Term Loan Commitment", as such amount may be adjusted or reduced pursuant to the terms hereof, which Initial Term Loans:

(i) except as hereinafter provided, shall, at the option of the Borrower, be incurred and maintained as, and/or converted into, ABR Loans or Eurodollar Loans; and

(ii) shall be made by each such Lender in an aggregate principal amount which does not exceed the Initial Term Loan Commitment of such Lender.

Once repaid, Initial Term Loans incurred hereunder may not be reborrowed. On the Closing Date (after giving effect to the incurrence of Initial Term Loans on such date), the Initial Term Loan Commitment of each Lender shall terminate.

(b) Subject to the conditions set forth in the First Incremental Amendment and in accordance with the terms hereof, each Tranche B Initial Term Lender severally agrees to make, in Dollars, in a single draw on the First Incremental Amendment Closing Date one or more term loans (each such term loan made on the First Incremental Amendment Closing Date, a "Tranche B Initial Term Loan") to the Borrower in an aggregate principal amount not to exceed the amount set forth opposite such Lender's name in Schedule A-1 under the heading "Tranche B Initial Term Loan Commitment", as such amount may be adjusted or reduced pursuant to the terms hereof, which Tranche B Initial Term Loans:

(i) except as hereinafter provided, shall, at the option of the Borrower, be incurred and maintained as, and/or converted into, ABR Loans or Eurodollar Loans; and

(ii) shall be made by each such Lender in an aggregate principal amount which does not exceed the Tranche B Initial Term Loan Commitment of such Lender.

Once repaid, Tranche B Initial Term Loans incurred hereunder may not be reborrowed. Notwithstanding the foregoing, on the Tranche B Initial Outside Date, all outstanding Tranche B Initial Term Loan Commitments shall automatically terminate if the First Incremental Amendment Closing Date shall not have occurred on or prior to the Tranche B Initial Outside Date. On the First Incremental Amendment Closing Date (after giving effect to the incurrence of Tranche B Initial Term Loans on such date), the Tranche B Initial Term Loan Commitment of each Lender shall terminate.

(c) Subject to the conditions set forth in the First Incremental Amendment and in accordance with the terms hereof, each Tranche B Delayed Draw Term Lender severally agrees to make, in Dollars, in a single draw on the Tranche B Delayed Draw Closing Date, one or more term loans (each such term loan, a "Tranche B Delayed Draw Term Loan") to the Borrower in an aggregate principal amount not to exceed the amount set forth opposite such Lender's name in Schedule A-1 under the heading "Tranche B Delayed Draw Commitment", as such amount may be adjusted or reduced pursuant to the terms hereof, which Tranche B Delayed Draw Term Loans:

(i) except as hereinafter provided, shall, at the option of the Borrower, be incurred and maintained as, and/or converted into, ABR Loans or Eurodollar Loans; and

(ii) shall be made by each such Lender in an aggregate principal amount which does not exceed the Tranche B Delayed Draw Commitment of such Lender.

Once repaid, Tranche B Delayed Draw Term Loans incurred hereunder may not be reborrowed. Notwithstanding the foregoing, on the Tranche B Delayed Draw Outside Date, all outstanding Tranche B Delayed Draw Commitments shall automatically terminate if the Tranche B Delayed Draw Closing Date shall not have occurred on or prior to the Tranche B Delayed Draw Outside Date. On the Tranche B Delayed Draw Closing Date (after giving effect to the incurrence of any Tranche B Delayed Draw Term Loans on such date), the Tranche B Delayed Draw Commitment of each Lender shall terminate.

(d) Subject to the conditions set forth in the First Incremental Amendment and in accordance with the terms hereof, each Tranche B Refinancing Term Lender severally agrees to make, in Dollars, in a single draw on the First Incremental Amendment Effective Date, one or more term loans (each such term loan made on the First Incremental Amendment Effective Date, the "Tranche B Refinancing Term Loan") to the Borrower in an aggregate principal amount not to exceed the amount set forth opposite such Lender's name in Schedule A-1 under the heading "Tranche B Refinancing Term Loan Commitment", as such amount may be adjusted or reduced pursuant to the terms hereof, which Tranche B Refinancing Term Loans:

(i) except as hereinafter provided, shall, at the option of the Borrower, be incurred and maintained as, and/or converted into, ABR Loans or Eurodollar Loans; and

(ii) shall be made by each such Lender in an aggregate principal amount which does not exceed the Tranche B Refinancing Term Loan Commitment of such Lender.

Once repaid, Tranche B Refinancing Term Loans incurred hereunder may not be reborrowed. On the First Incremental Amendment Effective Date (after giving effect to the incurrence of Tranche B Refinancing Term Loans on such date), the Tranche B Refinancing Term Loan Commitment of each Lender shall terminate.

(e) Subject to the conditions set forth in the Third Amendment and in accordance with the terms hereof, each Tranche C Term Lender severally agrees to make, in Dollars, in a single draw on the Third Amendment Closing Date one or more term loans (each such term loan made on the Third Amendment Closing Date, a "Tranche C Term Loan") to the Borrower in an aggregate principal amount not to exceed the amount set forth opposite such Lender's name in Schedule A-2 under the heading "Tranche C Term Loan Commitment", as such amount may be adjusted or reduced pursuant to the terms hereof, which Tranche C Term Loans:

(i) except as hereinafter provided, shall, at the option of the Borrower, be incurred and maintained as, and/or converted into, ABR Loans or Eurodollar Loans; and

(ii) shall be made by each such Lender in an aggregate principal amount which does not exceed the Tranche C Term Loan Commitment of such Lender.

Once repaid, Tranche C Term Loans incurred hereunder may not be reborrowed. On the Third Amendment Closing Date (after giving effect to the incurrence of Tranche C Term Loans on such date), the Tranche C Term Loan Commitment of each Lender shall terminate.

2.2 Notes. (a) The Borrower agrees that, upon the request to the Administrative Agent by any Lender made on or prior to the Closing Date (in the case of requests relating to Initial Term Loans), the First Incremental Amendment Effective Date (in the case of requests relating to Tranche B Refinancing Term Loans), the First Incremental Amendment Closing Date (in the case of requests relating to Tranche B Initial Term Loans), the Tranche B Delayed Draw Closing Date (in the case of requests relating to Tranche B Delayed Draw Term Loans), the Third Amendment Closing Date (in the case of requests relating to the Tranche C Term Loans) or in connection with any assignment pursuant to Section 11.6(b), in order to evidence such Lender's Loan, the Borrower will execute and deliver to such Lender a promissory note substantially in the form of Exhibit A (each, as amended, supplemented, replaced or otherwise modified from time to time, a "Note"), in each case with appropriate insertions therein as to payee, date and principal amount, payable to such Lender and in a principal amount equal to the unpaid principal amount of the applicable Loans made (or acquired by assignment pursuant to Section 11.6(b)) by such Lender to the Borrower. Each Note (i) in respect of Initial Term Loans shall be dated the Closing Date, (ii) in respect of Tranche B Refinancing Term Loans shall be dated the First Incremental Amendment Effective Date, (iii) in respect of Tranche B Initial Term Loans shall be dated the First Incremental Amendment Closing Date ~~and~~, (iv) in respect of Tranche B Delayed Draw Term Loans shall be dated the Tranche B Delayed Draw Closing Date and (v) in respect of Tranche C Term Loans shall be dated the Third Amendment Closing Date. Each Note shall be payable as provided in Section 2.2(b) ~~or~~, (c) or (d), as applicable, and provide for the payment of interest in accordance with Section 4.1. For the avoidance of doubt, any Notes issued with respect to Tranche B Term Loans shall reflect that, following the Tranche B Delayed Draw Closing Date, all Tranche B Refinancing Term Loans, Tranche B Initial Term Loans and Tranche B Delayed Draw Term Loans constitute a single Tranche of Tranche B Term Loans.

(b) The Initial Term Loans of all the Lenders shall be payable in consecutive quarterly installments beginning on March 29, 2013 up to and including the Initial Term Loan Maturity Date (subject to reduction as provided in Section 4.4), on the dates (or, if any day is not a Business Day, on the immediately preceding Business Day) and in the principal amounts, subject to adjustment as set forth below, equal to the respective amounts set forth below (together with all accrued interest thereon) opposite the applicable installment dates (or, if less, the aggregate amount of such Initial Term Loans then outstanding):

Date	**Amount**
Each March 31, June 30, September 30 and December 31 ending prior to the Initial Term Loan Maturity Date	1.25% of the aggregate initial principal amount of the Initial Term Loans on the Closing Date
Initial Term Loan Maturity Date	all unpaid aggregate principal amounts of any outstanding Initial Term Loans

(c) The Tranche B Term Loans of all the Lenders shall be payable in consecutive quarterly installments beginning on December 31, 2013 up to and including the Tranche B Term Loan Maturity Date (subject to reduction as provided in Section 4.4), on the dates (or, if any day is not a Business Day, on the immediately preceding Business Day) and in the principal amounts, subject to adjustment as set forth below, equal to the respective amounts set forth below (together with all accrued interest thereon) opposite the applicable installment dates (or, if less, the aggregate amount of such Tranche B Term Loans then outstanding):

Date	**Amount**
Each March 31, June 30, September 30 and December 31 ending prior to the Tranche B Term Loan Maturity Date	Prior to the First Incremental Amendment Closing Date: 0.25% of the aggregate initial principal amount of the Tranche B Refinancing Term Loans on the First Incremental Amendment Effective Date
	From the First Incremental Amendment Closing Date and Prior to the Tranche B Delayed Draw Closing Date: 0.25% of the aggregate initial principal amount of the Tranche B Refinancing Term Loans on the First Incremental Amendment Effective Date *plus* 0.25% of the aggregate initial principal amount of the Tranche B Initial Term Loans on the First Incremental Amendment Closing Date On or after the Tranche B Delayed Draw Closing Date: 0.25% of the aggregate initial principal amount of the Tranche B Refinancing Term Loans on the First Incremental Amendment Effective Date *plus* 0.25% of the aggregate initial principal amount of the Tranche B Initial Term Loans on the First Incremental Amendment Closing Date *plus* 0.25% of the aggregate initial principal amount of the Tranche B Delayed Draw Term Loans on the Tranche B Delayed Draw Closing Date
Tranche B Term Loan Maturity Date	all unpaid aggregate principal amounts of any outstanding Tranche B Term Loans

(d) The unpaid aggregate principal amount of the Tranche C Term Loans shall be repaid in full on the Tranche C Term Loan Maturity Date (or, if such day is not a Business Day, on the immediately preceding Business Day).

2.3 Procedure for Term Loan Borrowing. The Borrower shall have given the Administrative Agent notice (which notice must have been received by the Administrative Agent prior to 9:00 A.M., New York City time, and shall be irrevocable after funding) on (i) in the case of the Initial Term Loans, the Closing Date, (ii) in the case of the Tranche B Refinancing Term Loans, the First Incremental Amendment Effective Date, (iii) in the case of the Tranche B Initial Term Loans, the First Incremental Amendment Closing Date ~~and~~, (iv) in the case of the Tranche B Delayed Draw Term Loans, the Tranche B Delayed Draw Closing Date and (v) in the case of the Tranche C Term Loans, the Third Amendment Closing Date, in each case, specifying the amount of the Initial Term Loans, Tranche B Refinancing Term Loans, Tranche B Initial Term Loans ~~and~~, Tranche B Delayed Draw Term Loans and Tranche C Term Loans, as applicable, to be borrowed. Upon receipt of such notice, the Administrative Agent shall promptly notify each applicable Lender thereof. Each Lender (i) having an Initial Term Loan Commitment will make the amount of its pro rata share of the Initial Term Loan Commitments available to the Administrative Agent, (ii) having a Tranche B Refinancing Term Loan Commitment will make the amount of its pro rata share of the Tranche B Refinancing Term Loan Commitments available to the Administrative Agent, (iii) having a Tranche B Initial Term Loan Commitment will make the amount of its pro rata share of the Tranche B Initial Term Loan Commitments available to the Administrative Agent, ~~or~~ (iv) having a Tranche B Delayed Draw Commitment will make the amount of its pro rata share of the Tranche B Delayed Draw Commitments available to the Administrative Agent, or (v) having a Tranche C Term Loan Commitment will make the amount of its pro rata share of the Tranche C Term Loan Commitments available to the Administrative Agent, in each case for the account of the Borrower at the office of the Administrative Agent specified in Section 11.2 prior to 10:00 A.M., New York City time, on the Closing Date (in the case of the Initial Term Loans), the First Incremental Amendment Effective Date (in the case of the Tranche B Refinancing Term Loans), the First Incremental Amendment Closing Date (in the case of the Tranche B Initial Term Loans) ~~or~~, the Tranche B Delayed Draw Closing Date (in the case of the Tranche B Delayed Draw Term Loans) or the Third Amendment Closing Date (in the case of the Tranche C Term Loans) in funds immediately available to the Administrative Agent. The Administrative Agent shall on such date credit the account of the Borrower on the books of the Administrative Agent with the aggregate of the amounts made available to the Administrative Agent by the Lenders and in like funds as received by the Administrative Agent.

2.4 [Reserved.]

2.5 Repayment of Loans. (a) The Borrower hereby unconditionally promises to pay to the Administrative Agent (in the currency in which such Term Loan is denominated) for the account of each Lender the then unpaid principal amount of each Term Loan of such Lender made to the Borrower, on the Initial Term Loan Maturity Date (in the case of Initial Term Loans) ~~or~~, the Tranche B Term Loan Maturity Date (in the case of Tranche B Term Loans) or the Tranche C Term Loan Maturity Date (in the case of Tranche C Term Loans) (or such earlier date on which the Term Loans become due and payable pursuant to Section 9). The Borrower hereby further agrees to pay interest on the unpaid principal amount of such Term Loans from time to time outstanding from the date hereof until payment in full thereof at the rates per annum, and on the dates, set forth in Section 4.1.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing indebtedness of the Borrower to such Lender resulting from each Loan of such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time under this Agreement.

(c) The Administrative Agent shall maintain the Register pursuant to Section 11.6(b), and a subaccount therein for each Lender, in which shall be recorded (i) the amount of each Loan made hereunder, the Type thereof and each Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each applicable Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder from the Borrower and each applicable Lender's share thereof.

(d) The entries made in the Register and the accounts of each Lender maintained pursuant to Section 2.5(c) shall, to the extent permitted by applicable law, be prima facie evidence of the existence and amounts of the obligations of the Borrower therein recorded; provided, however, that the failure of any Lender or the Administrative Agent to maintain the Register or any such account, or any error therein, shall not in any manner affect the obligation of the Borrower to repay (with applicable interest) the Loans made to the Borrower by such Lender in accordance with the terms of this Agreement.

2.6 Incremental Facilities. (a) So long as no Event of Default under Section 9.1 (a) or (f) exists or would arise therefrom (provided that, to the extent the proceeds of Term Loans made pursuant to any Incremental Commitment will be used to consummate a Limited Condition ~~Acquisition~~Transaction, the requirement that there be no Event of Default under Section 9.1(a) or (f) shall only be required to be satisfied on the date on which definitive agreements with respect to such Limited Condition ~~Acquisition~~Transaction are entered into), the Borrower shall have the right, at any time and from time to time after the First Incremental Amendment Effective Date, (i) to request new term loan commitments under one or more new term loan credit facilities to be included in this Agreement (the "Incremental Term Loan Commitments") and (ii) to increase the Existing Term Loans by requesting new term loan commitments to be added to an Existing Term Tranche of Term Loans (the "Supplemental Term Loan Commitments" and, together with the Incremental Term Loan Commitments, the "Incremental Commitments"), provided that, (i) the aggregate amount of Incremental Commitments permitted pursuant to this Section 2.6 shall not exceed, at the time the respective Incremental Commitment becomes effective ~~the greater of~~ (A) $~~300.0 million and (B) the maximum aggregate principal amount (as of the date of incurrence of any such Indebtedness and after giving pro forma effect to the incurrence thereof and the application of the net proceeds therefrom (or as of the date of the initial borrowing of such Indebtedness after giving pro forma effect to the incurrence of the entire committed amount of such Indebtedness)) that can be incurred without exceeding a Senior Secured Indebtedness to EBITDA Ratio for the Borrower of (x) prior to the occurrence of the Trigger Date 3.50 to 1.00 and (y) on and after the occurrence of the Trigger Date 4.00 to 1.00 (it being understood that for purposes of determining compliance under this clause (i), any Indebtedness incurred under this clause (i) and~~300 million plus (B) the amount that could be incurred pursuant to Section 8.1(b)(i) ~~(whether or not secured), other than Revolving Credit Agreement Indebtedness, will be included in the amount of Senior Secured Indebtedness for purposes of calculating the Senior Secured Indebtedness to EBITDA Ratio),~~; (ii) if any portion of an Incremental Commitment is to be incurred in reliance on (i)(B) above, the Borrower shall

have delivered a certificate to the Administrative Agent, certifying the amount of the available basket in such clause to be used for the incurrence of such Incremental Commitment or compliance with the financial test set forth in such clause (together with calculations demonstrating compliance with such test), as applicable, and (iii) if any portion of an Incremental Commitment is to be incurred in reliance on (i)(A) above, the Borrower shall have delivered a certificate to the Administrative Agent, certifying the amount of the available basket in such clause to be used for the incurrence of such Incremental Commitment; provided further that (x) the Borrower may elect to use capacity under (i)(B) above prior to using capacity under (i)(A) above, (y) that any portion of any Incremental Commitments incurred in reliance on (i)(A) above shall be reclassified, as the Borrower may elect from time to time, as incurred under clause (i)(B) if the Borrower meets the applicable Senior Secured Indebtedness to EBITDA Ratio at such time, on a pro forma basis and (z) any amounts incurred under (i)(A) above, concurrently incurred with, or in a single transaction or series of related transactions with, amounts incurred under (i)(B) above or under Section 8.1(b)(i) or under clause (26) of the definition of "Permitted Liens" will not count as indebtedness for the purposes of calculating the Senior Secured Indebtedness to EBITDA Ratio to determine availability at such time under clause (i)(B), Section 8.1(b)(i) or capacity under clause (26) of the definition of "Permitted Liens"). Any loans made in respect of any such Incremental Commitment (other than Supplemental Term Loan Commitments) shall be made by creating a new Tranche. Each Incremental Commitment made available pursuant to this Section 2.6 shall be in a minimum aggregate amount of at least $15.0 million and in integral multiples of $5.0 million in excess thereof or such lower minimum amounts or multiples as agreed to by the Administrative Agent, in its reasonably discretion from time to time.

(b) Each request from the Borrower pursuant to this Section 2.6 shall set forth the requested amount and proposed terms of the relevant Incremental Commitments. The Incremental Commitments (or any portion thereof) may be made by any existing Lender or by any other bank or financial institution (any such bank or other financial institution, an "Additional Lender"); provided that if such Additional Lender is not already a Lender hereunder or an Affiliate of a Lender hereunder or an Approved Fund, the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required (it being understood that any such Additional Lender that is an Affiliated Lender shall be subject to the provisions of Section 11.6(h), *mutatis mutandis*, to the same extent as if such Incremental Commitments and related Obligations had been obtained by such Lender by way of assignment).

(c) Supplemental Term Loan Commitments shall become commitments under this Agreement pursuant to a supplement specifying the Term Loan Tranche to be increased, executed by the Borrower and each increasing Lender substantially in the form attached hereto as Exhibit G (the "Increase Supplement") or by each Additional Lender substantially in the form attached hereto as Exhibit H (the "Lender Joinder Agreement"), as the case may be, which shall be delivered to the Administrative Agent for recording in the Register. Upon effectiveness of the Lender Joinder Agreement each Additional Lender shall be a Lender for all intents and purposes of this Agreement and the term loan made pursuant to such Supplemental Term Loan Commitment shall be a Term Loan.

(d) Incremental Commitments (other than Supplemental Term Loan Commitments) shall become commitments under this Agreement pursuant to an amendment (an "Incremental

Commitment Amendment") to this Agreement and, as appropriate, the other Loan Documents, executed by the Borrower and each Additional Lender. An Incremental Commitment Amendment may, without the consent of any other Lender, effect such amendments to any Loan Documents as may be necessary or appropriate, in the opinion of the Borrower and the Administrative Agent, to effect the provisions of this Section 2.6; provided, however, that (i) (A) the Incremental Commitments will not be guaranteed by any Subsidiary of the Borrower other than the Subsidiary Guarantors, and will be secured on a pari passu or (at the Borrower's option) junior basis by the same Collateral securing the Tranche ~~B~~C Term Loans (so long as any such Incremental Commitments (and related Obligations) secured on a junior basis are subject to the Junior Lien Intercreditor Agreement or an Other Intercreditor Agreement, as applicable), (B) the Incremental Commitments and any incremental loans drawn thereunder (the "Incremental Loans") shall rank pari passu in right of payment with or (at the Borrower's option) junior to the Tranche ~~B~~C Term Loans and (C) no Incremental Commitment Amendment may provide for (I) any Incremental Commitment or any Incremental Loans to be secured by any Collateral or other assets of any Loan Party that do not also secure the Term Loans (other than the proceeds of Incremental Loans which are subject to an escrow or similar arrangement and any related deposit of Cash or Cash Equivalents to cover interest and premium in respect of such Incremental Loans) and (II) so long as any Tranche ~~B~~C Term Loans are outstanding, any mandatory prepayment provisions that do not also apply to the Term Loans (other than Incremental Term Loans secured on a junior basis by the Collateral or ranking junior in right of payment, which shall be subject to junior prepayment provisions) on a pro rata basis (or otherwise provide for more favorable prepayment treatment for the Tranche ~~B~~C Term Loans than such Incremental Term Loans as contemplated by the proviso appearing in Section 4.4(c)) (other than, in the case of any customary bridge financing, prepayments of such bridge financing from the issuance of equity or other Indebtedness permitted hereunder), provided that (subject to clause (iii) below) any Incremental Term Loans may provide for more favorable amortization payments than the Tranche ~~B~~C Term Loans, (ii) no Lender will be required to provide any such Incremental Commitment unless it so agrees; (iii) the maturity date and the weighted average life to maturity of such Incremental Term Loan Commitments shall be no earlier than or shorter than, as the case may be, the Tranche ~~B~~C Term Loan Maturity Date or the weighted average life to maturity of the Tranche ~~B~~C Term Loans, as applicable (other than an earlier maturity date and/or shorter weighted average life to maturity for customary bridge financings, which, subject to customary conditions, would either be automatically converted into or required to be exchanged for permanent financing which does not provide for an earlier maturity date or a shorter weighted average life to maturity than the Tranche ~~B~~C Term Loan Maturity Date or the weighted average life to maturity of the Tranche ~~B~~C Term Loans, as applicable); (iv) the interest rate margins and amortization schedule applicable to the loans made pursuant to the Incremental Commitments shall be determined by the Borrower and the applicable Additional Lenders; provided that in the event that the applicable interest rate margins for any term loans incurred by the Borrower under any Incremental Term Loan Commitment, are higher than the applicable interest rate margin for the Tranche ~~B~~C Term Loans by more than 50 basis points, then the Applicable Margin for the Tranche ~~B~~C Term Loans shall be increased (the "Increased Amount") to the extent necessary so that the applicable interest rate margin for the Tranche ~~B~~C Term Loans is equal to the applicable interest rate margins for such Incremental Term Loan Commitment minus 50 basis points; provided, further that, in determining the applicable interest rate margins for the Tranche ~~B~~C Term Loans and the Incremental Term Loans, (A) original issue discount ("OID") or upfront

fees payable generally to all participating Additional Lenders in lieu of OID (which shall be deemed to constitute like amounts of OID) payable by the Borrower to the Lenders under the Tranche ~~B~~C Term Loans or any Incremental Term Loan in the initial primary syndication thereof shall be included (with OID and upfront fees being equated to interest based on an assumed four-year life to maturity); (B) any arrangement, structuring or other fees payable in connection with the Incremental Term Loans that are not shared with all Additional Lenders providing such Incremental Term Loans shall be excluded; (C) any amendments to the Applicable Margin on the Tranche ~~B~~C Term Loans that became effective subsequent to the ~~First Incremental~~Third Amendment ~~Effective~~Closing Date but prior to the time of such Incremental Term Loans shall also be included in such calculations ~~and~~; (D) if the Incremental Term Loans include an interest rate floor greater than the interest rate floor applicable to the Tranche ~~B~~C Term Loans, such increased amount shall be equated to the applicable interest rate margin for purposes of determining whether an increase to the Applicable Margin for the Tranche ~~B~~C Term Loans shall be required, to the extent an increase in the interest rate floor for the Tranche ~~B~~C Term Loans would cause an increase in the interest rate then in effect thereunder, and in such case the interest rate floor (but not the Applicable Margin) applicable to the Tranche ~~B~~C Term Loans shall be increased by such amount; (E) if the Incremental Term Loans include an interest rate floor lower than the interest rate floor applicable to the Tranche C Term Loans or do not include any interest rate floor, to the extent a reduction in the interest rate floor for such Tranche C Term Loans would cause a reduction in the interest rate then in effect thereunder, an amount equal to the difference between the interest rate floor applicable to the Tranche C Term Loans and the interest rate floor applicable to such Incremental Term Loans (which shall be deemed to equal 0% for any Incremental Term Loans without any interest rate floor), but which in any event shall not exceed the maximum amount by which a reduction in the interest rate floor applicable to the Tranche C Term Loans would cause a reduction in the interest rate then in effect thereunder, shall reduce the applicable interest rate margin of the applicable Incremental Terms Loans for purposes of determining whether an increase to the Applicable Margin for such Tranche C Term Loans shall be required, and (F) if the applicable Tranche C Term Loans include a pricing grid the interest rate margins in such pricing grid which are not in effect at the time the applicable Incremental Commitments become effective shall also each be increased by an amount equal to the Increased Amount; (v) such Incremental Commitment Amendment may provide (1) for the inclusion, as appropriate, of Additional Lenders in any required vote or action of the Required Lenders or of the Lenders of each Tranche hereunder, (2) for class voting and other class protections for any additional credit facilities, and (3) for the amendment of the definition of "Disqualified Stock," in each case only to extend the maturity date and the weighted average life to maturity requirements, from the Tranche ~~B~~C Term Loan Maturity Date and weighted average life to maturity of the Tranche ~~B~~C Term Loans to the extended maturity date and the weighted average life to maturity of such Incremental Term Loans, as applicable; and (vi) the other terms and documentation in respect thereof, to the extent not consistent with this Agreement as in effect prior to giving effect to the Incremental Commitment Amendment, shall otherwise be reasonably satisfactory to the Borrower, provided that to the extent such terms and documentation are not consistent with, in the case of Incremental Term Loans, the terms and documentation governing the Tranche ~~B~~C Term Loans (except to the extent permitted by clause (iii), (iv) or (v) above), they shall be reasonably satisfactory to the Borrower and the Administrative Agent.

(e) For the avoidance of doubt, the Tranche B Initial Term Loans or the Tranche B Delayed Draw Term Loans, in each case, incurred after the First Incremental Effective Date shall not constitute "Incremental Term Loans" incurred pursuant to this Section 2.6 but shall be incurred pursuant to Section 2.1(b) or (c) (as applicable) and accordingly the requirements of this Section 2.6, including clause (iv) of the first proviso of Section 2.6(d), shall not apply thereto.

2.7 Permitted Debt Exchanges. (a) Notwithstanding anything to the contrary contained in this Agreement, pursuant to one or more offers (each, a "Permitted Debt Exchange Offer") made from time to time by the Borrower to all Lenders (other than any Lender that, if requested by the Borrower, is unable to certify that it is either a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act) or an institutional "accredited investor" (as defined in Rule 501 under the Securities Act)) with outstanding Term Loans of a particular Tranche, as selected by the Borrower, the Borrower may from time to time following the First Incremental Amendment Effective Date consummate one or more exchanges of Term Loans of such Tranche for Indebtedness in the form of notes (such notes, "Permitted Debt Exchange Notes," and each such exchange a "Permitted Debt Exchange"), so long as the following conditions are satisfied: (i) the aggregate principal amount (calculated on the face amount thereof) of Term Loans exchanged shall equal the aggregate principal amount (calculated on the face amount thereof) of Permitted Debt Exchange Notes issued in exchange for such Term Loans, (ii) the aggregate principal amount (calculated on the face amount thereof) of all Term Loans exchanged by the Borrower pursuant to any Permitted Debt Exchange shall automatically be cancelled and retired by the Borrower on the date of the settlement thereof (and, if requested by the Administrative Agent, any applicable exchanging Lender shall execute and deliver to the Administrative Agent an Assignment and Acceptance, or such other form as may be reasonably requested by the Administrative Agent, in respect thereof pursuant to which the respective Lender assigns its interest in the Term Loans being exchanged pursuant to the Permitted Debt Exchange to the Borrower for immediate cancellation), (iii) if the aggregate principal amount of all Term Loans (calculated on the face amount thereof) tendered by Lenders in respect of the relevant Permitted Debt Exchange Offer (with no Lender being permitted to tender a principal amount of Term Loans which exceeds the principal amount of the applicable Tranche actually held by it) shall exceed the maximum aggregate principal amount of Term Loans offered to be exchanged by the Borrower pursuant to such Permitted Debt Exchange Offer, then the Borrower shall exchange Term Loans subject to such Permitted Debt Exchange Offer tendered by such Lenders ratably up to such maximum amount based on the respective principal amounts so tendered, (iv) each such Permitted Debt Exchange Offer shall be made on a pro rata basis to the Lenders (other than any Lender that, if requested by the Borrower, is unable to certify that it is either a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act) or an institutional "accredited investor" (as defined in Rule 501 under the Securities Act)) based on their respective aggregate principal amounts of outstanding Term Loans of the applicable Tranche, (v) all documentation in respect of such Permitted Debt Exchange shall be consistent with the foregoing and all written communications generally directed to the Lenders in connection therewith shall be in form and substance consistent with the foregoing and made in consultation with the Administrative Agent, (vi) any applicable Minimum Exchange Tender Condition shall be satisfied and (vii) such Permitted Debt Exchange Notes do not provide for a maturity date or weighted average life to maturity earlier than the Maturity Date of the Term Loans subject to such Permitted Debt Exchange or shorter than the weighted average life to maturity of the Term Loans subject to such Permitted Debt Exchange.

(b) With respect to all Permitted Debt Exchanges effected by the Borrower pursuant to this Section 2.7, (i) such Permitted Debt Exchanges (and the cancellation of the exchanged Term Loans in connection therewith) shall not constitute voluntary or mandatory payments or prepayments for purposes of Section 4.4 and (ii) such Permitted Debt Exchange Offer shall be made for not less than $15.0 million in aggregate principal amount of Term Loans, provided that subject to the foregoing clause (ii), the Borrower may at its election specify as a condition (a "Minimum Exchange Tender Condition") to consummating any such Permitted Debt Exchange that a minimum amount (to be determined and specified in the relevant Permitted Debt Exchange Offer in the Borrower's discretion) of Term Loans be tendered.

(c) In connection with each Permitted Debt Exchange, the Borrower shall provide the Administrative Agent at least ten Business Days' (or such shorter period as may be agreed by the Administrative Agent) prior written notice thereof, and the Borrower and the Administrative Agent, acting reasonably, shall mutually agree to such procedures as may be necessary or advisable to accomplish the purposes of this Section 2.7 and without conflict with Section 2.7(d); provided that the terms of any Permitted Debt Exchange Offer shall provide that the date by which the relevant Lenders are required to indicate their election to participate in such Permitted Debt Exchange shall be not less than five Business Days following the date on which the Permitted Debt Exchange Offer is made.

(d) The Borrower shall be responsible for compliance with, and hereby agrees to comply with, all applicable securities and other laws in connection with each Permitted Debt Exchange, it being understood and agreed that (x) neither the Administrative Agent nor any Lender assumes any responsibility in connection with the Borrower's compliance with such laws in connection with any Permitted Debt Exchange (other than the Borrower's reliance on any certificate delivered by a Lender pursuant to Section 2.7(a) above for which such Lender shall bear sole responsibility) and (y) each Lender shall be solely responsible for its compliance with any applicable "insider trading" laws and regulations to which such Lender may be subject under the Securities Exchange Act of 1934, as amended.

2.8 Extension of Term Loans. (a) The Borrower may at any time and from time to time request that all or a portion of the Term Loans of one or more Tranches (including any Extended Term Loans) existing at the time of such request (each, an "Existing Term Tranche" and the Term Loans of such Tranche, the "Existing Term Loans") be converted to extend the scheduled maturity date(s) of any payment of principal with respect to all or a portion of any principal amount of any Existing Term Tranche (any such Existing Term Tranche which has been so extended, an "Extended Term Tranche" and the Term Loans of such Tranche, the "Extended Term Loans") and to provide for other terms consistent with this Section 2.8; provided that (i) any such request shall be made by the Borrower to all Lenders with Term Loans with a like maturity date (whether under one or more Tranches) on a pro rata basis (based on the aggregate outstanding principal amount of the applicable Term Loans), and (ii) any applicable Minimum Extension Condition shall be satisfied unless waived by the Borrower. In order to establish any Extended Term Tranche, the Borrower shall provide a notice to the Administrative Agent (who shall provide a copy of such notice to each of the Lenders of the applicable Existing Term Tranche) (an "Extension Request") setting forth the proposed terms of the Extended Term Tranche to be established, which terms shall be identical to those applicable to the Existing Term Tranche from which they are to be extended (the "Specified Existing Term Tranche"), except

(w) all or any of the final maturity dates of such Extended Term Tranches may be delayed to later dates than the final maturity dates of the Specified Existing Term Tranche, (x) (A) the interest margins with respect to the Extended Term Tranche may be higher or lower than the interest margins for the Specified Existing Term Tranche and/or (B) additional fees may be payable to the Lenders providing such Extended Term Tranche in addition to or in lieu of any increased margins contemplated by the preceding clause (A), in each case to the extent provided in the applicable Extension Amendment, (y) any optional or mandatory prepayment applicable to any Extended Term Tranche may be directed first to the prepayment of the Existing Term Loans and (z) amortization with respect to the Extended Term Tranche may be greater or lesser than amortization for the Specified Existing Term Tranche, so long as the Extended Term Tranche does not have a weighted average life to maturity shorter than the remaining weighted average life to maturity of the Specified Existing Term Tranche; provided that, notwithstanding anything to the contrary in this Section 2.8 or otherwise, (1) assignments and participations of Extended Term Tranches shall be governed by the same or, at the Borrower's discretion, more restrictive assignment and participation provisions than the assignment and participation provisions applicable to Term Loans set forth in Section 11.6, and (2) subject to clause (z) above, no mandatory repayment of Extended Term Tranches shall be permitted unless such repayment is accompanied by an at least pro rata repayment of all earlier maturing Tranches (including Extended Term Tranches) (or all earlier maturing Tranches (including Extended Term Tranches) shall otherwise be or have been terminated and repaid in full). No Lender shall have any obligation to agree to have any of its Existing Term Loans converted into an Extended Term Tranche pursuant to any Extension Request. Any Extended Term Tranche shall constitute a separate Tranche of Term Loans from the Specified Existing Term Tranches and from any other Existing Term Tranches (together with any other Extended Term Tranches so established on such date).

(b) The Borrower shall provide the applicable Extension Request at least ten Business Days prior to the date on which Lenders under the applicable Existing Term Tranche or Existing Term Tranches are requested to respond. Any Lender (an "Extending Lender") wishing to have all or a portion of its Specified Existing Term Tranche converted into an Extended Term Tranche shall notify the Administrative Agent (each, an "Extension Election") on or prior to the date specified in such Extension Request of the amount of its Specified Existing Term Tranche that it has elected to convert into an Extended Term Tranche. In the event that the aggregate amount of the Specified Existing Term Tranche subject to Extension Elections exceeds the amount of Extended Term Tranches requested pursuant to the Extension Request, the Specified Existing Term Tranches subject to Extension Elections shall be converted to Extended Term Tranches on a pro rata basis based on the amount of Specified Existing Term Tranches included in each such Extension Election. In connection with any extension of Term Loans pursuant to this Section 2.8 (each, an "Extension"), the Borrower shall agree to such procedures regarding timing, rounding and other administrative adjustments to ensure reasonable administrative management of the credit facilities hereunder after such Extension, as may be established by, or acceptable to, the Administrative Agent, in each case acting reasonably to accomplish the purposes of this Section 2.8. The Borrower may amend, revoke or replace an Extension Request pursuant to procedures reasonably acceptable to the Administrative Agent at any time prior to the date (the "Extension Request Deadline") on which Lenders under the applicable Existing Term Tranche are requested to respond to the Extension Request. Any Lender may revoke an Extension Election at any time

prior to 5:00 P.M. on the date that is two Business Days prior to the Extension Request Deadline, at which point the Extension Election becomes irrevocable (unless otherwise agreed by the Borrower). The revocation of an Extension Election prior to the Extension Request Deadline shall not prejudice any Lender's right to submit a new Extension Election prior to the Extension Request Deadline.

(c) Extended Term Tranches shall be established pursuant to an amendment (an "Extension Amendment") to this Agreement (which may include amendments to (i) provisions related to maturity, interest margins, fees, amortization or prepayments referenced in clauses (w) through (z) of Section 2.8(a) and (ii) the definition of "Disqualified Stock" to amend the maturity date and the weighted average life to maturity requirements, from the Tranche ~~B~~C Term Loan Maturity Date and weighted average life to maturity of the Tranche ~~B~~C Term Loans to the extended maturity date and the weighted average life to maturity of such Extended Term Tranche, as applicable, and which, in each case, except to the extent expressly contemplated by the third to last sentence of this Section 2.8(c) and notwithstanding anything to the contrary set forth in Section 11.1, shall not require the consent of any Lender other than the Extending Lenders with respect to the Extended Term Tranches established thereby) executed by the Loan Parties, the Administrative Agent, and the Extending Lenders. No Extension Amendment shall provide for any Extended Term Tranche in an aggregate principal amount that is less than $15.0 million. Notwithstanding anything to the contrary in this Agreement and without limiting the generality or applicability of Section 11.1 to any Section 2.8 Additional Amendments, any Extension Amendment may provide for additional terms and/or additional amendments other than those referred to or contemplated above (any such additional amendment, a "Section 2.8 Additional Amendment") to this Agreement and the other Loan Documents; provided that such Section 2.8 Additional Amendments do not become effective prior to the time that such Section 2.8 Additional Amendments have been consented to (including, without limitation, pursuant to consents applicable to holders of any Extended Term Tranches provided for in any Extension Amendment) by such of the Lenders, Loan Parties and other parties (if any) as may be required in order for such Section 2.8 Additional Amendments to become effective in accordance with Section 11.1; provided, further, that no Extension Amendment may provide for any Extended Term Tranche to be secured by any Collateral or other assets of any Loan Party that does not also secure the Existing Term Tranches. It is understood and agreed that each Lender has consented for all purposes requiring its consent, and shall at the effective time thereof be deemed to consent to each amendment to this Agreement and the other Loan Documents authorized by this Section 2.8 and the arrangements described above in connection therewith except that the foregoing shall not constitute a consent on behalf of any Lender to the terms of any Section 2.8 Additional Amendment. In connection with any Extension Amendment, at the request of the Administrative Agent or the Extending Lenders, the Borrower shall deliver an opinion of counsel reasonably acceptable to the Administrative Agent as to the enforceability of this Agreement as amended by such Extension Amendment, and such of the other Loan Documents (if any) as may be amended thereby.

(d) Notwithstanding anything to the contrary contained in this Agreement, on any date on which any Existing Term Tranche is converted to extend the related scheduled maturity date(s) in accordance with clause (a) above (an "Extension Date"), in the case of the Specified Existing Term Tranche of each Extending Lender, the aggregate principal amount of such Specified Existing Term Tranche shall be deemed reduced by an amount equal to the aggregate principal amount of Extended Term Tranche so converted by such Lender on such date, and such Extended Term Tranches shall be established as a separate Tranche from the Specified Existing Term Tranche and from any other Existing Term Tranches (together with any other Extended Term Tranches so established on such date).

(e) If, in connection with any proposed Extension Amendment, any Lender declines to consent to the applicable extension on the terms and by the deadline set forth in the applicable Extension Request (each such other Lender, a "Non-Extending Lender") then the Borrower may, on notice to the Administrative Agent and the Non-Extending Lender, (i) replace such Non-Extending Lender by causing such Lender to (and such Lender shall be obligated to) assign pursuant to Section 11.6 (with the assignment fee and any other costs and expenses to be paid by the Borrower in such instance) all of its rights and obligations under this Agreement to one or more assignees; provided that neither the Administrative Agent nor any Lender shall have any obligation to the Borrower to find a replacement Lender; provided, further, that the applicable assignee shall have agreed to provide Extended Term Loans on the terms set forth in such Extension Amendment; and provided, further, that all obligations of the Borrower owing to the Non-Extending Lender relating to the Existing Term Loans so assigned shall be paid in full by the assignee Lender to such Non-Extending Lender concurrently with such Assignment and Acceptance or (ii) if no Event of Default exists under Section 9.1(a) or (f), upon notice to the Administrative Agent, prepay the Existing Term Loans, in whole or in part, subject to Section 4.12, without premium or penalty. In connection with any such replacement under this Section 2.8, if the Non-Extending Lender does not execute and deliver to the Administrative Agent a duly completed Assignment and Acceptance and/or any other documentation necessary to reflect such replacement by the later of (A) the date on which the replacement Lender executes and delivers such Assignment and Acceptance and/or such other documentation and (B) the date as of which all obligations of the Borrower owing to the Non-Extending Lender relating to the Existing Term Loans so assigned shall be paid in full by the assignee Lender to such Non-Extending Lender, then such Non-Extending Lender shall be deemed to have executed and delivered such Assignment and Acceptance and/or such other documentation as of such date, the Administrative Agent shall record such assignment in the Register and the Borrower shall be entitled (but not obligated) to execute and deliver such Assignment and Acceptance and/or such other documentation on behalf of such Non-Extending Lender.

(f) Following any Extension Date, with the written consent of the Borrower, any Non-Extending Lender may elect to have all or a portion of its Existing Term Loans deemed to be an Extended Term Loan under the applicable Extended Term Tranche on any date (each date a "Designation Date") prior to the maturity date of such Extended Term Tranche; provided that (i) such Lender shall have provided written notice to the Borrower and the Administrative Agent at least ten Business Days prior to such Designation Date (or such shorter period as the Administrative Agent may agree in its reasonable discretion) and (ii) except as set forth in Section 2.8(c), no more than three Designation Dates may occur in any one year period without the written consent of the Administrative Agent. Following a Designation Date, the Existing

Term Loans held by such Lender so elected to be extended will be deemed to be Extended Term Loans of the applicable Extended Term Tranche, and any Existing Term Loans held by such Lender not elected to be extended, if any, shall continue to be "Existing Term Loans" of the applicable Tranche.

(g) With respect to all Extensions consummated by the Borrower pursuant to this Section 2.8, (i) such Extensions shall not constitute optional or mandatory payments or prepayments for purposes of Section 4.4 and (ii) no Extension Request is required to be in any minimum amount or any minimum increment, provided that the Borrower may at its election specify as a condition (a "Minimum Extension Condition") to consummating any such Extension that a minimum amount (to be determined and specified in the relevant Extension Request in the Borrower's sole discretion and may be waived by the Borrower) of Existing Term Loans of any or all applicable Tranches be extended. The Administrative Agent and the Lenders hereby consent to the transactions contemplated by this Section 2.8 (including, for the avoidance of doubt, payment of any interest, fees or premium in respect of any Extended Term Loans on such terms as may be set forth in the relevant Extension Request) and hereby waive the requirements of any provision of this Agreement (including Sections 4.4 and 4.8) or any other Loan Document that may otherwise prohibit any such Extension or any other transaction contemplated by this Section 2.8.

