

Moyer James C
Form 4
April 10, 2019

FORM 4

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

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Moyer James C

2. Issuer Name and Ticker or Trading Symbol
MONOLITHIC POWER SYSTEMS INC [MPWR]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)
04/08/2019

Director 10% Owner
 Officer (give title below) Other (specify below)

4040 LAKE WASHINGTON BLVD. NE, SUITE 201

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)

Form filed by One Reporting Person
 Form filed by More than One Reporting Person

KIRKLAND, WA 98033

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Ownership (Instr. 4)
				(A) or (D)	Price		
Common Stock	04/08/2019		S ⁽¹⁾	11,596	D	\$ 143.6945	515,664 D
Common Stock	04/08/2019		S ⁽¹⁾	2,980	D	\$ 144.6672	512,684 D
Common Stock	04/08/2019		S ⁽¹⁾	424	D	\$ 145.1664	512,260 D
Common							71,823 I by Moyer

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(3) The price is the weighted average sale price for the transactions reported on this line. The prices for the transactions reported on this line range from \$144.105 to \$145.09. The reporting person undertakes to provide, upon request by the staff of the Securities and Exchange Commission, the issuer, or a security holder of the issuer, full information regarding the number of shares sold at each separate price.

(4) The price is the weighted average sale price for the transactions reported on this line. The prices for the transactions reported on this line range from \$145.14 to \$145.19. The reporting person undertakes to provide, upon request by the staff of the Securities and Exchange Commission, the issuer, or a security holder of the issuer, full information regarding the number of shares sold at each separate price.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

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—

—

—

908

Due from (to) parent companies

750

(312

)

(438

)

—

—

—

—

—

—

Investments in and advances to 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

Explanation of Responses:

—

138

65

—

203

—

—

—

203

Goodwill

—

1,372

255

—

1,627

—

—

—

1,627

Intangible assets subject to amortization, net

—

1,165

Explanation of Responses:

1,036

—

2,201

—

—

—

2,201

Intangible assets not subject to amortization

—

71

45

—

116

—

Explanation of Responses:

—

—

116

Deferred tax assets, net

—

—

2

—

2

—

—

—

2

Other assets

3

Explanation of Responses:

62

17

—

82

—

—

—

82

Total assets

\$

3,014

\$

4,539

\$

1,500

\$

(3,718

)

\$

5,335

Explanation of Responses:

\$

195

\$

195

\$

(390

)

\$

5,335

Liabilities and Deficit:

Current liabilities:

Accounts payable

\$

—

\$

124

\$

80

\$

—

Explanation of Responses:

\$

204

\$

—

\$

—

\$

—

\$

204

Accrued royalties

—

606

498

—

1,104

—

—

—

1,104

Accrued liabilities

—

112

185

—

297

—

—

—

297

Accrued interest

38

—

—

Explanation of Responses:

—

38

—

—

—

38

Deferred revenue

Explanation of Responses:

—

143

35

—

178

—

—

—

178

Current portion of long-term debt

—

—

—

—

—

—

—

—

—

Other current liabilities

—

18

—

21

—

—

—

21

Total current liabilities

38

988

816

—

1,842

—

Explanation of Responses:

—

—

1,842

Long-term debt

2,778

—

—

—

2,778

—

—

—

2,778

Deferred tax liabilities, net

—

Explanation of Responses:

109

160

—

269

—

—

—

269

Other noncurrent liabilities

3

126

107

—

236

Explanation of Responses:

—

—

—

236

Total liabilities

2,819

1,223

1,083

—

5,125

—

—

—

5,125

Explanation of Responses:

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

Explanation of Responses:

)

210

Total liabilities and equity (deficit)

\$

3,014

\$

4,539

\$

1,500

\$

(3,718

)

\$

5,335

\$

195

\$

195

\$

(390

)

\$

5,335

108

Consolidating Statement of Operations

For The Fiscal Year Ended September 30, 2017

	WMG Acquisition Corp. (issuer) (in millions)	Non- Guarantor Subsidiaries	Guarantor Subsidiaries	Elimination	WMG Acquisition Corp. Consolidated	WMG Holdings Corp. (issuer)	Warner Music Group Corp.	Elimination	Warner Music Group Corp. Consolidated
Revenues	\$—	\$ 1,978	\$ 2,008	\$ (410)	\$ 3,576	\$—	\$—	\$—	\$ 3,576
Costs and expenses:									
Cost of revenue	—	(922)	(1,275)	266	(1,931)	—	—	—	(1,931)
Selling, general and administrative expenses	(1)	(900)	(464)	143	(1,222)	—	—	—	(1,222)
Amortization of intangible assets	—	(100)	(101)	—	(201)	—	—	—	(201)
Total costs and expenses	(1)	(1,922)	(1,840)	409	(3,354)	—	—	—	(3,354)
Operating income (loss)	(1)	56	168	(1)	222	—	—	—	222
Loss on extinguishment of debt	(35)	—	—	—	(35)	—	—	—	(35)
Interest (expense) income, net	(95)	2	(56)	—	(149)	—	—	—	(149)
Equity gains from consolidated subsidiaries	124	87	—	(210)	1	143	143	(286)	1
Other expense, net	(1)	(17)	(23)	—	(41)	—	—	—	(41)
(Loss) income before income taxes	(8)	128	89	(211)	(2)	143	143	(286)	(2)
Income tax benefit (expense)	151	154	(30)	(124)	151	—	—	—	151
Net income	143	282	59	(335)	149	143	143	(286)	149
Less: income attributable to noncontrolling interest	—	(1)	(5)	—	(6)	—	—	—	(6)
Net income attributable to Warner Music Group Corp.	\$ 143	\$ 281	\$ 54	\$ (335)	\$ 143	\$ 143	\$ 143	\$ (286)	\$ 143