SECTION 3

[Reserved]

SECTION 4

General Provisions Applicable to Loans

4.1 Interest Rates and Payment Dates. (a) Each Eurodollar Loan shall bear interest for each day during each Interest Period with respect thereto at a rate per annum equal to the Adjusted LIBOR Rate determined for such day plus the Applicable Margin in effect for such day.

(b) Each ABR Loan shall bear interest for each day that it is outstanding at a rate per annum equal to the Alternate Base Rate in effect for such day plus the Applicable Margin in effect for such day.

(c) If all or a portion of (i) the principal amount of any Term Loan, (ii) any interest payable thereon or (iii) any other amount payable hereunder shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), such overdue amount shall bear interest at a rate per annum which is (x) in the case of overdue principal, the rate that would otherwise be applicable thereto pursuant to the relevant foregoing provisions of this Section 4.1, plus 2.00%, (y) in the case of overdue interest, the rate that would be otherwise applicable to principal of the related Term Loan pursuant to the relevant foregoing provisions of this Section 4.1 (other than clause (x) above) plus 2.00% and (z) in the case of other amounts, the rate described in clause (b) of this Section 4.1 for ABR Loans accruing interest at the Alternate Base Rate plus 2.00%, in each case from the date of such nonpayment until such amount is paid in full (as well after as before judgment).

(d) Interest shall be payable in arrears on each Interest Payment Date, provided that interest accruing pursuant to clause (c) of this Section 4.1 shall be payable from time to time on demand.

(e) It is the intention of the parties hereto to comply strictly with applicable usury laws; accordingly, it is stipulated and agreed that the aggregate of all amounts which constitute interest under applicable usury laws, whether contracted for, charged, taken, reserved, or received, in connection with the indebtedness evidenced by this Agreement or any Notes, or any other document relating or referring hereto or thereto, now or hereafter existing, shall never exceed under any circumstance whatsoever the maximum amount of interest allowed by applicable usury laws.

4.2 Conversion and Continuation Options. (a) Subject to its obligations pursuant to Section 4.12(c), the Borrower may elect from time to time to convert outstanding Loans of a given Tranche from Eurodollar Loans to ABR Loans by the Borrower giving the Administrative Agent irrevocable notice of such election prior to 1:00 P.M., New York City time two Business Days prior to such election. The Borrower may elect from time to time to convert outstanding Term Loans of a given Tranche from ABR Loans to Eurodollar Loans, by the Borrower giving the Administrative Agent irrevocable notice of such election prior to 1:00 P.M., New York City time at least three Business Day prior to such election. Any such notice of conversion to Eurodollar Loans shall specify the length of the initial Interest Period or Interest Periods therefor. Upon receipt of any such notice the Administrative Agent shall promptly notify each affected Lender thereof. All or any part of outstanding Eurodollar Loans or ABR Loans may be converted as provided herein, provided that (i) (unless the Required Lenders otherwise consent) no Loan may be converted into a Eurodollar Loan when any Default or Event of Default has occurred and is continuing and, in the case of any Default (other than a Default under Section 9.1(f)), the Administrative Agent has given notice to the Borrower that no such conversions may be made and (ii) no Term Loan may be converted into a Eurodollar Loan after the date that is one month prior to the Initial Term Loan Maturity Date (in the case of Initial Term Loans) ~~or~~, the Tranche B Term Loan Maturity Date (in the case of Tranche B Term Loans) or the Tranche C Term Loan Maturity Date (in the case of Tranche C Term Loans).

(b) Any Eurodollar Loan may be continued as such upon the expiration of the then current Interest Period with respect thereto by the Borrower giving the Administrative Agent irrevocable notice of such continuation prior to 1:00 P.M., New York City time three Business Days prior to such continuation, including the length of the next Interest Period to be applicable to such Eurodollar Loan, determined in accordance with the applicable provisions of the term "Interest Period" set forth in Section 1.1, provided that no Eurodollar Loan may be continued as such (i) (unless the Required Lenders otherwise consent) when any Default or Event of Default has occurred and is continuing and, in the case of any Default (other than a Default under Section 9.1(f)), the Administrative Agent has given notice to the Borrower that no such continuations may be made or (ii) after the date that is one month prior to the applicable Maturity Date, and provided, further, that if the Borrower shall fail to give any required notice as described above in this clause (b) or if such continuation is not permitted pursuant to the preceding proviso such Eurodollar Loans shall be automatically converted to ABR Loans on the last day of such then expiring Interest Period. Upon receipt of any such notice of continuation pursuant to this Section 4.2(b), the Administrative Agent shall promptly notify each affected Lender thereof.

(c) Notwithstanding any other provision of this Agreement, it is understood and agreed that on the First Incremental Amendment Closing Date and the Tranche B Delayed Draw Closing Date (each, a "Required Conversion Date"), the Borrower shall elect to convert any then outstanding Tranche B Term Loans that are Eurodollar Loans to either (i) ABR Loans or (ii) Eurodollar Loans having an Interest Period designated by the Borrower, in each case regardless of whether such Required Conversion Date is the last day of an Interest Period with respect to such Tranche B Term Loans, and each Required Conversion Date shall constitute an Interest Payment Date with respect to all outstanding Tranche B Term Loans. On each Required Conversion Date, the new Tranche B Term Loans incurred on such date shall be allocated ratably to the then outstanding Borrowings of ABR Loans and Eurodollar Loans after giving effect to such conversion (based upon the relative amount that the aggregate principal amount of Tranche B Term Loans that are ABR Loans or Tranche B Term Loans that are Eurodollar Loans, respectively, outstanding on such Required Conversion Date (after giving effect to such conversion) bears to the aggregate principal amount of Tranche B Term Loans outstanding on such Required Conversion Date), with the effect that: (A) the new Tranche B Term Loans allocated to Eurodollar Loans shall be added to (and thereafter be deemed to constitute a part of) such Eurodollar Loans, and be subject to the same Adjusted LIBOR Rates and Interest Periods (in each case after giving effect to such conversion) as such Eurodollar Loans to which they are added and (B) the new Tranche B Term Loans allocated to ABR Loans shall be added to (and thereafter be deemed to constitute part of) such ABR Loans, and be subject to the same Alternate Base Rate as such ABR Loans to which they are added. The Administrative Agent shall (and is hereby authorized to) take all appropriate actions in connection with the incurrence of new Tranche B Term Loans on each Required Conversion Date to ensure that all Lenders with Tranche B Term Loans outstanding on such Required Conversion Date (after giving effect to the incurrence of new Tranche B Term Loans on such Required Conversion Date) participate pro rata in accordance with this Section 4.2(c) in each Borrowing of Tranche B Term Loans (as increased by the amount of new Tranche B Term Loans incurred on such Required Conversion Date). Each Tranche B Term Lender agrees that the provisions of Section 4.12 shall not apply to any conversion of Eurodollar Loans of such Lender on any Required Conversion Date pursuant to this Section 4.2(c).From the First Incremental Amendment Closing Date, the Tranche B Refinancing Term Loans and the Tranche B Initial Term Loans shall constitute a single Tranche of Tranche B Term Loans having identical terms as set forth herein and from the Tranche B Delayed Draw Closing Date, the Tranche B Refinancing Term Loans, the Tranche B Initial Term Loans and the Tranche B Delayed Draw Term Loans shall constitute a single Tranche of Tranche B Term Loans having identical terms as set forth herein.

4.3 Minimum Amounts; Maximum Sets. All borrowings, conversions and continuations of Term Loans hereunder and all selections of Interest Periods hereunder shall be in such amounts and be made pursuant to such elections so that, after giving effect thereto, the aggregate principal amount of the Eurodollar Loans comprising each Set shall be equal to $1.0 million or a whole multiple of $250,000 in excess thereof and so that there shall not be more than 12 Sets at any one time outstanding.

4.4 Optional and Mandatory Prepayments. (a) The Borrower may at any time and from time to time prepay the Term Loans made to it, in whole or in part, subject to Section 4.12, without premium or penalty (except as provided in Section 4.5(b) ~~and~~, (c) and (e)), upon notice by the Borrower to the Administrative Agent prior to 2:00 P.M., New York City time at least three

Business Days (or such shorter period as may be agreed by the Administrative Agent in its reasonable discretion) prior to the date of prepayment (in the case of Eurodollar Loans), or prior to 2:00 P.M., New York City time at least one Business Day prior to the date of prepayment (in the case of ABR Loans) (or such later time as may be agreed by the Administrative Agent in its reasonable discretion) . Such notice shall specify, in the case of any prepayment of Term Loans, the applicable Tranche being repaid (which, at the discretion of the Borrower, may be the Initial Term Loans, the Tranche B Term Loans ~~any~~, the Tranche C Term Loans, any Incremental Loans or any Extended Term Loans and/or a combination thereof), and if a combination thereof, the principal amount allocable to each, the date and amount of prepayment and whether the prepayment is of Eurodollar Loans or ABR Loans or a combination thereof, and, in each case if a combination thereof, the principal amount allocable to each. Any such notice may state that such notice is conditioned upon the occurrence or non-occurrence of any event specified therein (including the effectiveness of other credit facilities), in which case such notice may be revoked by the Borrower (by written notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Upon the receipt of any such notice the Administrative Agent shall promptly notify each affected Lender thereof. If any such notice is given and not revoked, the amount specified in such notice shall be due and payable on the date specified therein, together with (if a Eurodollar Loan is prepaid other than at the end of the Interest Period applicable thereto) any amounts payable pursuant to Section 4.12. Partial prepayments pursuant to this Section 4.4(a) shall be equal to $1.0 million or a whole multiple of $500,000 in excess thereof; provided that, notwithstanding the foregoing, any Term Loan may be prepaid in its entirety. Each prepayment of Initial Term Loans pursuant to this Section 4.4(a) made on or prior to the first anniversary of the Closing Date in connection with an Initial Term Loan Repricing Transaction shall be accompanied by the payment of the fee required by Section 4.5(b). Each prepayment of Tranche B Term Loans pursuant to this Section 4.4(a) (except a prepayment required to be made pursuant to Section 8 of the First Incremental Amendment) made on or prior to December 31, 2013 in connection with a Tranche B Term Loan Repricing Transaction shall be accompanied by the payment of the fee required by Section 4.5(c). Each prepayment of Tranche C Term Loans pursuant to this Section 4.4(a) made on or prior to May 21, 2017 in connection with a Tranche C Term Loan Repricing Transaction shall be accompanied by the payment of the fee required by Section 4.5(e).

(b) (i) The Borrower shall, in accordance with Section 4.4(c), prepay the Term Loans to the extent required by Section 8.3; (ii) if on or after the Closing Date, the Borrower or any of its Restricted Subsidiaries shall incur Indebtedness for borrowed money (excluding Indebtedness permitted pursuant to Section 8.1), the Borrower shall, in accordance with Section 4.4(c), prepay the Term Loans in an amount equal to 100.0% of the Net Cash Proceeds thereof minus the portion of such Net Cash Proceeds applied (to the extent Borrower or any of its Subsidiaries is required by the terms thereof) to prepay, repay or purchase Pari Passu Indebtedness on a pro rata basis with the Term Loans, in each case with such prepayment to be made on or before the fifth Business Day following notice given to each Lender of the Prepayment Date, as contemplated by Section 4.4(d), and (iii) the Borrower shall, in accordance with Section 4.4(c), prepay the Term Loans within 120 days following the last day of the immediately preceding Fiscal Year (commencing with the Fiscal Year ending on or about September 30, 2014) (each, an "ECF Payment Date"), in an amount equal to (A) (1) 50.0% (as may be adjusted pursuant to the last proviso of this clause (iii)) of the Borrower's Excess Cash Flow for such Fiscal Year minus (2)

the sum of (w) the aggregate principal amount of Term Loans (including Incremental Term Loans) repaid pursuant to Section 2.2(b) ~~and~~, 2.2(c) or 2.2(d), prepaid pursuant to Section 4.4(a) or repaid or purchased pursuant to Section 11.6(h) (limited to the amount paid in cash) and Pari Passu Indebtedness (other than the loans under the Senior Revolving Credit Facility) (in the case of revolving loans, to the extent accompanied by a corresponding permanent commitment reduction) voluntarily prepaid, redeemed, repurchased or repaid pursuant to a scheduled principal payment, in each case during such Fiscal Year or in the case of voluntary prepayments of Tranche B Term Loans pursuant to Section 4.4(a) made on or after the Second Amendment Date and on or prior to the Trigger Date, during a previous Fiscal Year (to the extent such voluntary prepayments have not previously been applied to reduce the amount of prepayment required to be made by the Borrower pursuant to Section 4.4(b)(iii) in a previous Fiscal Year or to reduce scheduled amortization of the Tranche B Term Loans) (which, in any event, shall not include any designated prepayment pursuant to clause (x) below), (x) the aggregate principal amount of Term Loans (including Incremental Term Loans) prepaid pursuant to Section 4.4(a) and Pari Passu Indebtedness (other than the loans under the Senior Revolving Credit Facility) (in the case of revolving loans, to the extent accompanied by a corresponding permanent commitment reduction) voluntarily prepaid, redeemed, repurchased or repaid during the period beginning with the day following the last day of such Fiscal Year and ending on the ECF Payment Date and stated by the Borrower as prepaid pursuant to this Section 4.4(b)(iii) (provided that no prepayments made pursuant to Section 4.4(h) or the other clauses of this Section 4.4(b) shall be included in Section 4.4(b)(iii)(A)(2)(w) or (x)), (y) any loans under the Senior Revolving Credit Facility prepaid to the extent accompanied by a corresponding permanent commitment reduction under the Senior Revolving Credit Facility during such Fiscal Year (which, in any event, shall not include any designated prepayment pursuant to clause (z) below), and (z) the aggregate principal amount of loans under the Senior Revolving Credit Facility prepaid to the extent accompanied by a corresponding permanent commitment reduction under the Senior Revolving Credit Facility during the period beginning with the day following the last day of such Fiscal Year and ending on the ECF Payment Date and stated by the Borrower as prepaid pursuant to this Section 4.4(b)(iii), in each case, excluding prepayments funded with proceeds from the incurrence of long-term Indebtedness (the amount described in this clause (A), the "ECF Prepayment Amount") minus (B) the portion of such ECF Prepayment Amount applied (to the extent Borrower or any of its Subsidiaries is required by the terms thereof) to prepay, repay or purchase Pari Passu Indebtedness on a pro rata basis with the Term Loans; provided that such percentage in clause (1) above shall be reduced to (x) 25% if the Senior Secured Indebtedness to EBITDA Ratio as of the last day of the immediately preceding Fiscal Year was less than or equal to ~~2.0~~3.5 0:1.00 and greater than ~~1.5~~3.00:1.00 and (y) 0% if the Senior Secured Indebtedness to EBITDA Ratio as of the last day of the immediately preceding Fiscal Year was less than or equal to ~~1.5~~3.00:1.00. Nothing in this Section 4.4(b) shall limit the rights of the Agents and the Lenders set forth in Section 9.

(c) Subject to the last sentence of Section 4.4(d) and Section 4.4(g), each prepayment of Term Loans pursuant to Section 4.4(b) shall be allocated pro rata among the Initial Term Loans, Tranche B Term Loans, Tranche C Term Loans, the Incremental Term Loans and the Extended Term Loans; provided, that at the request of the Borrower, in lieu of such application on a pro rata basis among all Tranches of Term Loans, such prepayment may be applied to any Tranche of Term Loans so long as the maturity date of such Tranche of Term Loans precedes the maturity

date of each other Tranche of Term Loans then outstanding or, in the event more than one Tranche of Term Loans shall have an identical maturity date that precedes the maturity date of each other Tranche of Term Loans then outstanding, to such Tranches on a pro rata basis. Each prepayment of Term Loans pursuant to Section 4.4(a) and (b) shall be applied within each Tranche of Term Loans to the respective installments of principal thereof in the manner directed by the Borrower (or, if no such direction is given, in direct order of maturity). Notwithstanding any other provision of this Section 4.4, a Lender may, at its option, and if agreed by the Borrower, in connection with any prepayment of Term Loans pursuant to Section 4.4(a) or (b), exchange such Lender's portion of the Term Loan to be prepaid for Rollover Indebtedness, in lieu of such Lender's pro rata portion of such prepayment (and any such Term Loans so exchanged shall be deemed repaid for all purposes under the Loan Documents); provided that the Administrative Agent shall have no duties or obligations to manage such Rollover Indebtedness.

(d) The Borrower shall give notice to the Administrative Agent of any mandatory prepayment of the Term Loans (x) pursuant to Section 4.4(b)(iii), three Business Days prior to the date on which such payment is due and (y) pursuant to Section 4.4(b)(i) or (ii), promptly (and in any event within five Business Days) upon becoming obligated to make such prepayment. Such notice shall state that the Borrower is offering to make or will make such mandatory prepayment (i) in the case of mandatory prepayments pursuant to Section 4.4(b)(i), on or before the date specified in Section 8.3(c), and (ii) in the case of mandatory prepayments pursuant to Section 4.4(b)(ii) or (iii), on or before the date specified in Section 4.4(b)(ii) or (iii), as the case may be (each, a "Prepayment Date"). Once given, such notice shall be irrevocable and all amounts subject to such notice shall be due and payable on the Prepayment Date (except as otherwise provided in the last sentence of this Section 4.4(d)). Upon receipt by the Administrative Agent of such notice, the Administrative Agent shall immediately give notice to each Lender of the prepayment and the Prepayment Date. The Borrower (in its sole discretion) may give each Lender the option (in its sole discretion) to elect to decline any such prepayment pursuant to Section 4.4(b)(i) or (iii) by giving notice of such election in writing to the Administrative Agent by 11:00 A.M., New York City time, on the date that is three Business Days prior to the Prepayment Date. Upon receipt by the Administrative Agent of such notice, the Administrative Agent shall immediately notify the Borrower of such election. Any amount so declined by any Lender may, at the option of the Borrower, be applied to the payment or prepayment of Indebtedness, including the Holdings Notes, the Existing Unsecured Notes and any Subordinated Indebtedness, or otherwise be retained by the Borrower and its Restricted Subsidiaries and/or applied by the Borrower or any of its Restricted Subsidiaries in any manner not inconsistent with this Agreement. In connection with any mandatory prepayments by the Borrower pursuant to Section 4.4(b), such prepayments shall be applied on a pro rata basis to the then outstanding Term Loans being prepaid irrespective of whether such outstanding Term Loans are ABR Loans or Eurodollar Loans; provided that if no Lenders exercise the right to decline a mandatory prepayment pursuant to Section 4.4(b), then, with respect to such mandatory prepayment, the amount of such mandatory prepayment shall be applied first to Term Loans that are ABR Loans to the full extent thereof before application to Term Loans that are Eurodollar Loans.

(e) Amounts prepaid on account of Term Loans pursuant to Section 4.4(a), (b) or (h) may not be reborrowed.

(f) Notwithstanding the foregoing provisions of this Section 4.4, if at any time any prepayment of the Term Loans pursuant to Section 4.4(a) or (b) would result, after giving effect to the procedures set forth in this Agreement, in the Borrower incurring breakage costs under Section 4.12 as a result of Eurodollar Loans being prepaid other than on the last day of an Interest Period with respect thereto, then, the Borrower may, so long as no Default or Event of Default shall have occurred and be continuing, in its sole discretion, initially (i) deposit a portion (up to 100.0%) of the amounts that otherwise would have been paid in respect of such Eurodollar Loans with the Administrative Agent (which deposit must be equal in amount to the amount of such Eurodollar Loans not immediately prepaid), to be held as security for the obligations of the Borrower to make such prepayment pursuant to a cash collateral agreement to be entered into on terms reasonably satisfactory to the Administrative Agent with such cash collateral to be directly applied upon the first occurrence thereafter of the last day of an Interest Period with respect to such Eurodollar Loans (or such earlier date or dates as shall be requested by the Borrower) or (ii) make a prepayment of the Term Loans in accordance with Section 4.4(a) with an amount equal to a portion (up to 100.0%) of the amounts that otherwise would have been paid in respect of such Eurodollar Loans (which prepayment, together with any deposits pursuant to clause (i) above, must be equal in amount to the amount of such Eurodollar Loans not immediately prepaid); provided that, in the case of either clause (i) or (ii) above, such unpaid Eurodollar Loans shall continue to bear interest in accordance with Section 4.1 until such unpaid Eurodollar Loans or the related portion of such Eurodollar Loans, as the case may be, have or has been prepaid. In addition, if the Borrower reasonably determines in good faith that any amounts attributable to Foreign Subsidiaries that are required to be applied to prepay Term Loans pursuant to Section 4.4(b)(i) or (iii) would violate applicable Laws or result in material adverse tax consequences to the Borrower or any of its Restricted Subsidiaries, then the Borrower shall not be required to prepay such amounts as required thereunder; provided that the Borrower and its Subsidiaries shall take commercially reasonable actions to repatriate the proceeds subject to such prepayments in order to effect such prepayments without violating applicable Laws or incurring material adverse tax consequences.

(g) Notwithstanding anything to the contrary herein, this Section 4.4 may be amended (and the Lenders hereby irrevocably authorize the Administrative Agent to enter into any such amendments) to the extent necessary to reflect differing amounts payable, and priorities of payments, to Lenders participating in any new classes or tranches of Term Loans added pursuant to Sections 2.6 and 2.8, as applicable, or pursuant to any other credit facility added pursuant to Section 2.6 or 11.1(e).

(h) Notwithstanding anything in any Loan Document to the contrary, so long as no Event of Default under Section 9.1(a) or (f) has occurred and is continuing, the Borrower may prepay the outstanding Term Loans on the following basis:

(i) The Borrower shall have the right to make a voluntary prepayment of Term Loans at a discount to par (such prepayment, the "Discounted Term Loan Prepayment") pursuant to a Borrower Offer of Specified Discount Prepayment, a Borrower Solicitation of Discount Range Prepayment Offers, or a Borrower Solicitation of Discounted Prepayment Offers, in each case made in accordance with this Section 4.4(h); provided that the Borrower shall not initiate any action under this Section 4.4(h) in order to make a Discounted Term Loan Prepayment unless (1) at least ten Business Days shall have passed since the consummation of the most recent

Discounted Term Loan Prepayment as a result of a prepayment made by the Borrower on the applicable Discounted Prepayment Effective Date or (2) at least three Business Days shall have passed since the date the Borrower was notified that no Lender was willing to accept any prepayment of any Term Loan at the Specified Discount, within the Discount Range or at any discount to par value, as applicable, or in the case of Borrower Solicitation of Discounted Prepayment Offers, the date of the Borrower's election not to accept any Solicited Discounted Prepayment Offers made by a Lender. Each Lender participating in any Discounted Term Loan Prepayment acknowledges and agrees that in connection with such Discounted Term Loan Prepayment, (1) the Borrower then may have, and later may come into possession of, information regarding the Term Loans or the Loan Parties hereunder that is not known to such Lender and that may be material to a decision by such Lender to participate in such Discounted Term Loan Prepayment ("Excluded Information"), (2) such Lender has independently and, without reliance on the Borrower, any of its Subsidiaries, the Administrative Agent or any of their respective Affiliates, has made its own analysis and determination to participate in such Discounted Term Loan Prepayment notwithstanding such Lender's lack of knowledge of the Excluded Information and (3) none of the Borrower, its Subsidiaries, the Administrative Agent, or any of their respective Affiliates shall have any liability to such Lender, and such Lender hereby waives and releases, to the extent permitted by law, any claims such Lender may have against the Borrower, its Subsidiaries, the Administrative Agent, and their respective Affiliates, under applicable laws or otherwise, with respect to the nondisclosure of the Excluded Information. Each Lender participating in any Discounted Term Loan Prepayment further acknowledges that the Excluded Information may not be available to the Administrative Agent or the other Lenders. Any Term Loans prepaid pursuant to this Section 4.4(h) shall be immediately and automatically cancelled.

(ii) Borrower Offer of Specified Discount Prepayment.

(1) The Borrower may from time to time offer to make a Discounted Term Loan Prepayment by providing the Administrative Agent with three Business Days' notice in the form of a Specified Discount Prepayment Notice; provided that (I) any such offer shall be made available, at the sole discretion of the Borrower, to each Lender or to each Lender with respect to any Tranche on an individual Tranche basis, (II) any such offer shall specify the aggregate Outstanding Amount offered to be prepaid (the "Specified Discount Prepayment Amount"), the Tranches of Term Loans subject to such offer and the specific percentage discount to par value (the "Specified Discount") of the Outstanding Amount of such Term Loans to be prepaid, (III) the Specified Discount Prepayment Amount shall be in an aggregate amount not less than $5.0 million and whole increments of $500,000, and (IV) each such offer shall remain outstanding through the Specified Discount Prepayment Response Date. The Administrative Agent will promptly provide each relevant Lender with a copy of such Specified Discount Prepayment Notice and a form of the Specified Discount Prepayment Response to be completed and returned by each such Lender to the Administrative Agent (or its delegate) by no later than 5:00 P.M., New York time, on the third Business Day after the date of delivery of such notice to the relevant Lenders (or such later date designated by the Administrative Agent and approved by the Borrower) (the "Specified Discount Prepayment Response Date").

(2) Each relevant Lender receiving such offer shall notify the Administrative Agent (or its delegate) by the Specified Discount Prepayment Response Date whether or not it agrees to

accept a prepayment of any of its relevant then outstanding Term Loans at the Specified Discount and, if so (such accepting Lender, a "Discount Prepayment Accepting Lender"), the amount of such Lender's Outstanding Amount and Tranches of Term Loans to be prepaid at such offered discount. Each acceptance of a Discounted Term Loan Prepayment by a Discount Prepayment Accepting Lender shall be irrevocable. Any Lender whose Specified Discount Prepayment Response is not received by the Administrative Agent by the Specified Discount Prepayment Response Date shall be deemed to have declined to accept such Borrower Offer of Specified Discount Prepayment.

(3) If there is at least one Discount Prepayment Accepting Lender, the Borrower will make prepayment of outstanding Term Loans pursuant to this Section 4.4(h)(ii) to each Discount Prepayment Accepting Lender in accordance with the respective Outstanding Amount and Tranches of Term Loans specified in such Lender's Specified Discount Prepayment Response given pursuant to the foregoing clause (2); provided that, if the aggregate Outstanding Amount of Term Loans accepted for prepayment by all Discount Prepayment Accepting Lenders exceeds the Specified Discount Prepayment Amount, such prepayment shall be made pro rata among the Discount Prepayment Accepting Lenders in accordance with the respective Outstanding Amounts accepted to be prepaid by each such Discount Prepayment Accepting Lender and the Administrative Agent (in consultation with the Borrower and subject to rounding requirements of the Administrative Agent made in its reasonable discretion) will calculate such proration (the "Specified Discount Proration"). The Administrative Agent shall promptly, and in any case within three Business Days following the Specified Discount Prepayment Response Date, notify (I) the Borrower of the respective Lenders' responses to such offer, the Discounted Prepayment Effective Date and the aggregate Outstanding Amount of the Discounted Term Loan Prepayment and the Tranches to be prepaid, (II) each Lender of the Discounted Prepayment Effective Date, and the aggregate Outstanding Amount and the Tranches of all Term Loans to be prepaid at the Specified Discount on such date, and (III) each Discount Prepayment Accepting Lender of the Specified Discount Proration, if any, and confirmation of the Outstanding Amount, Tranche and Type of Term Loans of such Lender to be prepaid at the Specified Discount on such date. Each determination by the Administrative Agent of the amounts stated in the foregoing notices to the Borrower and Lenders shall be conclusive and binding for all purposes absent manifest error. The payment amount specified in such notice to the Borrower shall be due and payable by the Borrower on the Discounted Prepayment Effective Date in accordance with Section 4.4(h)(vi) below (subject to Section 4.4(h)(x) below).

(iii) Borrower Solicitation of Discount Range Prepayment Offers.

(1) The Borrower may from time to time solicit Discount Range Prepayment Offers by providing the Administrative Agent with three Business Days' notice in the form of a Discount Range Prepayment Notice; provided that (I) any such solicitation shall be extended, at the sole discretion of the Borrower, to each Lender or to each Lender with respect to any Tranche on an individual Tranche basis, (II) any such notice shall specify the maximum aggregate Outstanding Amount of the relevant Term Loans that the Borrower is willing to prepay at a discount (the "Discount Range Prepayment Amount"), the Tranches of Term Loans subject to such offer and the maximum and minimum percentage discounts to par (the "Discount Range") of the Outstanding Amount of such Term Loans willing to be prepaid by the Borrower, (III) the Discount Range Prepayment Amount shall be in an aggregate amount not less than $5.0 million

and whole increments of $500,000, and (IV) each such solicitation by the Borrower shall remain outstanding through the Discount Range Prepayment Response Date. The Administrative Agent will promptly provide each relevant Lender with a copy of such Discount Range Prepayment Notice and a form of the Discount Range Prepayment Offer to be submitted by a responding relevant Lender to the Administrative Agent (or its delegate) by no later than 5:00 P.M., New York time, on the third Business Day after the date of delivery of such notice to the relevant Lenders (or such later date as may be designated by the Administrative Agent and approved by the Borrower) (the "Discount Range Prepayment Response Date"). Each relevant Lender's Discount Range Prepayment Offer shall be irrevocable and shall specify a discount to par within the Discount Range (the "Submitted Discount") at which such Lender is willing to allow prepayment of any or all of its then outstanding Term Loans and the maximum aggregate Outstanding Amount and Tranches of such Term Loans such Lender is willing to have prepaid at the Submitted Discount (the "Submitted Amount"). Any Lender whose Discount Range Prepayment Offer is not received by the Administrative Agent by the Discount Range Prepayment Response Date shall be deemed to have declined to accept a Discounted Term Loan Prepayment of any of its Term Loans at any discount to their par value within the Discount Range.

(2) The Administrative Agent shall review all Discount Range Prepayment Offers received by it by the Discount Range Prepayment Response Date and will determine (in consultation with the Borrower and subject to rounding requirements of the Administrative Agent made in its reasonable discretion) the Applicable Discount and Term Loans to be prepaid at such Applicable Discount in accordance with this Section 4.4(h)(iii). The Borrower agrees to accept on the Discount Range Prepayment Response Date all Discount Range Prepayment Offers received by Administrative Agent by the Discount Range Prepayment Response Date, in the order from the Submitted Discount that is the largest discount to par to the Submitted Discount that is the smallest discount to par, up to and including the Submitted Discount that is the smallest discount to par within the Discount Range (such Submitted Discount that is the smallest discount to par being referred to as the "Applicable Discount") which yields a Discounted Term Loan Prepayment in an aggregate Outstanding Amount equal to the lesser of (I) the Discount Range Prepayment Amount and (II) the sum of all Submitted Amounts. Each Lender that has submitted a Discount Range Prepayment Offer to accept prepayment at a discount to par that is larger than or equal to the Applicable Discount shall be deemed to have irrevocably consented to prepayment of Term Loans equal to its Submitted Amount (subject to any required proration pursuant to the following Section 4.4(h)(iii)(3)) at the Applicable Discount (each such Lender, a "Participating Lender").

(3) If there is at least one Participating Lender, the Borrower will prepay the respective outstanding Term Loans of each Participating Lender in the aggregate Outstanding Amount and of the Tranches specified in such Lender's Discount Range Prepayment Offer at the Applicable Discount; provided that if the Submitted Amount by all Participating Lenders offered at a discount to par greater than the Applicable Discount exceeds the Discount Range Prepayment Amount, prepayment of the Outstanding Amount of the relevant Term Loans for those Participating Lenders whose Submitted Discount is a discount to par greater than or equal to the Applicable Discount (the "Identified Participating Lenders") shall be made pro rata among the Identified Participating Lenders in accordance with the Submitted Amount of each such Identified Participating Lender and the Administrative Agent (in consultation with the Borrower

and subject to rounding requirements of the Administrative Agent made in its reasonable discretion) will calculate such proration (the "Discount Range Proration"). The Administrative Agent shall promptly, and in any case within three Business Days following the Discount Range Prepayment Response Date, notify (w) the Borrower of the respective Lenders' responses to such solicitation, the Discounted Prepayment Effective Date, the Applicable Discount, and the aggregate Outstanding Amount of the Discounted Term Loan Prepayment and the Tranches to be prepaid, (x) each Lender of the Discounted Prepayment Effective Date, the Applicable Discount, and the aggregate Outstanding Amount and Tranches of all Term Loans to be prepaid at the Applicable Discount on such date, (y) each Participating Lender of the aggregate Outstanding Amount and Tranches of such Lender to be prepaid at the Applicable Discount on such date, and (z) if applicable, each Identified Participating Lender of the Discount Range Proration. Each determination by the Administrative Agent of the amounts stated in the foregoing notices to the Borrower and Lenders shall be conclusive and binding for all purposes absent manifest error. The payment amount specified in such notice to the Borrower shall be due and payable by such Borrower on the Discounted Prepayment Effective Date in accordance with Section 4.4(h)(vi) below (subject to Section 4.4(h)(x) below).

(iv) Borrower Solicitation of Discounted Prepayment Offers.

(1) The Borrower may from time to time solicit Solicited Discounted Prepayment Offers by providing the Administrative Agent with three Business Days' notice in the form of a Solicited Discounted Prepayment Notice; provided that (I) any such solicitation shall be extended, at the sole discretion of the Borrower, to each Lender or to each Lender with respect to any Tranche on an individual Tranche basis, (II) any such notice shall specify the maximum aggregate Outstanding Amount of the Term Loans and the Tranches of Term Loans the Borrower is willing to prepay at a discount (the "Solicited Discounted Prepayment Amount"), (III) the Solicited Discounted Prepayment Amount shall be in an aggregate amount not less than $5.0 million and whole increments of $500,000, and (IV) each such solicitation by the Borrower shall remain outstanding through the Solicited Discounted Prepayment Response Date. The Administrative Agent will promptly provide each relevant Lender with a copy of such Solicited Discounted Prepayment Notice and a form of the Solicited Discounted Prepayment Offer to be submitted by a responding Lender to the Administrative Agent (or its delegate) by no later than 5:00 P.M., New York City time on the third Business Day after the date of delivery of such notice to the relevant Lenders (or such later date as may be designated by the Administrative Agent and approved by Borrower) (the "Solicited Discounted Prepayment Response Date"). Each Lender's Solicited Discounted Prepayment Offer shall (x) be irrevocable, (y) remain outstanding until the Acceptance Date, and (z) specify both a discount to par (the "Offered Discount") at which such Lender is willing to allow prepayment of its then outstanding Term Loans and the maximum aggregate Outstanding Amount and Tranches of such Term Loans (the "Offered Amount") such Lender is willing to have prepaid at the Offered Discount. Any Lender whose Solicited Discounted Prepayment Offer is not received by the Administrative Agent by the Solicited Discounted Prepayment Response Date shall be deemed to have declined prepayment of any of its Term Loans at any discount to their par value.

(2) The Administrative Agent shall promptly provide the Borrower with a copy of all Solicited Discounted Prepayment Offers received by it by the Solicited Discounted Prepayment Response Date. The Borrower shall review all such Solicited Discounted Prepayment Offers and

select, at its sole discretion, the smallest of the Offered Discounts specified by the relevant responding Lenders in the Solicited Discounted Prepayment Offers that the Borrower is willing to accept (the "Acceptable Discount"), if any; provided that the Acceptable Discount shall not be an Offered Discount that is larger than the smallest Offered Discount for which the sum of all Offered Amounts affiliated with Offered Discounts that are larger than or equal to such smallest Offered Discount would, if purchased at such smallest Offered Discount, yield an amount at least equal to the Solicited Discounted Prepayment Amount. If the Borrower elects to accept any Offered Discount as the Acceptable Discount, then as soon as practicable after the determination of the Acceptable Discount, but in no event later than by the third Business Day after the date of receipt by the Borrower from the Administrative Agent of a copy of all Solicited Discounted Prepayment Offers pursuant to the first sentence of this clause (2) (the "Acceptance Date"), the Borrower shall submit an Acceptance and Prepayment Notice to the Administrative Agent setting forth the Acceptable Discount. If the Administrative Agent shall fail to receive an Acceptance and Prepayment Notice from the Borrower by the Acceptance Date, the Borrower shall be deemed to have rejected all Solicited Discounted Prepayment Offers.

(3) Based upon the Acceptable Discount and the Solicited Discounted Prepayment Offers received by Administrative Agent by the Solicited Discounted Prepayment Response Date, within three Business Days after receipt of an Acceptance and Prepayment Notice (the "Discounted Prepayment Determination Date"), the Administrative Agent will determine (in consultation with the Borrower and subject to rounding requirements of the Administrative Agent made in its reasonable discretion) the aggregate Outstanding Amount and the Tranches of Term Loans (the "Acceptable Prepayment Amount") to be prepaid by the Borrower at the Acceptable Discount in accordance with this Section 4.4(h)(iv). If the Borrower elects to accept any Acceptable Discount, then the Borrower agrees to accept all Solicited Discounted Prepayment Offers received by the Administrative Agent by the Solicited Discounted Prepayment Response Date, in the order from largest Offered Discount to smallest Offered Discount, up to and including the Acceptable Discount. Each Lender that has submitted a Solicited Discounted Prepayment Offer to accept prepayment at an Offered Discount that is greater than or equal to the Acceptable Discount shall be deemed to have irrevocably consented to prepayment of Term Loans equal to its Offered Amount (subject to any required proration pursuant to the following sentence) at the Acceptable Discount (each such Lender, a "Qualifying Lender"). The Borrower will prepay outstanding Term Loans pursuant to this Section 4.4(h)(iv) to each Qualifying Lender in the aggregate Outstanding Amount and of the Tranches specified in such Lender's Solicited Discounted Prepayment Offer at the Acceptable Discount; provided that if the aggregate Offered Amount by all Qualifying Lenders whose Offered Discount is greater than or equal to the Acceptable Discount exceeds the Solicited Discounted Prepayment Amount, prepayment of the Outstanding Amount of the Term Loans for those Qualifying Lenders whose Offered Discount is greater than or equal to the Acceptable Discount (the "Identified Qualifying Lenders") shall be made pro rata among the Identified Qualifying Lenders in accordance with the Offered Amount of each such Identified Qualifying Lender and the Administrative Agent (in consultation with the Borrower and subject to rounding requirements of the Administrative Agent made in its reasonable discretion) will calculate such proration (the "Solicited Discount Proration"). On or prior to the Discounted Prepayment Determination Date, the Administrative Agent shall promptly notify (w) the Borrower of the Discounted Prepayment Effective Date and Acceptable Prepayment Amount comprising the Discounted Term Loan Prepayment and the

Tranches to be prepaid, (x) each Lender of the Discounted Prepayment Effective Date, the Acceptable Discount, and the Acceptable Prepayment Amount of all Term Loans and the Tranches to be prepaid at the Applicable Discount on such date, (y) each Qualifying Lender of the aggregate Outstanding Amount and the Tranches of such Lender to be prepaid at the Acceptable Discount on such date, and (z) if applicable, each Identified Qualifying Lender of the Solicited Discount Proration. Each determination by the Administrative Agent of the amounts stated in the foregoing notices to the Borrower and Lenders shall be conclusive and binding for all purposes absent manifest error. The payment amount specified in such notice to the Borrower shall be due and payable by the Borrower on the Discounted Prepayment Effective Date in accordance with Section 4.4(h)(vi) below (subject to Section 4.4(h)(x) below).

(v) Expenses. In connection with any Discounted Term Loan Prepayment, the Borrower and the Lenders acknowledge and agree that the Administrative Agent may require as a condition to any Discounted Term Loan Prepayment, the payment of reasonable out-of-pocket costs and expenses from the Borrower in connection therewith.

(vi) Payment. If any Term Loan is prepaid in accordance with Sections 4.4(h)(ii) through (iv) above, the Borrower shall prepay such Term Loans on the Discounted Prepayment Effective Date. The Borrower shall make such prepayment to the Administrative Agent, for the account of the Discount Prepayment Accepting Lenders, Participating Lenders, or Qualifying Lenders, as applicable, at the Administrative Agent's Office in immediately available funds not later than 11:00 A.M. (New York City time) on the Discounted Prepayment Effective Date and all such prepayments shall be applied to the remaining principal installments of the Term Loans in inverse order of maturity. The Term Loans so prepaid shall be accompanied by all accrued and unpaid interest on the par principal amount so prepaid up to, but not including, the Discounted Prepayment Effective Date. Each prepayment of the outstanding Term Loans pursuant to this Section 4.4(h) shall be paid to the Discount Prepayment Accepting Lenders, Participating Lenders, or Qualifying Lenders, as applicable. The aggregate Outstanding Amount of the Tranches of the Term Loans outstanding shall be deemed reduced by the full par value of the aggregate Outstanding Amount of the Tranches of Term Loans prepaid on the Discounted Prepayment Effective Date in any Discounted Term Loan Prepayment. The Lenders hereby agree that, in connection with a prepayment of Term Loans pursuant to this Section 4.4(h) and notwithstanding anything to the contrary contained in this Agreement, (i) interest in respect of the Term Loans may be made on a non-pro rata basis among the Lenders holding such Term Loans to reflect the payment of accrued interest to certain Lenders as provided in this Section 4.4(h)(vi) and (ii) all subsequent prepayments and repayments of the Term Loans (except as otherwise contemplated by this Agreement) shall be made on a pro rata basis among the respective Lenders based upon the then outstanding principal amounts of the Term Loans then held by the respective Lenders after giving effect to any prepayment pursuant to this Section 4.4(h) as if made at par. It is also understood and agreed that prepayments pursuant to this Section 4.4(h) shall not be subject to Section 4.4(a), or, for the avoidance of doubt, Section 11.7(a) or the pro rata allocation requirements of Section 4.8(a).

(vii) Other Procedures. To the extent not expressly provided for herein, each Discounted Term Loan Prepayment shall be consummated pursuant to procedures consistent with the provisions in this Section 4.4(h), established by the Administrative Agent acting in its reasonable discretion and as reasonably agreed by the Borrower.

(viii) Notice. Notwithstanding anything in any Loan Document to the contrary, for purposes of this Section 4.4(h), each notice or other communication required to be delivered or otherwise provided to the Administrative Agent (or its delegate) shall be deemed to have been given upon the Administrative Agent's (or its delegate's) actual receipt during normal business hours of such notice or communication; provided that any notice or communication actually received outside of normal business hours shall be deemed to have been given as of the opening of business on the next Business Day.

(ix) Actions of Administrative Agent. Each of the Borrower and the Lenders acknowledges and agrees that Administrative Agent may perform any and all of its duties under this Section 4.4(h) by itself or through any Affiliate of the Administrative Agent and expressly consents to any such delegation of duties by the Administrative Agent to such Affiliate and the performance of such delegated duties by such Affiliate. The exculpatory provisions in this Agreement shall apply to each Affiliate of the Administrative Agent and its respective activities in connection with any Discounted Term Loan Prepayment provided for in this Section 4.4(h) as well as to activities of the Administrative Agent in connection with any Discounted Term Loan Prepayment provided for in this Section 4.4(h).

(x) Revocation. The Borrower shall have the right, by written notice to the Administrative Agent, to revoke in full (but not in part) its offer to make a Discounted Term Loan Prepayment and rescind the applicable Specified Discount Prepayment Notice, Discount Range Prepayment Notice or Solicited Discounted Prepayment Notice therefor at its discretion at any time on or prior to the applicable Specified Discount Prepayment Response Date (and if such offer is so revoked, any failure by the Borrower to make any prepayment to a Lender pursuant to this Section 4.4(h) shall not constitute a Default or Event of Default under Section 9.1 or otherwise).

(xi) No Obligation. This Section 4.4(h) shall not (i) require the Borrower to undertake any prepayment pursuant to this Section 4.4(h) or (ii) limit or restrict the Borrower from making voluntary prepayments of the Term Loans in accordance with the other provisions of this Agreement.

(i) Upon at least three Business Days' prior written notice (or telephonic notice promptly confirmed in writing) to the Administrative Agent (which notice the Administrative Agent shall promptly transmit to each of the Lenders), the Borrower shall have the right, without premium or penalty, on any day, permanently to reduce either or both of the Tranche B Initial Term Loan Commitments and the Tranche B Delayed Draw Commitments, in whole or in part. Any such notice may state that such notice is conditioned upon the occurrence or non-occurrence of any event specified therein (including the effectiveness of other credit facilities), in which case such notice may be revoked by the Borrower (by written notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied.

4.5 Administrative Agent's Fee; Other Fees. (a) The Borrower agrees to pay to the Administrative Agent the fees set forth in clause (x) of the second to last paragraph of Section 5 of the Engagement Letter.

(b) If on or prior to the first anniversary of the Closing Date the Borrower makes an optional prepayment in full of the Initial Term Loans pursuant to an Initial Term Loan Repricing

Transaction, the Borrower shall pay to the Administrative Agent, for the ratable account of each Lender, a prepayment premium of 1.0% of the aggregate principal amount of Initial Term Loans being prepaid. If, on or prior to the first anniversary of the Closing Date, any Lender is replaced pursuant to Section 11.1(g) in connection with any amendment of this Agreement (including in connection with any refinancing transaction permitted under Section 11.6(g) to replace the Loans or Commitments under any Facility or Tranche) that results in an Initial Term Loan Repricing Transaction, such Lender (and not any Person who replaces such Lender pursuant to Section 11.1(g)) shall receive its pro rata portion (as determined immediately prior to it being so replaced) of the prepayment premium described in the preceding sentence.

(c) If on or prior to December 31, 2013 the Borrower makes an optional prepayment in full of the Tranche B Term Loans (except a prepayment required to be made pursuant to Section 8 of the First Incremental Amendment) pursuant to a Tranche B Term Loan Repricing Transaction, the Borrower shall pay to the Administrative Agent, for the ratable account of each Tranche B Term Lender, a prepayment premium of 1.0% of the aggregate principal amount of Tranche B Term Loans being prepaid. If, on or prior December 31, 2013, any Tranche B Term Lender is replaced pursuant to Section 11.1(g) in connection with any amendment of this Agreement (including in connection with any refinancing transaction permitted under Section 11.6(g) to replace the Loans or Commitments under any Facility or Tranche) that results in a Tranche B Term Loan Repricing Transaction, such Tranche B Term Lender (and not any Person who replaces such Tranche B Term Lender pursuant to Section 11.1(g)) shall receive its pro rata portion (as determined immediately prior to it being so replaced) of the prepayment premium described in the preceding sentence.

(d) The Borrower shall pay to the Administrative Agent, for the ratable account of each Tranche B Term Lender having a Tranche B Initial Term Loan Commitment or a Tranche B Delayed Draw Commitment, as the case may be, (i) a commitment fee (the "Tranche B Initial Term Loan Commitment Fee") in Dollars, which shall accrue on each day of the Tranche B Initial Term Loan Ticking Fee Period at a rate per annum equal to the Ticking Fee Rate in effect for such day on the amount of the unutilized Tranche B Initial Term Loan Commitment of such Tranche B Term Lender as of such day and (ii) a commitment fee (the "Tranche B Delayed Draw Commitment Fee", and together with the Tranche B Initial Term Loan Commitment Fee, the "Commitment Fee") in Dollars, which shall accrue on each day of the Tranche B Delayed Draw Ticking Fee Period at a rate per annum equal to the Ticking Fee Rate in effect for such day on the amount of the unutilized Tranche B Delayed Draw Commitment of such Tranche B Term Lender as of such day.

The Tranche B Initial Term Loan Commitment Fee shall be due and payable on the last day of each March, June, September and December during the Tranche B Initial Term Loan Ticking Fee Period and on the last day of the Tranche B Initial Term Loan Ticking Fee Period. The Tranche B Delayed Draw Commitment Fee shall be due and payable on the last day of each March, June, September and December during the Tranche B Delayed Draw Ticking Fee Period and on the last day of the Tranche B Delayed Draw Ticking Fee Period. The Commitment Fee shall be calculated quarterly in arrears on the basis of a 360-day year for the actual days elapsed. Notwithstanding anything to the contrary in this Agreement, (A) no Commitment Fee shall accrue on the Commitment of a Defaulting Lender so long as such Lender shall be a Defaulting Lender and (B) any Commitment Fee accrued with respect to the Commitment of a Defaulting Lender during the period prior to the time such Lender became a Defaulting Lender and unpaid at such time shall not be payable by the Borrower so long as such Lender shall be a Defaulting Lender.

(e) If on or prior to May 21, 2017 the Borrower makes an optional prepayment in full of the Tranche C Term Loans pursuant to a Tranche C Term Loan Repricing Transaction, the Borrower shall pay to the Administrative Agent, for the ratable account of each Tranche C Term Lender, a prepayment premium of 1.0% of the aggregate principal amount of Tranche C Term Loans being prepaid. If, on or prior May 21, 2017, any Tranche C Term Lender is replaced pursuant to Section 11.1(g) in connection with any amendment of this Agreement (including in connection with any refinancing transaction permitted under Section 11.6(g) to replace the Loans or Commitments under any Facility or Tranche) that results in a Tranche C Term Loan Repricing Transaction, such Tranche C Term Lender (and not any Person who replaces such Tranche C Term Lender pursuant to Section 11.1(g)) shall receive its pro rata portion (as determined immediately prior to it being so replaced) of the prepayment premium described in the preceding sentence.

4.6 Computation of Interest and Fees. (a) Interest (other than interest based on the Prime Rate) shall be calculated on the basis of a 360-day year for the actual days elapsed; and interest based on the Prime Rate shall be calculated on the basis of a 365 day year (or 366-day year, as the case may be) for the actual days elapsed. The Administrative Agent shall as soon as practicable notify the Borrower and the affected Lenders of each determination of an Adjusted LIBOR Rate. Any change in the interest rate on a Term Loan resulting from a change in the Alternate Base Rate or the Statutory Reserves shall become effective as of the opening of business on the day on which such change becomes effective. The Administrative Agent shall as soon as practicable notify the Borrower and the affected Lenders of the effective date and the amount of each such change in interest rate.

(b) Each determination of an interest rate by the Administrative Agent pursuant to any provision of this Agreement shall be conclusive and binding on the Borrower and the Lenders in the absence of manifest error. The Administrative Agent shall, at the request of the Borrower or any Lender, deliver to the Borrower or such Lender a statement showing in reasonable detail the calculations used by the Administrative Agent in determining any interest rate pursuant to Section 4.1, excluding any LIBOR Rate which is based upon the Reuters Monitor Money Rates Service page and any ABR Loan which is based upon the Alternate Base Rate.

4.7 Inability to Determine Interest Rate. If prior to the first day of any Interest Period, the Administrative Agent shall have determined (which determination shall be conclusive and binding upon the Borrower) that, by reason of circumstances affecting the relevant market, adequate and reasonable means do not exist for ascertaining the Adjusted LIBOR Rate with respect to any Eurodollar Loan for such Interest Period (the "Affected Eurodollar Rate"), the Administrative Agent shall give telecopy or telephonic notice thereof to the Borrower and the Lenders as soon as practicable thereafter. If such notice is given (a) any Eurodollar Loans the rate of interest applicable to which is based on the Affected Eurodollar Rate requested to be made on the first day of such Interest Period shall be made as ABR Loans and (b) any Term Loans that were to have been converted on the first day of such Interest Period to or continued as Eurodollar Loans the rate of interest applicable to which is based upon the Affected Eurodollar Rate shall be converted to or continued as ABR Loans. Until such notice has been withdrawn by the Administrative Agent, no further Eurodollar Loans the rate of interest applicable to which is based upon the Affected Eurodollar Rate shall be made or continued as such, nor shall the Borrower have the right to convert ABR Loans to Eurodollar Loans, the rate of interest applicable to which is based upon the Affected Eurodollar Rate.

4.8 Pro Rata Treatment and Payments. (a) Except as expressly otherwise provided herein, each payment (including each prepayment, but excluding payments made pursuant to Section 2.7, 2.8, 4.5(b), 4.5(c), 4.5(d), 4.5(e), 4.9, 4.10, 4.11, 4.12, 4.13(d), 4.14, 11.1(g) or 11.6) by the Borrower on account of principal of and interest on account of any Term Loans of a given Tranche (other than (w) payments in respect of any difference in the Applicable Margin, Adjusted LIBOR Rate or Alternate Base Rate in respect of any Tranche, (x) any payments pursuant to Section 4.4(b) to the extent declined by any Lender in accordance with Section 4.4(d) and (y) any payments pursuant to Section 4.4(h) which shall be allocated as set forth in Section 4.4(h)) shall be allocated by the Administrative Agent pro rata according to the respective outstanding principal amounts of such Term Loans of such Tranche then held by the respective Lenders; provided that a Lender may, at its option, and if agreed by the Borrower, exchange such Lender's portion of a Term Loan to be prepaid for Rollover Indebtedness, in lieu of such Lender's pro rata portion of such prepayment, pursuant to the last sentence of Section 4.4(c). All payments (including prepayments) to be made by the Borrower hereunder, whether on account of principal, interest, fees or otherwise, shall be made without set-off or counterclaim and shall be made on or prior to the time expressly required hereunder or under such other Loan Document for such payment (or, if no such time is expressly required, prior to 2:00 P.M., New York City time), on the due date thereof to the Administrative Agent for the account of the Lenders holding the relevant Term Loans, the Lenders, the Administrative Agent, or the Other Representatives, as the case may be, at the Administrative Agent's office specified in Section 11.2, in Dollars in immediately available funds. Payments received by the Administrative Agent after such time shall be deemed to have been received on the next Business Day. The Administrative Agent shall distribute such payments to such Lenders or Other Representatives, as the case may be, if any such payment is received prior to 2:00 P.M., New York City time, on a Business Day, in like funds as received prior to the end of such Business Day and otherwise the Administrative Agent shall distribute such payment to such Lenders or Other Representatives, as the case may be, on the next succeeding Business Day. If any payment hereunder (other than payments on the Eurodollar Loans) becomes due and payable on a day other than a Business Day, the maturity of such payment shall be extended to the next succeeding Business Day, and, with respect to payments of principal, interest thereon shall be payable at the then applicable rate during such extension. If any payment on a Eurodollar Loan becomes due and payable on a day other than a Business Day, the maturity of such payment shall be extended to the next succeeding Business Day (and, with respect to payments of principal, interest thereon shall be payable at the then applicable rate during such extension) unless the result of such extension would be to extend such payment into another calendar month, in which event such payment shall be made on the immediately preceding Business Day. This Section 4.8(a) may be amended in accordance with Section 11.1(d) to the extent necessary to reflect differing amounts payable, and priorities of payments, to Lenders participating in any new Tranches added pursuant to Sections 2.6 and 2.8, as applicable.

(b) Unless the Administrative Agent shall have been notified in writing by any Lender prior to a borrowing that such Lender will not make the amount that would constitute its share of such borrowing available to the Administrative Agent, the Administrative Agent may assume that such Lender is making such amount available to the Administrative Agent, and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower in respect of such borrowing a corresponding amount. If such amount is not made available to the

Administrative Agent by the required time on, as applicable, the Closing Date, the First Incremental Amendment Effective Date, the First Incremental Amendment Closing Date ~~or~~, the Tranche B Delayed Draw Closing or the Third Amendment Closing Date therefor, such Lender shall pay to the Administrative Agent on demand, such amount with interest thereon at a rate equal to the daily average Federal Funds Effective Rate for the period until such Lender makes such amount immediately available to the Administrative Agent. A certificate of the Administrative Agent submitted to any Lender with respect to any amounts owing under this Section 4.8(b) shall be conclusive in the absence of manifest error.

4.9 Illegality. Notwithstanding any other provision herein, if the adoption of or any change in any Requirement of Law or in the interpretation or application thereof in each case occurring after the ~~First Incremental~~Third Amendment ~~Effective~~Closing Date shall make it unlawful for any Lender to make or maintain any Eurodollar Loans as contemplated by this Agreement ("Affected Loans"), (a) such Lender shall promptly give written notice of such circumstances to the Borrower and the Administrative Agent (which notice shall be withdrawn whenever such circumstances no longer exist), (b) the commitment of such Lender hereunder to make Affected Loans, continue Affected Loans as such and convert an ABR Loan to an Affected Loan shall forthwith be cancelled and, until such time as it shall no longer be unlawful for such Lender to make or maintain such Affected Loans, such Lender shall then have a commitment only to make an ABR Loan when an Affected Loan is requested ~~and~~, (c) such Lender's Loans then outstanding as Affected Loans, if any, shall be converted automatically to ABR Loans on the respective last days of the then current Interest Periods with respect to such Affected Loans or within such earlier period as required by law and law and (d) such Lender's then outstanding Affected Loans, if any, not converted to ABR Loans pursuant to clause (c) of this Subsection 4.9 shall, at the option of the Borrower (i) be prepaid with accrued interest thereon on the last day of the then current Interest Period with respect thereto (or such earlier date as may be required by any such Requirement of Law) or (ii) bear interest at an alternate rate which reflects such Lender's cost of funding such Loans, as reasonably determined by the Administrative Agent, plus the Applicable Margin hereunder. If any such conversion or prepayment of an Affected Loan occurs on a day which is not the last day of the then current Interest Period with respect thereto, the Borrower shall pay to such Lender such amounts, if any, as may be required pursuant to Section 4.12.

4.10 Requirements of Law. (a) If the adoption of or any change in any Requirement of Law or in the interpretation or application thereof applicable to any Lender, or compliance by any Lender with any request or directive (whether or not having the force of law) from any central bank or other Governmental Authority, in each case made subsequent to the ~~First Incremental~~Third Amendment ~~Effective~~Closing Date (or, if later, the date on which such Lender becomes a Lender):

(i) shall impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances, loans or other extensions of credit by, or any other acquisition of funds by, any office of such Lender which is not otherwise included in the determination of the LIBOR Rate hereunder (excluding any Tax of any kind whatsoever); or

(ii) shall impose on such Lender any other condition (excluding any Tax of any kind whatsoever);

and the result of any of the foregoing is to increase the cost to such Lender, by an amount which such Lender deems to be material, of making, converting into, continuing or maintaining Eurodollar Loans or to reduce any amount receivable hereunder in respect thereof, then, in any such case, upon notice to the Borrower from such Lender, through the Administrative Agent in accordance herewith, the Borrower shall promptly pay such Lender, upon its demand, any additional amounts necessary to compensate such Lender for such increased cost or reduced amount receivable with respect to such Eurodollar Loans; provided that, in any such case, the Borrower may elect to convert the Eurodollar Loans made by such Lender hereunder to ABR Loans by giving the Administrative Agent at least one Business Day's notice of such election, in which case the Borrower shall promptly pay to such Lender, upon demand, without duplication, amounts theretofore required to be paid to such Lender pursuant to this Section 4.10(a) and such amounts, if any, as may be required pursuant to Section 4.12. If any Lender becomes entitled to claim any additional amounts pursuant to this Section 4.10(a), it shall provide prompt notice thereof to the Borrower, through the Administrative Agent, certifying (x) that one of the events described in this clause (a) has occurred and describing in reasonable detail the nature of such event, (y) as to the increased cost or reduced amount resulting from such event and (z) as to the additional amount demanded by such Lender and a reasonably detailed explanation of the calculation thereof. Such a certificate as to any additional amounts payable pursuant to this Section 4.10(a) submitted by such Lender, through the Administrative Agent, to the Borrower shall be conclusive in the absence of manifest error. Notwithstanding anything to the contrary in this Section 4.10(a), the Borrower shall not be required to compensate a Lender pursuant to this Section 4.10(a) (i) for any amounts incurred more than six months prior to the date that such Lender notifies the Borrower of such Lender's intention to claim compensation therefor ~~(~~except that, if the adoption of or change in any Requirement of Law or in the interpretation or application thereof giving rise to such increased costs or reductions is retroactive, then provided such Lender shall, within six months of such adoption, change, interpretation or application, have notified the Borrower of such Lender's intention to claim compensation therefor, the six-month period first referred to in this sentence shall be extended to include the period of retroactive effect ~~thereof)~~therefor or (ii) for any amounts, if such Lender is applying this provision to the Borrower in a manner that is inconsistent with its application of "increased cost" or other similar provisions under other syndicated credit agreements to similarly situated borrowers. This covenant shall survive the termination of this Agreement and the payment of the Term Loans and all other amounts payable hereunder.

(b) If any Lender shall have determined that the adoption of or any change in any Requirement of Law regarding capital adequacy or liquidity or in the interpretation or application thereof or compliance by such Lender or any corporation controlling such Lender with any request or directive regarding capital adequacy or liquidity (whether or not having the force of law) from any Governmental Authority, in each case, made subsequent to the ~~First Incremental~~Third Amendment ~~Effective~~Closing Date, does or shall have the effect of reducing the rate of return on such Lender's or such corporation's capital as a consequence of such Lender's obligations hereunder to a level below that which such Lender or such corporation could have achieved but for such change or compliance (taking into consideration such Lender's or such corporation's policies with respect to capital adequacy or liquidity) by an amount deemed by such Lender to be material, then from time to time, within ten Business Days after submission by such Lender to the Borrower (through the Administrative Agent) of a written

request therefor certifying (x) that one of the events described in this clause (b) has occurred and describing in reasonable detail the nature of such event, (y) as to the reduction of the rate of return on capital resulting from such event and (z) as to the additional amount or amounts demanded by such Lender or corporation and a reasonably detailed explanation of the calculation thereof, the Borrower shall pay to such Lender such additional amount or amounts as will compensate such Lender or corporation for such reduction. Such a certificate as to any additional amounts payable pursuant to this Section 4.10(b) submitted by such Lender, through the Administrative Agent, to the Borrower shall be conclusive in the absence of manifest error. Notwithstanding anything to the contrary in this Section 4.10(b), the Borrower shall not be required to compensate a Lender pursuant to this Section 4.10(b) (i) for any amounts incurred more than six months prior to the date that such Lender notifies the Borrower of such Lender's intention to claim compensation therefor ~~(~~except that, if the adoption of or change in any Requirement of Law or in the interpretation or application thereof giving rise to such increased costs or reductions is retroactive, then provided such Lender shall, within six months of such adoption, change, interpretation or application, have notified the Borrower of such Lender's intention to claim compensation therefor, the six-month period first referred to in this sentence shall be extended to include the period of retroactive effect ~~thereof)~~therefor or (ii) for any amounts, if such Lender is applying this provision to the Borrower in a manner that is inconsistent with its application of "increased cost" or other similar provisions under other syndicated credit agreements to similarly situated borrowers.. This covenant shall survive the termination of this Agreement and the payment of the Term Loans and all other amounts payable hereunder.

(c) Notwithstanding anything herein to the contrary, (i) the Dodd Frank Wall Street Reform and Consumer Protection Act, and all requests, rules, regulations, guidelines and directives promulgated thereunder or issued in connection therewith, and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, in each case, shall be deemed to have been enacted, adopted, promulgated or issued, as applicable, subsequent to the Closing Date for all purposes herein.

4.11 Taxes. (a) Except as provided below in this Section 4.11 or as required by law (which, for purposes of this Section 4.11, shall include FATCA), all payments made by the Borrower or the Agents under this Agreement and any Notes shall be made free and clear of, and without deduction or withholding for or on account of any Taxes; provided that if any Non-Excluded Taxes are required to be withheld from any amounts payable by the Borrower to any Agent or any Lender hereunder or under any Notes, the amounts so payable by the Borrower shall be increased to the extent necessary to yield to such Agent or such Lender (after payment of all Non-Excluded Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in this Agreement; provided, however, that the Borrower shall be entitled to deduct and withhold, and the Borrower shall not be required to indemnify for, any Non-Excluded Taxes, and any such amounts payable by the Borrower to or for the account of any Agent or Lender shall not be increased (x) if such Agent or Lender fails to comply with the requirements of clause (b), (c) or (d) of this Section 4.11 or with the requirements of Section 4.13, or (y) with respect to any Non-Excluded Taxes imposed in connection with the payment of any fees paid under this Agreement unless such Non-Excluded Taxes are imposed as a result of a Change in

Law, or (z) with respect to any Non-Excluded Taxes imposed by the United States or any state or political subdivision thereof, unless such Non-Excluded Taxes are imposed as a result of a change in treaty, law or regulation that occurred after the later of (i) the date that such Agent became an Agent hereunder or such Lender became a Lender hereunder (or, if such Agent or Lender is a non-U.S. intermediary or flow-through entity for U.S. federal income tax purposes, after the relevant beneficiary or member of such Agent or Lender became such a beneficiary or member, if later) ~~and~~, (ii) the First Incremental Amendment Effective Date and (iii) the Third Amendment Closing Date (any such change, at such time, a "Change in Law"). Whenever any Non-Excluded Taxes are payable by the Borrower, as promptly as possible thereafter the Borrower shall send to the Administrative Agent for its own account or for the account of the respective Lender or Agent, as the case may be, a certified copy of an original official receipt received by the Borrower showing payment thereof. If the Borrower fails to pay any Non-Excluded Taxes when due to the appropriate Governmental Authority in accordance with applicable law or fails to remit to the Administrative Agent the required receipts or other required documentary evidence, the Borrower shall indemnify the Administrative Agent, the Lenders and the Agents for any incremental Taxes, interest or penalties that may become payable by the Administrative Agent or any Lender as a result of any such failure. The agreements in this Section 4.11 shall survive the termination of this Agreement and the payment of the Term Loans and all other amounts payable hereunder.

(b) Each Agent and each Lender that is not a United States Person shall:

(i) (1) on or before the date of any payment by the Borrower under this Agreement or any Notes to, or for the account of, such Agent or Lender, deliver to the Borrower and the Administrative Agent (A) two accurate and complete original signed Internal Revenue Service Forms W-8BEN (certifying that it is a resident of the applicable country within the meaning of the income tax treaty between the United States and that country) or Forms W-8ECI, or successor applicable form, as the case may be, in each case certifying that it is entitled to receive all payments under this Agreement and any Notes without deduction or withholding of any United States federal income taxes, and (B) such other forms, documentation or certifications, as the case may be, certifying that it is entitled to an exemption from United States backup withholding tax with respect to payments under this Agreement and any Notes;

(2) deliver to the Borrower and the Administrative Agent two further original signed forms or certifications provided in Section 4.11(b)(i)(1) on or before the date that any such form or certification expires or becomes obsolete and after the occurrence of any event requiring a change in the most recent form or certificate previously delivered by it to the Borrower;

(3) obtain such extensions of time for filing and completing such forms or certifications as may reasonably be requested by the Borrower or the Administrative Agent; and

(4) deliver, to the extent legally entitled to do so, upon reasonable request by the Borrower, to the Borrower and the Administrative Agent such other forms as may be reasonably required in order to establish the legal entitlement of such Lender to an exemption from, or reduction of, withholding with respect to payments under this Agreement and any Notes, provided that, in determining the reasonableness of a request under this clause (4), such Lender shall be entitled to

consider the cost (to the extent unreimbursed by any Loan Party) which would be imposed on such Lender of complying with such request; or

(ii) in the case of any such Lender that is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code and is claiming the so-called "portfolio interest exemption",

(1) represent to the Borrower and the Administrative Agent that it is not (A) a bank within the meaning of Section 881(c)(3)(A) of the Code, (B) a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or (C) a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code;

(2) deliver to the Borrower on or before the date of any payment by the Borrower with a copy to the Administrative Agent, (A) two certificates substantially in the form of Exhibit D hereto (any such certificate a "U.S. Tax Compliance Certificate") and (B) two accurate and complete original signed Internal Revenue Service Forms W-8BEN, or successor applicable form, certifying to such Lender's legal entitlement at the date of such form to an exemption from U.S. withholding tax under the provisions of Section 871(h) or Section 881(c) of the Code with respect to payments to be made under this Agreement and any Notes and (C) such other forms, documentation or certifications, as the case may be, certifying that it is entitled to an exemption from United States backup withholding tax with respect to payments under this Agreement and any Notes (and shall also deliver to the Borrower and the Administrative Agent two further original signed forms or certificates on or before the date the previous forms or certificates expire or become obsolete and after the occurrence of any event requiring a change in the most recently provided forms or certificates and, if necessary, obtain any extensions of time reasonably requested by the Borrower or the Administrative Agent for filing and completing such forms or certificates); and

(3) deliver, to the extent legally entitled to do so, upon reasonable request by the Borrower, to the Borrower and the Administrative Agent such other forms as may be reasonably required in order to establish the legal entitlement of such Lender to an exemption from, or reduction of, withholding with respect to payments under this Agreement and any Notes, provided that, in determining the reasonableness of a request under this clause (3), such Lender shall be entitled to consider the cost (to the extent unreimbursed by the Borrower) which would be imposed on such Lender of complying with such request; or

(iii) in the case of any such Agent or Lender that is a non-U.S. intermediary or flow-through entity for U.S. federal income tax purposes,

(1) on or before the date of any payment by the Borrower under this Agreement or any Notes to, or for the account of, such Agent or Lender, deliver to the Borrower and the Administrative Agent two accurate and complete original signed Internal Revenue Service Forms W-8IMY and, if any beneficiary or member of such Lender is claiming the so-called "portfolio interest exemption", (I) represent to the Borrower and the Administrative Agent that such Lender is not (A) a bank within the meaning of Section 881(c)(3)(A) of the Code, (B) a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or (C) a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code, and (II) also deliver to the Borrower and the Administrative Agent two U.S. Tax Compliance Certificates

certifying to such Lender's legal entitlement at the date of such certificate to an exemption from U.S. withholding tax under the provisions of Section 881(c) of the Code with respect to payments to be made under this Agreement and any Notes; and

(A) with respect to each beneficiary or member of such Agent or Lender that is not claiming the so-called "portfolio interest exemption", also deliver to the Borrower and the Administrative Agent (I) two copies of such beneficiary's or member's accurate and complete original signed Internal Revenue Service Form W-8BEN (certifying that such beneficiary or member is a resident of the applicable country within the meaning of the income tax treaty between the United States and that country), Form W-8ECI or Form W-9, or successor applicable form, as the case may be, in each case so that each such beneficiary or member is entitled to receive all payments under this Agreement and any Notes without deduction or withholding of any United States federal income taxes and (II) such other forms, documentation or certifications, as the case may be, certifying that each such beneficiary or member is entitled to an exemption from United States backup withholding tax with respect to all payments under this Agreement and any Notes; and

(B) with respect to each beneficiary or member of such Lender that is claiming the so-called "portfolio interest exemption", (I) represent to the Borrower and the Administrative Agent that such beneficiary or member is not (1) a bank within the meaning of Section 881(c)(3)(A) of the Code, (2) a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or (3) a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code, and (II) also deliver to the Borrower and the Administrative Agent two U.S. Tax Compliance Certificates with respect to each beneficiary or member (which may be provided by such Lender on behalf of such beneficiary or member) and two copies of such beneficiary's or member's accurate and complete original signed Internal Revenue Service Form W-8BEN, or successor applicable form, certifying to such beneficiary's or member's legal entitlement at the date of such certificate to an exemption from U.S. withholding tax under the provisions of Section 871(h) or Section 881(c) of the Code with respect to payments to be made under this Agreement and any Notes, and (III) also deliver to the Borrower and the Administrative Agent such other forms, documentation or certifications, as the case may be, certifying that it is entitled to an exemption from United States backup withholding tax with respect to payments under this Agreement and any Notes;

(2) deliver to the Borrower and the Administrative Agent two further signed copies or originals (as applicable) of any forms, certificates or certifications referred to above on or before the date any such form, certificate or certification expires or becomes obsolete, or any beneficiary or member changes, and after the occurrence of any event requiring a change in the most recently provided form, certificate or certification and obtain such extensions of time reasonably requested by the Borrower or the Administrative Agent for filing and completing such forms, certificates or certifications; and

(3) deliver, to the extent legally entitled to do so, upon reasonable request by the Borrower, to the Borrower and the Administrative Agent such other forms as may be reasonably required in order to establish the legal entitlement of such Agent or Lender (or beneficiary or member) to an exemption from, or reduction of, withholding with respect to payments under this Agreement and any Notes, provided that in determining the reasonableness of a request under this clause (3)

such Agent or Lender shall be entitled to consider the cost (to the extent unreimbursed by the Borrower) which would be imposed on such Agent or Lender (or beneficiary or member) of complying with such request;

unless, in any such case, there has been a Change in Law which renders all such forms inapplicable or which would prevent such Agent or such Lender (or such beneficiary or member) from duly completing and delivering any such form with respect to it and such Agent or such Lender so advises the Borrower and the Administrative Agent.

(c) Each Lender and each Agent, in each case that is a United States Person, shall, on or before the date of any payment by the Borrower under this Agreement or any Notes to such Lender or Agent, deliver to the Borrower and the Administrative Agent two accurate and complete original signed Internal Revenue Service Forms W-9, or successor form, certifying that such Lender or Agent is a United States Person and that such Lender or Agent is entitled to complete exemption from United States backup withholding tax.

(d) Notwithstanding the foregoing, if the Administrative Agent is not a United States Person, on or before the date of any payment by the Borrower under this Agreement or any Notes to the Administrative Agent, the Administrative Agent shall:

(i) deliver to the Borrower (A) two accurate and complete original signed Internal Revenue Service Forms W-8ECI, or successor applicable form, with respect to any amounts payable to the Administrative Agent for its own account, (B) two accurate and complete original signed Internal Revenue Service Forms W-8IMY, or successor applicable form, with respect to any amounts payable to the Administrative Agent for the account of others, certifying that it is a "U.S. branch" and that the payments it receives for the account of others are not effectively connected with the conduct of its trade or business in the United States and that it is using such form as evidence of its agreement with the Borrower to be treated as a U.S. person with respect to such payments (and the Borrower and the Administrative Agent agree to so treat the Administrative Agent as a U.S. person with respect to such payments as contemplated by U.S. Treasury Regulation § 1.1441-1(b)(2)(iv)) or (C) such other forms or certifications as may be sufficient under applicable law to establish that the Administrative Agent is entitled to receive any payment by the Borrower under this Agreement or any Notes (whether for its own account or for the account of others) without deduction or withholding of any United States federal income taxes;

(ii) deliver to the Borrower two further original signed forms or certifications provided in Section 4.11(d)(i) on or before the date that any such form or certification expires or becomes obsolete and after the occurrence of any event requiring a change in the most recent form or certificate previously delivered by it to the Borrower; and

(iii) obtain such extensions of time for filing and completing such forms or certifications as may reasonably be requested by the Borrower or the Administrative Agent.

(e) If a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA, such Lender shall deliver to the Administrative Agent and the Borrower, at the time or times prescribed by law and at such time or times

reasonably requested by the Administrative Agent or the Borrower, such documentation prescribed by applicable law and such additional documentation reasonably requested by the Administrative Agent or the Borrower as may be necessary for the Administrative Agent and the Borrower to comply with their respective obligations (including any applicable reporting requirements) under FATCA, to determine whether such Lender has complied with such Lender's obligations under FATCA or to determine the amount, if any, to deduct and withhold from such payment. For the avoidance of doubt, the Borrower and the Administrative Agent shall be permitted to withhold any Taxes imposed by FATCA.

4.12 Indemnity. The Borrower agrees to indemnify each Lender in respect of Extensions of Credit made, or requested to be made, to the Borrower, and to hold each such Lender harmless from any loss or expense which such Lender may sustain or incur (other than through such Lender's gross negligence, bad faith or willful misconduct as determined by a court of competent jurisdiction in a final and nonappealable decision) as a consequence of (a) default by the Borrower in making a borrowing of, conversion into or continuation of Eurodollar Loans after the Borrower has given a notice requesting the same in accordance with the provisions of this Agreement, (b) default by the Borrower in making any prepayment or conversion of Eurodollar Loans after the Borrower has given a notice thereof in accordance with the provisions of this Agreement, (c) the making of a payment or prepayment of Eurodollar Loans or the conversion of Eurodollar Loans on a day which is not the last day of an Interest Period with respect thereto or (d) the revocation of a redemption notice in respect of Eurodollar Loans delivered by the Borrower in accordance with the provisions of Section 4.4(a). Such indemnification may include an amount equal to the excess, if any, of (i) the amount of interest which would have accrued on the amount so prepaid, or converted, or not so borrowed, converted or continued, for the period from the date of such prepayment or conversion or of such failure to borrow, convert or continue to the last day of the applicable Interest Period (or, in the case of a failure to borrow, convert or continue, the Interest Period that would have commenced on the date of such failure) in each case at the applicable rate of interest for such Eurodollar Loans provided for herein (excluding, however, the Applicable Margin included therein, if any) over (ii) the amount of interest (as reasonably determined by such Lender) which would have accrued to such Lender on such amount by placing such amount on deposit for a comparable period with leading banks in the interbank Eurodollar market. If any Lender becomes entitled to claim any amounts under the indemnity contained in this Section 4.12, it shall provide prompt notice thereof to the Borrower, through the Administrative Agent, certifying (x) that one of the events described in clause (a), (b), (c) or (d) has occurred and describing in reasonable detail the nature of such event, (y) as to the loss or expense sustained or incurred by such Lender as a consequence thereof and (z) as to the amount for which such Lender seeks indemnification hereunder and a reasonably detailed explanation of the calculation thereof. Such a certificate as to any indemnification pursuant to this Section 4.12 submitted by such Lender, through the Administrative Agent, to the Borrower shall be conclusive in the absence of manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within five Business Days after receipt thereof. This covenant shall survive the termination of this Agreement and the payment of the Term Loans and all other amounts payable hereunder.

4.13 Certain Rules Relating to the Payment of Additional Amounts. (a) Upon the request, and at the expense of the Borrower, each Lender and Agent to which the Borrower is required to pay any additional amount pursuant to Section 4.11, and any Participant in respect of whose

participation such payment is required, shall reasonably afford the Borrower the opportunity to contest, and reasonably cooperate with the Borrower in contesting, the imposition of any Non-Excluded Tax giving rise to such payment; provided that (i) such Lender or Agent shall not be required to afford the Borrower the opportunity to so contest unless the Borrower shall have confirmed in writing to such Lender or Agent its obligation to pay such amounts pursuant to this Agreement and (ii) the Borrower shall reimburse such Lender or Agent for its reasonable attorneys' and accountants' fees and disbursements incurred in so cooperating with the Borrower in contesting the imposition of such Non-Excluded Tax; provided, however, that notwithstanding the foregoing no Lender or Agent shall be required to afford the Borrower the opportunity to contest, or cooperate with the Borrower in contesting, the imposition of any Non-Excluded Taxes, if such Lender or Agent in its sole discretion in good faith determines that to do so would have an adverse effect on it.

(b) If a Lender changes its applicable lending office (other than (i) pursuant to clause (c) below or (ii) after an Event of Default under Section 9.1(a) or (f) has occurred and is continuing) and the effect of such change, as of the date of such change, would be to cause the Borrower to become obligated to pay any additional amount under Section 4.10 or 4.11, the Borrower shall not be obligated to pay such additional amount.

(c) If a condition or an event occurs which would, or would upon the passage of time or giving of notice, result in the payment of any additional amount to any Lender or Agent by the Borrower pursuant to Section 4.10 or 4.11 or result in Affected Loans or commitments to make Affected Loans being automatically converted to ABR Loans or commitments to make ABR Loans, as the case may be, pursuant to Section 4.9, such Lender or Agent shall promptly notify the Borrower and the Administrative Agent and shall take such steps as may reasonably be available to it to mitigate the effects of such condition or event (which shall include efforts to rebook the Term Loans held by such Lender at another lending office, or through another branch or an affiliate, of such Lender); provided that such Lender or Agent shall not be required to take any step that, in its reasonable judgment, would be materially disadvantageous to its business or operations or would require it to incur additional costs (unless the Borrower agrees to reimburse such Lender or Agent for the reasonable incremental out-of-pocket costs thereof).

(d) If the Borrower shall become obligated to pay additional amounts pursuant to Section 4.10 or 4.11 and any affected Lender shall not have promptly taken steps necessary to avoid the need for payments under Section 4.10 or 4.11 or if Affected Loans or commitments to make Affected Loans are automatically converted to ABR Loans or commitments to make ABR Loans, as the case may be, under Section 4.9 and any affected Lender shall not have promptly taken steps necessary to avoid the need for such conversion under Section 4.9, the Borrower shall have the right, for so long as such obligation remains, (i) with the assistance of the Administrative Agent to seek one or more substitute Lenders reasonably satisfactory to the Administrative Agent and the Borrower to purchase the affected Term Loan, in whole or in part, at an aggregate price no less than such Term Loan's principal amount plus accrued interest, and assume the affected obligations under this Agreement, or (ii) so long as no Event of Default under Section 9.1(a) or (f) then exists or will exist immediately after giving effect to the respective prepayment, upon notice to the Administrative Agent to prepay the affected Term Loan, in whole or in part, subject to Section 4.12, without premium or penalty. In the case of the substitution of a Lender, then, the Borrower, the Administrative Agent, the affected Lender, and

any substitute Lender shall execute and deliver an appropriately completed Assignment and Acceptance pursuant to Section 11.6(b) to effect the assignment of rights to, and the assumption of obligations by, the substitute Lender; provided that any fees required to be paid by Section 11.6(b) in connection with such assignment shall be paid by the Borrower or the substitute Lender. In the case of a prepayment of an affected Term Loan, the amount specified in the notice shall be due and payable on the date specified therein, together with any accrued interest to such date on the amount prepaid. In the case of each of the substitution of a Lender and of the prepayment of an affected Term Loan, the Borrower shall first pay the affected Lender any additional amounts owing under Sections 4.10 and 4.11 (as well as any commitment fees and other amounts then due and owing to such Lender, including any amounts under this Section 4.13) prior to such substitution or prepayment. In the case of the substitution of a Lender pursuant to this Section 4.13(d), if the Lender being replaced does not execute and deliver to the Administrative Agent a duly completed Assignment and Acceptance and/or any other documentation necessary to reflect such replacement by the later of (a) the date on which the assignee Lender executes and delivers such Assignment and Acceptance and/or such other documentation and (b) the date as of which all obligations of the Borrower owing to such replaced Lender relating to the Term Loans and participations so assigned shall be paid in full by the assignee Lender and/or the Borrower to such Lender being replaced, then the Lender being replaced shall be deemed to have executed and delivered such Assignment and Acceptance and/or such other documentation as of such date and the Borrower shall be entitled (but not obligated) to execute and deliver such Assignment and Acceptance and/or such other documentation on behalf of such Lender.

(e) If any Agent or any Lender receives a refund directly attributable to Taxes for which the Borrower has made additional payments pursuant to Section 4.11(a), such Agent or such Lender, as the case may be, shall promptly pay such refund (together with any interest with respect thereto received from the relevant taxing authority, but net of any reasonable cost incurred in connection therewith) to the Borrower; provided, however, that the Borrower agrees promptly to return such refund (together with any interest with respect thereto due to the relevant taxing authority) (free of all Non-Excluded Taxes) to such Agent or the applicable Lender, as the case may be, upon receipt of a notice that such refund is required to be repaid to the relevant taxing authority.

(f) The obligations of any Agent, Lender or Participant under this Section 4.13 shall survive the termination of this Agreement and the payment of the Term Loans and all amounts payable hereunder.

4.14 Defaulting Lenders. Notwithstanding anything contained in this Agreement to the contrary, if any Tranche B Term Lender or Tranche C Term Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Tranche B Term Lender or Tranche C Term Lender, as applicable, is a Defaulting Lender:

(a) the Borrower shall have the right, at its sole expense and effort to seek one or more Persons reasonably satisfactory to the Administrative Agent and the Borrower to each become a substitute Tranche B Term Lender or Tranche C Term Lender, as applicable, and assume all or part of the Tranche B Term Loan Commitment or Tranche C Term Loan Commitment, as applicable, of any such Defaulting Lender and the Borrower, the Administrative Agent and any

such substitute Tranche B Term Lender or Tranche C Term Lender, as applicable, shall execute and deliver, and such Defaulting Lender shall thereupon be deemed to have executed and delivered, an appropriately completed Assignment and Acceptance to effect such substitution; and

(b) any amount payable to such Defaulting Lender hereunder (whether on account of principal, interest, fees or otherwise and including any amount that would otherwise be payable to such Defaulting Lender pursuant to Section 11.7) may, in lieu of being distributed to such Defaulting Lender, be retained by the Administrative Agent in a segregated non-interest bearing account and, subject to any applicable Requirement of Law, be applied at such time or times as may be determined by the Administrative Agent (i) first, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder, (ii) second, to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent, (iii) third, if so determined by the Administrative Agent and the Borrower, held in such account as cash collateral for future funding obligations of the Defaulting Lender under this Agreement, (iv) fourth, pro rata, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement and (v) fifth, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction.

The rights and remedies against a Defaulting Lender under this Section 4.14 are in addition to other rights and remedies that the Borrower may have against such Defaulting Lender. The arrangements permitted or required by this Section 4.14 shall be permitted under this Agreement, notwithstanding any limitation on Liens or the pro rata sharing provisions or otherwise.

SECTION 5

Representations and Warranties

To induce the Administrative Agent and each Lender to make the Extensions of Credit requested to be made by it on the Closing Date, the Borrower with respect to itself and its Restricted Subsidiaries, hereby represents and warrants, on the Closing Date, in each case after giving effect to the Transactions, to the Administrative Agent and the Lenders that:

5.1 Existence, Qualification and Power; Compliance with Laws. Each Loan Party (a) is a Person (i) duly organized or formed and validly existing and (ii) in good standing (to the extent such concept has a legally recognized meaning in its jurisdiction of organization) under the Laws of the jurisdiction of its organization, (b) has all requisite corporate or other organizational power and authority to (i) own or lease its assets and carry on its business and (ii) execute, deliver and perform its obligations under the Loan Documents to which it is a party, (c) is duly qualified and in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification, (d) is in compliance with all applicable Laws and (e) has all requisite governmental licenses, authorizations, consents and approvals to operate its business as currently conducted; except in each case referred to in clause

(a)(i) (other than as to the Borrower and any Material Subsidiary that is a Loan Party), clause (a)(ii) (other than as to the Borrower) or clauses (b)(i), (c), (d) or (e), to the extent that failure to do so would not reasonably be expected to have a Material Adverse Effect.

5.2 Authorization; No Contravention. (a) The execution, delivery and performance by each Loan Party of each Loan Document to which such Person is a party, and the consummation of the Transactions, (i) are within such Loan Party's corporate or other powers and have been duly authorized by all necessary corporate or other organizational action and (ii) do not and will not (A) contravene the terms of any of such Person's Organization Documents; (B) conflict with or result in any breach or contravention of, or require any payment to be made under (in each case other than in respect of Indebtedness to be repaid in connection with the Transactions), (x) any Contractual Obligation to which such Person is a party or affecting such Person or the properties of such Person or any of its Restricted Subsidiaries or (y) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Person or its property is subject; or (C) violate any Law; except, in the case of clauses (ii)(A) (other than as to the Borrower), (ii)(B) and (ii)(C) to the extent that such conflict, breach, contravention or payment would not reasonably be expected to have a Material Adverse Effect and (b) the execution, delivery and performance by each Loan Party of each Loan Document to which such Person is a party, and the consummation of the Transactions do not or will not result in the creation of any Lien under any Contractual Obligation to which such Person is a party or by which such Person or the properties of such Person or any of its Restricted Subsidiaries is bound (other than as permitted by Section 8.5).

5.3 Governmental Authorization; Other Consents. No material approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with (a) the execution, delivery or performance by, or enforcement against, any Loan Party of this Agreement or any other Loan Document, or for the consummation of the Transactions, (b) the grant by any Loan Party of the Liens granted by it pursuant to the Security Documents, (c) the perfection or maintenance of the Liens created under the Security Documents (including the priority thereof) or (d) the exercise by the Collateral Agent, Administrative Agent or any Lender of its rights under the Loan Documents or the remedies in respect of the Collateral pursuant to the Security Documents, except for (i) actions, filings and registrations necessary to perfect the Liens on the Collateral and the priority thereof granted by the Loan Parties in favor of the Secured Parties, (ii) the approvals, consents, exemptions, authorizations, actions, notices and filings which have been duly obtained, taken, given or made and are in full force and effect and (iii) those approvals, consents, exemptions, authorizations or other actions, notices or filings, the failure of which to obtain, take, give or make would not reasonably be expected to have a Material Adverse Effect.