Consolidating Statement of Operations

For The Fiscal Year Ended September 30, 2016

	WMG Acquisition Corp.		Non-Guarantor Subsidiaries		Eliminations	WMG Acquisition Corp. Consolidated	WMG Holdings Corp. Consolidated	Warner Music Group Corp. Consolidated	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	—	108	106	—	214	—	—	—	214
Loss on extinguishment of debt	(4)	—	—	—	(4)	(14)	—	—	(18)
Interest (expense) income, 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) (in millions)	Non- Guarantor Subsidiaries	Guarantor Subsidiaries	Elimination	WMG Acquisition Corp. Consolidated	WMG Holdings Corp. (issuer)	Warner Music Group Corp.	Elimination	Warner Music Group Corp. Consolidated
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 income	1	47	80	(1)	127	—	—	—	127
Loss on extinguishment of debt	—	—	—	—	—	—	—	—	—
Interest (expense) income, net	(82)	6	(83)	—	(159)	(22)	—	—	(181)
Equity gains (losses) from consolidated subsidiaries	35	(67)	—	32	—	(69)	(91)	160	—
Other (expense) benefit, net	(10)	1	(12)	—	(21)	—	—	—	(21)
(Loss) income before income taxes	(56)	(13)	(15)	31	(53)	(91)	(91)	160	(75)
Income tax (expense) benefit	(13)	(29)	—	29	(13)	—	—	—	(13)
Net (loss) income	(69)	(42)	(15)	60	(66)	(91)	(91)	160	(88)
Less: income attributable to noncontrolling interest	—	(1)	(2)	—	(3)	—	—	—	(3)
Net (loss) income attributable to Warner Music Group Corp.	\$(69)	\$(43)	\$(17)	\$ 60	\$(69)	\$(91)	\$(91)	\$ 160	\$(91)

Consolidating Statement of Comprehensive Income

For The Fiscal Year Ended September 30, 2017

	WMG Acquisition Corp. (issuer) (in millions)	Non- Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Elimination	WMG Acquisition Corp. Consolidated	WMG Holdings Corp. (Issuer)	Warner Music Group Corp.	Elimination	Warner Music Group Corp. Consolidated
Net income	\$143	\$282	\$59	\$(335)	\$149	\$143	\$143	\$(286)	\$149
Other comprehensive income (loss), net of tax:									
Foreign currency adjustment	30	—	(30)	30	30	32	32	(64)	30
Minimum pension liability	7	—	7	(7)	7	7	7	(14)	7
Deferred (loss) on derivative financial instruments	—	(1)	—	1	—	—	—	—	—
Other comprehensive income (loss), net of tax:	37	(1)	(23)	24	37	39	39	(78)	37
Total comprehensive income	180	281	36	(311)	186	182	182	(364)	186
Less: income attributable to noncontrolling interest	—	(1)	(5)	—	(6)	—	—	—	(6)
Comprehensive income attributable to Warner Music Group									
Corp.	\$180	\$280	\$31	\$(311)	\$180	\$182	\$182	\$(364)	\$180

Consolidating Statement of Comprehensive Income

For The Fiscal Year Ended September 30, 2016

	WMG Acquisition Corp. (issuer) (in millions)	Non- Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Elimination	WMG Acquisition Corp. (consolidated)	WMG Holdings Corp. (issuer)	Warner Music Group Corp.	Elimination	Warner Music Group Corp. (consolidated)
Net income	\$53	\$ 167	\$ 54	\$ (216)	\$ 58	\$ 25	\$ 25	\$ (78)	\$ 30
Other comprehensive (loss) income, 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 (Loss) Income

For The Fiscal Year Ended September 30, 2015

	WMG Acquisition Corp. (issuer) (in millions)	Non- Guarantor Subsidiaries	Guarantor Subsidiaries	Eliminations	WMG Acquisition Corp. Consolidated	WMG Holdings Corp. (issuer)	Warner Music Group Corp.	Eliminations	Warner Music Group Corp. Consolidated
Net (loss) income	\$(69)	\$(42)	\$(15)	\$60	\$(66)	\$(91)	\$(91)	\$160	\$(88)
Other comprehensive (loss) income, net of tax:									
Foreign currency adjustment	(59)	—	(59)	59	(59)	(59)	(59)	118	(59)
Minimum pension liability	—	—	—	—	—	—	—	—	—
Other comprehensive (loss) income, 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 Cash Flows

For The Fiscal Year Ended September 30, 2017

	WMG Acquisition Corp. (issuer) (in millions)	Non- Guarantor Subsidiaries	Guarantor Subsidiaries	Elimination	WMG Acquisition Corp. Consolidated	WMG Holdings Corp. (issuer)	Warner Music Group Corp.	Elimination	Warner Music Group Corp. Consolidated
Cash flows from operating activities									
Net income	\$ 143	\$ 282	\$ 59	\$ (335)	\$ 149	\$ 143	\$ 143	\$ (286)	\$ 149
Adjustments to reconcile net income to net cash provided by operating activities:									
Depreciation and amortization	—	137	114	—	251	—	—	—	251
Unrealized gains/losses and remeasurement of foreign denominated loans	27	—	(3)	—	24	—	—	—	24
Deferred income taxes	2	—	(194)	—	(192)	—	—	—	(192)
Loss on extinguishment of debt	35	—	—	—	35	—	—	—	35
Net loss (gain) on divestitures and investments	—	33	(16)	—	17	—	—	—	17
Non-cash interest expense	8	—	—	—	8	—	—	—	8
Equity-based compensation expense	—	70	—	—	70	—	—	—	70
Equity losses (gains), including distributions	(124)	(86)	—	210	—	(143)	(143)	286	—
Changes in operating assets and liabilities:									
Accounts receivable	—	(37)	(23)	—	(60)	—	—	—	(60)
Inventories	—	2	(1)	—	1	—	—	—	1
Royalty advances	—	2	15	—	17	—	—	—	17
Accounts payable and accrued liabilities	(120)	(4)	47	125	48	—	—	—	48
Royalty payables	—	126	10	—	136	—	—	—	136
Accrued interest	3	—	—	—	3	—	—	—	3
Deferred revenue	—	(6)	28	—	22	—	—	—	22
Other balance sheet changes	5	(204)	205	—	6	—	—	—	6
	(21)	315	241	—	535	—	—	—	535