5.4 Binding Effect. This Agreement and each other Loan Document has been duly executed and delivered by Holdings and each Loan Party that is a party thereto. This Agreement and each other Loan Document constitutes a legal, valid and binding obligation of Holdings and such Loan Party, enforceable against Holdings and each Loan Party that is party thereto in accordance with its terms, in each case except as such enforceability may be limited by applicable domestic or foreign bankruptcy, insolvency, reorganization, receivership, moratorium or other Laws affecting creditors' rights generally and by general principles of equity.

5.5 Financial Statements; No Material Adverse Effect.

(a) The Audited Financial Statements fairly present in all material respects the financial condition of the Borrower and its consolidated Subsidiaries as of the date thereof and their results of operations for the period covered thereby in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein.

(b) Since the Closing Date, there has been no event or circumstance, either individually or in the aggregate, that has had or would reasonably be expected to have a Material Adverse Effect on the business, operations, assets, liabilities (actual or contingent) or condition (financial or otherwise) of the Borrower and its Subsidiaries, taken as a whole.

5.6 Litigation. There are no actions, suits, proceedings, claims or disputes pending or, to the knowledge of the Borrower, threatened in writing, at law, in equity, in arbitration or before any Governmental Authority, by or against the Borrower or any of its Restricted Subsidiaries or against any of their properties or revenues (i) as of the Closing Date, that pertain to this Agreement, any other Loan Document or the consummation of the Transactions or (ii) that would reasonably be expected to have a Material Adverse Effect.

5.7 No Default. Neither the Borrower nor any Restricted Subsidiary is in default under or with respect to any Contractual Obligation that would, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

5.8 Ownership of Property; Liens. Each of the Borrower and its Restricted Subsidiaries has good title in fee simple to, or valid leasehold interests in, or easements or other limited property interests in, all real property necessary in the ordinary conduct of its business, free and clear of all Liens except for minor defects in title that do not materially interfere with its ability to conduct its business or to utilize such assets for their intended purposes and Liens permitted by Section 8.5 and except where the failure to have such title or other interests would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

5.9 Environmental Compliance.

(a) There are no claims against the Borrower or its Restricted Subsidiaries alleging potential liability or responsibility for violation of any Environmental Law binding on their respective businesses, operations and properties that would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(b) Except as would not reasonably be expected to have a Material Adverse Effect, (i) none of the properties currently or formerly owned or operated by the Borrower or any of its Restricted Subsidiaries is listed or proposed for listing on the NPL or on the CERCLIS or any analogous foreign, state or local list or is adjacent to any such property; (ii) there are no underground or aboveground storage tanks or any surface impoundments, septic tanks, pits, sumps or lagoons in which Hazardous Materials are being or have been treated, stored or disposed on any property currently owned or operated by the Borrower or any of its Restricted Subsidiaries, or on any property formerly owned or operated by the Borrower or any of its Restricted Subsidiaries requiring investigation, remediation, mitigation, removal, or assessment,

or other response, remedial or corrective action, pursuant to Environmental Law; (iii) there is no asbestos or asbestos-containing material on any property currently owned or operated by the Borrower or any of its Restricted Subsidiaries; and (iv) Hazardous Materials have not been released, discharged or disposed of on any property currently or formerly owned or operated by the Borrower or any of its Restricted Subsidiaries except for such releases, discharges or disposal that were in material compliance with Environmental Laws.

(c) The properties currently or formerly owned or leased by the Borrower or its Restricted Subsidiaries do not contain any Hazardous Materials in amounts or concentrations which (i) constitute a violation of, (ii) require remedial action under, or (iii) would reasonably be expected to give rise to liability under, Environmental Laws, except for violations, remedial actions and liabilities that, in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

(d) Neither the Borrower nor any of its Restricted Subsidiaries is undertaking, and has not completed, either individually or together with other potentially responsible parties, any investigation or assessment or remedial or response action relating to any actual or threatened release, discharge or disposal of Hazardous Materials at any site, location or operation, either voluntarily or pursuant to the order of any Governmental Authority or the requirements of any Environmental Law except for such investigation or assessment or remedial or response action that, in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

(e) All Hazardous Materials generated, used, treated, handled or stored at, or transported to or from, any property currently or, to the knowledge of the Borrower, formerly owned or operated by the Borrower or any of its Restricted Subsidiaries have been disposed of in a manner not reasonably expected to result in a Material Adverse Effect.

5.10 Taxes. The Borrower and its Restricted Subsidiaries have filed all Federal and material state and other tax returns and reports required to be filed, and have paid all Federal and material state and other taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets or otherwise due and payable by them, except those (a) which are not overdue by more than 30 days or (b) which are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves have been provided in accordance with GAAP or (c) with respect to which the failure to make such filing or payment would not reasonably be expected to have a Material Adverse Effect.

5.11 ERISA Compliance.

(a) Each Plan is in compliance ~~in all material respects~~ with the applicable provisions of ERISA, the Code and other Federal or state Laws, except as would not reasonably be expected to result in a Material Adverse Effect. Each Plan that is intended to qualify under Section 401(a) of the Code has received a favorable determination letter from the IRS or an application for such a letter will be submitted to the IRS within the applicable required time period with respect thereto and, to the knowledge of the Borrower, nothing has occurred which would prevent, or cause the loss of, such qualification, except as would not reasonably be expected to result in a Material Adverse Effect. Each Loan Party and each ERISA Affiliate have made all required contributions to each Plan subject to Section 412 of the Code, and no application for a funding waiver or an extension of any amortization period pursuant to Section 412 of the Code has been made with

respect to any Plan, except as would not reasonably be expected to result in a Material Adverse Effect.

(b) There are no pending or, to the knowledge of the Borrower, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan that would reasonably be expected to have a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan that has resulted or would reasonably be expected to result in a Material Adverse Effect.

(c) (i) No ERISA Event or Foreign Benefit Event has occurred or, to the knowledge of the Borrower, is reasonably expected to occur; (ii) no Pension Plan is in "at-risk status" (as defined in Section 303(i)(4) of ERISA) and no application for a waiver of the minimum funding standard has been filed with respect to any Pension Plan; (iii) neither the Borrower nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability under Title IV of ERISA with respect to any Pension Plan (other than premiums due and not delinquent under Section 4007 of ERISA); (iv) neither the Borrower nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability (and no event has occurred which, with the giving of notice under Section 4219 of ERISA, would result in such liability) under Sections 4201 or 4243 of ERISA with respect to a Multiemployer Plan; and (v) neither the Borrower nor any ERISA Affiliate has engaged in a transaction that could be subject to Sections 4069 or 4212(c) of ERISA, except, with respect to each of the foregoing clauses of this Section 5.11(c), as would not reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect.

5.12 Subsidiaries; Equity Interests. As of the date hereof, no Loan Party has any Restricted Subsidiaries other than those disclosed in Schedule 5.12, and all of the outstanding Equity Interests in such Restricted Subsidiaries that are owned by a Loan Party are owned free and clear of all Liens except for Permitted Liens. As of the date hereof, Schedule 5.12 (a) sets forth the name and jurisdiction of each Restricted Subsidiary, (b) sets forth the ownership interest of the Borrower and any other Restricted Subsidiary in each Restricted Subsidiary, including the percentage of such ownership and (c) identifies each Restricted Subsidiary that is a Restricted Subsidiary the Equity Interests of which are required to be pledged hereunder or under the Security Documents.

5.13 Margin Regulations; Investment Company Act.

(a) The Borrower is not engaged and will not engage, principally or as one of its important activities, in the business of purchasing or carrying margin stock (within the meaning of Regulation U issued by the Board), or extending credit for the purpose of purchasing or carrying margin stock and no proceeds of any Borrowings will be used by the Borrower to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock.

(b) Neither the Borrower nor any other Loan Party is or is required to be registered as an "investment company" under the Investment Company Act.

5.14 Anti-Terrorism Law. Except to the extent it would not reasonably be expected to have a Material Adverse Effect, to the extent applicable, each Loan Party is in compliance with the (a)

Trading with the Enemy Act, as amended, and each of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) and any other enabling legislation or executive order relating thereto and (b) the Patriot Act.

5.15 Sanctioned Persons. None of the Borrower or any Restricted Subsidiary nor, to the knowledge of the Borrower, any director, officer or employee of the Borrower or any Restricted Subsidiary is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("OFAC"); and the Borrower will not directly, or to its knowledge, indirectly use the proceeds of the Initial Term Loans ~~or~~, Tranche B Term Loans or Tranche C Term Loans for the purpose of financing the activities of any Person currently subject to any U.S. sanctions administered by OFAC.

5.16 Foreign Corrupt Practices Act. Except to the extent it would not reasonably be expected to have a Material Adverse Effect, the Borrower has, and to the knowledge of the Borrower each of its directors, officers, agents, employees, and any person acting for or on behalf of the Borrower has, complied with, and will comply with, the U.S. Foreign Corrupt Practices Act, as amended from time to time, or any other applicable antibribery or anticorruption law; and except to the extent it would not reasonably be expected to have a Material Adverse Effect, the Borrower has not, and to the knowledge of the Borrower none of its directors, officers, agents, employees, and any person acting for or on behalf of the Borrower, its directors, officers, agents or employees have, made, offered, promised, or authorized, and the Borrower will not, and will use its commercially reasonable efforts to cause each of its directors, officers, agents, employees, and any person acting for or on its behalf to not, make, offer, promise, or authorize, whether directly or indirectly, any payment, of anything of value to: (i) an executive, official, employee or agent of a governmental department, agency or instrumentality, (ii) a director, officer, employee or agent of a wholly or partially government-owned or -controlled company or business, (iii) a political party or official thereof, or candidate for political office or (iv) an executive, official, employee or agent of a public international organization (e.g., the International Monetary Fund or the World Bank) ("Government Official"); in each case while knowing or having a reasonable belief that all or some portion will be used for the purpose of: (a) influencing any act, decision or failure to act by a Government Official in his or her official capacity, (b) inducing a Government Official to use his or her influence with a government or instrumentality to affect any act or decision of such government or entity, or (c) securing an improper advantage; in each case in order to obtain, retain, or direct business.

5.17 Labor Matters. As of the date hereof, (a) there are no strikes, lockouts or slowdowns against the Borrower or any Restricted Subsidiary pending or, to the knowledge of the Borrower, threatened; (b) the hours worked by and payments made to employees of the Borrower and the Restricted Subsidiaries have not been in violation of the Fair Labor Standards Act or any other applicable Federal, state, local or foreign law dealing with such matters; (c) all payments due from the Borrower or any Restricted Subsidiary on account of wages and employee health and welfare insurance and other benefits, have been paid or accrued as a liability (if required in accordance with GAAP) on the books of the Borrower or such Restricted Subsidiary; and (d) the consummation of the Transactions will not give rise to any right of termination or right of renegotiation on the part of any union under any collective bargaining agreement to which the Borrower or any Restricted Subsidiary is bound, except, with respect to each of clauses (a) through (d), as would not reasonably be expected to result in a Material Adverse Effect.

5.18 Disclosure. No report, financial statement, certificate or other written information furnished by or on behalf of any Loan Party to the Administrative Agent or any Lender in connection with the transactions contemplated hereby and the negotiation of this Agreement or delivered hereunder or any other Loan Document (as modified or supplemented by other information so furnished), in each case on or prior to the Closing Date, when taken as a whole, contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not materially misleading; provided that, (A) with respect to projected financial information, the Borrower represents only that such information was prepared in good faith based upon assumptions believed by it to be reasonable at the time of preparation, it being understood that projections are as to future events and are not to be viewed as facts, that such projections are subject to significant uncertainties and contingencies, many of which are beyond the control of the Borrower and its Subsidiaries, that no assurance can be given that any particular projection will be realized and that actual results during the period or periods covered by any such projections may differ significantly from the projected results and such differences may be material and that such projections are not a guarantee of future financial performance and (B) that no representation is made with respect to information of a general economic or general industry nature.

5.19 Intellectual Property; Licenses, Etc. Each Loan Party and its Restricted Subsidiaries own or possess the right to use all of the trademarks, service marks, trade names, logos, trade dress, goodwill associated with the foregoing, domain names, copyrights, patents, trade secrets, know-how and other intellectual property rights (including all registrations and applications for registration of the foregoing) (collectively, "IP Rights") that are necessary for the operation of their respective businesses, except to the extent that the failure to so own or possess the right to use such IP Rights, either individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect. To the knowledge of the Borrower, the conduct of the business of each Loan Party and its Restricted Subsidiaries does not infringe, misappropriate or otherwise violate any IP Rights of any other Person except for such infringements, misappropriations or violations, which, either individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect. There is no claim, investigation, suit or proceeding pending or, to the knowledge of the Borrower, threatened in writing, against any Loan Party or any of its Restricted Subsidiaries (i) challenging the validity, ownership or use of any IP Rights of such Loan Party or any of its Restricted Subsidiaries or (ii) alleging that the conduct of their respective businesses infringes, misappropriates, or otherwise violates the IP Rights of any other Person, in each case which, either individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

5.20 Solvency. On the Closing Date after giving effect to the Transactions and the other transactions contemplated hereby, the Borrower and its Subsidiaries, on a consolidated basis, are Solvent.

5.21 Senior Debt Status. The Loans will be treated as senior debt under the relevant documentation for any Subordinated Indebtedness of the Borrower or any Guarantor.

5.22 Valid Liens. Each Security Document (other than the Mortgages) is, or on execution and delivery thereof by the parties thereto will be, effective to create (to the extent described therein)

in favor of the Collateral Agent for the benefit of the Secured Parties, legal, valid and enforceable Liens on, or security interests in, the Collateral described therein to the extent required by the terms thereof, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other Laws affecting creditors' rights generally and by general principles of equity. (a) When financing statements and other filings in appropriate form are filed in the offices of the Secretary of State of each Loan Party's jurisdiction of organization or formation and applicable documents are filed and recorded in the United States Copyright Office and the United States Patent and Trademark Office, and (b) upon the taking of possession or control by the Collateral Agent of such Collateral with respect to which a security interest may be perfected only by possession or control (which possession or control shall be given to the Collateral Agent to the extent possession or control by the Collateral Agent is required by the Security Agreement), the Liens created by the Security Documents (other than the Mortgages) shall constitute to the extent required by the terms thereof fully perfected Liens on, and security interests in, all right, title and interest of the grantors in such Collateral, in each case free and clear of any Liens other than Permitted Liens.

SECTION 6

Conditions Precedent

6.1 Conditions to Initial Extension of Credit. This Agreement, including the agreement of each Lender to make the Initial Extension of Credit requested to be made by it, shall become effective on the date on which the following conditions precedent shall have been satisfied or waived:

(a) The Administrative Agent shall have received executed counterparts of this Agreement and the Guarantee Agreement by each Loan Party, as applicable.

(b) Substantially concurrently with the satisfaction of the other conditions precedent set forth in this Section 6.1, the Administrative Agent shall have received evidence, in form and substance reasonably satisfactory to it, that the Borrower shall have (x) entered into the Senior Revolving Credit Agreement and (y) received gross cash proceeds of not less than $635.0 million (calculated before applicable fees and original issue discount) from the issuance of the New Notes.

(c) The Administrative Agent shall have received, on behalf of itself and the Lenders, a favorable written opinion of (i) Debevoise & Plimpton LLP and (ii) Richards, Layton & Finger, PA, special Delaware counsel, in each case (A) dated the Closing Date, and (B) addressed to the Administrative Agent and the Lenders.

(d) The Administrative Agent shall have received (i) a copy of the certificate or articles of incorporation, partnership agreement or other constitutive document, including all amendments thereto, of each Loan Party, certified as of a recent date by the Secretary of State or comparable office of the state of its organization or, if consented to by the Administrative Agent (not to be unreasonably withheld or delayed), by a Responsible Officer or other officer of the relevant Loan Party, and a certificate as to the good standing of each Loan Party as of a recent date, from such Secretary of State; (ii) a certificate of a Responsible Officer or other officer of each Loan Party

dated the Closing Date and certifying (A) that attached thereto is a true and complete copy of the by-laws, partnership agreement, limited liability company agreement (or other equivalent documents) of such Loan Party as in effect on the Closing Date and at all times since a date immediately prior to the date of the resolutions described in clause (B) below, (B) that attached thereto is a true and complete copy of resolutions duly adopted by the Board of Directors, members or partners or shareholders (or other equivalent governing body) of such Loan Party authorizing the execution, delivery and performance of the Loan Documents to which such Person is a party and, in the case of the Borrower, the borrowings hereunder, and that such resolutions have not been modified, rescinded or amended and are in full force and effect, (C) that the certificate or articles of incorporation, partnership agreement or other constitutive document of such Loan Party have not been amended since the date of the last amendment thereto shown on the certificate of good standing furnished pursuant to clause (i) above, and (D) as to the incumbency and specimen signature of each officer executing any Loan Document or any other document delivered in connection herewith on behalf of such Loan Party; and (iii) a certificate of another officer as to the incumbency and specimen signature of the Secretary or Assistant Secretary or other authorized officer executing the certificate pursuant to clause (ii) above.

(e) All reasonable fees, costs and expenses due and payable on or prior to the Closing Date (including Attorney Costs and expenses of any other advisors), to the extent invoiced at least two Business Days prior to the Closing Date (except as otherwise reasonably agreed by the Borrower), and other compensation payable to the Administrative Agent, the Lead Arrangers and the Lenders required to be reimbursed or paid by the Borrower hereunder or under any other Loan Document or under the Engagement Letter on the Closing Date, shall have been paid.

(f) The Security Agreement and the Intellectual Property Security Agreements, in each case dated as of the Closing Date, shall have been duly executed by each Loan Party that is to be a party thereto and the Security Agreement and such Intellectual Property Security Agreements shall be in full force and effect on the Closing Date, and true and correct copies of such Security Documents shall have been delivered to the Collateral Agent.

(g) The Administrative Agent shall have received the results of a search of the Uniform Commercial Code filings (or equivalent filings) made with respect to the Loan Parties in the states (or other jurisdictions) of formation of such Persons, together with copies of the financing statements (or similar documents) disclosed by such search, and accompanied by evidence satisfactory to the Administrative Agent that the Liens indicated in any such financing statement (or similar document) would be permitted under Section 8.5 or have been or will be contemporaneously released or terminated.

(h) After giving effect to the consummation of the Transactions, the Borrower's (x) 9.5% Senior Secured Notes due 2016 and (y) existing Revolving Credit Agreement, dated as of July 20, 2011, shall have been repaid, defeased or otherwise discharged (or irrevocable notice for redemption thereof has been given) substantially concurrently with or prior to the satisfaction of the other conditions precedent set forth in this Section 6.1 and the Administrative Agent shall have received a customary payoff letter with respect to such Existing Indebtedness to be repaid.

(i) The Administrative Agent shall have received a duly completed notice of borrowing from the Borrower.

(j) The Administrative Agent shall have received (i) GAAP audited consolidated balance sheets and related statements of income, stockholders' equity and cash flows of the Borrower for the 2009, 2010 and 2011 fiscal years (and, to the extent available, the related unaudited consolidating financial statements) and (ii) GAAP unaudited consolidated and (to the extent available) consolidating balance sheets and related statements of income, stockholders' equity and cash flows of the Borrower for the fiscal quarters ended December 31, 2011, March 31, 2012 and June 30, 2012.

(k) The Administrative Agent shall have received a certificate from the chief financial officer of the Borrower substantially in the form attached as Exhibit F certifying that the Borrower and its Subsidiaries, on a consolidated basis after giving effect to the Transactions and the other transactions contemplated hereby, are Solvent.

(l) The representations and warranties of the Loan Parties set forth in Section 5 and in each other Loan Document shall be true and correct in all material respects on and as of the Closing Date with the same effect as though made on and as of such date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects as of such earlier date.

(m) The Administrative Agent shall have received, at least five days prior to the Closing Date, all documentation and other information required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including, without limitation, the Patriot Act, as has been reasonably requested in writing at least 10 days prior to the Closing Date.

SECTION 7

Affirmative Covenants

The Borrower hereby agrees that, from and after the Closing Date until payment in full of the Term Loans and all other Term Loan Facility Obligations then due and owing to any Lender or Agent hereunder, the Borrower shall and (except in the case of delivery of financial information, reports and notices) shall cause each of its respective Restricted Subsidiaries to:

7.1 Financial Statements. Deliver to the Administrative Agent for further distribution to each Lender:

(a) as soon as available, but in any event within 90 days after the end of each fiscal year of the Borrower ending on or after the Closing Date, a consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such fiscal year, and the related consolidated statements of income or operations, shareholders' equity and cash flows for such fiscal year, and setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail and prepared in accordance with GAAP, audited and accompanied by a report and opinion of Ernst & Young LLP or any other independent certified public accountant of nationally

recognized standing, which report and opinion shall be prepared in accordance with generally accepted auditing standards and shall not be subject to any "going concern" or like qualification or exception or any qualification or exception as to the scope of such audit (other than with respect to, or resulting from (i) an upcoming maturity date under the Facility that is scheduled to occur within one year from the time such report and opinion are delivered or (ii) any potential inability to satisfy any financial maintenance covenant included in any Indebtedness of the Borrower or its Subsidiaries on a future date in a future period);

(b) as soon as available, but in any event within 45 days after the end of each of the first three fiscal quarters of each fiscal year of the Borrower ending on or after the Closing Date, the unaudited consolidated balance sheet of the Borrower as at the end of such fiscal quarter, and the related unaudited consolidated statements of income or operations, shareholders' equity and cash flows for such fiscal quarter and for the portion of the fiscal year then ended, and setting forth in each case in comparative form the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year, all in reasonable detail and certified by a Responsible Officer of the Borrower as fairly presenting in all material respects the financial condition, results of operations, shareholders' equity and cash flows of the Borrower and its Subsidiaries in accordance with GAAP, subject only to normal year-end audit adjustments and the absence of footnotes;

(c) as soon as available, but in any event no later than 60 days after the end of each fiscal year of the Borrower ending on or after the Closing Date, a budget prepared by management of the Borrower, consistent with past practice or otherwise in form reasonably satisfactory to the Administrative Agent for the fiscal year following such fiscal year then ended (including a projected consolidated balance sheet and the related consolidated statements of projected cash flow and projected income of the Borrower and its Subsidiaries); and

(d) to the extent applicable, simultaneously with the delivery of each set of consolidated financial statements referred to in Sections 7.1(a) and 7.1(b) above, related unaudited condensed consolidating financial statements reflecting the material adjustments necessary (as determined by the Borrower in good faith) to eliminate the accounts of Unrestricted Subsidiaries (if any) from such consolidated financial statements.

Notwithstanding the foregoing, (i) in the event that the Borrower delivers to the Administrative Agent an Annual Report for any Parent on Form 10-K for any fiscal year, as filed with the SEC, within 90 days after the end of such fiscal year, such Form 10-K shall satisfy all requirements of Section 7.1(a) with respect to such fiscal year to the extent that it contains the information and report and opinion required by Section 7.1(a) and such report and opinion does not contain any "going concern" or like qualification (other than with respect to, or resulting from, (i) an upcoming maturity date under the Facility that is scheduled to occur within one year from the time such report and opinion are delivered or (ii) any potential inability to satisfy any financial maintenance covenant included in any Indebtedness of the Borrower or its Subsidiaries on a future date in a future period) and (iii) in the event that the Borrower delivers to the Administrative Agent a Quarterly Report for any Parent on Form 10-Q for any fiscal quarter, as filed with the SEC, within 45 days after the end of such fiscal quarter, such Form 10-Q shall satisfy all requirements of Section 7.1(b) with respect to such fiscal quarter to the extent that it contains the information required by Section 7.1(b).

7.2 Certificates; Other Information. Deliver to the Administrative Agent for further distribution to each Lender:

(a) [Reserved]

(b) concurrently with the delivery of the financial statements and reports referred to in Sections 7.1(a) and (b), a certificate signed by a Responsible Officer of the Borrower (a "Compliance Certificate") (i) stating that, to the best of such Responsible Officer's knowledge, each of the Borrower and its Restricted Subsidiaries during such period has observed or performed all of its covenants and other agreements contained in this Agreement and the other Loan Documents to which it is a party and that such Responsible Officer has obtained no knowledge of any Default or Event of Default, except, in each case, as specified in such certificate and (ii) if (A) delivered with the financial statements required by Section 7.1(a) and (B) the Senior Secured Indebtedness to EBITDA Ratio as of the last day of the immediately preceding Fiscal Year was greater than 1.50:1.00, set forth in reasonable detail the amount of (and the calculations required to establish the amount of) Excess Cash Flow for the respective Fiscal Year covered by such financial statements;

(c) promptly after the same are publicly available, copies of each annual report, proxy or financial statement or other material report or material communication sent to the stockholders of the Borrower, and copies of all annual, regular, periodic and special reports and registration statements which the Borrower has filed with the SEC (other than any registration statement on Form S-8 or any filing on Form 8-K) or with any national securities exchange and in any case not otherwise required to be delivered to the Administrative Agent pursuant hereto;

(d) promptly after the furnishing thereof, (i) copies of any requests or notices received by any Loan Party (other than in the ordinary course of business) and (ii) copies of any statement or report furnished to any holder of debt securities of any Loan Party or of any of its Restricted Subsidiaries, in each case, pursuant to the terms of any Specified Debt in a principal amount greater than the Threshold Amount and not otherwise required to be furnished to the Lenders pursuant to any other clause of this Section 7.2;

(e) [Reserved];

(f) together with the delivery of each Compliance Certificate pursuant to Section 7.2(b), copies of any Intellectual Property Security Agreement delivered to the Collateral Agent in accordance with Section 2.11(e) of the Security Agreement during the prior fiscal quarter;

(g) promptly after the furnishing thereof (and to the extent not otherwise provided hereunder), copies of all financial statements, forecasts, budgets or other similar information of Holdings furnished by Holdings to the holders of the Holdings Notes;

(h) promptly after the request by any Lender, all documentation and other information that such Lender reasonably requests in order to comply with its ongoing obligations under applicable "know your customer" and anti-money laundering rules and regulations, including the Patriot Act; and

(i) promptly, such additional information regarding the business, legal, financial or corporate affairs of any Loan Party or any Subsidiary, or compliance with the terms of the Loan Documents, as the Administrative Agent or any Lender through the Administrative Agent may from time to time reasonably request.

Documents required to be delivered pursuant to Sections 7.1(a) or (b) or 7.2 may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on which the Borrower posts such documents, or provides a link thereto on the Borrower's website on the Internet at the website address listed in Schedule A (or such other website address as the Borrower may specify by written notice to the Administrative Agent from time to time); or (ii) on which such documents are posted on the Borrower's behalf on IntraLinks/IntraAgency or another relevant internet or intranet website, if any, to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent); provided that: (i) upon request the Borrower shall deliver paper copies of such documents to the Administrative Agent for further distribution to each Lender until a written request to cease delivering paper copies is given by the Administrative Agent and (ii) the Borrower shall notify (which may be by facsimile or electronic mail) the Administrative Agent of the posting of any such documents and provide to the Administrative Agent by electronic mail electronic versions (i.e., soft copies) of such documents. The Administrative Agent shall have no obligation to request the delivery or to maintain paper copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by the Borrower with any such request for delivery, and each Lender shall be solely responsible for the timely accessing of posted documents or requesting delivery of paper copies of such documents from the Administrative Agent and maintaining its copies of such documents.

7.3 Notices. Promptly upon a Responsible Officer of the Borrower obtaining knowledge thereof, notify the Administrative Agent:

(a) of the occurrence of any Default; and

(b) of any matter that has resulted or would reasonably be expected to result in a Material Adverse Effect, including arising out of ~~or~~ resulting from: (i) breach or non-performance of, or any default under, a Contractual Obligation of any Loan Party or any Subsidiary, (ii) any dispute, litigation, investigation, proceeding or suspension between any Loan Party or any Subsidiary and any Governmental Authority, (iii) the commencement of, or any material development in, any litigation or proceeding affecting any Loan Party or any Subsidiary, including pursuant to any applicable Environmental Laws and or in respect of IP Rights or the assertion or occurrence of any noncompliance by any Loan Party or any of its Subsidiaries with any Environmental Law or Environmental Permit, or (iv) the occurrence of any ERISA Event or Foreign Benefit Event.

Each notice pursuant to this Section shall be accompanied by a written statement of a Responsible Officer of the Borrower (x) that such notice is being delivered pursuant to Section 7.3(a) or (b) (as applicable) and (y) setting forth reasonable details of the occurrence referred to therein and stating what action (if any) the Borrower has taken and proposes to take with respect thereto. The Administrative Agent agrees to promptly transmit each notice received by it in compliance with Section 7.3(a) to each Lender.

7.4 Payment of Taxes. Pay, discharge or otherwise satisfy as the same shall become due and payable, all taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets, except (a) those which are being contested in good faith by appropriate proceedings and for which adequate reserves are maintained to the extent required by GAAP (or, for Foreign Subsidiaries, in conformity with generally accepted accounting principles that are applicable in their respective jurisdictions of organization) or (b) to the extent the failure to pay, discharge or satisfy the same would not reasonably be expected to have a Material Adverse Effect.

7.5 Preservation of Existence, Etc. (a) Preserve, renew and maintain in full force and effect its legal existence under the Laws of the jurisdiction of its organization, except in a transaction permitted by Section 8.3 or 8.6 or to the extent (other than for the Borrower) that the failure to do so would not reasonably be expected to have a Material Adverse Effect, (b) take all reasonable action to maintain all rights, privileges (including its good standing if such concept has a legally recognized meaning in its jurisdiction of organization), permits, licenses and franchises necessary in the normal conduct of its business, except, in each case, as permitted by Section 8.3 or to the extent that failure to do so would not reasonably be expected to have a Material Adverse Effect, and (c) preserve or renew all of its registered patents, trademarks, trade names, service marks and copyrights, to the extent required under the Security Agreement.

7.6 Maintenance of Properties. Except if the failure to do so would not reasonably be expected to have a Material Adverse Effect, maintain, preserve and protect all of its material properties and equipment necessary in the operation of its business in good working order, repair and condition, ordinary wear and tear and casualty or condemnation excepted.

7.7 Maintenance of Insurance. Except where failure to do so would not reasonably be expected to have a Material Adverse Effect, maintain with financially sound and reputable insurance companies insurance with respect to its material properties and business against loss or damage of such types and in such amounts (after giving effect to any self-insurance consistent with past practice, or reasonable under the circumstances, and, in either case, customary for similarly situated Persons engaged in the same or similar businesses as the Borrower and its Restricted Subsidiaries) as are consistent with past practice, or reasonable under the circumstances, and customarily carried under similar circumstances by such other Persons.

7.8 Compliance with Laws. Comply in all material respects with the requirements of all applicable Laws and all orders, writs, injunctions and decrees applicable to it or to its business or property, except if the failure to comply therewith would not reasonably be expected to have a Material Adverse Effect.

7.9 Books and Records. Maintain proper books of record and account in a manner to allow financial statements to be prepared in conformity with GAAP consistently applied in respect of all material financial transactions and matters involving the material assets and business of the Borrower and its Subsidiaries taken as a whole (it being understood and agreed that each Foreign Subsidiary may maintain individual books and records in a manner to allow financial statements to be prepared in conformity with generally accepted accounting principles that are applicable in its jurisdiction of organization).

7.10 Inspection Rights. Permit representatives of the Administrative Agent (x) to visit and inspect any of its properties (to the extent it is within such person's control to permit such inspection), to examine its corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss its affairs, finances and accounts with its officers all at the reasonable expense of the Borrower, and at such reasonable times during normal business hours and as often as may be reasonably desired, upon reasonable advance notice to the Borrower and (y) to have reasonable discussions regarding the business, operations, properties and financial condition of the Borrower and its Subsidiaries with the Borrower's independent certified public accountants (subject to such accountants' customary policies and procedures); provided that, excluding any such visits and inspections during the continuation of an Event of Default, (i) the Administrative Agent shall not exercise such rights more often than once during any calendar year absent the existence of an Event of Default and (ii) such exercise shall be at the Borrower's reasonable expense; provided further that when an Event of Default exists the Administrative Agent (or any of its representatives) may do any of the foregoing at the reasonable expense of the Borrower at any time during normal business hours and upon reasonable advance written notice. The Administrative Agent shall give the Borrower the opportunity to participate in any discussions with the Borrower's accountants pursuant to clause (y) of the immediately preceding sentence. Notwithstanding anything to the contrary in Subsection 7.2(i) or in this Subsection 7.10, none of the Borrower or any Restricted Subsidiary will be required to disclose or permit the inspection or discussion of, any document, information or other matter (i) that constitutes non-financial trade secrets or non-financial proprietary information, (ii) in respect of which disclosure to the Administrative Agent or the Lenders (or their respective representatives) is prohibited by Requirement of Law or any binding agreement or (iii) that is subject to attorney client or similar privilege or constitutes attorney work product.

7.11 Use of Proceeds. Use the proceeds of the Initial Term Loans only for general corporate purposes of the Borrower and its Subsidiaries, including to refinance existing Indebtedness and pay related fees, costs and expenses. Use the proceeds of the Tranche B Term Loans for the purposes specified in the First Incremental Amendment. Use the proceeds of the Tranche C Term Loans for the purposes specified in the Third Amendment.

7.12 Covenant to Guarantee Obligations and Give Security.

(a) Upon (i) the formation or acquisition of any new direct or indirect Domestic Subsidiary that is a Wholly Owned Restricted Subsidiary (other than (A) an Unrestricted Subsidiary, (B) any Subsidiary that is prohibited by any Contractual Obligation (provided such prohibition was not incurred in connection with or in contemplation of the acquisition of such Subsidiary) or by applicable Laws from guaranteeing the Secured Obligations or which would require governmental (including regulatory) consent, approval, license or authorization to provide such guarantee unless such consent, approval, license or authorization has been received, (C) any Securitization Subsidiary, (D) any Subsidiary with respect to which the provision of a guaranty of the Secured Obligations would result in material adverse tax consequences (as reasonably determined by the Borrower and notified in writing to the Administrative Agent), (E) any not-for-profit Subsidiary, (F) any Captive Insurance Subsidiary, (G) any Subsidiary with respect to which the Borrower and Administrative Agent reasonably agree that the burden or cost or other consequences of providing a guarantee of the Secured Obligations shall be excessive in view of the benefits to be obtained by the Lenders therefrom, (H) any Subsidiary that is a Special

Purpose Entity, (I) a Subsidiary formed solely for the purpose of becoming a Parent, or merging with the Borrower in connection with another Subsidiary becoming a Parent, or otherwise creating or forming a Parent or (J) an Immaterial Subsidiary (all Subsidiaries described in the foregoing clauses (A) through (J), the "Excluded Subsidiaries")) by any Loan Party, (ii) the designation of any existing direct or indirect Domestic Subsidiary that is a Wholly Owned Subsidiary (other than an Excluded Subsidiary) as a Restricted Subsidiary in accordance with the terms hereof, (iii) any Domestic Subsidiary that is a Wholly Owned Subsidiary that is an Unrestricted Subsidiary (other than an Unrestricted Subsidiary that is otherwise an Excluded Subsidiary) ceasing to be an Unrestricted Subsidiary, (iv) any Domestic Subsidiary that is a Wholly Owned Restricted Subsidiary that is an Immaterial Subsidiary (other than an Immaterial Subsidiary that is otherwise an Excluded Subsidiary) ceasing to be an Immaterial Subsidiary, or (v) any Domestic Subsidiary that is a Wholly Owned Restricted Subsidiary that is an Excluded Subsidiary ceasing to be an Excluded Subsidiary, the Borrower shall, in each case at the Borrower's expense, within 90 days after such formation, acquisition, designation, change in status or guarantee or such longer period as the Administrative Agent may agree in its discretion:

(i) cause each such Subsidiary to duly execute and deliver to the Administrative Agent a guaranty supplement, in substantially the form attached to the Guarantee Agreement as Exhibit C, guaranteeing the Secured Obligations of each Loan Party;

(ii) cause each such Subsidiary to duly execute and deliver to the Collateral Agent a Security Agreement Supplement (as defined in the Security Agreement) and those Security Documents required to be delivered under the Security Agreement, as further specified by and in form and substance reasonably satisfactory to the Collateral Agent (substantially consistent with the Security Documents in effect on the Closing Date unless otherwise consented to by the Collateral Agent), granting a Lien to the extent required under the Security Agreement, in each case securing the Secured Obligations of such Subsidiary under the Guarantee Agreement;

(iii) (x) cause each such Subsidiary to deliver (i) any and all certificates representing Capital Stock directly owned by such Subsidiary (limited, in the case of Capital Stock of a Foreign Subsidiary, to 65% of each class of the outstanding Capital Stock (including for these purposes any investment deemed to be Capital Stock for United States Tax purposes) in such Foreign Subsidiary) accompanied by undated stock powers or other appropriate instruments of transfer executed in blank and (ii) instruments evidencing the Pledged Debt in each case in excess of $5.0 million held by such Subsidiary, indorsed in blank to the Collateral Agent and (y) cause each direct parent of such Subsidiary that is a Guarantor or is required to become a Guarantor pursuant to Section 7.12(a)(i), to deliver any and all certificates representing the outstanding Capital Stock of such Subsidiary owned by such parent accompanied by undated stock powers or other appropriate instruments of transfer executed in blank; and

(iv) take and cause such Subsidiary and each direct or indirect parent of such Subsidiary to take whatever action is required under the Security Agreement or otherwise deemed necessary in the reasonable opinion of the Collateral Agent to vest in the Collateral Agent (or in any representative of the Collateral Agent designated by it) valid and subsisting Liens on the properties purported to be subject to the Security Documents delivered pursuant to this Section 7.12 and the Security Agreement, enforceable against all third parties in accordance with their terms.

For the avoidance of doubt, (i) no Excluded Subsidiary shall be required hereunder to guarantee the obligations of the Borrower or any Guarantor, (ii) no Foreign Subsidiary shall be required hereunder to guarantee the obligations of the Borrower or any Guarantor, (iii) no more than 65% of any class of Capital Stock of any Foreign Subsidiary shall be required to be pledged to support obligations of the Borrower or any Guarantor, and (iv) no Capital Stock of any Excluded Subsidiary shall be required to be pledged.

(b) Upon the acquisition by any Loan Party of any property the Borrower will cause such Loan Party to comply with the requirements under the Security Documents and cause such assets to be subject to a perfected Lien in favor of the Collateral Agent for the benefit of the Secured Parties to the extent required under the Security Documents and the Borrower will cause the relevant Loan Party to take such additional actions as shall be necessary or reasonably requested by the Collateral Agent to grant and perfect or record such Lien, including, as applicable, the actions referred to above.

(c) In no event shall the Borrower or any Restricted Subsidiary be required to (i) take any action in any jurisdiction other than the United States of America, or required by the laws of any such jurisdiction, in order to create any security interests (or other Liens) in assets located or titled outside of the United States of America or to perfect any security interests (or other Liens) in any such Collateral, (ii) deliver control agreements with respect to, or confer perfection by "control" over, any deposit accounts, bank or securities account or other Collateral, except, in the case of Collateral that constitutes Capital Stock or intercompany notes in certificated form, delivering such Capital Stock or intercompany notes (in the case of intercompany notes, limited to any such note with a principal amount in excess of $5.0 million) to the Collateral Agent (or another Person as required under the Security Agreement) or (iii) deliver landlord lien waivers, estoppels or collateral access letters.

(d) Notwithstanding the foregoing, (x) the Collateral Agent shall not take a security interest in (i) those assets as to which the Collateral Agent and the Borrower shall agree (each acting reasonably) that the cost of obtaining such Lien (including any mortgage, stamp, intangibles or other tax) are excessive in relation to the benefit to the Lenders of the security afforded thereby or (ii) assets to the extent a security interest in such assets would result in material adverse tax consequences (including as a result of the operation of Section 956 of the Code or any similar Law in any applicable jurisdiction) as reasonably determined by the Borrower and notified in writing to the Administrative Agent and (y) Liens required to be granted pursuant to this Section 7.12 shall be subject to exceptions and limitations consistent with those set forth in the Security Documents as in effect on the Closing Date (to the extent appropriate in the applicable jurisdiction). In the case of any conflict between this Agreement and the Security Documents, the Security Documents shall govern and no assets are required to be pledged or actions are required to be taken that are not required to be pledged or taken under the Security Documents.

7.13 Compliance with Environmental Laws. Except, in each case, to the extent that the failure to do so would not reasonably be expected to have a Material Adverse Effect, (a) comply, and take all reasonable actions to cause all lessees and other Persons operating or occupying its properties to comply, in all material respects, with all applicable Environmental Laws and Environmental Permits, (b) obtain and renew all Environmental Permits necessary for its operations and properties, and (c) in each case to the extent required by Environmental Laws,

conduct any investigation, study, sampling and testing, and undertake any cleanup, removal, remedial or other action necessary to remove and clean up all Hazardous Materials from any of its properties, in accordance with the requirements of all Environmental Laws.

7.14 Further Assurances. Promptly upon reasonable request by the Collateral Agent (or, with respect to the Guarantee Agreement and any other Loan Document (other than the Security Documents), the Administrative Agent) (i) correct any material defect or error that may be discovered in the execution, acknowledgment, filing or recordation of the Guarantee Agreement, any Security Document or any other Loan Document and (ii) do, execute, acknowledge, deliver, record, re-record, file, re-file, register and re-register any and all such further acts, deeds, certificates, assurances and other instruments as the Collateral Agent (or, with respect to the Guarantee Agreement and any other Loan Document (other than the Security Documents), the Administrative Agent) may reasonably require from time to time in order to grant, preserve, protect and perfect the validity and priority of the security interests created or intended to be created by the Security Documents.

7.15 Maintenance of Ratings. Use commercially reasonable efforts to maintain ratings of the Term Loans, a public corporate rating and a public corporate family rating, as applicable, from each of S&P and Moody's, in each case in respect of the Borrower (but not to obtain or maintain a specific rating).

7.16 Post-Closing Actions. Complete the actions listed on Schedule 7.16 by the times stated therein (or such later date as may be consented to by the Administrative Agent in its sole discretion).

SECTION 8

Negative Covenants

The Borrower hereby agrees that, from and after the Closing Date until payment in full of the Term Loans and all other Term Loan Facility Obligations then due and owing to any Lender or any Agent hereunder:

8.1 Limitation on Indebtedness.

(a) The Borrower will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, enter into any guarantee of, or otherwise become directly or indirectly liable, contingently or otherwise, for (collectively, "incur") any Indebtedness (including Acquired Debt), and the Borrower will not permit any of its Restricted Subsidiaries to issue any shares of Preferred Stock; provided, however, that the Borrower and any Restricted Subsidiary may incur Indebtedness (including Acquired Debt) and any Restricted Subsidiary may issue Preferred Stock if the Fixed Charge Coverage Ratio for the Borrower's most recently ended four full fiscal quarters for which internal financial statements are available (or, if earlier, were required to be delivered pursuant to Section 7.1(a) or (b)) immediately preceding the date on which such additional Indebtedness is incurred or such Preferred Stock is issued would have been at least 2.00 to 1.00, determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been

incurred or the Preferred Stock had been issued, as the case may be, and the application of proceeds therefrom had occurred at the beginning of such four-quarter period; provided further that the aggregate principal amount of Indebtedness that may be incurred and the liquidation preference of Preferred Stock that may be issued pursuant to the foregoing by Restricted Subsidiaries that are not Guarantors shall not exceed $100.0 million at any one time outstanding.

(b) Notwithstanding the foregoing Section 8.1(a), the Borrower and its Restricted Subsidiaries may incur the following Indebtedness (collectively, "Permitted Debt"):

(i) (x) prior to the occurrence of the Trigger Date, Indebtedness (a) pursuant to this Agreement and the other Loan Documents, (b) pursuant to any other Credit Agreement, (c) pursuant to the New Notes, (d) constituting Rollover Indebtedness and (e) in respect of Permitted Debt Exchange Notes incurred pursuant to a Permitted Debt Exchange in accordance with Section 2.7 (and which does not generate any additional proceeds), in a maximum principal amount for all such Indebtedness at any time outstanding, together with amounts outstanding under a Qualified Securitization Financing incurred pursuant to clause (xvii) below, not to exceed the greater of (A) $1,550.0 million and (B) the maximum aggregate principal amount (as of the date of incurrence of any such Indebtedness and after giving pro forma effect to the incurrence thereof and the application of the net proceeds therefrom (or as of the date of the initial borrowing of such Indebtedness after giving pro forma effect to the incurrence of the entire committed amount of such Indebtedness)) that can be incurred without exceeding a Senior Secured Indebtedness to EBITDA Ratio for the Borrower of 3.50 to 1.00 (it being understood that for purposes of determining compliance under this clause (i) and under Section 2.6(a)(i), any Indebtedness incurred under this clause (i) and under Section 2.6(a)(i) (whether or not secured), other than Revolving Credit Agreement Indebtedness, will be included in the amount of Senior Secured Indebtedness for purposes of calculating the Senior Secured Indebtedness to EBITDA Ratio) (y) on and after the occurrence of the Trigger Date, (I) Indebtedness (a) pursuant to this Agreement and the other Loan Documents, (b) pursuant to any other Credit Agreement, (c) pursuant to the New Notes and the 2014 Senior Secured Notes, (d) constituting Rollover Indebtedness and (e) in respect of Permitted Debt Exchange Notes incurred pursuant to a Permitted Debt Exchange in accordance with Section 2.7 (and which does not generate any additional proceeds), up to an aggregate principal amount, together with amounts outstanding under a Qualified Securitization Financing incurred pursuant to clause (xvii) below, not to exceed at any one time outstanding the greater of (A) $2,275.0 million and (B) the maximum aggregate principal amount (as of the date of incurrence of any such Indebtedness and after giving pro forma effect to the incurrence thereof and the application of the net proceeds therefrom (or as of the date of the initial borrowing of such Indebtedness after giving pro forma effect to the incurrence of the entire committed amount of such Indebtedness)) that can be incurred without exceeding a Senior Secured Indebtedness to EBITDA Ratio for the Borrower of 4.00 to 1.00 (it being understood that for purposes of determining compliance under this clause (i) and under Section 2.6(a)(i), except as provided in clause (z) of the last proviso in Section 2.6(a)(i), any Indebtedness incurred under this clause (i) and under Section 2.6(a)(i) (whether or not secured), other than Revolving Credit Agreement Indebtedness, will be included in the amount of Senior Secured Indebtedness for purposes of calculating the Senior Secured Indebtedness to EBITDA Ratio) and (II) Revolving Credit Agreement Indebtedness not to exceed at any time outstanding $180.0 million;

(ii) [Reserved];

(iii) the Existing Unsecured Notes and other Existing Indebtedness (other than Indebtedness described in clauses (i) and (vii));

(iv) Indebtedness (including Capitalized Lease Obligations) incurred by the Borrower or any Restricted Subsidiary and Preferred Stock issued by a Restricted Subsidiary to finance the purchase, lease or improvement of property (real or personal) or equipment that is used or useful in a Permitted Business (whether through the direct purchase of assets or the Capital Stock of any Person owning such assets) in anprovided that the aggregate principal amount that, when aggregated with the principal amount of all otherof Indebtedness and/or Preferred Stock then outstanding and incurred or issued pursuant to this clause (iv), doesto finance the acquisition of Capital Stock of any Person at any time outstanding shall not exceed the greater of (x) $50.0 million and (y) 5.0% of Consolidated Tangible Assets;

(v) Indebtedness incurred by the Borrower or any Restricted Subsidiary constituting reimbursement obligations with respect to letters of credit issued in the ordinary course of business, including without limitation letters of credit in respect of workers' compensation claims, health, disability or other employee benefits or property, casualty or liability insurance or self-insurance or other Indebtedness with respect to reimbursement-type obligations regarding workers' compensation claims, health, disability or other employee benefits or property, casualty or liability insurance or self-insurance; provided that upon the drawing of such letters of credit or the incurrence of such Indebtedness, such obligations are reimbursed within 30 days following such drawing or incurrence;

(vi) Indebtedness arising from agreements of the Borrower or a Restricted Subsidiary providing for indemnification, adjustment of purchase price, earnouts or similar obligations, in each case, incurred or assumed in connection with the acquisition or disposition of any business, assets or a Subsidiary, other than guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or a Subsidiary for the purpose of financing such acquisition; provided that such Indebtedness is not reflected on the balance sheet of the Borrower or any Restricted Subsidiary (contingent obligations referred to in a footnote to financial statements and not otherwise reflected on the balance sheet will not be deemed to be reflected on such balance sheet for purposes of this clause);

(vii) Indebtedness of the Borrower owed to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owed to and held by the Borrower or any Restricted Subsidiary; provided, however, that (A) any subsequent issuance or transfer of any Capital Stock or any other event that results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any subsequent transfer of any such Indebtedness (except to the Borrower or a Restricted Subsidiary) shall be deemed, in each case, to constitute the incurrence of such Indebtedness by the issuer thereof and (B) if the Borrower is the obligor on such Indebtedness (other than any Existing Indebtedness) owing to a Restricted Subsidiary that is not a Guarantor, such Indebtedness is expressly subordinated to the prior payment in full in cash of all obligations of the Borrower with respect to the Notes;

(viii) shares of Preferred Stock of a Restricted Subsidiary issued to the Borrower or a Restricted Subsidiary; provided that any subsequent issuance or transfer of any Capital Stock or any other event which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any other subsequent transfer of any such shares of Preferred Stock (except to the Borrower or a Restricted Subsidiary) shall be deemed in each case to be an issuance of such shares of Preferred Stock;

(ix) Hedging Obligations of the Borrower or any Restricted Subsidiary (excluding Hedging Obligations entered into for speculative purposes) for the purpose of limiting (A) interest rate risk with respect to any Indebtedness that is permitted to be incurred by the terms of this Agreement, (B) exchange rate risk with respect to any currency exchange or (C) commodity price risk;

(x) obligations in respect of self-insurance, performance, bid, appeal and surety bonds and performance and completion guarantees and similar obligations provided by the Borrower or any Restricted Subsidiary or obligations in respect of letters of credit, bank guarantees or similar instruments related thereto, in each case, in the ordinary course of business or consistent with past practice;

(xi) Indebtedness of the Borrower or any Restricted Subsidiary or Preferred Stock of any Restricted Subsidiary not otherwise permitted hereunder in an aggregate principal amount or liquidation preference which, when aggregated with the principal amount and liquidation preference of all other Indebtedness and Preferred Stock then outstanding and incurred pursuant to this clause (xi), does not at any one time outstanding exceed the greater of $250.0 million and 17.5% of Consolidated Tangible Assets (it being understood that any Indebtedness or Preferred Stock incurred pursuant to this clause (xi) shall cease to be deemed incurred or outstanding for purposes of this clause (xi) but shall be deemed incurred for the purposes of the Section 8.1(a) from and after the first date on which the Borrower or such Restricted Subsidiary could have incurred such Indebtedness or Preferred Stock under Section 8.1(a) without reliance on this clause (xi));

(xii) (a) any guarantee by the Borrower or a Restricted Subsidiary of Indebtedness or other obligations of any Restricted Subsidiary so long as (in the case of any such Indebtedness) the incurrence of such Indebtedness by such Restricted Subsidiary is permitted under the terms of this Agreement, or (b) any guarantee by a Restricted Subsidiary of Indebtedness or other obligations of the Borrower; provided that (in the case of any such guarantee of Indebtedness) such guarantee is incurred in accordance with the terms of this Agreement;

(xiii) Indebtedness or Preferred Stock of the Borrower or any Restricted Subsidiary that serves to extend, replace, refund, refinance, renew or defease any Indebtedness incurred as permitted under Section 8.1(a) and Section 8.1(b)(i), (iii), (iv), (xiii) and (xiv) or any Indebtedness issued to so extend, replace, refund, refinance, renew or defease such Indebtedness including additional Indebtedness incurred to pay premiums and fees in connection therewith (the "Refinancing Indebtedness"); provided that such Refinancing Indebtedness (A) has a Weighted Average Life to Maturity at the time such Refinancing Indebtedness is incurred which is not less than the remaining Weighted Average Life to Maturity of the Indebtedness being extended, replaced, refunded, refinanced, renewed or defeased, (B) to the extent such Refinancing Indebtedness

refinances Indebtedness that is subordinated to the Term Loan Facility Obligations, such Refinancing Indebtedness is subordinated to the Term Loan Facility Obligations at least to the same extent as the Indebtedness being refinanced or refunded, (C) shall not include (x) Indebtedness or Preferred Stock of a Subsidiary that is not a Guarantor that refinances Indebtedness or Preferred Stock of the Borrower or (y) Indebtedness or Preferred Stock of the Borrower or a Restricted Subsidiary that refinances Indebtedness or Preferred Stock of an Unrestricted Subsidiary, (D) shall not be in a principal amount (or, if issued with original issue discount, an aggregate issue price) in excess of the principal amount of, premium, if any, and accrued interest on, the Indebtedness being replaced, refunded, refinanced, renewed or defeased plus any fees, premiums, underwriting discounts, costs and expenses relating to such extension, replacement, refunding, refinancing, renewal or defeasance, and (E) shall not have a Stated Maturity date prior to the Stated Maturity of the Indebtedness being extended, replaced, refunded, refinanced, renewed or defeased and provided, further, that subclauses (A), (B) and (E) of this clause (xiii) will not apply to any refunding or refinancing of any Indebtedness under any Credit Agreement;

(xiv) Indebtedness or Preferred Stock of (A) the Borrower or a Restricted Subsidiary incurred to finance an acquisition of any assets (including Capital Stock), business or Person or (B) Persons that are acquired by the Borrower or any Restricted Subsidiary or merged or consolidated with or into the Borrower or a Restricted Subsidiary in accordance with the terms of this Agreement; provided that after giving effect to such acquisition, merger or consolidation (including the incurrence of such Indebtedness) either (x) the Borrower would be permitted to incur at least $1.00 of additional Indebtedness pursuant to Section 8.1(a) or (y) the Fixed Charge Coverage Ratio would be equal to or greater than immediately prior to such acquisition, merger or consolidation;

(xv) Indebtedness arising from the honoring by a bank or financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; provided that such Indebtedness is extinguished within five business days of its incurrence;

(xvi) Indebtedness of the Borrower or any Restricted Subsidiary of the Borrower supported by a letter of credit issued in compliance with this Section 8.1 in a principal amount not in excess of the stated amount of such letter of credit;

(xvii) Indebtedness incurred by a Securitization Subsidiary in a Qualified Securitization Financing that is not recourse to the Borrower or any Restricted Subsidiary of the Borrower other than a Securitization Subsidiary (except for Standard Securitization Undertakings);

(xviii) (A) Non-Recourse Acquisition Financing Indebtedness and (B) Non-Recourse Product Financing Indebtedness;

(xix) Contribution Indebtedness;

(xx) Indebtedness of Foreign Subsidiaries of the Borrower, provided, however, that the aggregate principal amount of Indebtedness incurred under this clause (xx), when aggregated with the principal amount of all other Indebtedness then outstanding and incurred pursuant to this

clause (xx), does not exceed the greater of (i) $100.0 million and (ii) 9.0% of the Consolidated Tangible Assets;

(xxi) Indebtedness consisting of promissory notes issued by the Borrower or any of its Restricted Subsidiaries to future, current or former employees, directors and consultants, and their respective estates, spouses or former spouses to finance the purchase or redemption of Equity Interests permitted by Section 8.2;

(xxii) Indebtedness of the Borrower or any of its Restricted Subsidiaries consisting of (i) the financing of insurance premiums or (ii) take or pay obligations contained in supply arrangements, in each case incurred in the ordinary course of business; and

(xxiii) Indebtedness of the Borrower or any of its Restricted Subsidiaries undertaken in connection with cash management and related activities with respect to any Subsidiary or joint venture in the ordinary course of business.

(c) For purposes of determining compliance with this covenant:

(i) in the event that an item of Indebtedness or Preferred Stock (or any portion thereof) meets the criteria of more than one of the categories of Permitted Debt or Preferred Stock described in clauses (i) through (xxiii) above or is entitled to be incurred pursuant to the Section 8.1(a), the Borrower, in its sole discretion, will be permitted to classify or reclassify such item of Indebtedness or Preferred Stock (or any portion thereof) in any manner that complies with this covenant and will only be required to include the amount and type of such Indebtedness or Preferred Stock (or portion thereof) in one of the above clauses or paragraphs; provided that Indebtedness outstanding on the Closing Date hereunder and under the Senior Revolving Credit Agreement, the New Notes and the Existing Unsecured Notes shall be classified as incurred under Section 8.1(b), and not under Section 8.1(a); and

(ii) at the time of incurrence, the Borrower will be entitled to divide and classify an item of Indebtedness in more than one of the types of Indebtedness described in Section 8.1(a) and (b); and

(iii) the principal amount of Indebtedness outstanding under any clause of this Section 8.1 or Section 2.6(a) shall be determined after giving effect to the application of proceeds of any such Indebtedness to refinance any such other Indebtedness.

(d) Accrual of interest or dividends, the accretion of accreted value, the accretion or amortization of original issue discount and the payment of interest or dividends in the form of additional Indebtedness or Preferred Stock will not be deemed to be an incurrence of Indebtedness or Preferred Stock for purposes of this covenant.

(e) For purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Indebtedness, the U.S. dollar-equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred, in the case of term debt, or first committed, in the case of revolving credit debt; provided that if such Indebtedness is incurred to

extend, replace refund, refinance, renew or defease other Indebtedness denominated in a foreign currency, and such extension, replacement, refunding, refinancing, renewal or defeasance would cause the applicable U.S. dollar denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such extension, replacement, refunding, refinancing, renewal or defeasance, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of, premium, if any, and accrued interest on, the Indebtedness being extended, replaced, refunded, refinanced, renewed or defeased plus any fees, premiums, underwriting discounts, costs and expenses relating to such extension, replacement, refunding, refinancing, renewal or defeasance.

(f) The principal amount of any Indebtedness incurred to extend, replace, refund, refinance, renew or defease other Indebtedness, if incurred in a different currency from the Indebtedness being extended, replaced, refunded, refinanced, renewed or defeased, shall be calculated based on the currency exchange rate applicable to the currencies in which such respective Indebtedness is denominated that is in effect on the date of such extension, replacement, refunding, refinancing, renewal or defeasance.

8.2 Restricted Payments.

(a) The Borrower will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

(i) declare or pay any dividend or make any other payment or distribution on account of the Borrower's or any of its Restricted Subsidiaries' Equity Interests, including any dividend or distribution payable in connection with any merger or consolidation (other than (A) dividends or distributions by the Borrower payable in Equity Interests (other than Disqualified Stock) of the Borrower or in options, warrants or other rights to purchase such Equity Interests (other than Disqualified Stock) or (B) dividends or distributions by a Restricted Subsidiary so long as, in the case of any dividend or distribution payable on or in respect of any class or series of securities issued by a Restricted Subsidiary other than a Wholly Owned Subsidiary, the Borrower or a Restricted Subsidiary receives at least its pro rata share of such dividend or distribution in accordance with its Equity Interests in such class or series of securities);

(ii) purchase, redeem or otherwise acquire or retire for value any Equity Interests of the Borrower or any direct or indirect parent company of the Borrower, including in connection with any merger or consolidation involving the Borrower;

(iii) make any principal payment on, or redeem, repurchase, defease or otherwise acquire or retire for value, in each case prior to any scheduled repayment, sinking fund payment or maturity, the Existing Unsecured Notes or any Subordinated Indebtedness (other than (x) Subordinated Indebtedness permitted under Section 8.1(b)(vii) and (viii) or (y) the purchase, repurchase or other acquisition of the Existing Unsecured Notes or Subordinated Indebtedness in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of purchase, repurchase or acquisition); or

(iv) make any Restricted Investment (all such payments and other actions set forth in these clauses (i) through (iv) being collectively referred to as "Restricted Payments"), unless, at the time of and immediately after giving effect to such Restricted Payment:

(1) no Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment;

(2) if such Restricted Payment is made in reliance on clause (A) of paragraph (3) below, the Borrower would, at the time of such Restricted Payment and after giving pro forma effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in Section 8.1(a);

(3) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Borrower and the Restricted Subsidiaries after the Closing Date (including Restricted Payments permitted by Section 8.2(b)(i), ~~(vi)(c), (~~ix), ~~(xv)~~ and (xviii), but excluding all other Restricted Payments permitted by Section 8.2(b)), is less than the sum, without duplication, of:

(A) 50% of the Consolidated Net Income of the Borrower for the period (taken as one accounting period) from the beginning of the fiscal quarter during which the Closing Date occurs to the end of the Borrower's most recently ended fiscal quarter for which internal financial statements are available (or, if earlier were required to be delivered pursuant to Section 7.1(a) or (b)) at the time of such Restricted Payment (or, in the case such Consolidated Net Income for such period is a deficit, minus 100% of such deficit), plus

(B) 100% of the aggregate net cash proceeds and the fair market value, as determined in good faith by the Board of Directors of the Borrower, of property and marketable securities received by the Borrower after the Closing Date from the issue or sale of (x) Equity Interests of the Borrower (including Retired Capital Stock (as defined below) but excluding (i) cash proceeds and marketable securities received from the sale of Equity Interests to members of management, directors or consultants of the Borrower, any direct or indirect parent company of the Borrower and the Subsidiaries after the Closing Date to the extent such amounts have been applied to Restricted Payments made in accordance with Section 8.2(b)(4) and, to the extent actually contributed to the Borrower, Equity Interests of the Borrower's direct or indirect parent companies, (ii) Designated Preferred Stock and (iii) Disqualified Stock) or (y) debt securities of the Borrower that have been converted into or exchanged for such Equity Interests of the Borrower (other than Refunding Capital Stock (as defined below) or Equity Interests or convertible debt securities of the Borrower sold to a Restricted Subsidiary or the Borrower, as the case may be, and other than Disqualified Stock or Designated Preferred Stock or debt securities that have been converted into or exchanged for Disqualified Stock or Designated Preferred Stock), plus

(C) 100% of the aggregate amount of cash and the fair market value, as determined in good faith by the Board of Directors of the Borrower, of property and marketable securities contributed to the capital of the Borrower after the Closing Date (other than (i) by a Restricted Subsidiary, (ii) any Excluded Contributions, (iii) any Disqualified Stock, (iv) any Designated Preferred Stock and (v) the Cash Contribution Amount), plus

(D) 100% of the aggregate amount received in cash after the Closing Date and the fair market value, as determined in good faith by the Board of Directors of the Borrower, of property and marketable securities received by means of (A) the sale or other disposition (other than to the Borrower or a Restricted Subsidiary) of Restricted Investments made by the Borrower or its Restricted Subsidiaries and repurchases and redemptions of such Restricted Investments from the Borrower or its Restricted Subsidiaries and repayments of loans or advances, and releases of guarantees, which constitute Restricted Investments by the Borrower or its Restricted Subsidiaries or (B) the sale (other than to the Borrower or a Restricted Subsidiary) of the Capital Stock of an Unrestricted Subsidiary or a distribution from an Unrestricted Subsidiary (other than in each case to the extent the Investment in such Unrestricted Subsidiary was made by a Restricted Subsidiary pursuant to Section 8.2(b)(vii) or (xi) or to the extent such Investment constituted a Permitted Investment) or a dividend from an Unrestricted Subsidiary, plus

(E) in the case of the redesignation of an Unrestricted Subsidiary as a Restricted Subsidiary or the merger or consolidation of an Unrestricted Subsidiary into the Borrower or a Restricted Subsidiary or the transfer of assets of an Unrestricted Subsidiary to the Borrower or a Restricted Subsidiary, the fair market value of the Investment in such Unrestricted Subsidiary, as determined by the Board of Directors of the Borrower in good faith at the time of the redesignation of such Unrestricted Subsidiary as a Restricted Subsidiary or at the time of such merger, consolidation or transfer of assets (other than an Unrestricted Subsidiary to the extent the Investment in such Unrestricted Subsidiary was made by a Restricted Subsidiary pursuant to Section 8.2(b)(vii) or (xi) or to the extent such Investment constituted a Permitted Investment), plus

(F) an amount equal to the amount available as of the Closing Date (or, if later, the date on which internal financial statements are available for the Borrower's fiscal quarter most recently ended prior to the Closing Date) for making Restricted Payments pursuant to Section 4.11(a)(3) of the Existing Unsecured Indenture.

(b) The preceding provisions will not prohibit the following:

(i) the payment of any dividend or other distribution or the consummation of any redemption within 60 days after the date of declaration of the dividend or other distribution or giving of the redemption notice, as the case may be, if at the date of declaration or notice, the dividend or other distribution or redemption would have complied with the provisions of this Agreement;

(ii) (A) the redemption, repurchase, retirement or other acquisition of any Equity Interests of the Borrower or any direct or indirect parent company ("Retired Capital Stock"), the Existing Unsecured Notes or Subordinated Indebtedness in exchange for or out of the proceeds of the sale or issuance (other than to a Restricted Subsidiary or the Borrower) of Equity Interests of the Borrower or any direct or indirect parent company thereof to the extent contributed to the equity

capital of the Borrower (in each case, other than Disqualified Stock) ("Refunding Capital Stock") or any contributions to the equity capital of the Borrower, (B) the declaration and payment of dividends on the Retired Capital Stock out of the proceeds of the sale or issuance (other than to a Subsidiary of the Borrower or to an employee stock ownership plan or any trust established by the Borrower or any of its Subsidiaries) of Refunding Capital Stock and (C) if, immediately prior to the retirement of Retired Capital Stock, the declaration and payment of dividends thereon was permitted under Section 8.2(b)(vi)(a) or (b), the declaration and payment of dividends on the Refunding Capital Stock (other than Refunding Capital Stock the proceeds of which were used to redeem, repurchase, retire or otherwise acquire any Equity Interests of any direct or indirect parent company of the Borrower) in an aggregate amount per year no greater than the aggregate amount of dividends per annum that were declarable and payable on such Retired Capital Stock immediately prior to such retirement;

(iii) the redemption, repurchase, defeasance or other acquisition or retirement of the Existing Unsecured Notes or Subordinated Indebtedness made by exchange for, or out of the proceeds of the incurrence of, new Indebtedness which is incurred in compliance with Section 8.1 so long as (A) the principal amount (or, if issued with original issue discount, the issue price) of such new Indebtedness does not exceed the principal amount of, and premium, if any, and accrued interest on, the Indebtedness being so redeemed, repurchased, defeased or otherwise acquired or retired for value plus any fees, premiums, underwriting discounts, costs and expenses related to such redemption, repurchase, defeasance or other acquisition or retirement for value, (B) if such Indebtedness refinances Subordinated Indebtedness, such new Indebtedness is subordinated to the Term Loan Facility Obligations and any Guarantees thereof at least to the same extent as such Indebtedness being so redeemed, repurchased or otherwise acquired or retired for value, (C) such new Indebtedness does not have a Stated Maturity date prior to the Stated Maturity of the Indebtedness being so redeemed, repurchased, defeased or otherwise acquired or retired for value and (D) such new Indebtedness has a Weighted Average Life to Maturity which is not less than the remaining Weighted Average Life to Maturity of the Indebtedness being so redeemed, repurchased, defeased or otherwise acquired or retired for value;

(iv) any Restricted Payment to pay for the repurchase, retirement, redemption or other acquisition or retirement for value of Equity Interests of the Borrower or any of its direct or indirect parent companies or employee investment vehicles held by any future, present or former employee, director or consultant of the Borrower, any of its Subsidiaries or any of its direct or indirect parent companies and their respective estates, spouses and former spouses pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement (including, for the avoidance of doubt, any principal and interest payable on any notes issued by the Borrower or any direct or indirect parent company of the Borrower in connection with any such repurchase, retirement or other acquisition), or any stock subscription or shareholder, equity holder, partnership or limited liability company agreement, including any Equity Interest rolled over by management of the Borrower or any direct or indirect parent company of the Borrower in connection with the 2011 Transactions; provided, however, that the aggregate amount of Restricted Payments made under this clause (iv) does not exceed in any calendar year $50.0 million (with unused amounts in any calendar year being carried over to any succeeding calendar year, it being understood that the Borrower may elect to apply all or any portion of the amounts so carried over in any calendar year); and provided, further, that such amount in any calendar year may be increased by an amount not to exceed (A) the cash proceeds

from the sale of Equity Interests (other than Disqualified Stock) of the Borrower and, to the extent contributed to the Borrower, Equity Interests of any of its direct or indirect parent companies or employee investment vehicles, in each case to any future, present or former employee, director or consultant of the Borrower, any of its Subsidiaries or any of its direct or indirect parent companies that occurs after the Closing Date plus (B) the amount of any cash bonuses otherwise payable to any future, present or former employee, director or consultant of the Borrower or any of its Subsidiaries or any of its direct or indirect parent companies that are foregone in return for the receipt of Equity Interests or the Borrower or any direct or indirect parent company of the Borrower or any employee investment vehicle pursuant to deferred compensation plan of such corporation plus (C) the cash proceeds of key man life insurance policies received by the Borrower or its Restricted Subsidiaries after the Closing Date (provided that the Borrower may elect to apply all or any portion of the aggregate increase contemplated by clauses (A), (B) and (C) above in any calendar year) less (D) the amount of any Restricted Payments previously made pursuant to clauses (A), (B) and (C) of this clause (iv); and provided, further, that cancellation of Indebtedness owing to the Borrower from any future, present or former employee, director or consultant of the Borrower or any of its Subsidiaries or any of its direct or indirect parent companies and their respective estates, spouses and former spouses in connection with a repurchase of Equity Interests of the Borrower or any of its direct or indirect parent companies will not be deemed to constitute a Restricted Payment for purposes of this covenant or any other provision of this Agreement;

(v) the declaration and payment of dividends to holders of any class or series of Disqualified Stock of the Borrower or any Restricted Subsidiary issued or incurred in accordance with Section 8.1 to the extent such dividends are included in the definition of Fixed Charges for such entity;

(vi) (a) the declaration and payment of dividends or distributions to holders of any class or series of Designated Preferred Stock (other than Disqualified Stock) issued after the Closing Date, (b) the declaration and payment of dividends to any direct or indirect parent company of the Borrower, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preferred Stock (other than Disqualified Stock) of any direct or indirect parent company of the Borrower issued after the Closing Date, provided that the aggregate amount of dividends declared and paid pursuant to this clause (b) shall not exceed the aggregate amount of cash actually contributed to the Borrower from the sale of such Designated Preferred Stock, and (c) the declaration and payment of dividends on Refunding Capital Stock that is Preferred Stock in excess of the dividends declarable and payable thereon pursuant to Section 8.2(b)(ii); provided, however, that for the most recently ended four full fiscal quarters for which internal financial statements are available (or, if earlier, were required to be delivered pursuant to Section 7.1(a) or (b)) immediately preceding the date of issuance of such Designated Preferred Stock or the declaration of such dividends on Refunding Capital Stock that is Preferred Stock, after giving effect to such issuance (and the payment of dividends or distributions) on a pro forma basis, the Borrower would have had a Fixed Charge Coverage Ratio of at least 2.00 to 1.00;

(vii) Investments in Unrestricted Subsidiaries having an aggregate fair market value, taken together with all other Investments made pursuant to this clause (vii) that are at the time outstanding, without giving effect to the sale of an Unrestricted Subsidiary to the extent the proceeds of such sale do not consist of cash and/or marketable securities, not to exceed the

greater of $75.0 million and 6.5% of Consolidated Tangible Assets at the time of such Investment (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value);

(viii) payments made or expected to be made by the Borrower or any Restricted Subsidiary in respect of withholding or similar taxes payable upon exercise of Equity Interests by any future, present or former employee, director or consultant of the Borrower, any of its Subsidiaries or any of its direct or indirect parent companies and their respective estates, spouses and former spouses and repurchases or withholding of Equity Interests deemed to occur upon exercise of stock options or warrants or the vesting of equity awards (including restricted stock and restricted stock units) if such Equity Interests represent a portion of the exercise price of, or withholding obligation with respect to, such options, warrants or equity awards and any related payment in respect of such obligation;

(ix) the declaration and payment of dividends on the Borrower's common stock (or the payment of dividends to any direct or indirect parent company of the Borrower to fund a payment of dividends on such company's common stock), following the first public offering of the Borrower's common stock or the common stock of any direct or indirect parent company of the Borrower after the Closing Date, of up to 6.0% per annum of the net cash proceeds received by or contributed to the Borrower in or from any such public offering;

(x) Restricted Payments in an aggregate amount at any time outstanding equal to the amount of Excluded Contributions;

(xi) any other Restricted Payment in an aggregate amount, taken together with all other Restricted Payments made pursuant to this clause (xi), at any one time outstanding not to exceed the greater of $100.0 million and 10.0% of Consolidated Tangible Assets at the time of such Restricted Payment;

(xii) the declaration and payment of dividends to, or the making of loans or any other payments to, any direct or indirect parent company of the Borrower in amounts intended to enable any such parent company to pay or cause to be paid:

(1) franchise and excise taxes and other fees, taxes and expenses required to maintain its corporate or other legal existence;

(2) federal, foreign, state and local income or franchise taxes with respect to any period for which the Borrower or any of its Subsidiaries is a member of a consolidated, combined or unitary group of which such direct or indirect parent company is a member; provided that the amount of such payments shall not exceed the tax liability that the Borrower and its Subsidiaries would have incurred were such taxes determined as if such entities were a stand-alone group; and provided that Restricted Payments under this clause in respect of any taxes attributable to the income of any Unrestricted Subsidiaries may be made only to the extent that such Unrestricted Subsidiaries have made cash payments to the Borrower or its Restricted Subsidiaries;

(3) customary salary, bonus and other benefits payable to officers, directors and employees of any direct or indirect parent company of the Borrower to the extent such salaries, bonuses and other benefits are attributable to the ownership or operation of the Borrower and its Restricted Subsidiaries;

(4) general corporate overhead costs and expenses (including professional expenses) for any direct or indirect parent company of the Borrower to the extent such costs and expenses are attributable to the ownership or operation of the Borrower and its Restricted Subsidiaries, and amounts to fund any charitable foundation of any direct or indirect parent company of the Borrower;

(5) fees and expenses other than to Affiliates related to any unsuccessful equity or debt offering not prohibited by this Agreement and fees and expenses related to any disposition or acquisition or investment transaction by the Borrower or any of its Restricted Subsidiaries (or any acquisition of or investment in any business, assets or property that will be contributed to the Borrower or any of its Restricted Subsidiaries as part of the same or a related transaction) not prohibited by this Agreement;

(6) taxes arising by virtue of (i) having capital stock outstanding or being a direct or indirect holding company parent of the Borrower, any Subsidiary of the Borrower or any direct or indirect parent of the Borrower, (ii) having guaranteed any obligations of the Borrower or any Subsidiary of the Borrower, (iii) having made a payment in respect of any of the payments permitted to be made to it under this Section 8.2, (iv) any actions taken with respect to any intellectual property and associated rights relating to the business of the Borrower or any Subsidiary of the Borrower and (v) the receipt of, or entitlement to, any payment permitted to be made under this Section 8.2 or any payment in connection with the Transactions or the 2011 Transactions, including any payment received after the Closing Date pursuant to any agreement related to the Transactions or the 2011 Transactions;

(7) payments made or expected to be made to cover social security, Medicare, withholding and other taxes payable in connection with any management equity plan or stock option plan or any other management or employee benefit plan or agreement of any direct or indirect parent company of the Borrower or to make any other payment that would, if made by the Borrower or any Restricted Subsidiary, be permitted pursuant to Section 8.2(b)(viii); and

(8) annual management, consulting, monitoring and advisory fees to any of the Sponsor and its Affiliates in an aggregate amount in any fiscal year not to exceed the Maximum Management Fee Amount, and related expenses and indemnities, pursuant to the Management Agreement or otherwise;

(xiii) any Restricted Payment made in connection with the Transactions or the 2011 Transactions and the fees and expenses related thereto or owed to Affiliates, in each case with respect to any Restricted Payment made or owed to an Affiliate, to the extent permitted by the covenant described under Section 8.4;

(xiv) distributions or payments of Securitization Fees and purchases of Securitization Assets pursuant to a Securitization Repurchase Obligation in connection with a Qualified Securitization Financing;

(xv) the repurchase, redemption, defeasance or other acquisition or retirement for value of the Existing Unsecured Notes or any Subordinated Indebtedness (a) from Net Proceeds or any equivalent amount to the extent permitted by Section 8.3; (b) from declined amounts as contemplated by Section 4.4(d); or (c) following the occurrence of a Change of Control (or other similar event described therein as a "change of control"), but only if the Borrower shall have complied with Section 8.8 prior to repurchasing, redeeming, defeasing, acquiring or retiring such Existing Unsecured Notes or Subordinated Indebtedness;

(xvi) the declaration and payment of dividends to, or the making of loans to, Holdings from declined amounts as contemplated by Section 4.4(d), the proceeds of which are applied solely to the repurchase, redemption, defeasance or other acquisition or retirement for value of any Holdings Notes;

(xvii) the declaration and payment of dividends to, or the making of loans to, Holdings the proceeds of which are applied solely to pay interest and principal when due on the Holdings Notes;

(xviii) the repurchase, redemption or other acquisition or retirement for value of Equity Interests of the Borrower deemed to occur in connection with paying cash in lieu of fractional shares of such Equity Interests in connection with a share dividend, distribution, share split, reverse share split, merger, consolidation, amalgamation or other business combination of the Borrower, in each case, permitted under this Agreement;

(xix) the distribution, by dividend or otherwise, of shares of Capital Stock of, or Indebtedness owed to the Borrower or a Restricted Subsidiary by, Unrestricted Subsidiaries (other than Unrestricted Subsidiaries, the primary assets of which are cash and/or Cash Equivalents); and

(xx) the declaration and payment of dividends to, or the making of loans to, Holdings funded directly or indirectly with proceeds of unsecured Indebtedness incurred by the Borrower or any of its Subsidiaries, the proceeds of which are applied solely to redeem, repurchase, defease or otherwise acquire or retire for value the Holdings Notes, including, for the avoidance of doubt, amounts in respect of the principal amount of, and premium, if any, and accrued interest on, the Holdings Notes being so redeemed, repurchased, defeased or otherwise acquired or retired for value plus any fees, premiums, underwriting discounts, costs and expenses related to such redemption, repurchase, defeasance or other acquisition or retirement for value, provided that each of the maturity and Weighted Average Life to Maturity of such unsecured Indebtedness shall be longer than the maturity and Weighted Average Life to Maturity of the Holdings Notes;

provided that at the time of, and immediately after giving effect to, any Restricted Payment permitted under Section 8.2(b)(vii), (xi) and (xvi), no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof.

(c) The amount of all Restricted Payments (other than cash) will be the fair market value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Borrower or such Subsidiary, as the case may be, pursuant to the Restricted Payment. The fair market value of any assets or securities that are required to be valued by this Section 8.2 will be determined in good faith by the Board of Directors of the Borrower.

(d) As of the Closing Date, all of the Borrower's Subsidiaries will be Restricted Subsidiaries except WMG Kensington Ltd and its Subsidiaries. The Borrower will not permit any Unrestricted Subsidiary to become a Restricted Subsidiary except pursuant to the second to last sentence of the definition of "Unrestricted Subsidiary." For purposes of designating any Restricted Subsidiary as an Unrestricted Subsidiary, all outstanding Investments by the Borrower and the Restricted Subsidiaries (except to the extent repaid) in the Subsidiary so designated will be deemed to be Restricted Payments or Permitted Investments in an amount determined as set forth in the second paragraph of the definition of "Investments." Such designation will be permitted only if a Restricted Payment or Permitted Investment in such amount would be permitted at such time under this Section 8.2 or the definition of Permitted Investments and if such Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. Unrestricted Subsidiaries will not be subject to any of the covenants in this Agreement.

8.3 Asset Sales.

(a) The Borrower will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

(i) the Borrower or such Restricted Subsidiary, as the case may be, receives consideration at the time of the Asset Sale at least equal to the fair market value (as determined, as of the time of contractually agreeing to such Asset Sale, in good faith by senior management or the Board of Directors of the Borrower, whose determination shall be conclusive, provided that in the case of any Asset Sale involving consideration in excess of $50.0 million, such determination shall be made by the Board of Directors of the Borrower) of the assets or Equity Interests issued or sold or otherwise disposed of; and

(ii) except for any Permitted Asset Swap, at least 75% of the consideration received in the Asset Sale by the Borrower or such Restricted Subsidiary is in the form of cash or Cash Equivalents.

(b) For purposes of Section 8.3(a)(ii), the amount of (i) any liabilities (as shown on the Borrower's or such Restricted Subsidiary's most recent balance sheet or in the notes thereto, or if incurred or accrued subsequent to the date of such balance sheet, such liabilities that would have been shown on such balance sheet or in the notes thereto if such incurrence or accrual had taken place on or prior to the date of such balance sheet, as determined in good faith by the Borrower) of the Borrower or any Restricted Subsidiary (other than liabilities that are by their terms subordinated in right of payment to the Term Loan Facility Obligations) that are assumed by the transferee of any such assets (or are otherwise extinguished in connection with the transactions relating to such Asset Sale), if such liabilities are not Indebtedness, or the Borrower or such Restricted Subsidiary has been released from all liability on payment of the principal amount of such liabilities in connection with such Asset Sale, (ii) any securities, notes or other obligations

received by the Borrower or such Restricted Subsidiary from such transferee that are converted by the Borrower or such Restricted Subsidiary into cash or Cash Equivalents (to the extent of the cash or Cash Equivalents received) within 180 days following the closing of such Asset Sale and (iii) any Designated Noncash Consideration received by the Borrower or any of its Restricted Subsidiaries in such Asset Sale having an aggregate fair market value (as determined in good faith by the Board of Directors of the Borrower), taken together with all other Designated Noncash Consideration received pursuant to this clause (iii) that is at that time outstanding, not to exceed the greater of (x) $100.0 million and (y) 9.0% of Consolidated Tangible Assets at the time of the receipt of such Designated Noncash Consideration (with the fair market value of each item of Designated Noncash Consideration being measured at the time received without giving effect to subsequent changes in value), shall be deemed to be cash for purposes of this Section 8.3 and for no other purpose.

(c) Within 365 days after the receipt of any Net Proceeds from an Asset Sale or Recovery Event, the Borrower or such Restricted Subsidiary may apply an amount equal to those Net Proceeds at its option:

(i) to permanently reduce (A) Obligations having Pari Passu Lien Priority and, if applicable, to correspondingly reduce commitments with respect thereto; provided that if the Borrower shall so reduce such Obligations, it will prepay a pro rata principal amount of the Term Loans in accordance with Section 4.4(b)(i) (subject to Section 4.4(d)); or (B) Indebtedness of a Restricted Subsidiary that is not a Guarantor, other than Indebtedness owed to the Borrower or an Affiliate of the Borrower;

(ii) to make an investment in (A) any one or more businesses (provided that such investment in any business is in the form of the acquisition of Capital Stock and results in the Borrower or a Restricted Subsidiary owning an amount of the Capital Stock of such business such that it constitutes a Restricted Subsidiary), (B) capital expenditures or (C) other assets that, in the case of each of the foregoing clauses (A), (B) and (C), are used or useful in a Permitted Business; and/or

(iii) to make an investment in (A) any one or more businesses; provided that such investment in any business is in the form of the acquisition of Capital Stock and it results in the Borrower or a Restricted Subsidiary owning an amount of the Capital Stock of such business such that it constitutes a Restricted Subsidiary, (B) properties or (C) other assets that, in the case of each of the foregoing clauses (A), (B) and (C), replace the businesses, properties and/or assets that are the subject of such Asset Sale;

provided that the Borrower or such Restricted Subsidiary will be deemed to have complied with Section 8.3(c)(ii) or (iii) if and to the extent that, within 365 days after the Asset Sale or Recovery Event that generated the Net Proceeds, the Borrower or such Restricted Subsidiary has entered into and not abandoned or rejected a binding agreement to consummate any such investment described in Section 8.3(c)(ii) or (iii), and such investment is thereafter completed within 180 days after the end of such 365-day period.

(d) When the aggregate amount of Net Proceeds from an Asset Sale or Recovery Event or equivalent amount not applied or invested in accordance with Section 8.3(c) ("Excess Proceeds")

exceeds $75.0 million, the Borrower will prepay the Term Loans in accordance with Section 4.4(b)(i) (subject to Section 4.4(d)) and, if required under the terms of any Pari Passu Indebtedness, on a pro rata basis, purchase, prepay or redeem the maximum aggregate principal amount of Term Loans and such Pari Passu Indebtedness that may be purchased out of the Excess Proceeds in an amount equal to 100% of the principal amount thereof, or, in the case of Pari Passu Indebtedness that is issued or sold at a discount, the amount of the accreted value thereof at such time, plus accrued and unpaid interest, if any, to the date of purchase (or such lesser price, if any, as may be provided under the terms of such Pari Passu Indebtedness).

(e) Pending the final application of any Net Proceeds or equivalent amount, the Borrower may temporarily reduce revolving credit borrowings or otherwise invest the Net Proceeds in any manner that is not prohibited by this Agreement.

8.4 Transactions with Affiliates.

(a) The Borrower will not, and will not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan advance or guarantee with, or for the benefit of, any Affiliate of the Borrower (each, an "Affiliate Transaction") involving aggregate consideration in excess of $15.0 million, unless:

(i) the Affiliate Transaction is on terms that are not materially less favorable to the Borrower or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Borrower or such Restricted Subsidiary with an unrelated Person; and

(ii) the Borrower delivers to the Administrative Agent, with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $30.0 million, a resolution adopted by the Board of Directors of the Borrower approving such Affiliate Transaction and a certificate of a Responsible Officer certifying that such Affiliate Transaction complies with clause (i) above.