Explanation of Responses:

Net cash provided by (used in) operating activities									
Cash flows from investing activities									
Acquisition of music publishing rights, net	—	(9)	(7)	—	(16)	—	—	—	(16)
Capital expenditures	—	(31)	(13)	—	(44)	—	—	—	(44)
Investments and acquisitions of businesses, net	—	(6)	(133)	—	(139)	—	—	—	(139)
Divestitures, net	—	42	31	—	73	—	—	—	73
Advance to Issuer	60	—	—	(60)	—	—	—	—	—
Net cash (used in) provided by investing activities	60	(4)	(122)	(60)	(126)	—	—	—	(126)
Cash flows from financing activities									
Dividend by Acquisition Corp. to Holdings Corp.	—	(84)	—	—	(84)	84	—	—	—
Proceeds from issuance of Acquisition Corp. 4.125% Senior Secured Notes	380	—	—	—	380	—	—	—	380
Proceeds from issuance of Acquisition Corp. 4.875% Senior Secured Notes	250	—	—	—	250	—	—	—	250
Proceeds from issuance of Acquisition Corp. Senior Term Loan Facility	22	—	—	—	22	—	—	—	22
Repayment of Acquisition Corp. 6.00% Senior Secured Notes	(450)	—	—	—	(450)	—	—	—	(450)
Repayment of Acquisition Corp. 6.25% Senior Secured Notes	(173)	—	—	—	(173)	—	—	—	(173)
Repayment of Acquisition Corp. 5.625% Senior Secured Notes	(28)	—	—	—	(28)	—	—	—	(28)
Call premiums paid on early redemption of debt	(27)	—	—	—	(27)	—	—	—	(27)
Deferred financing costs paid	(13)	—	—	—	(13)	—	—	—	(13)
Distribution to noncontrolling interest holder	—	—	(5)	—	(5)	—	—	—	(5)
Dividends paid	—	—	—	—	—	(84)	—	—	(84)
Change in due (from) to issuer	—	(60)	—	60	—	—	—	—	—
Net cash (used in) provided by financing activities	(39)	(144)	(5)	60	(128)	—	—	—	(128)
Effect of exchange rate changes on cash and equivalents	—	—	7	—	7	—	—	—	7

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Net increase in cash and equivalents	—	167	121	—	288	—	—	—	288
Cash and equivalents at beginning of period	—	180	179	—	359	—	—	—	359
Cash and equivalents at end of period	\$—	\$ 347	\$ 300	\$ —	\$ 647	\$—	\$—	\$ —	\$ 647

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Consolidating Statement of Cash Flows

For The Fiscal Year Ended September 30, 2016

	WMG Acquisition Corp. (issuer) (in millions)	Non- Guarantor Subsidiaries	Guarantor Subsidiaries	Elimination	WMG Acquisition Corp. Consolidated	WMG Holdings Corp. (issuer)	Warner Music Group Corp.	Elimination	Warner Music Group Corp. Consolidated
Cash flows from operating activities									
Net income	\$53	\$ 167	\$ 54	\$ (216)	\$ 58	\$ 25	\$ 25	\$ (78)	\$ 30
Adjustments to reconcile net income 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
Equity-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

Explanation of Responses:

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									
Divestitures, net	—	(10)	(18)	—	(28)	—	—	—	(28)
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 (from) to 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) (in millions)	Non- Guarantor Subsidiaries	Guarantor Subsidiaries	Elimination	WMG Acquisition Corp. Consolidated	WMG Holdings Corp. (issuer)	Warner Music Group Corp.	Elimination	Warner Media Group Corp.
Cash flows from operating activities									
Net (loss) income	\$(69)	\$(42)	\$(15)	\$60	\$(66)	\$(91)	\$(91)	\$160	\$()
Adjustments to reconcile net (loss) income to net cash provided by operating activities:									
Change on extinguishment of debt	—	—	—	—	—	—	—	—	—
Depreciation and amortization	(1)	162	148	—	309	—	—	—	3
Realized gains/losses and remeasurement of foreign denominated assets	21	55	(48)	—	28	—	—	—	2
Deferred income taxes	—	—	(11)	—	(11)	—	—	—	()
Gain on sale of assets	—	—	—	—	—	—	—	—	—
Change in cash interest expense	10	—	—	—	10	1	—	—	1
Change in equity-based compensation expense	—	3	—	—	3	—	—	—	3
Change in equity losses (gains), including distributions	(35)	67	—	(32)	—	69	91	(160)	—
Changes in operating assets and liabilities:									
Accounts receivable	—	4	2	—	6	—	—	—	6
Inventory	—	(1)	(5)	—	(6)	—	—	—	()
Prepaid advances	—	(23)	(23)	—	(46)	—	—	—	()
Accounts payable and accrued liabilities	—	26	(15)	(28)	(17)	—	—	—	()
Equity payables	—	(19)	46	—	27	—	—	—	2
Deferred interest	(2)	—	—	—	(2)	—	—	—	()
Deferred revenue	—	(9)	21	—	12	—	—	—	1
Other balance sheet changes	—	3	(7)	—	(4)	—	—	—	()
Cash provided by (used in) operating activities	(76)	226	93	—	243	(21)	—	—	2
Cash flows from investing activities									
Acquisition of music publishing rights, net	—	(9)	(7)	—	(16)	—	—	—	()
Capital expenditures	—	(48)	(15)	—	(63)	—	—	—	()
Disposals and acquisitions of businesses, net	—	(11)	(5)	—	(16)	—	—	—	()
Dividends to issuer	110	—	—	(110)	—	—	—	—	—
Cash provided by (used in) investing activities	110	(68)	(27)	(110)	(95)	—	—	—	()
Cash flows from financing activities									
Proceeds from Acquisition Corp. to Holdings Corp.	(21)	—	—	—	(21)	21	—	—	—
Proceeds from the Revolving Credit Facility	258	—	—	—	258	—	—	—	2
Payment of the Revolving Credit Facility	(258)	—	—	—	(258)	—	—	—	()
Payment of Acquisition Corp. Senior Term Loan Facility	(13)	—	—	—	(13)	—	—	—	()
Proceeds from issuance of Acquisition Corp. 5.625% Senior Secured Notes	—	—	—	—	—	—	—	—	—