(b) The provisions of Section 8.4(a) will not apply to the following:

(i) transactions between or among the Borrower and/or any Restricted Subsidiary and/or any entity that becomes a Restricted Subsidiary as a result of such transaction;

(ii) Restricted Payments (including any transaction specifically excluded from the definition of the term "Restricted Payment," including pursuant to the exceptions contained in the definition thereof and the parenthetical exclusions of such definition) and Permitted Investments, in each case permitted by this Agreement;

(iii) the payment to any of the Sponsor and its Affiliates of annual management, consulting, monitoring and advisory fees in an aggregate amount in any fiscal year not to exceed the Maximum Management Fee Amount, and related expenses and indemnities, pursuant to the Management Agreement or otherwise;

(iv) the payment of reasonable and customary fees and compensation paid to, and indemnities and reimbursements provided on behalf of, officers, directors, employees or consultants of the Borrower, any of its direct or indirect parent companies or any Restricted Subsidiary;

(v) the payments by the Borrower or any Restricted Subsidiary to the Sponsor and any of its Affiliates made for any financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including, without limitation, in connection with acquisitions or divestitures, which payments are approved by a majority of the members of the Board of Directors of the Borrower in good faith;

(vi) transactions in which the Borrower or any Restricted Subsidiary delivers to the Administrative Agent a letter from an Independent Financial Advisor stating that such transaction is fair to the Borrower or such Restricted Subsidiary from a financial point of view or stating that the terms are not materially less favorable to the Borrower or its relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Borrower or such Restricted Subsidiary with an unrelated Person;

(vii) payments or loans (or cancellations of loans) to employees or consultants of the Borrower or any of its direct or indirect parent companies or any Restricted Subsidiary which are approved by a majority of the Board of Directors of the Borrower in good faith and which are otherwise permitted under this Agreement;

(viii) payments made or performance under any agreement as in effect on the Closing Date (including, without limitation, each of the agreements entered into in connection with the Transactions or the 2011 Transactions) or any amendment thereto (so long as any such amendment taken as a whole is not materially less advantageous to the Lenders in the good faith judgment of the Board of Directors of the Borrower than the applicable agreement as in effect on the Closing Date);

(ix) payments made or performance under any agreement to which Warner Music Group Corp. and/or Holdings is a party as of the Closing Date (including, without limitation, each of the agreements entered into in connection with the Transactions or the 2011 Transactions, but excluding the indenture governing the Holdings Notes) and to or by which the Borrower becomes a party or otherwise bound after the Closing Date, any amendment thereto by which the Borrower becomes a party thereto or otherwise bound thereby, and any other amendment thereto (so long as any such other amendment (other than an amendment to effect the Borrower becoming a party to or otherwise bound by such agreement) taken as a whole is not materially less advantageous to the Lenders in the good faith judgment of the Board of Directors of the Borrower than such agreement as in effect on the Closing Date);

(x) transactions with customers, clients, suppliers, contractors, joint venture partners or purchasers or sellers of goods or services, in each case in the ordinary course of business and otherwise in compliance with the terms of this Agreement that are fair to the Borrower and its Restricted Subsidiaries, in the reasonable determination of the Board of Directors of the Borrower or the senior management thereof, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated party;

(xi) the Transactions, the 2011 Transactions and the payment of all fees and expenses related to the Transactions or the 2011 Transactions, including, for the avoidance of doubt, any reimbursement on or after the Closing Date of fees and expenses related to the Transactions or the 2011 Transactions paid by the Sponsor and its Affiliates;

(xii) the issuance of Equity Interests (other than Disqualified Stock) of the Borrower to any Parent, any Permitted Holder, or any director, officer, employee or consultant of the Borrower, any of its Subsidiaries or any of its direct or indirect parent companies;

(xiii) any transaction with a Securitization Subsidiary effected as part of a Qualified Securitization Financing;

(xiv) investments by any of the Permitted Holders in securities of the Borrower or any of its Restricted Subsidiaries (and payment of reasonable out-of-pocket expenses incurred by such Permitted Holders in connection therewith) so long as (a) the investment is being offered generally to other investors on the same or more favorable terms and (b) the investment constitutes less than 5.0% of the proposed or outstanding issue amount of such class of securities;

(xv) payments to or from, and transactions with, any joint venture in the ordinary course of business (including, without limitation, any cash management activities related thereto);

(xvi) entering into, and performing the obligations under, any tax sharing agreement, consistent with the limitations imposed on Restricted Payments in Section 8.2; and

(xvii) intellectual property licenses in the ordinary course of business.

8.5 Liens. (a) The Borrower will not, and will not permit any Guarantor to, directly or indirectly, create, incur, assume or suffer to exist any Lien (except Permitted Liens) that secures obligations under any Indebtedness of the Borrower or of a Guarantor, on any asset or property of the Borrower or any Guarantor, or any income or profits therefrom, or on any right to receive income therefrom (the "Initial Lien"), unless (a) in the case of an Initial Lien on any Collateral, such Initial Lien expressly has Junior Lien Priority on such Collateral in relation to the Term Loan Facility Obligations and the Guarantees, as applicable or (b) in the case of an Initial Lien on any other asset or property, the Term Loan Facility Obligations (or a Guarantee in the case of Liens of a Guarantor) are equally and ratably secured with (or, in the event the Lien relates to Subordinated Indebtedness, are secured on a senior basis to) the obligations so secured until such time as such obligations are no longer secured by a Lien.

(b) Any Lien created for the benefit of the Lenders pursuant to Section 8.5(a) shall be automatically and unconditionally released and discharged upon the release and discharge of the Initial Lien that gave rise to the obligation to secure the Term Loan Facility Obligations.

8.6 Fundamental Changes. The Borrower may not (1) consolidate or merge with or into another Person (whether or not the Borrower is the surviving Person); or (2) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Borrower and its Subsidiaries taken as a whole, in one or more related transactions to another Person; unless:

(a) either: (i) the Borrower is the surviving Person; or (ii) the Person formed by or surviving any such consolidation or merger (if other than the Borrower) or to which such sale, assignment, transfer, conveyance or other disposition has been made is a Person organized or existing under the laws of the United States, any state of the United States, the District of Columbia or any territory thereof (the Borrower or such Person, as the case may be, being herein called the "Successor Borrower");

(b) the Successor Borrower (if other than the Borrower) assumes all the obligations of the Borrower under this Agreement and the other Loan Documents to which it is a party by executing a joinder or one or more other documents or instruments in form reasonably satisfactory to the Administrative Agent;

(c) immediately after such transaction no Default or Event of Default exists;

(d) immediately after giving pro forma effect to such transaction and any related financing transactions, as if the same had occurred at the beginning of the applicable four-quarter period, either

(i) the Successor Borrower would be permitted to incur at least $1.00 of additional Indebtedness pursuant to Section 8.1(a); or

(ii) the Fixed Charge Coverage Ratio for the Successor Borrower and its Restricted Subsidiaries would be equal to or greater than such ratio for the Borrower and its Restricted Subsidiaries immediately prior to such transaction;

(e) each Subsidiary Guarantor (other than (x) any Subsidiary Guarantor that will be released from its obligations under its Subsidiary Guarantee in connection with such transaction and (y) any party to any such consolidation or merger that does not survive or become the Successor Borrower) shall have delivered a joinder or other document or instrument in form reasonably satisfactory to the Administrative Agent, confirming its Subsidiary Guarantee; and

(f) each Subsidiary Guarantor (other than (x) any Subsidiary that will be released from its grant or pledge of Collateral under the Security Agreement in connection with such transaction and (y) any party to any such consolidation or merger that does not survive or become the Successor Borrower) shall have by a supplement to the Security Agreement or another document or instrument in form reasonably satisfactory to the Administrative Agent affirmed that its obligations thereunder shall apply to its Guarantee as confirmed pursuant to clause (e) above;

provided that, for the purposes of this Section 8.6 only, neither a Music Publishing Sale nor a Recorded Music Sale will be deemed to be a sale, assignment, transfer, conveyance or other disposition of all or substantially all of the properties or assets of the Borrower and its Subsidiaries taken as a whole. For the avoidance of doubt, (1) the Borrower may therefore

consummate a Music Publishing Sale in accordance with Section 8.3 without complying with this Section 8.6 notwithstanding anything to the contrary in this Section 8.6, (2) the Borrower may therefore consummate a Recorded Music Sale in accordance with Section 8.3 without complying with this Section 8.6 notwithstanding anything to the contrary in this Section 8.6 and (3) the determination in the preceding proviso shall not affect the determination of what constitutes all or substantially all the assets of the Borrower under any other contract to which the Borrower is a party.

For the purpose of this Section 8.6, with respect to any sale, lease, transfer, conveyance or other disposition of properties or assets in connection with any acquisition (including any acquisition by means of a merger or consolidation with or into the Borrower or any Restricted Subsidiary), the determination of whether such sale, lease, transfer, conveyance or disposition constitutes a sale of all or substantially all of the properties or assets of the Borrower and its Subsidiaries taken as a whole shall be made on a pro forma basis giving effect to such acquisition.

This Section 8.6 will not apply to a sale, assignment, transfer, conveyance or other disposition of assets between or among the Borrower and its Restricted Subsidiaries. Notwithstanding the foregoing clauses (c) and (d), (x) any Restricted Subsidiary may consolidate with, merge into or transfer all or part of its properties and assets to the Borrower or to another Restricted Subsidiary and (y) the Borrower may merge with an Affiliate incorporated solely for the purpose of reincorporating the Borrower in another state of the United States so long as the amount of Indebtedness of the Borrower and its Restricted Subsidiaries is not increased thereby.

8.7 Subsidiary Distributions.

(a) The Borrower will not, and will not permit any of its Restricted Subsidiaries that are not Guarantors to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any such Restricted Subsidiary to:

(i) pay dividends or make any other distributions on its Capital Stock to the Borrower or any of its Restricted Subsidiaries that are Guarantors, or with respect to any other interest or participation in, or measured by, its profits, or pay any Indebtedness owed to the Borrower or any of its Restricted Subsidiaries that are Guarantors;

(ii) make loans or advances to the Borrower or any of its Restricted Subsidiaries that are Guarantors; or

(iii) sell, lease or transfer any of its properties or assets to the Borrower or any of its Restricted Subsidiaries that are Guarantors;

provided that dividend or liquidation priority between classes of Capital Stock, or subordination of any obligation (including the application of any remedy bars thereto) to any other obligation, will not be deemed to constitute such an encumbrance or restriction.

(b) However, the restrictions in Section 8.7(a) will not apply to encumbrances or restrictions consisting of, or existing under or by reason of:

(i) contractual encumbrances or restrictions in effect (x) pursuant to this Agreement or the other Loan Documents, the Senior Revolving Credit Facility Documents, the New Notes, the Existing Unsecured Notes, any Hedging Obligations, and, on or after the execution and delivery thereof, the Junior Lien Intercreditor Agreement, any Other Intercreditor Agreement, any Permitted Debt Exchange Notes (and any related documents), any Rollover Indebtedness (and any related documents) and any other Credit Agreement or any related documents or (y) on the Closing Date, including, without limitation, pursuant to Existing Indebtedness and related documentation;

(ii) [Reserved]

(iii) purchase money obligations that impose encumbrances or restrictions on the property so acquired;

(iv) applicable law or any applicable rule, regulation or order;

(v) any agreement or other instrument of a Person, or relating to Indebtedness or Capital Stock of a Person, which Person is acquired by or merged or consolidated with or into the Borrower or any Restricted Subsidiary, or which agreement or instrument is assumed by the Borrower or any Restricted Subsidiary in connection with an acquisition from such Person, or any other transaction entered into in connection with any such acquisition, merger or consolidation, as in effect at the time of such acquisition, merger, consolidation or transaction (except to the extent that such Indebtedness was incurred to finance, or otherwise in connection with, such acquisition, merger, consolidation or transaction); provided that, for purposes of this clause (v), if a Person other than the Borrower is the Successor Borrower with respect thereto, any Subsidiary thereof or agreement or instrument of such Person or any such Subsidiary shall be deemed acquired or assumed, as the case may be, by the Borrower or a Restricted Subsidiary, as the case may be, when such Person becomes such Successor Borrower;

(vi) any transfer of, agreement to transfer, option or right with respect to, or Lien on, any property or assets of the Borrower or any Restricted Subsidiary not otherwise prohibited by this Agreement, including without limitation, customary restrictions with respect to a Subsidiary pursuant to an agreement that has been entered into for the sale or other disposition of the Capital Stock or assets of such Subsidiary;

(vii) Secured Indebtedness otherwise permitted to be incurred pursuant to the covenants described in Section 8.1 and 8.5 that limits the right of the debtor to dispose of the assets securing such Indebtedness;

(viii) restrictions on cash or other deposits or net worth imposed by customers or suppliers under contracts entered into in the ordinary course of business;

(ix) other Indebtedness or Preferred Stock (x) of the Borrower or any Restricted Subsidiary that is a Guarantor that is incurred subsequent to the Closing Date pursuant to Section 8.1 or (y) that is incurred by a Foreign Subsidiary of the Borrower subsequent to the Closing Date pursuant to Section 8.1;

(x) customary provisions in joint venture agreements and other similar agreements entered into in the ordinary course of business;

(xi) customary provisions contained in leases, subleases, licenses or asset sale agreements and other agreements;

(xii) any encumbrances or restrictions pursuant to any agreement, instrument or obligation (a "Refinancing Agreement") effecting an extension, renewal, increase, refunding, replacement or refinancing of any contract, instrument or obligation referred to in clauses (i) through (xi) above (an "Initial Agreement") or that is, or is contained in, any amendment, supplement, restatement or other modification to an Initial Agreement or Refinancing Agreement (an "Amendment"); provided that the encumbrances and restrictions contained in any such Refinancing Agreement or Amendment taken as a whole are not materially less favorable to the Lenders than encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which such Refinancing Agreement or Amendment relates (as determined in good faith by the Borrower);

(xiii) any encumbrance or restriction of a Securitization Subsidiary effected in connection with a Qualified Securitization Financing; provided, however, that such restrictions apply only to any Securitization Subsidiary;

(xiv) any encumbrance or restriction in connection with Non-Recourse Product Financing Indebtedness or Non-Recourse Acquisition Financing Indebtedness;

(xv) any trading, netting, operating, construction, service, supply, purchase, sale or other agreement to which the Borrower or any of its Restricted Subsidiaries is a party entered into in the ordinary course of business; provided that such agreement prohibits the encumbrance of solely the property or assets of the Borrower or such Restricted Subsidiary that are the subject to such agreement, the payment rights arising thereunder or the proceeds thereof and does not extend to any other asset or property of the Borrower or such Restricted Subsidiary or the assets or property of another Restricted Subsidiary;

(xvi) customary provisions restricting subletting or assignment of any lease governing a leasehold interest of any Restricted Subsidiary;

(xvii) customary provisions restricting assignment of any agreement entered into in the ordinary course of business;

(xviii) any encumbrances or restrictions arising in connection with cash or other deposits permitted under Section 8.5;

(xix) any encumbrance or restriction that arises or is agreed to in the ordinary course of business and does not detract from the value of property or assets of the Borrower or any Restricted Subsidiary in any manner material to the Borrower or such Restricted Subsidiary;

(xx) customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Borrower or any Restricted Subsidiary; or

(xxi) an agreement or instrument relating to any Indebtedness incurred subsequent to the Closing Date (i) if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the Lenders than the encumbrances and restrictions contained in agreements in effect on the Closing Date (as determined in good faith by the Borrower) or (ii) if such encumbrance or restriction is not materially more disadvantageous to the Lenders than is customary in comparable financings (as determined in good faith by the Borrower) and either (x) the Borrower determines in good faith that such encumbrance or restriction will not materially affect the Borrower's ability to make principal or interest payments on the Term Loans or (y) such encumbrance or restriction applies only if a default occurs in respect of a payment or financial covenant relating to such Indebtedness.

8.8 Change of Control. The Borrower shall not and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, in the event of the occurrence of a Change of Control, repurchase or repay any Indebtedness then outstanding pursuant to any Subordinated Indebtedness or the Existing Unsecured Notes or any portion thereof, unless the Borrowers shall have (i) made payment in full of the Term Loan Facility Obligations and any other amounts then due and owing to any Lender or the Administrative Agent hereunder and under any Note or (ii) made an offer to pay the Term Loan Facility Obligations and any amounts then due and owing to each Lender and the Administrative Agent hereunder and under any Note and shall have made payment in full thereof to each such Lender or the Administrative Agent which has accepted such offer. For so long as the Borrower shall have complied with the terms of this Section 8.8, any Event of Default arising under Section 9.1(k) by reason of such Change of Control shall be deemed not to have occurred or be continuing.

SECTION 9

Events of Default

9.1 Events of Default. Any of the following from and after the Closing Date shall constitute an event of default:

(a) The Borrower shall fail to pay any principal of any Term Loan when due in accordance with the terms hereof (whether at stated maturity, by mandatory prepayment or otherwise); or the Borrower shall fail to pay any interest on any Term Loan, or any other amount payable hereunder, within five Business Days after any such interest or other amount becomes due in accordance with the terms hereof; or

(b) Any representation or warranty made or deemed made by any Loan Party herein or in any other Loan Document (or in any amendment, modification or supplement hereto or thereto) or which is contained in any certificate furnished at any time by or on behalf of any Loan Party pursuant to this Agreement or any such other Loan Document shall prove to have been incorrect in any material respect on or as of the date made or deemed made; or

(c) Any Loan Party shall default in the payment, observance or performance of any term, covenant or agreement contained in Section 8; or

(d) Any Loan Party shall default in the observance or performance of any other agreement contained in this Agreement or any other Loan Document (other than as provided in clauses (a) through (c) of this Section 9.1), ~~and~~ such default shall continue unremedied for a period of 30 days, in the case of a default with respect to reporting obligations under Subsection 7.1, after notice thereof from the Administrative Agent or the Required Lenders and in the case of any other default, after the earlier of (A) the date on which a Responsible Officer of the Borrower becomes aware of such failure and (B) the date on which written notice thereof shall have been given to the Borrower by the Administrative Agent or the Required Lenders; or

(e) Any Loan Party or any of its Restricted Subsidiaries shall (i) default in (x) any payment of principal of or interest on any Indebtedness (excluding the Term Loans) in excess of the Threshold Amount or (y) in the payment of any Guarantee Obligation in excess of the Threshold Amount, beyond the period of grace, if any, provided in the instrument or agreement under which such Indebtedness or Guarantee Obligation was created; (ii) default in the observance or performance of any other agreement or condition relating to any Indebtedness (excluding the Term Loans) or Guarantee Obligation referred to in clause (i) above or contained in any instrument or agreement evidencing, securing or relating thereto (other than a failure to provide notice of a default or an event of default under such instrument or agreement or default in the observance of or compliance with any financial maintenance covenant), or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Indebtedness or beneficiary or beneficiaries of such Guarantee Obligation (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving of notice or lapse of time if required, such Indebtedness to become due prior to its stated maturity or such Guarantee Obligation to become payable (an "Acceleration"; and the term "Accelerated" shall have a correlative meaning), and such time shall have lapsed and, if any notice (a "Default Notice") shall be required to commence a grace period or declare the occurrence of an event of default before notice of Acceleration may be delivered, such Default Notice shall have been given and such default shall not have been remedied or waived by or on behalf of such holder or holders (provided that this clause (ii) shall not apply to (x) secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness, if such sale or transfer is permitted hereunder or (y) any termination event or similar event pursuant to the terms of any Hedge Agreement) or (iii) in the case of any Indebtedness or Guarantee Obligations referred to in clause (i) above containing or otherwise requiring observance or compliance with any financial maintenance covenant, such Indebtedness or Guarantee Obligation shall have been Accelerated and such Acceleration shall not have been rescinded; or

(f) If (i) the Borrower or any Material Subsidiary of the Borrower shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts (excluding, in each case, the solvent liquidation or reorganization of any Foreign Subsidiary of the Borrower that is not a Loan Party), or (B) seeking appointment of a receiver, interim receiver, receivers, receiver and manager, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets, or the Borrower or any Material Subsidiary of the Borrower shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against the Borrower or any Material Subsidiary of the Borrower any case, proceeding or other action of a nature

referred to in clause (i) above which (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed, undischarged, unstayed or unbonded for a period of 60 days; or (iii) there shall be commenced against the Borrower or any Material Subsidiary of the Borrower any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets which results in the entry of an order for any such relief which shall not have been vacated, discharged, stayed or bonded pending appeal within 60 days from the entry thereof; or (iv) the Borrower or any Material Subsidiary of the Borrower shall take any corporate or other similar organizational action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), or (iii) above; or (v) the Borrower or any Material Subsidiary of the Borrower shall be generally unable to, or shall admit in writing its general inability to, pay its debts as they become due; or

(g) (i) An ERISA Event occurs with respect to a Pension Plan or Multiemployer Plan which has resulted or would reasonably be expected to result in liability of the Borrower under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount which would reasonably be expected to result in a Material Adverse Effect, (ii) the Borrower or any ERISA Affiliate fails to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan in an aggregate amount which would reasonably be expected to result in a Material Adverse Effect or (iii) a Foreign Benefit Event occurs which, either individually or together with other Foreign Benefit Events that have occurred, would reasonably be expected to result in a Material Adverse Effect; or

(h) One or more judgments or decrees shall be entered against the Borrower or any of its Restricted Subsidiaries involving in the aggregate at any time a liability (net of any insurance or indemnity payments actually received in respect thereof prior to or within 60 days from the entry thereof, or to be received in respect thereof in the event any appeal thereof shall be unsuccessful) of the Threshold Amount or more, and all such judgments or decrees shall not have been vacated, discharged, stayed or bonded pending appeal within 60 days from the entry thereof; or

(i) with respect to any Collateral, individually, having a fair market value in excess of the Threshold Amount, any of the Security Documents ceases to be in full force and effect, or any of the Security Documents ceases to give the Lenders the Liens purported to be created thereby, or any of the Security Documents is declared null and void or the Borrower or any Guarantor denies in writing that it has any further liability under any Security Document (in each case other than in accordance with the terms of this Agreement or any of the Security Documents), except to the extent that any loss of perfection or priority results from the failure of the Collateral Agent (or any other collateral agent for any Indebtedness secured by a Lien) to maintain possession of certificates actually delivered to it representing securities, promissory notes or other instruments pledged under the Security Documents, or otherwise results from the gross negligence or willful misconduct of the Administrative Agent or the Collateral Agent (or any other collateral agent for any Indebtedness secured by a Lien) and except, as to Collateral consisting of real property, to the extent that such failure is covered by a lender's title insurance policy and the Collateral Agent is reasonably satisfied with the credit of such insurer; provided, that if a failure of the sort described in this Section 9.1(i) is susceptible of cure (including with respect to any loss of Lien priority on material portions of the Collateral), no Event of Default shall arise under this Section 9.1(i) with respect thereto until 30 days after a Responsible Officer becomes aware of such failure; or

(j) Subject to the Borrower's option to make an offer to prepay the Term Loans pursuant to Section 8.8, a Change of Control shall have occurred.

9.2 Remedies Upon an Event of Default. (a) If any Event of Default occurs and is continuing, then, and in any such event, (A) if such event is an Event of Default specified in clause (i) or (ii) of Section 9.1(f) with respect to the Borrower, automatically the Loans hereunder (with accrued interest thereon) and all other amounts owing under this Agreement shall immediately become due and payable, and (B) if such event is any other Event of Default, with the consent of the Required Lenders, the Administrative Agent may, or upon the request of the Required Lenders, the Administrative Agent shall, by notice to the Borrower, declare the Term Loans hereunder (with accrued interest thereon) and all other amounts owing under this Agreement to be due and payable forthwith, whereupon the same shall immediately become due and payable.

(b) Except as expressly provided above in this Section 9, to the maximum extent permitted by applicable law, presentment, demand, protest and all other notices of any kind are hereby expressly waived.

SECTION 10

The Agents and the Other Representatives

10.1 Appointment. (a) Each Lender hereby irrevocably designates and appoints the Agents as the agents of such Lender under this Agreement and the other Loan Documents, and each such Lender irrevocably authorizes each Agent, in such capacity, to take such action on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers and perform such duties as are expressly delegated to or required of such Agent by the terms of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto. Each Lender further authorizes the Administrative Agent to act as representative of the Lenders under the Security Agreement and each other Security Document, as applicable. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Agents and the Other Representatives shall not have any duties or responsibilities, except, in the case of the Administrative Agent and the Collateral Agent, those expressly set forth herein, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against any Agent or the Other Representatives.

(b) Each of the Agents may perform any of their respective duties under this Agreement, the other Loan Documents and any other instruments and agreements referred to herein or therein by or through its respective officers, directors, agents, employees or affiliates, or delegate any and all such rights and powers to, any one or more sub-agents appointed by such Agent (it being understood and agreed, for avoidance of doubt and without limiting the generality of the foregoing, that the Administrative Agent and the Collateral Agent may perform any of their respective duties under the Security Documents by or through one or more of their respective affiliates). Each Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Section 10 shall apply to any such sub-agent and to the Related Parties of each Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Agent.

(c) Except for Sections 10.5, 10.8(a), (b), (c) and (e) and (to the extent of the Borrower's rights thereunder and the conditions included therein) 10.9, the provisions of this Section 10 are solely for the benefit of the Agents and the Lenders, and neither the Borrower nor any other Loan Party shall have rights as a third party beneficiary of any of such provisions.

10.2 The Administrative Agent and Affiliates. Each person serving as an Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not an Agent and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include each person serving as an Agent hereunder in its individual capacity. Such person and its affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with Holdings, the Borrower or any Subsidiary or other Affiliate thereof as if such person were not an Agent hereunder and without any duty to account therefor to the Lenders.

10.3 Action by an Agent. Each Agent may execute any of its duties under this Agreement and the other Loan Documents by or through agents or attorneys-in-fact (including the Collateral Agent in the case of the Administrative Agent), and shall be entitled to advice of counsel concerning all matters pertaining to such duties. No Agent shall be responsible for the negligence or misconduct of any agents or attorneys-in-fact or counsel selected by it with reasonable care.

10.4 Exculpatory Provisions. (a) No Agent shall have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, no Agent:

(i) shall be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(ii) shall have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that such Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents); provided that such Agent shall not be required to take any action that, in its judgment or the judgment of its counsel, may expose such Agent to liability or that is contrary to any Loan Document or applicable Requirement of Law; and

(iii) shall, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Affiliates that is communicated to or obtained by the person serving as such Agent or any of its affiliates in any capacity.

(b) No Agent shall be liable for any action taken or not taken by it (x) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as such Agent shall believe in good faith shall be necessary, under the circumstances as provided in Section 11.1) or (y) in the absence of its own gross negligence, bad faith or willful misconduct. No Agent shall be deemed to have knowledge of any Default unless and until written notice describing such Default is given to such Agent by the Borrower or a Lender.

(c) No Agent shall be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Section 6 or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to such Agent. Without limiting the generality of the foregoing, the use of the term "agent" in this Agreement with reference to the Administrative Agent or the Collateral Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term as used merely as a matter of market custom and is intended to create or reflect only an administrative relationship between independent contracting parties.

(d) Each party to this Agreement acknowledges and agrees that the Administrative Agent may use an outside service provider for the tracking of all UCC financing statements required to be filed pursuant to the Loan Documents and notification to the Administrative Agent, of, among other things, the upcoming lapse or expiration thereof, and that any such service provider will be deemed to be acting at the request and on behalf of the Borrower and the other Loan Parties. No Agent shall be liable for any action taken or not taken by any such service provider.

10.5 Acknowledgement and Representations by Lenders. Each Lender expressly acknowledges that none of the Agents or the Other Representatives nor any of their officers, directors, employees, agents, attorneys-in-fact or affiliates has made any representations or warranties to it and that no act by any Agent or any Other Representative hereafter taken, including any review of the affairs of the Borrower or any other Loan Party, shall be deemed to constitute any representation or warranty by such Agent or such Other Representative to any Lender. Each Lender further represents and warrants to the Agents, the Other Representatives and each of the Loan Parties that it has had the opportunity to review each document made available to it on the Platform in connection with this Agreement and has acknowledged and accepted the terms and conditions applicable to the recipients thereof. Each Lender acknowledges that, independently and without reliance upon any Agent, the Other Representatives or any other Lender, and based on such documents and information as it has deemed appropriate, it has made and will make, its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Borrower and the other Loan Parties, it has made its own decision to make its Loans hereunder and enter into this Agreement and it will make its own decisions in taking or not taking any action under this Agreement and the other Loan Documents and, except as expressly provided in this Agreement, neither the Agents nor any Other Representative shall have any duty or responsibility, either initially or on a continuing basis, to provide any Lender or the holder of any Note with any credit or other information with respect thereto, whether coming into its possession before the making of the Loans or at any time or times thereafter. Each Lender acknowledges and agrees to comply with the provisions of Section 11.6 applicable to the Lenders hereunder.

10.6 Indemnity; Reimbursement by Lenders. (a) To the extent that the Borrower or any other Loan Party for any reason fails to indefeasibly pay any amount required under Section 11.5 to be paid by it to the Administrative Agent (or any sub-agent thereof) or the Collateral Agent (or any sub-agent thereof) or any Related Party of any of the foregoing, each Lender severally agrees to pay ratably according to their respective outstanding Term Loans on the date on which the applicable unreimbursed expense or indemnity payment is sought under this Section 10.6 such unpaid amount (such indemnity shall be effective whether or not the related losses, claims, damages, liabilities and related expenses are incurred or asserted by any party hereto or any third party); provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such sub-agent) or the Collateral Agent (or any sub-agent thereof) or against any Related Party of any of the foregoing acting for the Administrative Agent (or any such sub-agent) or the Collateral Agent (or any sub-agent thereof) in connection with such capacity. The obligations of the Lenders under this Section 10.6 are subject to the provisions of Section 4.8.

(b) Any Agent shall be fully justified in failing or refusing to take any action hereunder and under any other Loan Document (except actions expressly required to be taken by it hereunder or under the Loan Documents) unless it shall first be indemnified to its satisfaction by the Lenders pro rata against any and all liability, cost and expense that it may incur by reason of taking or continuing to take any such action.

(c) All amounts due under this Section 10.6 shall be payable not later than three Business Days after demand therefor. The agreements in this Section 10.6 shall survive the payment of the Loans and all other amounts payable hereunder.

10.7 Right to Request and Act on Instructions; Reliance. (a) Each Agent may at any time request instructions from the Lenders with respect to any actions or approvals which by the terms of this Agreement or of any of the Loan Documents an Agent is permitted or desires to take or to grant, and if such instructions are promptly requested, the requesting Agent shall be absolutely entitled as between itself and the Lenders to refrain from taking any action or to withhold any approval and shall not be under any liability whatsoever to any Lender for refraining from any action or withholding any approval under any of the Loan Documents until it shall have received such instructions from Required Lenders or all or such other portion of the Lenders as shall be prescribed by this Agreement. Without limiting the foregoing, no Lender shall have any right of action whatsoever against any Agent as a result of an Agent acting or refraining from acting under this Agreement or any of the other Loan Documents in accordance with the instructions of Required Lenders (or all or such other portion of the Lenders as shall be prescribed by this Agreement) and, notwithstanding the instructions of Required Lenders (or such other applicable portion of the Lenders), an Agent shall have no obligation to any Lender to take any action if it believes, in good faith, that such action would violate applicable law or exposes an Agent to any liability for which it has not received satisfactory indemnification in accordance with the provisions of Section 10.6.

(b) Each Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the

proper person. Each Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan that by its terms must be fulfilled to the satisfaction of a Lender, the Administrative Agent may presume that such condition is satisfactory to such Lender unless the Administrative Agent shall have received notice to the contrary from such Lender prior to the making of such Loan. Each Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall be entitled to rely upon the advice of any such counsel, accountants or experts and shall not be liable for any action taken or not taken by it in accordance with such advice.

10.8 Collateral Matters. (a) Each Lender authorizes and directs the Administrative Agent (including in its capacity as representative of the Lenders under the Security Documents) and the Collateral Agent to enter into (and agrees to be bound by the terms of) (x) the Guarantee Agreement, the Security Documents, the Junior Lien Intercreditor Agreement and any Other Intercreditor Agreement for the benefit of the Lenders and the other Secured Parties, (y) any amendments, amendments and restatements, restatements or waivers of or supplements to or other modifications to the Security Documents, the Junior Lien Intercreditor Agreement and any Other Intercreditor Agreement or other intercreditor agreements in connection with the incurrence by any Loan Party or any Subsidiary thereof of Additional Indebtedness (each an "Intercreditor Agreement Supplement") to permit such Additional Indebtedness to be secured by a valid, perfected lien (with such priority as may be designated by the Borrower or relevant Subsidiary, to the extent such priority is permitted by the Loan Documents) and (z) any Incremental Commitment Amendment as provided in Section 2.6, any Increase Supplement as provided in Section 2.6, any Lender Joinder Agreement as provided in Section 2.6, any agreement required in connection with a Permitted Debt Exchange Offer pursuant to Section 2.7 and any Extension Amendment as provided in Section 2.8. Each Lender hereby agrees, and each holder of any Note by the acceptance thereof will be deemed to agree, that, except as otherwise set forth herein, any action taken by the Administrative Agent, the Collateral Agent or the Required Lenders in accordance with the provisions of this Agreement, the Guarantee Agreement, the Security Documents, the Junior Lien Intercreditor Agreement, any Other Intercreditor Agreement, any Intercreditor Agreement Supplement, any Incremental Commitment Amendment, any Increase Supplement, any Lender Joinder Agreement or any agreement required in connection with a Permitted Debt Exchange Offer or any Extension Amendment and the exercise by the Agents or the Required Lenders of the powers set forth herein or therein, together with such other powers as are reasonably incidental thereto, shall be authorized and binding upon all of the Lenders. Each Lender further agrees that the Collateral Agent may act pursuant to the Security Documents as instructed by the representative of the First Lien Obligations (as defined in the Security Agreement) then having authority to direct actions of the Collateral Agent pursuant to the Security Documents. The Collateral Agent is hereby authorized on behalf of all of the Lenders, without the necessity of any notice to or further consent from any Lender, from time to time, to take any action with respect to any applicable Collateral or Security Documents which may be necessary to perfect and maintain perfected the security interest in and liens upon the Collateral granted pursuant to the Security Documents. Each Lender agrees that it will not have any right individually to enforce or seek to enforce any Security Document or to realize upon any Collateral for the Term Loans unless instructed to do

so by the Collateral Agent, it being understood and agreed that such rights and remedies may be exercised only by the Collateral Agent. The Collateral Agent may grant extensions of time for the creation and perfection of security interests in or the obtaining of title insurance, legal opinions or other deliverables with respect to particular assets or the provision of any guarantee by any Subsidiary (including extensions beyond the Closing Date or in connection with assets acquired, or Subsidiaries formed or acquired, after the Closing Date) where it determines that such action cannot be accomplished without undue effort or expense by the time or times at which it would otherwise be required to be accomplished by this Agreement or the Security Documents or if instructed to do so in accordance with the Security Documents.

(b) The Lenders hereby authorize each Agent, in each case at its option and in its discretion, (A) to release any Lien granted to or held by such Agent upon any Collateral (i) upon termination of the Initial Term Loan Commitments, Tranche B Term Loan Commitments, Tranche C Term Loan Commitments and payment and satisfaction of all of the Term Loan Facility Obligations under the Loan Documents at any time arising under or in respect of this Agreement or the Loan Documents or the transactions contemplated hereby or thereby that are then due and unpaid, (ii) constituting property being sold or otherwise disposed of (to Persons other than a Loan Party) upon the sale or other disposition thereof, (iii) owned by any Subsidiary Guarantor designated as an Excluded Subsidiary or constituting Equity Interests of an Excluded Subsidiary, (iv) if approved, authorized or ratified in writing by the Required Lenders (or such greater amount, to the extent required by Section 11.1) or (v) as otherwise may be expressly provided in the relevant Security Documents and (B) at the written request of the Borrower to subordinate any Lien on any Excluded Assets or any other property granted to or held by such Agent, as the case may be under any Loan Document to the holder of any Permitted Lien. Upon request by any Agent, at any time, the Lenders will confirm in writing any Agent's authority to release particular types or items of Collateral pursuant to this Section 10.8.

(c) The Lenders hereby authorize the Administrative Agent and the Collateral Agent, as the case may be, in each case at its option and in its discretion, to enter into any amendment, amendment and restatement, restatement, waiver, supplement or modification, and to make or consent to any filings or to take any other actions, in each case as contemplated by Section 11.17. Upon request by any Agent, at any time, the Lenders will confirm in writing the Administrative Agent's and the Collateral Agent's authority under this Section 10.8(c).

(d) No Agent shall have any obligation whatsoever to the Lenders to assure that the Collateral exists or is owned by Holdings, the Borrower or any of its Restricted Subsidiaries or is cared for, protected or insured or that the Liens granted to any Agent herein or pursuant hereto have been properly or sufficiently or lawfully created, perfected, protected or enforced or are entitled to any particular priority, or to exercise or to continue exercising at all or in any manner or under any duty of care, disclosure or fidelity any of the rights, authorities and powers granted or available to the Agents in this Section 10.8 or in any of the Security Documents, it being understood and agreed by the Lenders that in respect of the Collateral, or any act, omission or event related thereto, each Agent may act in any manner it may deem appropriate, in its sole discretion, given such Agent's own interest in the Collateral as a Lender and that no Agent shall have any duty or liability whatsoever to the Lenders, except for its bad faith, gross negligence or willful misconduct.

(e) Notwithstanding any provision herein to the contrary, any Security Document may be amended (or amended and restated), restated, waived, supplemented or modified as contemplated by and in accordance with either Section 11.1 or 11.17, as applicable, with the written consent of the Agent party thereto and the Loan Party party thereto.

(f) The Collateral Agent may appoint the Administrative Agent as its agent for the purposes of holding any Collateral and/or perfecting the Collateral Agent's security interest therein and for the purpose of taking such other action with respect to the collateral as such Agents may from time to time agree.

10.9 Successor Agent. Subject to the appointment of a successor as set forth herein, (i) the Administrative Agent or the Collateral Agent may be removed by the Borrower or the Required Lenders (in the case of the Collateral Agent, subject to the Security Agreement) if the Administrative Agent, the Collateral Agent or a controlling affiliate of the Administrative Agent or the Collateral Agent is a Defaulting Agent and (ii) the Administrative Agent and the Collateral Agent may resign as Administrative Agent or Collateral Agent, respectively, in each case upon ten days' notice to the Administrative Agent, the Lenders and the Borrower, as applicable. If the Administrative Agent or the Collateral Agent shall be removed by the Borrower or the Required Lenders pursuant to clause (i) above or if the Administrative Agent or the Collateral Agent shall resign as Administrative Agent or Collateral Agent, as applicable, under this Agreement and the other Loan Documents, then the Required Lenders shall appoint from among the Lenders a successor agent for the Lenders, which such successor agent shall be subject to approval by the Borrower; provided that such approval by the Borrower in connection with the appointment of any successor Administrative Agent shall only be required so long as no Event of Default under Section 9.1(a) or (f) has occurred and is continuing; provided further, that the Borrower shall not unreasonably withhold its approval of any successor Administrative Agent if such successor is a commercial bank with a consolidated combined capital and surplus of at least $5.0 billion. If no successor shall have been so appointed by the Required Lenders and approved by the Borrower (to the extent required) and shall have accepted such appointment within 45 days after the Administrative Agent or the Collateral Agent, as the case may be, gives notice of its resignation or is notified that it is being removed, then the Administrative Agent or Collateral Agent, as the case may be, may, on behalf of the Lenders appoint a successor Administrative Agent or Collateral Agent, as the case may be,, which shall be a bank with an office in New York, New York, or an Affiliate of any such bank. If no successor Administrative Agent or Collateral Agent, as the case may be, has been appointed pursuant to the immediately preceding sentence by the 45th day after the date such notice of resignation or removal, as applicable, the Administrative Agent's or Collateral Agent's resignation or removal, as applicable, shall become effective and the Required Lenders shall thereafter perform all the duties of the Administrative Agent or Collateral Agent hereunder and/or under any other Loan Document until such time, if any, as the Required Lenders appoint a successor Administrative Agent or Collateral Agent, as the case may be. Upon the successful appointment of a successor agent, such successor agent shall succeed to the rights, powers and duties of the Administrative Agent or the Collateral Agent, as applicable, and the term "Administrative Agent" or "Collateral Agent", as applicable, shall mean such successor agent effective upon such appointment and approval, and the former Agent's rights, powers and duties as Administrative Agent or Collateral Agent, as applicable, shall be terminated, without any other or further act or deed on the part of such former Agent or any of the parties to this Agreement or any holders of the Term Loans. After any retiring Agent's resignation or removal as Agent, the provisions of this Section 10 (including Section 10.9) shall

inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement and the other Loan Documents. The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. In the case of the Collateral Agent, the provision of this Section 10.9 shall in all respects be subject to the provisions of the Security Agreement.

10.10 Withholding Tax. To the extent required by any applicable law, each Agent may withhold from any payment to any Lender an amount equivalent to any applicable withholding tax, and in no event shall such Agent be required to be responsible for or pay any additional amount with respect to any such withholding. If the Internal Revenue Service or any other Governmental Authority asserts a claim that any Agent did not properly withhold tax from amounts paid to or for the account of any Lender because the appropriate form was not delivered or was not properly executed or because such Lender failed to notify such Agent of a change in circumstances which rendered the exemption from or reduction of withholding tax ineffective or for any other reason, without limiting the provisions of Section 4.11(a) or 4.12, such Lender shall indemnify such Agent fully for all amounts paid, directly or indirectly, by such Agent as tax or otherwise, including any penalties or interest and together with any expenses incurred and shall make payable in respect thereof within 30 days after demand therefor. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under this Agreement or any other Loan Document against any amount due the Administrative Agent under this Section 10.10. The agreements in this Section 10.10 shall survive the resignation and/or replacement of the Administrative Agent, any assignment of rights by, or the replacement of, a Lender and the repayment, satisfaction or discharge of all other Term Loan Facility Obligations.

10.11 Other Representatives. None of the entities identified as joint bookrunners and joint lead arrangers or syndication agents pursuant to the definition of Other Representative contained herein, shall have any duties or responsibilities hereunder or under any other Loan Document in its capacity as such. Without limiting the foregoing, no Other Representative shall have nor be deemed to have a fiduciary relationship with any Lender. At any time that any Lender serving as an Other Representative shall have transferred to any other Person (other than any of its affiliates) all of its interests in the Loans, such Lender shall be deemed to have concurrently resigned as such Other Representative.

10.12 Application of Proceeds. The Lenders and the Administrative Agent agree, as among such parties, as follows: subject to the terms of the Security Agreement, any Junior Lien Intercreditor Agreement, any Other Intercreditor Agreement or any Intercreditor Agreement Supplement, after the occurrence and during the continuance of an Event of Default, all amounts collected or received by the Administrative Agent or any Lender on account of amounts then due and outstanding under any of the Loan Documents shall, except as otherwise expressly provided herein, be applied as follows: first, to pay all reasonable out-of-pocket costs and expenses (including reasonable attorneys' fees to the extent provided herein) due and owing hereunder of the Administrative Agent and the Collateral Agent in connection with enforcing the rights of the Agents and the Lenders under the Loan Documents (including all expenses of sale or other realization of or in respect of the Collateral and any sums advanced to the Collateral Agent or to

preserve its security interest in the Collateral), second, to pay all reasonable out-of-pocket costs and expenses (including reasonable attorneys' fees to the extent provided herein) due and owing hereunder of each of the Lenders in connection with enforcing such Lender's rights under the Loan Documents, third, to pay interest on Loans then outstanding; fourth, to pay principal of Loans then outstanding and obligations under Secured Hedge Agreements and Cash Management Obligations permitted hereunder and secured by the Security Agreement as Term Loan Facility Obligations, ratably among the applicable Secured Parties in proportion to the respective amounts described in this clause "fourth" payable to them, and fifth, to pay the surplus, if any, to whomever may be lawfully entitled to receive such surplus. To the extent any amounts available for distribution pursuant to clause "third" or "fourth" above are insufficient to pay all obligations described therein in full, such moneys shall be allocated pro rata among the applicable Secured Parties in proportion to the respective amounts described in the applicable clause at such time. This Section 10.12 may be amended (and the Lenders hereby irrevocably authorize the Administrative Agent to enter into any such amendment) to the extent necessary to reflect differing amounts payable, and priorities of payments, to Lenders participating in any new classes or tranches of loans added pursuant to Sections 2.6 and 2.8, as applicable.

SECTION 11

Miscellaneous

11.1 Amendments and Waivers. (a) Neither this Agreement nor any other Loan Document, nor any terms hereof or thereof, may be amended, supplemented, modified or waived except in accordance with the provisions of this Section 11.1. The Required Lenders may, or, with the written consent of the Required Lenders, the Administrative Agent may, from time to time, (x) enter into with the respective Loan Parties hereto or thereto, as the case may be, written amendments, supplements or modifications hereto and to the other Loan Documents for the purpose of adding any provisions to this Agreement or to the other Loan Documents or changing, in any manner the rights or obligations of the Lenders or the Loan Parties hereunder or thereunder or (y) waive at any Loan Party's request, on such terms and conditions as the Required Lenders or the Administrative Agent, as the case may be, may specify in such instrument, any of the requirements of this Agreement or the other Loan Documents or any Default or Event of Default and its consequences; provided, however, that amendments pursuant to Sections 11.1(d) and (f) may be effected without the consent of the Required Lenders to the extent provided therein; provided further, that no such waiver and no such amendment, supplement or modification shall:

(i) (A) reduce or forgive the amount or extend the scheduled date of maturity of any Loan or of any scheduled installment thereof (including extending the Initial Term Loan Maturity Date ~~or~~, the Tranche B Term Loan Maturity Date or the Tranche C Term Loan Maturity Date), (B) reduce the stated rate of any interest, commission or fee payable hereunder (other than as a result of any waiver of the applicability of any post-default increase in interest rates), (C) extend the scheduled date of any payment of any Lenders' Loans, (D) change the currency in which any Loan is payable or (E) increase any Lender's Initial Term Loan Commitment, Tranche B Term Loan Commitment, Tranche C Term Loan Commitment or Incremental Commitment, in each case without the consent of each Lender directly and adversely affected thereby (it being understood that waivers or modifications of conditions precedent, covenants, Defaults or Events

of Default or of a mandatory repayment of the Loans of all Lenders shall not constitute an extension of the scheduled date of maturity, any scheduled installment, or the scheduled date of payment of the Loans of any Lender or an increase in the Initial Term Loan Commitment, Tranche B Term Loan Commitment, Tranche C Term Loan Commitment or Incremental Commitment of any Lender);

(ii) amend, modify or waive any provision of this Section 11.1(a) or reduce the percentage specified in the definition of "Required Lenders," or consent to the assignment or transfer by the Borrower of any of its rights and obligations under this Agreement and the other Loan Documents (other than pursuant to Section 8.6 or 11.6(a)), in each case without the written consent of all the Lenders;

(iii) release Guarantors accounting for all or substantially all of the value of the Guarantee of the Term Loan Facility Obligations pursuant to the Guarantee Agreement, or, in the aggregate (in a single transaction or a series of related transactions), all or substantially all of the Collateral without the consent of all of the Lenders, except as expressly permitted hereby or by any Security Document (as such documents are in effect on the date hereof or, if later, the date of execution and delivery thereof in accordance with the terms hereof);

(iv) require any Lender to make Loans having an Interest Period of longer than six months or shorter than one month without the consent of such Lender;

(v) amend, modify or waive any provision of Section 10 without the written consent of the then Agents;

(vi) amend, modify or waive any provision of Section 10.1(a), 10.5 or 10.11 without the written consent of any Other Representative directly and adversely affected thereby;

(vii) [reserved];

(viii) [reserved]; or

(ix) amend, modify or waive the order of application of payments set forth in Section 4.4(c), 4.8(a), 10.12 or 11.7, in each case without the consent of all the Lenders;

provided further that, notwithstanding and in addition to the foregoing, and in addition to Liens the Collateral Agent is authorized to release pursuant to Section 10.8(b), the Collateral Agent may, in its discretion, release the Lien on Collateral valued in the aggregate not in excess of $10.0 million in any Fiscal Year without the consent of any Lender and the Collateral Agent may release Liens on Collateral upon instructions of the Authorized Applicable Representative (as defined in the Security Agreement) pursuant to the Security Agreement.

(b) Any waiver and any amendment, supplement or modification pursuant to this Section 11.1 shall apply to each of the Lenders and shall be binding upon the Loan Parties, the Lenders, the Agents and all future holders of the Loans. In the case of any waiver, each of the Loan Parties, the Lenders and the Agents shall be restored to their former position and rights hereunder and under the other Loan Documents, and any Default or Event of Default waived shall be deemed to be cured and not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon.

(c) Notwithstanding any provision herein to the contrary, this Agreement may be amended at any time on or prior to the Tranche B Delayed Draw Closing Date as contemplated by Section 11 of the First Incremental Amendment.

(d) Notwithstanding any provision herein to the contrary, this Agreement and the other Loan Documents may be amended (i) to cure any ambiguity, mistake, omission, defect, or inconsistency with the consent of the Borrower and the Administrative Agent, (ii) in accordance with Section 2.6 to incorporate the terms of any Incremental Commitments with the written consent of the Borrower and Lenders providing such Incremental Commitments, (iii) in accordance with Section 2.8 to effectuate an Extension with the written consent of the Borrower and the Extending Lenders and (iv) with the consent of the Borrower and the Administrative Agent (in each case such consent not to be unreasonably withheld or delayed), in the event any mandatory prepayment or redemption provision in respect of asset sales, casualty or condemnation events or excess cash flow included or to be included in any Indebtedness constituting Pari Passu Indebtedness would result in such Indebtedness being prepaid or redeemed on a more than ratable basis with the Term Loans in respect of such asset sale, casualty or condemnation event or excess cash flow prepayment, to provide for mandatory prepayments of the Term Loans such that, after giving effect thereto, the prepayments and redemptions made in respect of such Indebtedness are not on more than a ratable basis. Without limiting the generality of the foregoing, any provision of this Agreement and the other Loan Documents, including Section 4.4, 4.8 or 10.14 hereof, may be amended as set forth in the immediately preceding sentence pursuant to any Incremental Commitment Amendment or any Extension Amendment, as the case may be, to provide for non-pro rata borrowings and payments of any amounts hereunder as between any Tranches, including the Term Loans, any Incremental Commitments or Incremental Loans and any Extended Term Tranche, or to provide for the inclusion, as appropriate, of the Lenders of any Extended Term Tranche or Incremental Commitments or Incremental Loans in any required vote or action of the Required Lenders or of the Lenders of each Tranche hereunder. The Administrative Agent hereby agrees (if requested by the Borrower) to execute any amendment referred to in this clause (d) or an acknowledgement thereof.

(e) Notwithstanding any provision herein to the contrary, this Agreement may be amended (or deemed amended) or amended and restated with the written consent of the Required Lenders, the Administrative Agent and the Borrower (x) to add one or more additional credit facilities to this Agreement and to permit the extensions of credit from time to time outstanding thereunder and the accrued interest and fees in respect thereof to share ratably in the benefits of this Agreement and the other Loan Documents with the existing Facilities and the accrued interest and fees in respect thereof, (y) to include, as appropriate, the Lenders holding such credit facilities in any required vote or action of the Required Lenders or of the Lenders of each Facility hereunder and (z) to provide class protection for any additional credit facilities.

(f) Notwithstanding any provision herein to the contrary, any Security Document may be amended (or amended and restated), restated, waived, supplemented or modified as contemplated by Section 11.17 with the written consent of the Agent party thereto and the Loan Party party thereto.

(g) If, in connection with any proposed change, waiver, discharge or termination of or to any of the provisions of this Agreement and/or any other Loan Document as contemplated by Section 11.1(a), the consent of each Lender or each directly and adversely affected Lender, as applicable, is required and the consent of the Required Lenders at such time is obtained but the consent of one or more of such other Lenders whose consent is required is not obtained (each such Lender, a "Non-Consenting Lender") then the Borrower may, on notice to the Administrative Agent and the Non-Consenting Lender, (A) replace such Non-Consenting Lender by causing such Lender to (and such Lender shall be obligated to) assign pursuant to Section 11.6 (with the assignment fee and any other costs and expenses to be paid by the Borrower in such instance) all of its rights and obligations under this Agreement to one or more assignees; provided that neither the Administrative Agent nor any Lender shall have any obligation to the Borrower to find a replacement Lender; provided, further, that the applicable assignee shall have agreed to the applicable change, waiver, discharge or termination of this Agreement and/or the other Loan Documents; and provided, further, that all obligations of the Borrower owing to the Non-Consenting Lender relating to the Loans and participations so assigned shall be paid in full by the assignee Lender to such Non-Consenting Lender concurrently with such Assignment and Acceptance or (B) so long as no Event of Default under Section 9.1(a) or (f) then exists or will exist immediately after giving effect to the respective prepayment, prepay the Loans and, if applicable, terminate the commitments of such Non-Consenting Lender, in whole or in part, subject to Section 4.12, without premium or penalty. In connection with any such replacement under this Section 11.1(g), if the Non-Consenting Lender does not execute and deliver to the Administrative Agent a duly completed Assignment and Acceptance and/or any other documentation necessary to reflect such replacement by the later of (a) the date on which the replacement Lender executes and delivers such Assignment and Acceptance and/or such other documentation and (b) the date as of which all obligations of the Borrower owing to the Non-Consenting Lender relating to the Loans and participations so assigned shall be paid in full by the assignee Lender to such Non-Consenting Lender, then such Non-Consenting Lender shall be deemed to have executed and delivered such Assignment and Acceptance and/or such other documentation as of such date and the Borrower shall be entitled (but not obligated) to execute and deliver such Assignment and Acceptance and/or such other documentation on behalf of such Non-Consenting Lender, and the Administrative Agent shall record such assignment in the Register.

11.2 Notices. (a) All notices, requests, and demands to or upon the respective parties hereto to be effective shall be in writing (including telecopy), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand, or three days after being deposited in the mail, postage prepaid, or, in the case of telecopy notice, when received, or, in the case of delivery by a nationally recognized overnight courier, when received, addressed as follows in the case of the Borrower, the Administrative Agent and the Collateral Agent, and as set forth in Schedule A in the case of the other parties hereto, or to such other address as may be hereafter notified by the respective parties hereto and any future holders of the Loans:

The Borrower	WMG Acquisition Corp. c/o Warner Music Group Corp. 75 Rockefeller Plaza New York, NY10019 Attention: General Counsel Facsimile: (212) 275-3601 Website: www.wmg.com
With copies (which shall not constitute notice) to:	Debevoise & Plimpton LLP 919 Third Avenue New York, New York 10022 Attention: David A. Brittenham, Esq. Facsimile: (212) 521-7347 Telephone: (212) 909-6000
The Administrative Agent/the Collateral Agent:	Credit Suisse AG, Cayman Islands Branch Eleven Madison Avenue New York, NY 10010 Attention: Jason Wheeler Facsimile: (212) 322-2291 Email: agency.loanops@credit-suisse.com
With copies (which shall not constitute notice) to:	Davis Polk & Wardwell LLP 450 Lexington Avenue New York, NY 10017 Attention: Jason Kyrwood Facsimile: (212) 701-5653 Telephone: (212) 450-4653

provided that any notice, request or demand to or upon the Administrative Agent or the Lenders pursuant to Section 4.2, 4.4 or 4.8 shall not be effective until received.

(b) Without in any way limiting the obligation of any Loan Party and its Subsidiaries to confirm in writing any telephonic notice permitted to be given hereunder, the Administrative Agent may prior to receipt of written confirmation act without liability upon the basis of such telephonic notice, believed by the Administrative Agent in good faith to be from a Responsible Officer of a Loan Party.

(c) Loan Documents may be transmitted and/or signed by facsimile or other electronic means (e.g., a "pdf" or "tiff"). The effectiveness of any such documents and signatures shall, subject to applicable law, have the same force and effect as manually signed originals and shall be binding on each Loan Party, each Agent and each Lender. The Administrative Agent may also require that any such documents and signatures be confirmed by a manually signed original thereof; provided that the failure to request or deliver the same shall not limit the effectiveness of any facsimile or other electronic document or signature.

(d) Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communication (including electronic mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices to any Lender pursuant to Section 2 if such Lender, as applicable, has notified the Administrative Agent that it is incapable of receiving notices under such Section by electronic communication. Unless the Administrative Agent otherwise prescribes (with the Borrower's consent), (i) notices and other communications sent to an e-mail address shall be deemed to have been duly made or given when delivered, provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the posting thereof.

(e) (i) The Borrower hereby acknowledges that (a) the Administrative Agent will make available to the Lenders materials and/or information provided by or on behalf of the Borrower hereunder (collectively, "Borrower Materials") by posting the Borrower Materials on a Platform and (b) certain of the Lenders may be "public-side" Lenders (*i.e.,* Lenders that do not wish to receive material non-public information with respect to the Borrower or its securities) (each, a "Public Lender"). The Borrower hereby agrees to clearly and conspicuously mark all Borrower Materials that the Borrower intends to be made available to Public Lenders; provided that the Borrower agrees that the Disqualified Institution List will be deemed to be "public-side" Borrower Materials and may be made available to Public Lenders.

(ii) Each Public Lender agrees to cause at least one individual at or on behalf of such Public Lender to at all times have selected the "Private Side Information" or similar designation on the content declaration screen of the Platform in order to enable such Public Lender or its delegate, in accordance with such Public Lender's compliance procedures and applicable law, including United States federal and state securities laws, to make reference to communications that are not made available through the "Public Side Information" portion of the Platform and that may contain material non-public information with respect to the Borrower or its securities for purposes of United States federal or state securities laws.

11.3 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of any Agent, any Lender or any Loan Party, any right, remedy, power or privilege hereunder or under the other Loan Documents shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

11.4 Survival of Representations and Warranties. All representations and warranties made hereunder and in the other Loan Documents (or in any amendment, modification or supplement hereto or thereto) and in any certificate delivered pursuant hereto or such other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loans hereunder.

11.5 Payment of Expenses and Taxes. The Borrower agrees (a) to pay or reimburse the Agents and the Other Representatives for (1) all their reasonable and documented out-of-pocket costs and expenses incurred in connection with (i) the syndication of the Facilities and the development, preparation, execution and delivery of, and any amendment, supplement or modification to, this Agreement and the other Loan Documents and any other documents prepared in connection herewith or therewith, (ii) the consummation and administration of the transactions (including the syndication of the Initial Term Loan Commitments ~~and~~, the Tranche B Term Loan Commitments and the Tranche C Term Loan Commitments) contemplated hereby and thereby and (iii) efforts to monitor the Loans and verify, protect, evaluate, assess, appraise, collect, sell, liquidate or otherwise dispose of any of the Collateral, and (2) the reasonable and documented fees and disbursements of Davis Polk and Wardwell LLP, and such other special or local counsel, consultants, advisors, appraisers and auditors whose retention (other than during the continuance of an Event of Default) is approved by the Borrower, (b) to pay or reimburse each Lender, each Other Representative and the Agents for all their reasonable costs and expenses incurred in connection with the enforcement or preservation of any rights under this Agreement, the other Loan Documents and any other documents prepared in connection herewith or therewith, including the fees and disbursements of counsel to the Agents and the Lenders, (c) to pay, indemnify, or reimburse each Lender, each Other Representative and the Agents for, and hold each Lender, each Other Representative and the Agents harmless from, any and all recording and filing fees and any and all liabilities with respect to, or resulting from any delay in paying, any stamp, documentary, excise and other similar taxes, if any, which may be payable or determined to be payable in connection with the execution, delivery or enforcement of, or consummation or administration of any of the transactions contemplated by, or any amendment, supplement or modification of, or any waiver or consent under or in respect of, this Agreement, the other Loan Documents and any such other documents, and (d) to pay, indemnify or reimburse each Lender, each Other Representative, each Agent (and any sub-agent thereof) and each Related Party of any of the foregoing Persons (each, an "Indemnitee") for, and hold each Indemnitee harmless from and against, any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of this Agreement, the other Loan Documents and any such other documents, including any of the foregoing relating to the use of proceeds of the Loans, the violation of, noncompliance with or liability under, any Environmental Law applicable to the operations of the Borrower or any of its Restricted Subsidiaries or any of the property of the Borrower or any of its Restricted Subsidiaries, of any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower or any other Loan Party and regardless of whether any Indemnitee is a party thereto (all the foregoing in this clause (d), collectively, the "Indemnified Liabilities"), provided that the Borrower shall not have any obligation hereunder to any Lead Arranger, any Other Representative, any Agent (or any sub-agent thereof) or any

Lender (or any Related Party of any such Lead Arranger, Other Representative, Agent (or any sub-agent thereof) or Lender) with respect to Indemnified Liabilities arising from (i) the gross negligence, bad faith or willful misconduct of any such Lead Arranger, Other Representative, Agent (or any sub-agent thereof) or Lender (or any Related Party of any such Lead Arranger, Other Representative, Agent (or any sub-agent thereof) or Lender), as the case may be, as determined by a court of competent jurisdiction in a final and non-appealable decision, (ii) a material breach of the Loan Documents by any such Lead Arranger, Other Representative, Agent (or any sub-agent thereof) or Lender (or any Related Party of any such Lead Arranger, Other Representative, Agent (or any sub-agent thereof) or Lender), as the case may be, as determined by a court of competent jurisdiction in a final and non-appealable decision or (iii) claims against such Indemnitee or any Related Party brought by any other Indemnitee that do not involve claims against any Lead Arranger or Agent in its capacity as such. Neither the Borrower nor any Indemnitee shall be liable for any indirect, special, punitive or consequential damages hereunder; provided that nothing contained in this sentence shall limit the Borrower's indemnity or reimbursement obligations under this Section 11.5 to the extent such indirect, special, punitive or consequential damages are included in any third party claim in connection with which such Indemnitee is entitled to indemnification hereunder. All amounts due under this Section 11.5 shall be payable not later than 30 days after written demand therefor. Statements reflecting amounts payable by the Loan Parties pursuant to this Section 11.5 shall be submitted to the address of the Borrower set forth in Section 11.2, or to such other Person or address as may be hereafter designated by the Borrower in a notice to the Administrative Agent. Notwithstanding the foregoing, except as provided in Sections 11.5(b) and (c) above, the Borrower shall have no obligation under this Section 11.5 to any Indemnitee with respect to any tax, levy, impost, duty, charge, fee, deduction or withholding imposed, levied, collected, withheld or assessed by any Governmental Authority. The agreements in this Section 11.5 shall survive repayment of the Loans and all other amounts payable hereunder.

11.6 Successors and Assigns; Participations and Assignments. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that (i) other than in accordance with Section 8.6, the Borrower shall not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section 11.6.

(b) (i) Subject to the conditions set forth in Section 11.6(b)(ii) below, any Lender other than a Conduit Lender may, in the ordinary course of business and in accordance with applicable law, assign (other than to a Disqualified Institution or any natural person) to one or more assignees (each, an "Assignee") all or a portion of its rights and obligations under this Agreement (including its Tranche B Term Loan Commitment, Tranche C Term Loan Commitment and/or any Tranche of Term Loans, pursuant to an Assignment and Acceptance) with the prior written consent of:

(A) (1) with respect to the Tranche B Term Loan Commitments, the Borrower ~~and~~, (2) with respect to the Tranche C Term Loan Commitments, the Borrower and (3) with respect to any Tranche of Loans, the Borrower (such consent, in the case of this clause (~~2~~3), not to be

unreasonably withheld), provided, that with respect to any assignment of any Tranche of Term Loans, no consent of the Borrower shall be required for an assignment (x) to a Lender, an Affiliate of a Lender, or an Approved Fund (as defined below); provided, that if any Lender assigns all or a portion of its rights and obligations under this Agreement to one of its Affiliates in connection with or in contemplation of the sale or other disposition of its interest in such Affiliate, the Borrower's prior written consent shall be required for such assignment, (y) if an Event of Default under Section 9.1(a) or (f) with respect to the Borrower has occurred and is continuing, to any other Person, and (z) in connection with the primary syndication of (A) the Initial Term Loans by Credit Suisse AG to Persons previously disclosed by it to the Borrower ~~and~~, (B) the Tranche B Term Loans by the Tranche B Initial Committed Lenders (as defined in the First Incremental Amendment) to Persons previously disclosed by them to the Borrower on or prior to the First Incremental Amendment Effective Date or (C) the Tranche C Term Loans by Credit Suisse AG to Persons previously disclosed by it to the Borrower or on prior to the Third Amendment Effective Date; and

(B) the Administrative Agent (such consent not to be unreasonably withheld); provided that no consent of the Administrative Agent shall be required for an assignment to a Lender or an Affiliate of a Lender or an Approved Fund.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund or an assignment of the entire remaining amount of the assigning Lender's Initial Term Loan Commitments, Tranche B Term Loan Commitments, Tranche C Term Loan Commitments, Incremental Commitments or Loans under any Facility, the amount of the Initial Term Loan Commitments, Tranche B Term Loan Commitments, Tranche C Term Loan Commitments, Incremental Commitments or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall be in an amount of an integral multiple of $1.0 million unless the Borrower and the Administrative Agent otherwise consent, provided that (1) no such consent of the Borrower shall be required if an Event of Default under Section 9.1(a) or (f) with respect to the Borrower has occurred and is continuing and (2) such amounts shall be aggregated in respect of each Lender and its Affiliates or Approved Funds, if any;

(B) the parties to each assignment shall (A) execute and deliver to the Administrative Agent an Assignment and Acceptance via an electronic settlement system acceptable to the Administrative Agent or (B) if previously agreed with the Administrative Agent, manually execute and deliver to the Administrative Agent an Assignment and Acceptance, and, in each case, shall pay to the Administrative Agent a processing and recordation fee of $3,500; provided that for concurrent assignments to two or more Approved Funds such assignment fee shall only be required to be paid once in respect of and at the time of such assignments;

(C) the Assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an administrative questionnaire;

(D) any assignment of Incremental Commitments or Loans to an Affiliated Lender shall also be subject to the requirements of Sections 11.6(h) and (i); and

(E) any Term Loans acquired by Holdings, the Borrower or any Subsidiary shall be retired and cancelled promptly upon acquisition thereof.

For the purposes of this Section 11.6, the term "Approved Fund" has the following meaning: "Approved Fund" means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender. Notwithstanding the foregoing, no Lender shall be permitted to make assignments under this Agreement to any Disqualified Institution, except to the extent the Borrower has consented to such assignment in writing (in which case such Lender will not be considered a Disqualified Institution solely for that particular assignment).

(iii) Subject to acceptance and recording thereof pursuant to clause (b)(iv) below, from and after the effective date specified in each Assignment and Acceptance the Assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of (and bound by any related obligations under) Sections 4.10, 4.11, 4.12, 4.13 and 11.5, and bound by its continuing obligations under Section 11.16). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 11.6(b) shall, to the extent it would comply with Section 11.6(c), be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with clause (c) of this Section 11.6.

(iv) The Borrower hereby designates the Administrative Agent, and the Administrative Agent agrees, to serve as the Borrower's agent, solely for purposes of this Section 11.6, to maintain at one of its offices in New York, New York a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Initial Term Loan Commitments, Tranche B Term Loan Commitments, Tranche C Term Loan Commitments or Incremental Commitments of, and interest and principal amount of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and the Borrower, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower (and, solely with respect to entries applicable to such Lender, any Lender), at any reasonable time and from time to time upon reasonable prior notice. Notwithstanding anything herein to the contrary, the Borrower shall be entitled to pursue any remedy available to it (whether at law or in equity) against the Lender and such Disqualified Institution. Notwithstanding the foregoing, in no event shall the Administrative Agent (in its capacity as such) (x) be obligated to ascertain, monitor or inquire as to whether any Lender is a Disqualified Institution or (y) have any liability with respect to any assignment or participation of Loans to any Disqualified Institution (other than through the Administrative Agent's gross negligence, bad

faith or willful misconduct as determined by a court of competent jurisdiction in a final non-appealable decision; provided that in no event shall the Administrative Agent have any liability for any failure to ascertain, monitor or inquire as to whether any Lender is a Disqualified Institution).

(v) Each Lender that sells a participation shall, acting for itself and, solely for this purpose, as an agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register to any Person (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Loan Document) except to the extent that such disclosure is necessary (x) to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations or (y) for the Borrower to enforce its rights hereunder. The entries in the Participant Register shall be conclusive absent manifest error, and a Lender shall treat each person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary.

(vi) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an Assignee, the Assignee's completed administrative questionnaire (unless the Assignee shall already be a Lender hereunder), the processing and recordation fee referred to in Section 11.6(b) and any written consent to such assignment required by Section 11.6(b), the Administrative Agent shall accept such Assignment and Acceptance, record the information contained therein in the Register and give prompt notice of such assignment and recordation to the Borrower. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this clause (vi).

(vii) On or prior to the effective date of any assignment pursuant to this Section 11.6(b), the assigning Lender shall surrender any outstanding Notes held by it all or a portion of which are being assigned. Any Notes surrendered by the assigning Lender shall be returned by the Administrative Agent to the Borrower marked "cancelled".

Notwithstanding the foregoing provisions of this Section 11.6(b) or any other provision of this Agreement, if the Borrower shall have consented thereto in writing in its sole discretion, the Administrative Agent shall have the right, but not the obligation, to effectuate assignments of Loans, Incremental Commitments, Tranche B Term Loan Commitments, Tranche C Term Loan Commitments, and Initial Term Loan Commitments via an electronic settlement system acceptable to Administrative Agent and the Borrower as designated in writing from time to time to the Lenders by Administrative Agent (the "Settlement Service"). At any time when the Administrative Agent elects, in its sole discretion, to implement such Settlement Service, each such assignment shall be effected by the assigning Lender and proposed Assignee pursuant to the procedures then in effect under the Settlement Service, which procedures shall be subject to the prior written approval of the Borrower and shall be consistent with the other provisions of this Section 11.6(b). Each assigning Lender and proposed Assignee shall comply with the requirements of the Settlement Service in connection with effecting any assignment of Loans,

Incremental Commitments, Tranche B Term Loan Commitments, Tranche C Term Loan Commitments, and Initial Term Loan Commitments pursuant to the Settlement Service. Assignments and assumptions of Loans, Incremental Commitments, Tranche B Term Loan Commitments, Tranche C Term Loan Commitments and Initial Term Loan Commitments shall be effected by the provisions otherwise set forth herein until the Administrative Agent notifies the Lenders of the Settlement Service as set forth herein. The Borrower may withdraw its consent to the use of the Settlement Service at any time upon notice to the Administrative Agent, and thereafter assignments and assumptions of the Loans, Incremental Commitments, Tranche B Term Loan Commitments, Tranche C Term Loan Commitments and Initial Term Loan Commitments shall be effected by the provisions otherwise set forth herein. Notwithstanding the foregoing, it is understood and agreed that the Administrative Agent shall have the right, but not the obligation, to effectuate assignments of Loans, Incremental Commitments, Tranche B Term Loan Commitments, Tranche C Term Loan Commitments and Initial Term Loan Commitments via the Clearpar electronic settlement system pursuant to procedures consistent with this Section 11.6(b).

Furthermore, no Assignee, which as of the date of any assignment to it pursuant to this Section 11.6(b) would be entitled to receive any greater payment under Section 4.10, 4.11, 4.12 or 11.5 than the assigning Lender would have been entitled to receive as of such date under such Sections with respect to the rights assigned, shall, notwithstanding anything to the contrary in this Agreement, be entitled to receive such greater payments unless the assignment was made after an Event of Default under Section 9.1(a) or (f) has occurred and is continuing or the Borrower has expressly consented in writing to waive the benefit of this provision at the time of such assignment.

(c) (i) Any Lender other than a Conduit Lender may, in the ordinary course of its business and in accordance with applicable law, without the consent of the Borrower or the Administrative Agent, sell participations (other than to any Disqualified Institution or a natural person) to one or more banks or other entities (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Initial Term Loan Commitments, Incremental Commitments, Tranche B Term Loan Commitments, Tranche C Term Loan Commitments, and the Loans owing to it); provided that (A) such Lender's obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (C) such Lender shall remain the holder of any such Loan for all purposes under this Agreement and the other Loan Documents, (D) the Borrower, the Administrative Agent and the Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and (E) in the case of any participation to a Permitted Affiliated Assignee, such participation shall be governed by the provisions of Section 11.6(h)(ii) to the same extent as if each reference therein to an assignment of a Loan were to a participation of a Loan and the references to Affiliated Lender were to such Permitted Affiliated Assignee in its capacity as a participant. Any agreement pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver that (1) requires the consent of each Lender directly affected thereby pursuant to the second proviso to the second sentence of Section

11.1(a) and (2) directly affects such Participant. Subject to Section 11.6(c)(ii), the Borrower agrees that each Participant shall be entitled to the benefits of (and shall have the related obligations under) Sections 4.10, 4.11, 4.12, 4.13 and 11.5 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 11.6(b). To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 11.7(b) as though it were a Lender, provided that such Participant shall be subject to Section 11.7(a) as though it were a Lender. Notwithstanding the foregoing, no Lender shall be permitted to sell participations under this Agreement to any Disqualified Institution, except to the extent the Borrower has consented to such participation in writing (in which case such Lender will not be considered a Disqualified Institution solely for that particular participation).

(ii) No Loan Party shall be obligated to make any greater payment under Section 4.10, 4.11, 4.12 or 11.5 than it would have been obligated to make in the absence of any participation, unless the sale of such participation is made with the prior written consent of the Borrower and the Borrower expressly waives the benefit of this provision at the time of such participation. A Participant shall not be entitled to the benefits of Section 4.11 unless such Participant complies with Section 4.11(b) or Section 4.11(c), as applicable, and provides the forms and certificates referenced therein to the Lender that granted such participation.

(d) Any Lender, without the consent of the Borrower or the Administrative Agent, may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank or other central bank, and this Section 11.6 shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute (by foreclosure or otherwise) any such pledgee or Assignee for such Lender as a party hereto.

(e) No assignment or participation made or purported to be made to any Assignee or Participant shall be effective without the prior written consent of the Borrower if it would require the Borrower to make any filing with any Governmental Authority or qualify any Loan or Note under the laws of any jurisdiction, and the Borrower shall be entitled to request and receive such information and assurances as it may reasonably request from any Lender or any Assignee or Participant to determine whether any such filing or qualification is required or whether any assignment or participation is otherwise in accordance with applicable law.

(f) Notwithstanding the foregoing, any Conduit Lender may assign any or all of the Loans it may have funded hereunder to its designating Lender without the consent of the Borrower or the Administrative Agent and without regard to the limitations set forth in Section 11.6(b). The Borrower, each Lender and the Administrative Agent hereby confirms that it will not institute against a Conduit Lender or join any other Person in instituting against a Conduit Lender any domestic or foreign bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding under any state, federal or provincial bankruptcy or similar law, for one year and one day after the payment in full of the latest maturing commercial paper note issued by such Conduit Lender; provided, however, that each Lender designating any Conduit Lender hereby agrees to indemnify, save and hold harmless each other party hereto for any loss, cost, damage or expense arising out of its inability to institute such a proceeding against such Conduit Lender

during such period of forbearance. Each such indemnifying Lender shall pay in full any claim received from the Borrower pursuant to this Section 11.6(f) within 30 Business Days of receipt of a certificate from a Responsible Officer of the Borrower specifying in reasonable detail the cause and amount of the loss, cost, damage or expense in respect of which the claim is being asserted, which certificate shall be conclusive absent manifest error. Without limiting the indemnification obligations of any indemnifying Lender pursuant to this Section 11.6(f), in the event that the indemnifying Lender fails timely to compensate the Borrower for such claim, any Loans held by the relevant Conduit Lender shall, if requested by the Borrower, be assigned promptly to the Lender that administers the Conduit Lender and the designation of such Conduit Lender shall be void.

(g) If the Borrower wishes to replace the Loans under any Facility with ones having different terms, it shall have the option, with the consent of the Administrative Agent and subject to at least three Business Days' advance notice to the Lenders under such Facility, instead of prepaying the Loans to be replaced, to (i) require the Lenders under such Facility to assign such Loans to the Administrative Agent or its designees and (ii) amend the terms thereof in accordance with Section 11.1. Pursuant to any such assignment, all Loans to be replaced shall be purchased at par (allocated among the Lenders under such Facility in the same manner as would be required if such Loans were being optionally prepaid by the Borrower), accompanied by payment of any accrued interest and fees thereon and any amounts owing pursuant to Section 4.12. By receiving such purchase price, the Lenders under such Facility shall automatically be deemed to have assigned the Loans under such Facility pursuant to the terms of the form of the Assignment and Acceptance, the Administrative Agent shall record such assignment in the Register and accordingly no other action by such Lenders shall be required in connection therewith. The provisions of this clause (g) are intended to facilitate the maintenance of the perfection and priority of existing security interests in the Collateral during any such replacement.

(h) (i) Notwithstanding anything to the contrary contained herein, any Parent, Holdings, the Borrower and any Subsidiary may, from time to time, purchase or prepay Loans, in each case, on a non-pro rata basis through (1) Dutch auction procedures open to all applicable Lenders on a pro rata basis in accordance with customary procedures to be agreed between the Borrower and the Administrative Agent (or other applicable agent managing such auction); provided that (A) any such Dutch auction by the Borrower or its Subsidiaries shall be made in accordance with Section 4.4(h) and (B) any such Dutch auction by any Parent shall be made on terms substantially similar to Section 4.4(h) or on other terms to be agreed between such Parent and the Administrative Agent (or other applicable agent managing such auction) or (2) open market purchases; provided further that:

(1) such Affiliated Lender and such other Lender shall execute and deliver to the Administrative Agent an assignment agreement substantially in the form of Exhibit I hereto (an "Affiliated Lender Assignment and Assumption") and the Administrative Agent shall record such assignment in the Register;

(2) at the time of such assignment after giving affect to such assignment, the aggregate principal amount of all Term Loans held (or participated in) by Affiliated Lenders (including Affiliated Debt Funds) shall not exceed 25.0% of the aggregate principal amount of all Term Loans outstanding under this Agreement;

(3) any such Term Loans acquired by an Affiliated Lender may, with the consent of the Borrower, be contributed to the Borrower, whether through a Parent or otherwise, and exchanged for debt or equity securities of the Borrower or such Parent that are otherwise permitted to be issued at such time pursuant to the terms of this Agreement, so long as any Term Loans so acquired by the Borrower shall be retired and cancelled promptly upon the acquisition thereof; and

(4) any Term Loans acquired by Holdings or any of its Subsidiaries shall be cancelled and retired immediately upon the acquisition thereof~~;~~.

~~(5) each Lender making such assignment to such Affiliated Lender acknowledges and agrees that in connection with such assignment, (1) such Affiliated Lender then may have, and later may come into possession of Excluded Information, (2) such Lender has independently and, without reliance on the Affiliated Lender, the Borrower, any of its Subsidiaries, the Administrative Agent or any of their respective Affiliates, has made its own analysis and determination to enter into such assignment notwithstanding such Lender's lack of knowledge of the Excluded Information and (3) none of the Borrower, its Subsidiaries, the Administrative Agent, or any of their respective Affiliates shall have any liability to such Lender, and such Lender hereby waives and releases, to the extent permitted by law, any claims such Lender may have against the Borrower, its Subsidiaries, the Administrative Agent, and their respective Affiliates, under applicable laws or otherwise, with respect to the nondisclosure of the Excluded Information. Each Lender entering into such an assignment further acknowledges that the Excluded Information may not be available to the Administrative Agent or the other Lenders.~~

(ii) Notwithstanding anything to the contrary in this Agreement, no Affiliated Lender that is not an Affiliated Debt Fund shall have any right to (A) attend (including by telephone) any meeting or discussions (or portion thereof) among the Administrative Agent or any Lender to which representatives of the Loan Parties are not invited, (B) receive any information or material prepared by the Administrative Agent or any Lender or any communication by or among the Administrative Agent and/or one or more Lenders, except to the extent such information or materials have been made available to the Borrower or its representatives or (C) receive advice of counsel to the Administrative Agent, the Collateral Agent or any other Lender or challenge their attorney client privilege.

(iii) Notwithstanding anything in Section 11.1 or the definition of "Required Lenders" to the contrary, for purposes of determining whether the Required Lenders, all affected Lenders or all Lenders have (A) consented (or not consented) to any amendment or waiver of any provision of this Agreement or any other Loan Document or any departure by any Loan Party therefrom, (B) otherwise acted on any matter related to any Loan Document, or (C) directed or required the Administrative Agent or any Lender to undertake any action (or refrain from taking any action) with respect to or under any Loan Document, an Affiliated Lender that is not an Affiliated Debt Fund shall be deemed to have voted its interest as a Lender without discretion in the same

proportion as the allocation of voting with respect to such matter by Lenders who are not such Affiliated Lenders; provided that no amendment, modification, waiver, consent or other action with respect to any Loan Document shall deprive such Affiliated Lender of its ratable share of any payments of Term Loans of any class to which such Affiliated Lender is entitled under the Loan Documents without such Affiliated Lender providing its consent; provided, further, that such Affiliated Lender shall have the right to approve any amendment, modification, waiver or consent that (x) disproportionately and adversely affects such Affiliated Lender or affects such Affiliated Lender differently than other Lenders or (y) is of the type described in Sections 11.1(a)(i) through (ix) (other than subclauses (v) and (vi)); and in furtherance of the foregoing, (x) the Affiliated Lender agrees to execute and deliver to the Administrative Agent any instrument reasonably requested by the Administrative Agent to evidence the voting of its interest as a Lender in accordance with the provisions of this Section 11.6(h)(iii); provided that if the Affiliated Lender fails to promptly execute such instrument such failure shall in no way prejudice any of the Administrative Agent's rights under this Section 11.6(h)(iii) and (y) the Administrative Agent is hereby appointed (such appointment being coupled with an interest) by such Affiliated Lender as such Affiliated Lender's attorney-in-fact, with full authority in the place and stead of such Affiliated Lender and in the name of such Affiliated Lender, from time to time in the Administrative Agent's discretion to take any action and to execute any instrument that the Administrative Agent may deem reasonably necessary to carry out the provisions of this Section 11.6(h)(iii).

(iv) Each Affiliated Lender that is not an Affiliated Debt Fund, solely in its capacity as a Lender, hereby agrees, and each Affiliated Lender Assignment and Assumption agreement shall provide a confirmation that, if any of the Borrower or any Restricted Subsidiary shall be subject to any voluntary or involuntary bankruptcy, reorganization, insolvency or liquidation proceeding (each, a "Bankruptcy Proceeding"), (i) such Affiliated Lender shall not take any step or action in such Bankruptcy Proceeding to object to, impede, or delay the exercise of any right or the taking of any action by the Administrative Agent (or the taking of any action by a third party that is supported by the Administrative Agent) in relation to such Affiliated Lender's claim with respect to its Term Loans ("Claim") (including objecting to any debtor in possession financing, use of cash collateral, grant of adequate protection, sale or disposition, compromise, or plan of reorganization) so long as such Affiliated Lender is treated in connection with such exercise or action on the same or better terms as the other Lenders and (ii) with respect to any matter requiring the vote of Lenders during the pendency of a Bankruptcy Proceeding (including voting on any plan of reorganization), the Term Loans held by such Affiliated Lender (and any Claim with respect thereto) shall be deemed to be voted in accordance with Section 11.6(h)(iii) above, so long as such Affiliate Lender is treated in connection with the exercise of such right or taking of such action on the same or better terms as the other Lenders. For the avoidance of doubt, the Lenders and each Affiliated Lender that is not an Affiliated Debt Fund agree and acknowledge that the provisions set forth in this Section 11.6(h)(iv) and the related provisions set forth in each Affiliated Lender Assignment and Assumption constitute a "subordination agreement" as such term is contemplated by, and utilized in, Section 510(a) of the United States Bankruptcy Code, and, as such, it is their intention that this Section 11.6(h)(iv) would be enforceable for all purposes in any case where the Borrower or any Restricted Subsidiary has filed for protection under any law relating to bankruptcy, insolvency or reorganization or relief of debtors applicable to the Borrower or such Restricted Subsidiary, as applicable. Each Affiliated Lender that is not

an Affiliated Debt Fund hereby irrevocably appoints the Administrative Agent (such appointment being coupled with an interest) as such Affiliated Lender's attorney-in-fact, with full authority in the place and stead of such Affiliated Lender and in the name of such Affiliated Lender (solely in respect of Term Loans and participations therein and not in respect of any other claim or status such Affiliated Lender may otherwise have), from time to time in the Administrative Agent's discretion to take any action and to execute any instrument that the Administrative Agent may deem reasonably necessary to carry out the provisions of this Section 11.6(h)(iv).

(v) Each Lender making an assignment to, or taking an assignment from, an Affiliated Lender (so long as such Affiliated Lender identifies itself as such to such Lender) acknowledges and agrees that in connection with such assignment, (1) such Affiliated Lender then may have, and later may come into possession of Excluded Information, (2) such Lender has independently and, without reliance on the Affiliated Lender, Warner Music Group Corp., Holdings, the Borrower, any of its Subsidiaries, the Administrative Agent or any of their respective Affiliates, has made its own analysis and determination to enter into such assignment notwithstanding such Lender's lack of knowledge of the Excluded Information and (3) none of Warner Music Group Corp., Holdings, the Borrower, its Subsidiaries, the Administrative Agent, or any of their respective Affiliates shall have any liability to such Lender, and such Lender hereby waives and releases, to the extent permitted by law, any claims such Lender may have against Warner Music Group Corp., Holdings, the Borrower, its Subsidiaries, the Administrative Agent, and their respective Affiliates, under applicable laws or otherwise, with respect to the nondisclosure of the Excluded Information. Each Lender entering into such an assignment further acknowledges that the Excluded Information may not be available to the Administrative Agent or the other Lenders.

(i) Notwithstanding anything to the contrary in this Agreement, Section 11.1 or the definition of "Required Lenders" (x) with respect to any assignment or participation to or by an Affiliated Debt Fund, such assignment or participation shall be made pursuant to an open market purchase and (y) for purposes of determining whether the Required Lenders have (i) consented (or not consented) to any amendment, modification, waiver, consent or other action with respect to any of the terms of any Loan Document or any departure by any Loan Party therefrom, (ii) otherwise acted on any matter related to any Loan Document, or (iii) directed or required the Administrative Agent, Collateral Agent or any Lender to undertake any action (or refrain from taking any action) with respect to or under any Loan Document, all Term Loans held by Affiliated Lenders (including Affiliated Debt Funds), combined, may not account for more than 50.0% of the Term Loans of consenting Lenders included in determining whether the Required Lenders have consented to any action pursuant to Section 11.1. Notwithstanding anything to the contrary in this Agreement, with respect to any assignment to or by an Affiliated Debt Fund, at the time of such assignment after giving affect to such assignment, the aggregate principal amount of all Term Loans held (or participated in) by Affiliated Lenders (including Affiliated Debt Funds) shall not exceed 25.0% of the aggregate principal amount of all Term Loans outstanding under this Agreement.

(j) Notwithstanding the foregoing provisions of this Section 11.6, nothing in this Section 11.6 is intended to or should be construed to limit the Borrower's right to prepay the Term Loans as provided hereunder, including under Section 4.4.

11.7 Adjustments; Set-off; Calculations; Computations. (a) If any Lender (a "Benefited Lender") shall at any time receive any payment of all or part of its Loans, or interest thereon, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by set-off, pursuant to events or proceedings of the nature referred to in Section 9.1(f), or otherwise (except pursuant to Section 2.7, 2.8, 4.4, 4.9, 4.10, 4.11, 4.12, 4.13(d), 11.1(g) or 11.6)), in a greater proportion than any such payment to or collateral received by any other Lender, if any, in respect of such other Lender's Loans owing to it, or interest thereon, such Benefited Lender shall purchase for cash from the other Lenders an interest (by participation, assignment or otherwise) in such portion of each such other Lender's Loans owing to it, or shall provide such other Lenders with the benefits of any such collateral, or the proceeds thereof, as shall be necessary to cause such Benefited Lender to share the excess payment or benefits of such collateral or proceeds ratably with each of the Lenders; provided, however, that if all or any portion of such excess payment or benefits is thereafter recovered from such Benefited Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest.

(b) In addition to any rights and remedies of the Lenders provided by law, each Lender shall have the right, without prior notice to the Borrower, any such notice being expressly waived by the Borrower to the extent permitted by applicable law, upon the occurrence of an Event of Default under Section 9.1(a) or the Loans becoming due and payable pursuant to Section 9.2 to set-off and appropriate and apply against any amount then due and payable under Section 9.1(a) by the Borrower any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Lender or any branch or agency thereof to or for the credit or the account of the Borrower. Each Lender agrees promptly to notify the Borrower and the Administrative Agent after any such set-off and application made by such Lender, provided that the failure to give such notice shall not affect the validity of such set-off and application.