Explanation of Responses:

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Proceeds from issuance of Acquisition Corp. 6.750% Senior Notes	—	—	—	—	—	—	—	—	—
Payment of Acquisition Corp. 11.5% Senior Notes	—	—	—	—	—	—	—	—	—
Financing costs paid	—	—	—	—	—	—	—	—	—
Deferred financing costs paid	—	—	—	—	—	—	—	—	—
Contribution to noncontrolling interest holder	—	(1)	(2)	—	(3)	—	—	—	()
Payment of capital lease obligations	—	—	(3)	—	(3)	—	—	—	()
Change in due (from) to issuer	—	(110)	—	110	—	—	—	—	—
Cash provided by (used in) financing activities	(34)	(111)	(5)	110	(40)	21	—	—	()
Effect of exchange rate changes on cash and equivalents	—	—	(19)	—	(19)	—	—	—	()
Increase (decrease) in cash and equivalents	—	47	42	—	89	—	—	—	8
Cash and equivalents at beginning of period	—	26	131	—	157	—	—	—	1
Cash and equivalents at end of period	\$—	\$73	\$173	\$—	\$246	\$—	\$—	\$—	\$2

WARNER MUSIC GROUP CORP.

Schedule II — Valuation and Qualifying Accounts

Description	Additions				Balance at End of Period
	Balance at Beginning of Period	Charged to Cost and Expenses	Deductions	Other (a)	
Year Ended September 30, 2017					
Allowance for doubtful accounts	\$ 19	\$ 3	\$ (4)	\$ —	\$ 18
Reserves for sales returns	33	119	(119)	—	33
Allowance for deferred tax asset	310	23	(140)	—	193
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

(a) Other changes due to acquisitions and dispositions.

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

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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, 2017 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 72 of this report.

ITEM 9B. OTHER INFORMATION

Not Applicable

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The following is a list of our current executive officers and directors, their ages as of December 5, 2017, and their positions and offices.

Name	Age	Position
Stephen Cooper	71	CEO and Director
Max Lousada	44	CEO, Warner Recorded Music and Director
Jon Platt	53	Chairman and CEO, Warner/Chappell Music and Director
Stu Bergen	51	CEO, International and Global Commercial Services, Warner Recorded Music
Eric Levin	55	Executive Vice President and Chief Financial Officer
Ole Obermann	46	Executive Vice President, Business Development
Maria Osherova	52	Executive Vice President, Human Resources
Paul M. Robinson	59	Executive Vice President and General Counsel and Secretary
James Steven	40	Executive Vice President, Communications and Marketing
Len Blavatnik	60	Vice Chairman of the Board
Lincoln Benet	54	Director
Alex Blavatnik	53	Director
Mathias Döpfner	54	Director
Noreena Hertz	50	Director
Ynon Kreiz	52	Director
Thomas H. Lee	73	Director
Oliver Slipper	41	Director
Donald A. Wagner	54	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, 71, 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.

Max Lousada, 44, has served as a director since October 1, 2017 and as our CEO, Recorded Music, Warner Music Group, since October 1, 2017. He oversees all of the Company's global recorded music operations, including Atlantic,

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Warner Bros., Parlophone, Warner Music Nashville, Global Catalog/Rhino and Warner Classics, as well as the Company's international Recorded Music affiliates and WMG's Artist & Label Services divisions, WEA Corp. and ADA. Mr. Lousada was, for the previous four years, the Chairman & CEO of Warner Music UK, where he was responsible for overseeing the Company's UK family of labels and imprints, including Atlantic Records, Asylum, East West, FFRR, Nonesuch, One More Tune, Parlophone, Reprise, Roadrunner, Rhino and Warner Bros Records, as well as the UK arm of ADA and WMG's Artist & Label Services division. Mr. Lousada previously headed up Atlantic Records UK for nine years, during which time he built an award-winning team and a strong roster of artists, including: Ed Sheeran, Paolo Nutini, James Blunt, Rudimental, Plan B, Lykke Li, Rumer, Marina and the Diamonds and Birdy. Mr. Lousada also presided over the UK success of Atlantic's international roster including acts such as Bruno Mars, fun., Paramore, Death Cab For Cutie, Jason Mraz and Janelle Monáe. Prior to his tenure at Atlantic UK, Mr. Lousada was head of A&R at Mushroom Records where he signed ambient dance act Zero 7 and played a key role in the development of their 2001 debut album "Simple Things." Mr. Lousada was also involved in the careers of Mushroom acts such as Muse, Ash and Garbage. From 2014 to 2016, Mr. Lousada served as Chairman of the BRITs Committee, responsible for the creative direction of the show, management of the Award categories, artist line up, Voting Academy and the digital and media strategy.