11.8 Judgment. (a) If, for the purpose of obtaining or enforcing judgment against any Loan Party in any court in any jurisdiction, it becomes necessary to convert into any other currency (such other currency being hereinafter in this Section 11.8 referred to as the "Judgment Currency") an amount due under any Loan Document in any currency (the "Obligation Currency") other than the Judgment Currency, the conversion shall be made at the rate of exchange prevailing on the Business Day immediately preceding the date of actual payment of the amount due, in the case of any proceeding in the courts of any other jurisdiction that will give effect to such conversion being made on such date, or the date on which the judgment is given, in the case of any proceeding in the courts of any other jurisdiction (the applicable date as of which such conversion is made pursuant to this Section 11.8 being hereinafter in this Section 11.8 referred to as the "Judgment Conversion Date").

(b) If, in the case of any proceeding in the court of any jurisdiction referred to in Section 11.8(a), there is a change in the rate of exchange prevailing between the Judgment Conversion Date and the date of actual receipt for value of the amount due, the applicable Loan Party shall pay such additional amount (if any, but in any event not a lesser amount) as may be necessary to ensure that the amount actually received in the Judgment Currency, when converted at the rate of exchange prevailing on the date of payment, will produce the amount of the Obligation Currency which could have been purchased with the amount of the Judgment Currency stipulated in the

judgment or judicial order at the rate of exchange prevailing on the Judgment Conversion Date. Any amount due from any Loan Party under this Section 11.8(b) shall be due as a separate debt and shall not be affected by judgment being obtained for any other amounts due under or in respect of any of the Loan Documents.

(c) The term "rate of exchange" in this Section 11.8 means the rate of exchange at which the Administrative Agent, on the relevant date at or about 12:00 noon (New York time), would be prepared to sell, in accordance with its normal course foreign currency exchange practices, the Obligation Currency against the Judgment Currency.

11.9 Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by telecopy), and all of such counterparts taken together shall be deemed to constitute one and the same instrument. A set of the copies of this Agreement signed by all the parties shall be delivered to the Borrower and the Administrative Agent.

11.10 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

11.11 Integration. This Agreement and the other Loan Documents represent the entire agreement of each of the Loan Parties party hereto, the Administrative Agent and the Lenders with respect to the subject matter hereof, and there are no promises, undertakings, representations or warranties by any of the Loan Parties party hereto, the Administrative Agent or any Lender relative to the subject matter hereof not expressly set forth or referred to herein or in the other Loan Documents.

11.12 Governing Law. THIS AGREEMENT AND ANY NOTES AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT AND ANY NOTES SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ITS PRINCIPLES OR RULES OF CONFLICT OF LAWS TO THE EXTENT SUCH PRINCIPLES OR RULES ARE NOT MANDATORILY APPLICABLE BY STATUTE AND WOULD REQUIRE OR PERMIT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION.

11.13 Submission to Jurisdiction; Waivers. Each party hereto hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement and the other Loan Documents to which it is a party to the exclusive general jurisdiction of the Supreme Court of the State of New York for the County of New York (the "New York Supreme Court"), and the United States District Court for the Southern District of New York (the "Federal District Court," and together with the New York Supreme Court, the "New York Courts") and appellate courts from either of them; provided that nothing in this

Agreement shall be deemed or operate to preclude (i) any Agent from bringing suit or taking other legal action in any other jurisdiction to realize on the Collateral or any other security for the Term Loan Facility Obligations (in which case any party shall be entitled to assert any claim or defense, including any claim or defense that this Section 11.13 would otherwise require to be asserted in a legal action or proceeding in a New York Court), or to enforce a judgment or other court order in favor of the Administrative Agent or the Collateral Agent, (ii) any party from bringing any legal action or proceeding in any jurisdiction for the recognition and enforcement of any judgment, (iii) if all such New York Courts decline jurisdiction over any Person, or decline (or in the case of the Federal District Court, lack) jurisdiction over any subject matter of such action or proceeding, a legal action or proceeding may be brought with respect thereto in another court having jurisdiction and (iv) in the event a legal action or proceeding is brought against any party hereto or involving any of its assets or property in another court (without any collusive assistance by such party or any of its Subsidiaries or Affiliates), such party from asserting a claim or defense (including any claim or defense that this Section 11.13(a) (after giving effect to the applicability of clauses (i) through (iii) of this proviso) would otherwise require to be asserted in a legal proceeding in a New York Court) in any such action or proceeding.

(b) consents that any such action or proceeding may be brought in such courts, agrees, subject to clauses (i) through (iii) of the proviso to Section 11.13(a) above, to bring any such action or proceeding in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient forum and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to the Borrower, the applicable Lender or the Administrative Agent, as the case may be, at the address specified in Section 11.2 or at such other address of which the Administrative Agent, any such Lender and the Borrower shall have been notified pursuant thereto;

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or (subject to clause (a) above) shall limit the right to sue in any other jurisdiction; and

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section 11.13 any consequential or punitive damages.

11.14 Acknowledgements. The Borrower hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Loan Documents;

(b) neither any Agent nor any Other Representative or Lender has any fiduciary relationship with or duty to the Borrower arising out of or in connection with this Agreement or any of the other Loan Documents, and the relationship between the Administrative Agent and Lenders, on the one hand, and the Borrower, on the other hand, in connection herewith or therewith is solely that of creditor and debtor; and

(c) no joint venture is created hereby or by the other Loan Documents or otherwise exists by virtue of the transactions contemplated hereby and thereby among the Lenders or among the Borrower and the Lenders.

11.15 Waiver Of Jury Trial. EACH OF THE BORROWER, THE AGENTS AND THE LENDERS HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY NOTES OR ANY OTHER LOAN DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.

11.16 Confidentiality. (a) Each Agent and each Lender agrees to keep confidential any information (a) provided to it by or on behalf of the Borrower or any of their respective Subsidiaries pursuant to or in connection with the Loan Documents or (b) obtained by such Lender based on a review of the books and records of the Borrower or any of their respective Subsidiaries; provided that nothing herein shall prevent any Lender from disclosing any such information (i) to any Agent, any Other Representative or any other Lender, (ii) to any Transferee, or prospective Transferee or any creditor or any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations which agrees to comply with the provisions of this Section 11.16 pursuant to a written instrument (or electronically recorded agreement from any Person listed above in this clause (ii), in respect to any electronic information (whether posted or otherwise distributed on any Platform)) for the benefit of the Borrower (it being understood that each relevant Lender shall be solely responsible for obtaining such instrument (or such electronically recorded agreement)), (iii) to its Affiliates and the employees, officers, partners, directors, agents, attorneys, accountants and other professional advisors of it and its Affiliates, provided that such Lender shall inform each such Person of the agreement under this Section 11.16 and take reasonable actions to cause compliance by any such Person referred to in this clause (iii) with this agreement (including, where appropriate, to cause any such Person to acknowledge its agreement to be bound by the agreement under this Section 11.16), (iv) upon the request or demand of any Governmental Authority having jurisdiction over such Lender or its affiliates or to the extent required in response to any order of any court or other Governmental Authority or as shall otherwise be required pursuant to any Requirement of Law, provided that, other than with respect to any disclosure to any bank regulatory authority, such Lender shall, unless prohibited by any Requirement of Law, notify the Borrower of any disclosure pursuant to this clause (iv) as far in advance as is reasonably practicable under such circumstances, (v) which has been publicly disclosed other than in breach of this Agreement, (vi) in connection with the exercise of any remedy hereunder, under any Loan Document or under any Interest Rate Agreement, (vii) in connection with periodic regulatory examinations and reviews conducted by the National Association of Insurance Commissioners or any Governmental Authority having jurisdiction over such Lender or its affiliates (to the extent applicable), (viii) in connection with any litigation to which such Lender (or, with respect to any Interest Rate Agreement, any Affiliate of any Lender party thereto) may be a party subject to the proviso in clause (iv) above, and (ix) if, prior

to such information having been so provided or obtained, such information was already in an Agent's or a Lender's possession on a non-confidential basis without a duty of confidentiality to the Borrower being violated. In addition, the Administrative Agent may disclose (i) the existence of this Agreement, the global amount, currency and maturity date of any Facility hereunder, and the legal name, country of domicile and jurisdiction of organization of the Borrower, to (i) the CUSIP Bureau and other similar market data collectors or service providers to the lending industry, provided that either such information shall have been previously made publicly available by the Borrower, or the Administrative Agent shall have obtained the written consent of the Borrower (such consent not to be unreasonably withheld or delayed), prior to making such disclosure, and (ii) information about this Agreement to service providers to the Administrative Agent to the extent customary in connection with the administration and management of this Agreement, the other Loan Documents, the Initial Term Loan Commitments, the Tranche B Term Loan Commitments, ~~the~~Tranche C Term Loan Commitments, the Incremental Commitments, and the Loans, provided that any such Person is advised of and agrees to be bound by the provisions of this Section 11.16 and the Administrative Agent takes reasonable actions to cause such Person to comply herewith. Notwithstanding any other provision of this Agreement, any other Loan Document or any Assignment and Acceptance, the provisions of this Section 11.16 shall survive with respect to each Agent and Lender until the second anniversary of such Agent or Lender ceasing to be an Agent or a Lender, respectively.

(b) Each Lender acknowledges that any such information referred to in Section 11.16(a), and any information (including requests for waivers and amendments) furnished by the Borrower or the Administrative Agent pursuant to or in connection with this Agreement and the other Loan Documents, may include material non-public information concerning the Borrower, the other Loan Parties and their respective Affiliates or their respective securities. Each Lender represents and confirms that such Lender has developed compliance procedures regarding the use of material non-public information; that such Lender will handle such material non-public information in accordance with those procedures and applicable law, including United States federal and state securities laws; and that such Lender has identified to the Administrative Agent a credit contact who may receive information that may contain material non-public information in accordance with its compliance procedures and applicable law.

11.17 Incremental Indebtedness; Additional Indebtedness. In connection with the incurrence by any Loan Party or any Subsidiary thereof of any Incremental Indebtedness or Additional Indebtedness, each of the Administrative Agent and the Collateral Agent agree to execute and deliver amendments, waivers, supplements or other modifications to the Security Agreement, the Junior Lien Intercreditor Agreement or any Other Intercreditor Agreement or any Intercreditor Agreement Supplement and amendments, amendments and restatements, restatements or waivers of or supplements to or other modifications to, any Security Document (including but not limited to any Mortgages and UCC fixture filings), and to make or consent to any filings or take any other actions in connection therewith, as may be reasonably deemed by the Borrower to be necessary or reasonably desirable for any Lien on the assets of any Loan Party permitted to secure such Incremental Indebtedness or Additional Indebtedness to become a valid, perfected lien (with such priority as may be designated by the relevant Loan Party or Subsidiary, to the extent such priority is permitted by the Loan Documents) pursuant to the Security Document being so amended, amended and restated, restated, waived, supplemented or otherwise modified or otherwise.

11.18 USA Patriot Act Notice. Each Lender hereby notifies the Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub.L. 107-56 (signed into law October 26, 2001)) (the "Patriot Act"), it is required to obtain, verify, and record information that identifies the Borrower and the other Loan Parties, which information includes the name of the Borrower and the other Loan Parties and other information that will allow such Lender to identify the Borrower and the other Loan Parties in accordance with the Patriot Act, and the Borrower agrees to provide such information from time to time to any Lender.

11.19 Electronic Execution of Assignments and Certain Other Documents. The words "execution," "signed," "signature," and words of like import in any Assignment and Acceptance or Affiliated Lender Assignment and Assumption or in any amendment or other modification hereof (including waivers and consents) shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

11.20 Reinstatement. This Agreement shall remain in full force and effect and continue to be effective should any petition or other proceeding be filed by or against any Loan Party for liquidation or reorganization, should any Loan Party become insolvent or make an assignment for the benefit of any creditor or creditors or should an interim receiver, receiver, receiver and manager or trustee be appointed for all or any significant part of any Loan Party's assets, and shall continue to be effective or to be reinstated, as the case may be, if at any time payment and performance of the obligations of the Borrower under the Loan Documents, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the obligations, whether as a fraudulent preference, reviewable transaction or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the obligations of the Borrower hereunder shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

11.21 Acknowledgement of Consent to Bail-In of EEA Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any Lender that is an EEA Financial Institution; and

(b) the effects of any Bail-in Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed, all as of the date first written above.

WMG ACQUISITION CORP.

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

[Signature Page to WMG Term Loan Credit Agreement]

#88946885v8

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH, as Administrative Agent and Lender

By: /s/ James Moran
Name: James Moran
Title: Managing Director

By: /s/ Tyler R. Smith
Name: Tyler R. Smith
Title: Associate

[Signature Page to WMG Term Loan Credit Agreement]

#88946885v8

ANNEX II
Exhibits to Credit Agreement

#88939479V8

EXHIBIT J
to
CREDIT AGREEMENT

FORM OF ACCEPTANCE AND PREPAYMENT NOTICE

CREDIT SUISSE AG,
as Administrative Agent under the
Credit Agreement referred to below

[ ]

[DATE]

Attention: [ ]

Re: WMG ACQUISITION CORP.

This Acceptance and Prepayment Notice is delivered to you pursuant to Section 4.4(h)(iv) of that certain Credit Agreement dated as of November 1, 2012 (together with all exhibits and schedules thereto and as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement") among WMG ACQUISITION CORP., a Delaware corporation (the "Borrower"), the several banks and other financial institutions from time to time parties thereto (the "Lenders"), and CREDIT SUISSE AG, as administrative agent (in such capacity, the "Administrative Agent") for the Lenders. Capitalized terms used herein and not otherwise defined herein are used herein as defined in the Credit Agreement.

Pursuant to Section 4.4(h)(iv) of the Credit Agreement, the Borrower hereby notifies you that it accepts offers delivered in response to the Solicited Discounted Prepayment Notice having an Offered Discount equal to or greater than [●]% (the "Acceptable Discount") in an aggregate amount not to exceed the Solicited Discounted Prepayment Amount.

The Borrower expressly agrees that this Acceptance and Prepayment Notice and is subject to the provisions of Section 4.4(h) of the Credit Agreement.

The Borrower hereby represents and warrants to the Administrative Agent [,][and] [the Lenders of the Initial Term Loans] [the Lenders of the Tranche B Term Loans] [the Lenders of the Tranche C Term Loans] [[and]] the Lenders of the [●, 20●][2] Tranche[s]] as follows:

[At least ten Business Days have passed since the consummation of the most recent Discounted Term Loan Prepayment as a result of a prepayment made by the Borrower on the applicable Discounted Prepayment Effective Date.][At least three Business Days have passed since the date the Borrower was notified that no Lender was willing to accept any prepayment of any Term Loan at the Specified Discount, within the Discount Range or at any discount to par value, as applicable, or in the case of Borrower Solicitation of Discounted Prepayment Offers, the date of the Borrower's election not to accept any Solicited Discounted Prepayment Offers made by a Lender.][3]

The Borrower acknowledges that the Administrative Agent and the relevant Lenders are relying on the truth and accuracy of the foregoing representations and warranties in connection with the acceptance of any prepayment made in connection with a Solicited Discounted Prepayment Offer.

The Borrower requests that Administrative Agent promptly notify each of the relevant Lenders party to the Credit Agreement of this Acceptance and Prepayment Notice.

[REMAINDER OF THE PAGE INTENTIONALLY LEFT BLANK]

1 List multiple Tranches if applicable.

2 Insert applicable representation.

IN WITNESS WHEREOF, the undersigned has executed this Acceptance and Prepayment Notice as of the date first above written.

WMG ACQUISITION CORP.

By: _____
Name:
Title:

1002393233V2

EXHIBIT K
to
CREDIT AGREEMENT

FORM OF DISCOUNT RANGE PREPAYMENT NOTICE

CREDIT SUISSE AG,
as Administrative Agent under the
Credit Agreement referred to below

[ ]

[DATE]

Attention: [ ]

Re: WMG ACQUISITION CORP.

This Discount Range Prepayment Notice is delivered to you pursuant to Section 4.4(h)(iii) of that certain Credit Agreement dated as of November 1, 2012 (together with all exhibits and schedules thereto and as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement") among WMG ACQUISITION CORP., a Delaware corporation (the "Borrower"), the several banks and other financial institutions from time to time parties thereto (the "Lenders"), CREDIT SUISSE AG, as administrative agent (in such capacity, the "Administrative Agent") for the Lenders. Capitalized terms used herein and not otherwise defined herein are used herein as defined in the Credit Agreement.

Pursuant to Section 4.4(h)(iii) of the Credit Agreement, the Borrower hereby requests that each [Lender of the Initial Term Loans] [Lender of the Tranche B Term Loans] [the Lenders of the Tranche C Term Loans] [[and] each Lender of the [●, 20●][4] Tranche[s]] submit a Discount Range Prepayment Offer. Any Discounted Term Loan Prepayment made in connection with this solicitation shall be subject to the following terms:

1. This Borrower Solicitation of Discount Range Prepayment Offers is extended at the sole discretion of the Borrower to each [Lender of the Initial Term Loans] [Lender of the Tranche B Term Loans] [Lender of the Tranche C Term Loans] [[and to each] Lender of the [●, 20●][5] Tranche[(s)]].

2. The maximum aggregate Outstanding Amount of the Discounted Term Loan Prepayment that will be made in connection with this solicitation is [$[●] of Initial Term Loans] [$[●] of Tranche B Term Loans] [$[●] of Tranche C Term Loans] [[and] $[●] of

3 List multiple Tranches if applicable.

4 List multiple Tranches if applicable.

the [●, 20●][6] Tranche[(s)] of Incremental Term Loans] (the "Discount Range Prepayment Amount").[7]

3. The Borrower is willing to make Discount Term Loan Prepayments at a percentage discount to par value greater than or equal to [●]% but less than or equal to [●]% (the "Discount Range").

To make an offer in connection with this solicitation, you are required to deliver to the Administrative Agent a Discount Range Prepayment Offer on or before 5:00 p.m. New York time on the date that is three Business Days following the dated delivery of the notice pursuant to Section 4.4(h)(i) of the Credit Agreement.

The Borrower hereby represents and warrants to the Administrative Agent and the [Lenders] [[and the] Lenders of the [●, 20●][8] Tranche[s]] as follows:

1. [At least ten Business Days have passed since the consummation of the most recent Discounted Term Loan Prepayment as a result of a prepayment made by the Borrower on the applicable Discounted Prepayment Effective Date.][At least three Business Days have passed since the date the Borrower was notified that no Lender was willing to accept any prepayment of any Term Loan at the Specified Discount, within the Discount Range or at any discount to par value, as applicable, or in the case of Borrower Solicitation of Discounted Prepayment Offers, the date of the Borrower's election not to accept any Solicited Discounted Prepayment Offers made by a Lender.][9]

The Borrower acknowledges that the Administrative Agent and the relevant Lenders are relying on the truth and accuracy of the foregoing representations and warranties in connection with any Discount Range Prepayment Offer made in response to this Discount Range Prepayment Notice and the acceptance of any prepayment made in connection with this Discount Range Prepayment Notice.

The Borrower requests that Administrative Agent promptly notify each of the relevant Lenders party to the Credit Agreement of this Discount Range Prepayment Notice.

[REMAINDER OF THE PAGE INTENTIONALLY LEFT BLANK]

5 List multiple Tranches if applicable.

6 Minimum of $5.0 million and whole increments of $500,000.

7 List multiple Tranches if applicable.

8 Insert applicable representation.

IN WITNESS WHEREOF, the undersigned has executed this Discount Range Prepayment Notice as of the date first above written.

WMG ACQUISITION CORP.

By: _____
Name:
Title:

Enclosure: Form of Discount Range Prepayment Offer

1002393233V2

EXHIBIT L
to
CREDIT AGREEMENT

FORM OF DISCOUNT RANGE PREPAYMENT OFFER

CREDIT SUISSE AG,
as Administrative Agent under the
Credit Agreement referred to below

[ ]

[DATE]

Attention: [ ]

Re: WMG ACQUISITION CORP.

Reference is made to (a) that certain Credit Agreement dated as of November 1, 2012 (together with all exhibits and schedules thereto and as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement") among WMG ACQUISITION CORP., a Delaware corporation (the "Borrower"), the several banks and other financial institutions from time to time parties thereto (the "Lenders"), CREDIT SUISSE AG, as administrative agent (in such capacity, the "Administrative Agent") for the Lenders and (b) that certain Discount Range Prepayment Notice, dated _____, 20__, from the Borrower (the "Discount Range Prepayment Notice"). Capitalized terms used herein and not otherwise defined herein are used herein as defined in the Credit Agreement.

The undersigned Lender hereby gives you irrevocable notice, pursuant to Section 4.4(h)(iii) of the Credit Agreement, that it is hereby offering to accept a Discounted Term Loan Prepayment on the following terms:

1. This Discount Range Prepayment Offer is available only for prepayment on the [Initial Term Loans] [Tranche B Term Loans] [Tranche C Term Loans] [[and the] [●, 20●][10] Tranche[s]] held by the undersigned.

2. The maximum aggregate Outstanding Amount of the Discounted Term Loan Prepayment that may be made in connection with this offer shall not exceed (the "Submitted Amount"):

[Initial Term Loans - $[●]]

[Tranche B Term Loans - $[●]]

[Tranche C Term Loans - $[●]]

9 List multiple Tranches if applicable.

[[●, 20●][11] Tranche[s] - $[●]]

3. The percentage discount to par value at which such Discounted Term Loan Prepayment may be made is [●]% (the "Submitted Discount").

The undersigned Lender hereby expressly consents and agrees to a prepayment of its [Initial Term Loans] [Tranche B Term Loans] [Tranche C Term Loans] [[and its] [●, 20●][12] Tranche[s]] indicated above pursuant to Section 4.4(h) of the Credit Agreement at a price equal to the Applicable Discount and in an aggregate Outstanding Amount not to exceed the Submitted Amount, as such amount may be reduced in accordance with the Discount Range Proration, if any, and as otherwise determined in accordance with and subject to the requirements of the Credit Agreement.

The undersigned Lender further acknowledges and agrees that (1) the Borrower may have, and may come into possession of information regarding the Term Loans or the Loan Parties hereunder that is not known to such Lender and that may be material to the decision by such Lender to accept the Discounted Term Loan Prepayment ("Excluded Information"), (2) such Lender independently and, without reliance on the Borrower, any of its Subsidiaries, the Administrative Agent or any of their respective Affiliates, has made its own analysis and determination to participate in the Discounted Term Loan Prepayment notwithstanding such Lender's lack of knowledge of the Excluded Information, and (3) none of the Borrower, its Subsidiaries, the Administrative Agent, or any of their respective Affiliates shall have any liability to such Lender, and the undersigned Lender hereby waives and releases, to the extent permitted by law, any claims such Lender may have against the Borrower, its Subsidiaries, the Administrative Agent, and their respective Affiliates, under applicable laws or otherwise, with respect to the nondisclosure of the Excluded Information. The undersigned Lender further acknowledges that the Excluded Information may not be available to the Administrative Agent or the other Lenders.

---

10 List multiple Tranches if applicable.

11 List multiple Tranches if applicable.

IN WITNESS WHEREOF, the undersigned has executed this Discount Range Prepayment Offer as of the date first above written.

[ ]
By: _____
Name
Title:

By: _____
Name
Title:

1002393233V2

EXHIBIT M
to
CREDIT AGREEMENT

FORM OF SOLICITED DISCOUNTED PREPAYMENT NOTICE

CREDIT SUISSE AG,
as Administrative Agent under the
Credit Agreement referred to below

[ ]

[DATE]

Attention: [ ]

Re: WMG ACQUISITION CORP.

This Solicited Discounted Prepayment Notice is delivered to you pursuant to Section 4.4(h)(iv) of that certain Credit Agreement dated as of November 1, 2012 (together with all exhibits and schedules thereto and as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement") among WMG ACQUISITION CORP., a Delaware corporation (the "Borrower"), the several banks and other financial institutions from time to time parties thereto (the "Lenders"), CREDIT SUISSE AG, as administrative agent (in such capacity, the "Administrative Agent") for the Lenders. Capitalized terms used herein and not otherwise defined herein are used herein as defined in the Credit Agreement.

Pursuant to Section 4.4(h)(iv) of the Credit Agreement, the hereby requests that [each Lender of the Initial Term Loans] [each Lender of the Tranche B Term Loans] [each Lender of the Tranche C Term Loans] [[and] each Lender of the [●, 20●][13] Tranche[s]] submit a Solicited Discounted Prepayment Offer. Any Discounted Term Loan Prepayment made in connection with this solicitation shall be subject to the following terms:

1. This Borrower Solicitation of Discounted Prepayment Offers is extended at the sole discretion of the Borrower to each [Lender of the Initial Term Loans] [Lender of the Tranche B Term Loans] [Lender of the Tranche C Term Loans] [[and to each] Lender of the [●, 20●][14] Tranche[s]].

12 List multiple Tranches if applicable.

13 List multiple Tranches if applicable.

2. The maximum aggregate Outstanding Amount of the Discounted Term Loan Prepayment that will be made in connection with this solicitation is (the "Solicited Discounted Prepayment Amount"):[15]

[Initial Term Loans - $[●]]

[Tranche B Term Loans - $[●]]

[Tranche C Term Loans - $[●]]

[[●, 20●][16] Tranche[s] - $[●]]

To make an offer in connection with this solicitation, you are required to deliver to the Administrative Agent a Solicited Discounted Prepayment Offer on or before 5:00 p.m. New York time on the date that is three Business Days following delivery of this notice pursuant to Section 4.4(h)(iv) of the Credit Agreement.

The Borrower requests that Administrative Agent promptly notify each of the relevant Lenders party to the Credit Agreement of this Solicited Discounted Prepayment Notice.

[REMAINDER OF THE PAGE INTENTIONALLY LEFT BLANK]

14 Minimum of $5.0 million and whole increments of $500,000.

15 List multiple Tranches if applicable.

IN WITNESS WHEREOF, the undersigned has executed this Solicited Discounted Prepayment Notice as of the date first above written.

WMG ACQUISITION CORP.

By: _____
Name:
Title:

Enclosure: Form of Solicited Discounted Prepayment Offer

1002393233V2

EXHIBIT N
to
CREDIT AGREEMENT

FORM OF SOLICITED DISCOUNTED PREPAYMENT OFFER

CREDIT SUISSE AG,
as Administrative Agent under the
Credit Agreement referred to below

[ ]

[DATE]

Attention: [ ]

Re: WMG ACQUISITION CORP.

Reference is made to (a) that certain Credit Agreement dated as of November 1, 2012 (together with all exhibits and schedules thereto and as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement") among WMG ACQUISITION CORP., a Delaware corporation (the "Borrower"), the several banks and other financial institutions from time to time parties thereto (the "Lenders"), CREDIT SUISSE AG, as administrative agent (in such capacity, the "Administrative Agent") for the Lenders and (b) that certain Solicited Discounted Prepayment Notice, dated _____, 20__, from the Borrower (the "Solicited Discounted Prepayment Notice"). Capitalized terms used herein and not otherwise defined herein shall have the meaning ascribed to such terms in the Solicited Discounted Prepayment Notice or, to the extent not defined therein, in the Credit Agreement.

To accept the offer set forth herein, you must submit an Acceptance and Prepayment Notice on or before the third Business Day following your receipt of this notice.

The undersigned Lender hereby gives you irrevocable notice, pursuant to Section 4.4(h)(iv) of the Credit Agreement, that it is hereby offering to accept a Discounted Term Loan Prepayment on the following terms:

1. This Solicited Discounted Prepayment Offer is available only for prepayment on the [Initial Term Loans] [Tranche B Term Loans] [Tranche C Term Loans] [[and the] [●, 20●][17] Tranche[s]] held by the undersigned.

2. The maximum aggregate Outstanding Amount of the Discounted Term Loan Prepayment that may be made in connection with this offer shall not exceed (the "Offered Amount"):

[Initial Term Loans- $[●]]

16 List multiple Tranches if applicable.

[Tranche B Term Loans- $[●]]

[Tranche C Term Loans- $[●]]

[[●, 20●][18] Tranche[s] - $[●]]

3. The percentage discount to par value at which such Discounted Term Loan Prepayment may be made is [●]% (the "Offered Discount").

The undersigned Lender hereby expressly consents and agrees to a prepayment of its [Initial Term Loans] [Tranche B Term Loans] [Tranche C Term Loans] [[and its] [●, 20●][19] Tranche[s]] pursuant to Section 4.4(h) of the Credit Agreement at a price equal to the Acceptable Discount and in an aggregate Outstanding Amount not to exceed such Lender's Offered Amount as such amount may be reduced in accordance with the Solicited Discount Proration, if any, and as otherwise determined in accordance with and subject to the requirements of the Credit Agreement.

The undersigned Lender further acknowledges and agrees that (1) the Borrower may have, and may come into possession of information regarding the Term Loans or the Loan Parties hereunder that is not known to such Lender and that may be material to the decision by such Lender to accept the Discounted Term Loan Prepayment ("Excluded Information"), (2) such Lender independently and, without reliance on the Borrower, any of its Subsidiaries, the Administrative Agent or any of their respective Affiliates, has made its own analysis and determination to participate in the Discounted Term Loan Prepayment notwithstanding such Lender's lack of knowledge of the Excluded Information, and (3) none of the Borrower, its Subsidiaries, the Administrative Agent, or any of their respective Affiliates shall have any liability to such Lender, and the undersigned Lender hereby waives and releases, to the extent permitted by law, any claims such Lender may have against the Borrower, its Subsidiaries, the Administrative Agent, and their respective Affiliates, under applicable laws or otherwise, with respect to the nondisclosure of the Excluded Information. The undersigned Lender further acknowledges that the Excluded Information may not be available to the Administrative Agent or the other Lenders.

---

17 List multiple Tranches if applicable.

18 List multiple Tranches if applicable.

IN WITNESS WHEREOF, the undersigned has executed this Solicited Discounted Prepayment Offer as of the date first above written.

[ ]
By: _____
Name
Title:

By: _____
Name
Title:

1002393233V2

EXHIBIT O
to
CREDIT AGREEMENT

FORM OF SPECIFIED DISCOUNT PREPAYMENT NOTICE

CREDIT SUISSE AG,
as Administrative Agent under the
Credit Agreement referred to below

[ ]

[DATE]

Attention: [ ]

Re: WMG ACQUISITION CORP.

This Specified Discount Prepayment Notice is delivered to you pursuant to Section 4.4(h)(ii) of that certain Credit Agreement dated as of November 1, 2012 (together with all exhibits and schedules thereto and as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement") among WMG ACQUISITION CORP., a Delaware corporation (the "Borrower"), the several banks and other financial institutions from time to time parties thereto (the "Lenders"), CREDIT SUISSE AG, as administrative agent (in such capacity, the "Administrative Agent") for the Lenders). Capitalized terms used herein and not otherwise defined herein are used herein as defined in the Credit Agreement.

Pursuant to Section 4.4(h)(ii) of the Credit Agreement, the Borrower hereby offers to make a Discounted Term Loan Prepayment to each [Lender of the Initial Term Loans] [Lender of the Tranche B Term Loans] [Lender of the Tranche C Term Loans] [[and to each] Lender of the [●, 20●][20] Tranche[s]] on the following terms:

1. This Borrower Offer of Specified Discount Prepayment is available only to each [Lender of the Initial Term Loans] [Lender of the Tranche B Term Loans] Lender of the Tranche C Term Loans] [[and to each] Lender of the [●, 20●][21] Tranche[s]].

2. The maximum aggregate Outstanding Amount of the Discounted Term Loan Prepayment that will be made in connection with this offer shall not exceed $[●] of the [Initial Term Loans] [Tranche B Term Loans] [Tranche C Term Loans] [[and $[●] of the]

19 List multiple Tranches if applicable.

20 List multiple Tranches if applicable.

[●, 20●][22] Tranche[(s)] of Incremental Term Loans] (the "Specified Discount Prepayment Amount").[23]

3. The percentage discount to par value at which such Discounted Term Loan Prepayment will be made is [●]% (the "Specified Discount").

To accept this offer, you are required to submit to the Administrative Agent a Specified Discount Prepayment Response on or before 5:00 p.m. New York time on the date that is three (3) Business Days following the date of delivery of this notice pursuant to Section 4.4(h)(ii) of the Credit Agreement.

The Borrower hereby represents and warrants to the Administrative Agent [and the Lenders] [[and] each Lender of the [●, 20●][24] Tranche[s]] as follows:

[At least ten Business Days have passed since the consummation of the most recent Discounted Term Loan Prepayment as a result of a prepayment made by the Borrower on the applicable Discounted Prepayment Effective Date.][At least three Business Days have passed since the date the Borrower was notified that no Lender was willing to accept any prepayment of any Term Loan at the Specified Discount, within the Discount Range or at any discount to par value, as applicable, or in the case of Borrower Solicitation of Discounted Prepayment Offers, the date of the Borrower's election not to accept any Solicited Discounted Prepayment Offers made by a Lender.][25]

The Borrower acknowledges that the Administrative Agent and the Lenders are relying on the truth and accuracy of the foregoing representations and warranties in connection with their decision whether or not to accept the offer set forth in this Specified Discount Prepayment Notice and the acceptance of any prepayment made in connection with this Specified Discount Prepayment Notice.

The Borrower requests that Administrative Agent promptly notify each of the relevant Lenders party to the Credit Agreement of this Specified Discount Prepayment Notice.

[REMAINDER OF THE PAGE INTENTIONALLY LEFT BLANK]

---

21 List multiple Tranches if applicable.

22 Minimum of $5.0 million and whole increments of $500,000.

23 List multiple Tranches if applicable.

24 Insert applicable representation.

IN WITNESS WHEREOF, the undersigned has executed this Specified Discount Prepayment Notice as of the date first above written.

WMG ACQUISITION CORP.

By: _____
Name:
Title:

Enclosure: Form of Specified Discount Prepayment Response

1002393233V2

EXHIBIT P
to
CREDIT AGREEMENT

FORM OF SPECIFIED DISCOUNT PREPAYMENT RESPONSE

CREDIT SUISSE AG,
as Administrative Agent under the
Credit Agreement referred to below

[ ]

[DATE]

Attention: [ ]

Re: WMG ACQUISITION CORP.

Reference is made to (a) that certain Credit Agreement dated as of November 1, 2012 (together with all exhibits and schedules thereto and as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement") among WMG ACQUISITION CORP., a Delaware corporation (the "Borrower"), the several banks and other financial institutions from time to time parties thereto (the "Lenders"), CREDIT SUISSE AG, as administrative agent (in such capacity, the "Administrative Agent") for the Lenders and (b) that certain Specified Discount Prepayment Notice, dated _____, 20__, from the Borrower (the "Specified Discount Prepayment Notice"). Capitalized terms used herein and not otherwise defined herein are used herein as defined in the Credit Agreement.

The undersigned Lender hereby gives you irrevocable notice, pursuant to Section 4.4(h)(ii) of the Credit Agreement, that it is willing to accept a prepayment of the following [Tranches of] Term Loans held by such Lender at the Specified Discount in an aggregate Outstanding Amount as follows:

[Initial Term Loans - $[●]]

[Tranche B Term Loans - $[●]]

[Tranche C Term Loans - $[●]]

[[●, 20●][26] Tranche[s] - $[●]]

The undersigned Lender hereby expressly consents and agrees to a prepayment of its [Initial Term Loans] [Tranche B Term Loans] [Tranche C Term Loans] [[and its] [●, 20●][27]

25 List multiple Tranches if applicable.

26 List multiple Tranches if applicable.

Tranche[s]] pursuant to Section 4.4(h)(ii) of the Credit Agreement at a price equal to the Specified Discount in the aggregate Outstanding Amount not to exceed the amount set forth above, as such amount may be reduced in accordance with the Specified Discount Proration, and as otherwise determined in accordance with and subject to the requirements of the Credit Agreement.

The undersigned Lender further acknowledges and agrees that (1) the Borrower may have, and may come into possession of information regarding the Term Loans or the Loan Parties hereunder that is not known to such Lender and that may be material to the decision by such Lender to accept the Discounted Term Loan Prepayment ("Excluded Information"), (2) such Lender independently and, without reliance on the Borrower, any of its Subsidiaries, the Administrative Agent or any of their respective Affiliates, has made its own analysis and determination to participate in the Discounted Term Loan Prepayment notwithstanding such Lender's lack of knowledge of the Excluded Information, and (3) none of the Borrower, its Subsidiaries, the Administrative Agent, or any of their respective Affiliates shall have any liability to such Lender, and the undersigned Lender hereby waives and releases, to the extent permitted by law, any claims such Lender may have against the Borrower, its Subsidiaries, the Administrative Agent, and their respective Affiliates, under applicable laws or otherwise, with respect to the nondisclosure of the Excluded Information. The undersigned Lender further acknowledges that the Excluded Information may not be available to the Administrative Agent or the other Lenders.

[REMAINDER OF THE PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the undersigned has executed this Specified Discount Prepayment Response as of the date first above written.

[ ]
By: _____
Name
Title:

By: _____
Name
Title:

ANNEX III

Schedule A-2 to Credit Agreement

TRANCHE C TERM LENDER	TRANCHE C TERM LOANS
Credit Suisse AG, Cayman Islands Branch	$1,005,975,000
TOTAL	**$1,005,975,000**

#88939479V8

Exhibit 21.1

WARNER MUSIC GROUP CORP.
SUBSIDIARIES OF THE REGISTRANT

Legal Name	State or Jurisdiction of Incorporation or Organization
615 Music Library, LLC	Tennessee
A.P. Schmidt Company	Delaware
Alternative Distribution Alliance	New York
Artist Arena LLC	New York
Artist Arena International LLC	New York
Asylum Records LLC	Delaware
Asylum Worldwide LLC	Delaware
Atlantic/143 L.L.C.	Delaware
Atlantic Mobile LLC.	Delaware
Atlantic/MR Ventures Inc.	Delaware
Atlantic Pix LLC.	Delaware
Atlantic Productions LLC.	Delaware
Atlantic Recording Corporation	Delaware
Atlantic Scream LLC.	Delaware
Audio Properties/Burbank, Inc.	California
BB Investments LLC.	Delaware
Big Beat Records Inc.	Delaware
Bulldog Island Events LLC.	New York
Bute Sound LLC.	Delaware
Cafe Americana Inc.	Delaware
Chappell Music Company, Inc.	Delaware
Cordless Recordings LLC.	Delaware
Cota Music, Inc.	New York
Cotillion Music, Inc.	Delaware
CRK Music Inc.	Delaware
E/A Music, Inc.	Delaware
East West Records LLC.	Delaware
Eleksylum Music, Inc.	Delaware
Elektra/Chameleon Ventures Inc.	Delaware
Elektra Entertainment Group Inc.	Delaware
Elektra Group Ventures Inc.	Delaware
FHK, Inc.	Tennessee
Fiddleback Music Publishing Company, Inc.	Delaware
Foster Frees Music, Inc.	California
Foz Man Music LLC.	Delaware
Ferret Music Holdings LLC	Delaware
Ferret Music LLC	New Jersey
Ferret Music Management LLC	New Jersey
Ferret Music Touring LLC	New Jersey
Fueled By Ramen LLC.	Delaware
Insound Acquisition Inc.	Delaware
Intersong U.S.A., LLC.	Delaware
J. Ruby Productions, Inc.	California
Jadar Music Corp.	Delaware
Lava Records LLC.	Delaware
LEM America, Inc.	Delaware
London-Sire Records Inc.	Delaware
Maverick Recording Company	California
Maverick Partner Inc.	Delaware
McGuffin Music Inc.	Delaware
Mixed Bag Music, Inc.	New York
MM Investment LLC.	Delaware
Nonesuch Records Inc.	Delaware
Non-Stop Cataclysmic Music, LLC.	Utah
Non-Stop International Publishing, LLC.	Utah
Non-Stop Music Holdings, Inc.	Delaware

Legal Name	State or Jurisdiction of Incorporation or Organization
Non-Stop Music Library, LLC.	Utah
Non-Stop Music Publishing, LLC.	Utah
Non-Stop Outrageous Publishing, LLC.	Utah
Non-Stop Productions, LLC.	Utah
Octa Music, Inc.	New York
P & C Publishing LLC	New York
Pepamar Music Corp.	New York
Rep Sales, Inc.	Minnesota
Revelation Music Publishing Corporation	New York
Rhino Entertainment Company	Delaware
Rhino/FSE Holdings LLC.	Delaware
Rhino Name and Likeness Holdings LLC.	Delaware
Rick's Music Inc.	Delaware
Rightsong Music Inc.	Delaware
Roadrunner Records Inc.	New York
Ryko Corporation	Delaware
Rykodisc, Inc.	Minnesota
Rykomusic, Inc.	Minnesota
Sea Chime Music, Inc.	California
Six-Fifteen Music Productions, Inc.	Tennessee
SR/MDM Venture Inc.	Delaware
Summy-Birchard, Inc.	Wyoming
Super Hype Publishing, Inc.	New York
T-Boy Music, L.L.C.	New York
T-Girl Music, L.L.C.	New York
The All Blacks USA Inc.	Delaware
The Biz LLC.	Delaware
Tommy Boy Music, Inc.	New York
Tommy Valando Publishing Group, Inc.	Delaware
T.Y.S., Inc.	New York
Unichappell Music Inc.	Delaware
Upped.com LLC	Delaware
W.B.M. Music Corp.	Delaware
Walden Music Inc.	New York
Warner Alliance Music Inc.	Delaware
Warner Brethren Inc.	Delaware
Warner Bros. Music International Inc.	Delaware
Warner Bros. Records Inc.	Delaware
Warner/Chappell Music, Inc.	Delaware
Warner/Chappell Music (Services), Inc.	New Jersey
Warner/Chappell Production Music, Inc.	Delaware
Warner Custom Music Corp.	California
Warner Domain Music Inc.	Delaware
Warner-Elektra-Atlantic Corporation	New York
Warner Music Discovery Inc.	Delaware
Warner Music Distribution LLC	Delaware
Warner Music Inc.	Delaware
Warner Music Latina Inc.	Delaware
Warner Music Nashville LLC	Tennessee
Warner Music SP Inc.	Delaware
Warner Sojourner Music Inc.	Delaware
WarnerSongs Inc.	Delaware
Warner Special Products Inc.	Delaware
Warner Strategic Marketing Inc.	Delaware
Warner-Tamerlane Publishing Corp.	California
Warprise Music Inc.	Delaware
WB Gold Music Corp.	Delaware
WB Music Corp.	California
WBM/House of Gold Music, Inc.	Delaware
WBR/QRI Venture, Inc.	Delaware
WBR/Ruffnation Ventures, Inc.	Delaware

Legal Name	State or Jurisdiction of Incorporation or Organization
WBR/Sire Ventures Inc.	Delaware
WEA Europe Inc.	Delaware
WEA Inc.	Delaware
WEA International Inc.	Delaware
Wide Music, Inc.	California
WMG Acquisition Corp.	Delaware
WMG Holdings Corp.	Delaware

Exhibit 31.1

CHIEF EXECUTIVE OFFICER CERTIFICATION

I, Stephen Cooper, certify that:

1. I have reviewed this annual report on Form 10-K for the period ended September 30, 2016 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: December 8, 2016

/S/ STEPHEN COOPER
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CHIEF FINANCIAL OFFICER CERTIFICATION

I, Eric Levin, certify that:

1. I have reviewed this annual report on Form 10-K for the period ended September 30, 2016 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: December 8, 2016

/s/ Eric Levin
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

Certification of the Chief Executive Officer
Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Warner Music Group Corp. (the "Company") on Form 10-K for the period ended September 30, 2016 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: December 8, 2016

/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 Annual Report of Warner Music Group Corp. (the "Company") on Form 10-K for the period ended September 30, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Eric Levin, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: December 8, 2016

/s/ ERIC LEVIN
Eric Levin
Chief Financial Officer