Jon Platt, 53, has served as a director since October 1, 2017 and as our Chairman and CEO of Warner/Chappell Music since May 2016. In his role as CEO, Mr. Platt oversees all aspects of the company's global operations, roster of songwriters, creative

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services, and growth strategy. 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. Since joining Warner/Chappell in 2012, he has been instrumental in attracting icons and up-and-comers alike, including Jay Z, Beyoncé, Twenty One Pilots, Julia Michaels, Dave Mustaine, Mike WiLL Made It, legendary songwriter Rod Temperton, and Pharrell Williams pre-2009 catalogue, among others. WCM has earned countless industry accolades, including 2017 Music Publisher of the Year at the BMI Pop Awards; and in the previous year won Publisher of the Year at four of ASCAP's most prestigious ceremonies – the Pop, Rhythm & Soul, Country and Latin Awards – as well as at BMI's R&B/Hip-Hop Awards. Mr. Platt has served as Vice Chairman of the Board of Directors for the MusiCares Foundation and sits on the Boards of ASCAP, NMPA, the Songwriters Hall of Fame, the Motown Museum, and the Living Legends Foundation.

Stu Bergen, 51, has served as our CEO, International and Global Commercial Services, Warner Recorded Music since December 1, 2015. 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. Mr. Bergen, who joined Warner Music Group in 2006, was previously our President, International, Recorded Music from 2013 to 2015 and prior to that our 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, 55, 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, 46, 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, 52, 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.

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Paul M. Robinson, 59, 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, 40, 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, 60, 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 global strategic investments. 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, 54, 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 spans 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, 53, 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.

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Mathias Döpfner, 54, has served as a director since May 1, 2014. Mr. Döpfner is Chairman and CEO of German media group Axel Springer SE in Berlin. Holding a stake of more than 3%, Mr. Döpfner is also one of the company's largest shareholders. Axel Springer is the leading digital publisher in Europe and is active in more than 40 countries. Publishing brands include BILD, DIE WELT and BUSINESS INSIDER. Since Mr. Döpfner became CEO in 2002, Axel Springer revenues from digital activities increased from €117m to €2.2bn with EBITDA from digital increasing from €-12m to €472m. Worldwide digital audience expanded to more than 200 million users. Mr. Döpfner is also a member of the Board of Directors of Time Warner Inc. and Vodafone Group Plc.

Noreena Hertz, 50, has served as a director since September 15, 2017 and previously served as a director from May 1, 2014 through May 22, 2016. Professor Hertz advises some of the biggest organizations and most senior figures in the world on strategy, decision-making, corporate social responsibility and global economic and geo-political trends. Her best-selling books, *Eyes Wide Open*, *the Silent Takeover* and *IOU: The Debt Threat*, have been published in 22 countries. Professor Hertz served as a member of Citigroup's Politics and Economics Global Advisory Board between 2007 and 2008 and as a member of the Advisory Group steering McKinsey CEO Dominic Barton's Inclusive Capitalism Taskforce between 2012 and 2013. A much sought-after commentator on television and radio Hertz contributes to a wide range of publications and networks including The BBC, CNN, CNBC, CBS, ITV, The New York Times, The Wall Street Journal, The Daily Beast, the Financial Times, the Guardian, The Washington Post, The Times of London, Wired, and Nature. She hosts her own show on SiriusXM *MegaHertz: London Calling*. She has given Keynote Speeches at TED and The World Economic Forum, as well as for leading global corporations, and has shared platforms with such luminaries as

President Bill Clinton and James Wolfensohn. An influential economist on the international stage, Professor Hertz also played a pivotal role in the development of (RED), an innovative commercial model to raise money for people with AIDS in Africa, having inspired Bono (co-founder of the project) with her writings. Professor Hertz has been described by the Observer as “one of the world’s leading young thinkers,” Vogue as “one of the world’s most inspiring women” and was featured on the cover of Newsweek’s September 30, 2013 issue in Europe, Asia and the Middle East. She has an M.B.A from the Wharton School of the University of Pennsylvania and a Ph.D. from the University of Cambridge. Having spent 10 years at the University of Cambridge as Associate Director of the Centre for International Business and Management, in 2014 she moved to University College London where she is a Visiting Professor at the Institute for Global Prosperity.

Ynon Kreiz, 52, 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, a global leader in online short-form video and one of the largest content network on YouTube. Before joining Maker, from June 2008 to June 2011, Mr. Kreiz was Chairman and CEO of Endemol Group, one of 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. Mr. Kreiz is also a member of the Board of Directors of Mattel, Inc.

Thomas H. Lee, 73, 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, SEC Bell Investor Holdings 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.

Oliver Slipper, 41, 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.

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Donald A. Wagner, 54, 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.

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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, 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. 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.

Messrs. Platt and Lousada are involved in managing the day-to-day business of our company, providing them with intimate knowledge of our operations, and each has significant experiences in the entertainment industry, advising and managing companies.

Mr. Döpfner has extensive experience in the media industry. Through his positions as Chairman and CEO of Axel Springer, he has a profound understanding of the challenges and developments of today's business, such as content creation and monetization or distribution and digital platforms.

Professor Hertz has over 25 years of experience in advising companies in a variety of sectors and geographies on strategic and policy decisions, intelligence gathering and analysis and stakeholder management and corporate social responsibility. She has also held senior academic positions where her research has focused on decision-making, risk assessment and management, globalization, innovation and corporate social responsibility.

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).

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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.

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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, a Compensation Committee and a Finance Committee, all 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 and Wagner and Alex Blavatnik and Len Blavatnik. Mr. Benet serves as the chairman of the committee.

As of September 26, 2017, the Finance Committee discharges the responsibilities of the Board of Directors of the Company relating to all debt financing transactions. The current members of the Company's Finance Committee are Messrs. Benet, Cooper, Wagner and Alex Blavatnik.

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.

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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 2017. Our named executive officers (“NEOs”) for fiscal year 2017 are:

- Stephen Cooper (our CEO);
- Eric Levin (our CFO);
- Jon Platt;
- Stu Bergen; and
- Paul M. Robinson.

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. 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 2017, 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) consists of base salary and annual bonuses. In addition, two of our NEOs, Messrs. Cooper and Bergen, have elected to participate in the Second 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 2017 fiscal year, in determining the compensation of the NEOs, 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.

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 Mr. Bergen 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. The Company has not entered into an employment agreement with Mr. Cooper because, among other reasons, as a

participant in the Plan (with an entitlement to a percentage of our annual free cash flow under the Plan), the Company believes he already has retention incentives to remain employed at the Company.

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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. Two of our NEOs (Messrs. Cooper and Bergen) 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.” 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

Explanation of Responses:

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

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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.

Each of our NEOs (other than Mr. Cooper) was paid base salary in accordance with the terms of their respective employment arrangement for fiscal year 2017. Mr. Cooper was paid annual base salary of \$1,000,000 for fiscal year 2017.

Effective October 13, 2016, Mr. Levin's annual base salary was increased to \$750,000 (from \$650,000). Pursuant to our employment arrangements with Mr. Levin, we agreed to review his salary and target bonus in good faith and consider whether an increase was appropriate.

Effective November 1, 2016, Mr. Bergen's annual base salary was increased to \$1,250,000 (from \$1 million), following the expansion of Mr. Bergen's responsibilities to oversee WEA and ADA.

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 and Bergen 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 and Bergen 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 2017 fiscal year, Messrs. Cooper and Bergen participated in the Plan with fixed percentages of free cash flow of 2.5% and 0.75%, respectively. The Company's free cash flow for the 2017 fiscal year for the Plan, including added investment amounts, was \$481 million. Accordingly, for fiscal year 2017, Messrs. Cooper and Bergen earned free cash flow bonuses under the Plan of \$12,025,000 and \$3,607,500, respectively. Because in fiscal year 2017, Mr. Cooper acquired the last of his deferred equity units using a portion of his 2016 fiscal year free cash flow bonus under the Plan, he was not entitled to defer any of his free cash flow bonus payable for the 2017 fiscal year and all of it will be paid to him in cash. Mr. Bergen elected to defer 100% of his free cash flow bonus earned from the 2017 fiscal year and, in doing so, to acquire equity interests representing shares of our common stock. However, in fiscal year 2018, Mr. Bergen will acquire the last his remaining deferred equity units under the Plan, and the remaining portion of his 2017 free cash flow bonus of \$2,425,997 will be paid to him in cash. The amounts to be paid in cash to Mr. Cooper

and Mr. Bergen for the free cash flow bonus under the Plan for the 2017 fiscal year are set forth below under the “Non-Equity Incentive Plan Compensation” column in the Summary Compensation Table.

Discretionary Bonuses

Messrs. Platt, Levin and Robinson do not participate in the Plan. For the 2017 fiscal year, Mr. Platt had an annual target bonus amount of \$2,300,000 set forth in his employment agreement. For the 2017 fiscal year, Mr. Levin had an annual target bonus amount of \$500,000 set forth in his employment agreement. For the 2017 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 2017 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 2017 bonuses are discussed in more detail below.

For fiscal year 2017, 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 102%, 105% and 105%, respectively, of the annual target bonus amounts set forth in their respective employment agreements for fiscal year 2017, and Mr. Levin was also awarded an additional special discretionary bonus of \$100,000. 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 and Bergen 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, within prescribed limits.

Deferral of Compensation under the Plan

Subject to prescribed limits under the Plan (including on an individualized participant basis), 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 amount that will be deferred in respect of Mr. Bergen's 2017 fiscal year is \$1,181,503. As noted above, Mr. Cooper was not entitled to defer any of his 2017 free cash flow bonus because he had previously deferred his maximum allocation under the Plan.

Explanation of Responses:

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 and Bergen, 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. Terms and conditions of the Plan with respect to the Profits Interests are described below in the narrative accompanying the “Grant of Plan-Based Awards in Fiscal Year 2017” table and under “Potential Payments upon Termination or Change-In-Control.”

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Tax Deductibility of Performance-Based Compensation and Other Tax Considerations

Where appropriate, and after taking into account various considerations, including that certain incentives, including the Profits Interests under the Plan, may have competing advantages, 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 Plan. Both plans are available to the NEOs except for the non-qualified deferred compensation plan if they participate in the 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 \$8,100 in 2017, whichever is less. Employees can contribute up to the maximum IRS pre-tax deferral of \$18,000 in 2017 (with a catch up of \$6,000 in 2017 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 2017.

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

Alex Blavatnik

Len Blavatnik

Thomas H. Lee

Explanation of Responses:

Donald A. Wagner

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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	All Other Compensation (\$ (4))	Total (\$)
						Earnings (\$)		
Stephen Cooper (5) CEO	2017	\$1,000,000	—	—	\$12,025,000	—	\$2,181,818	\$15,206,818
	2016	\$2,000,000	—	\$2,935,068	\$159,292	—	—	\$5,094,360
	2015	\$2,000,000	—	\$2,935,068	—	—	—	\$4,935,068
Eric Levin Executive Vice President and Chief Financial Officer	2017	\$750,000	\$625,000	—	—	—	\$8,100	\$1,383,100
	2016	\$650,000	\$438,400	—	—	—	\$10,445	\$1,098,845
	2015	\$550,000	\$342,210	—	—	—	—	\$892,210
John Platt (6) Chairman and CEO of Warner/Chappell Music	2017	\$2,300,000	\$2,346,000	—	—	—	\$8,100	\$4,654,100
	2016	\$2,300,000	\$2,398,900	—	—	—	\$7,950	\$4,706,850
Paul M. Robinson Executive Vice President and General Counsel and Secretary	2017	\$750,000	\$630,000	—	—	—	\$8,100	\$1,388,100
	2016	\$750,000	\$657,600	—	—	—	\$7,950	\$1,415,550
	2015	\$700,000	\$500,000	—	—	—	\$7,950	\$1,207,950
Lu Bergen CEO, International and Global Commercial Services, Warner Recorded Music	2017	\$1,250,000	—	—	\$2,425,997	—	\$486,489	\$4,162,486
	2016	\$1,000,000	—	\$2,935,068	—	—	\$6,900	\$3,941,968
	2015	\$1,000,000	\$250,000	—	—	—	\$7,950	\$1,257,950

(1) Represents discretionary cash bonuses for fiscal year 2017 performance for each of Messrs. Platt, Levin and Robinson expected to be paid in January 2018, discretionary cash bonuses for fiscal years 2016 and 2015 to Messrs. Levin and Robinson and for fiscal year 2016 to Mr. Platt, as applicable, and a supplemental 2015 cash bonus to Mr. Bergen.

(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. 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 9 to our audited financial statements for the year ended September 30, 2017.

- (3) For the 2017 fiscal year, Mr. Cooper's free cash flow bonus under the Plan will be paid entirely in cash because he had previously acquired all of his deferred equity unit allocation, and a portion of Mr. Bergen's free cash flow bonus under the Plan will be paid in cash, because he will acquire the last of his remaining deferred equity units using a portion of his 2017 fiscal year free cash flow bonuses under the Plan. A portion of Mr. Cooper's 2016 free cash flow bonus under the Plan was also paid in cash.
- (4) Fiscal year 2017 includes 401(k) matching contributions of \$8,100 for Messrs. Levin, Platt, Robinson and Bergen. Also, for Messrs. Cooper and Bergen includes \$2,181,818 and \$478,389, respectively, in cash dividends paid to them under the Plan in respect of their deferred equity units and Profits Interests.
- (5) For fiscal years 2015 and 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. Effective October 1, 2016 (i.e., the beginning of fiscal year 2017), 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 ceased to reimburse Access for Mr. Cooper's services under a consultancy agreement.
- (6) Mr. Platt became an NEO in fiscal year 2016.

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Grant of Plan-Based Awards in Fiscal Year 2017

No deferred equity units or Profits Interests were granted in fiscal year 2017 to our NEOs.

Under the Plan, the deferred amounts granted to our NEOs under the Plan are 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 an NEO's termination of employment. Under the Plan, our NEOs' Profits Interests 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, 2017, 136,986.30 and 41,095.89 deferred equity units had been granted to Mr. Cooper and Mr. Bergen, respectively. All of Mr. Cooper's deferred equity units had vested and 29,335.80 of Mr. Bergen's deferred equity units had vested as of September 30, 2017. Also, an equal number 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, 2015 and 2016 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 2017 Fiscal Year-End" and "Nonqualified Deferred Compensation" tables below will be settled in three equal installments on the December 2018, 2019 and 2020 Redemption Dates. 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 Profits 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

This section describes employment arrangements in effect for our NEOs during fiscal year 2017. 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, except for Mr. Cooper's annual base salary of \$1,000,000 and his participation in the Plan, the Company does 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 a new simplified employment letter 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. This letter was amended on December 2, 2016 to increase his annual base salary to \$1,250,000.

Employment Agreement with Eric Levin

For fiscal year 2017, 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 2017 was \$750,000 and his target bonus was \$500,000.

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 \$750,000.

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 2017, 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 2017, 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 2017 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 2017 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	—	(2) \$ —
	—	(3) \$ —
Stu Bergen	11,760.09	(2) \$ 2,843,040
	11,029.20	(3) \$ 1,177,403

- (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. Accordingly, all of Mr. Cooper's special deferred equity units had vested as of September 30, 2017.
- (2) Deferred equity units approved for grant to the NEO as of September 30, 2017. Each deferred equity unit is equivalent to 1/10,000 of a share of our common stock.
- (3) Unvested Profits Interests. This table does not include vested Profits Interests held by the NEOs: for Mr. Cooper, 136,986.30 vested Profits Interests, with a value of \$16,971,404; and for Mr. Bergen, 30,066.69 vested Profits Interests, with a value of \$3,433,336. A Profits Interest's benchmark amount reflects the value of 1/10,000 of our common stock on the grant date of the Profits Interest, and the value of a Profits Interest reflects the appreciation in the fair market value of our common stock above its benchmark amount.
- (4) As of September 30, 2017, the value of 1/10,000 of a share of our common stock, as determined under the Plan, was \$241.75. Assumptions used in the calculation of this amount are included in Note 9 to our audited financial statements for the year ended September 30, 2017.

Equity Awards Vested in 2017 Fiscal Year

Name	Number of Shares or Units of Stock Acquired on Vesting (#)	Value Realized on Vesting (\$) (3)
Stephen Cooper	80,975.51	(1) \$ 11,515,527
	73,414.60	(2) \$ 1,105,247
Stu Bergen	22,472.20	(1) \$ 3,195,772
	22,472.20	(2) \$ 162,025

- (1) Deferred equity units of the NEO that vested in fiscal year 2017 upon the deferral of free cash flow bonuses by the NEO paid for fiscal year 2016, including vested deferred equity units that were withheld for payment of taxes.
- (2) Profits Interests that vested in fiscal year 2017 reflect a number of Profits Interests equal to the number of deferred equity units acquired by the NEOs in fiscal year 2017.
- (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 January 2017. The grant date fair value of these vested deferred equity units and vested Profits Interests for Mr. Cooper were previously reported under the column "stock awards" in the Summary Compensation Table in fiscal year 2013. Mr. Bergen was not an NEO in fiscal year 2013. 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 2017" table above and below under "Potential Payments upon Termination or Change-In-Control."

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Nonqualified Deferred Compensation

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

Name	Executive	Registrant	Aggregate	Aggregate	Aggregate Balance at Last FYE (\$)
	Contributions in Last FY (\$) (1)	Contributions in Last FY (\$) (2)	Earnings in Last FY (\$) (3)	Withdrawals / Distributions (\$)	
Stephen Cooper	\$ 7,865,708	\$ 2,840,621	\$ 13,636,062	—	\$ 32,306,883
Stu Bergen	\$ 2,407,500	\$ 788,325	\$ 2,914,040	—	\$ 7,077,111

(1) Amounts of free cash flow bonuses earned in respect of the 2016 fiscal year that were deferred by the NEOs under the Plan through the acquisition of vested deferred equity units in fiscal year 2017. These amounts were reported in the “stock awards” column in the Summary Compensation Table for fiscal year 2013 for Mr. Cooper. 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 2017.

(3) Reflects the increase (decrease) in value of vested deferred equity units as of September 30, 2017 since the date the NEOs acquired vested deferred equity units (for deferred equity units that vested in fiscal year 2017 in respect of fiscal year 2016) and since October 1, 2016 (for deferred equity units that vested before October 1, 2016). \$1,710,000 of this amount for Mr. Cooper 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, 2017 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, 2017. 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. The value of a fractional share of our common stock applied to this discussion was \$241.75, as determined under the Plan as of September 30, 2017.

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.”

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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, after the first quarter of a fiscal year, the employment of Messrs. Cooper or Bergen 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	—	\$ 12,025,000	\$ 32,306,883	—	—	\$44,331,883
Eric Levin	\$ 750,000	—	—	—	—	\$750,000
Jon Platt	\$ 3,450,000	\$ 2,346,000	—	—	—	\$5,796,000
Paul M. Robinson	\$ 1,050,000	\$ 630,000	—	—	—	\$1,680,000
Stu Bergen	\$ 625,000	\$ 3,607,500	\$ 7,077,111	—	—	\$11,309,611

- (1) Amounts under salary for Mr. Bergen represents 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, 2017, 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 and Bergen, 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, 2017, their full 2017 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. This table does not include vested Profits Interests held by the NEOs.

Estimated Benefits in connection with a Change in Control

As participants in the Plan, each of Messrs. Bergen and Cooper 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)	Acceleration of Profits Interests (2)	Total
Stephen Cooper	\$ 32,306,883	\$ —	\$32,306,883
Eric Levin	—	—	—
Jon Platt	—	—	—
Paul M. Robinson	—	—	—

Stu Bergen	\$ 9,841,851	\$ 1,177,403	\$ 11,019,254
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- (1) For each of Messrs. Cooper and Bergen represents the value of (x) the NEO's deferred equity units that were vested on September 30, 2017 and (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). Also, for Mr. Bergen, 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 2017 fiscal year payable in deferred equity units (i.e., the amount equal to his then remaining portion of his maximum deferred equity unit allocation, since the change in control would be deemed to occur on September 30, 2017).
- (2) For Mr. Bergen, his Profits Interests that would have vested 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, 2017 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. This table does not include vested Profits Interests held by the NEOs.

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

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

As participants in the Plan, each of Messrs. Cooper and Bergen 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	\$ 12,025,000	\$ 32,306,883	—	\$ 44,331,883
Stu Bergen	\$ 3,607,500	\$ 7,175,506	—	\$ 10,783,006

(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, 2017, the full 2017 annual bonus) for each of Messrs. Cooper and Bergen.

(2) Represents the value of each NEOs’ deferred equity units that were vested on September 30, 2017 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, 2017.

(3) Profits Interests will not accelerate on a termination of employment that is not in connection with a change in control of the Company. This table does not include vested Profits Interests held by the NEOs.

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 his employment letter, we generally would have “cause” to terminate the employment of Mr. Bergen 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 Mr. Bergen 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 letter with Mr. Bergen provides that he 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. Mr. Bergen 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 Mr. Bergen 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 and Bergen 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 and Bergen also contain covenants regarding non-disclosure of confidential information.

Explanation of Responses:

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, 2017, 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. Messrs. Lee, Slipper and Kreiz were entitled to \$75,000 for fiscal year 2017. Ms. Hertz was paid a prorated portion of \$75,000 from the date of her appointment to the board on September 15, 2017. No other non-employee directors received any compensation for service on the Board of Directors or Board committees during fiscal year 2017.

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	\$ 294,598(1)	—	—	—	—	—	\$ 294,598
Noreena Hertz	\$ 3,082	—	—	—	—	—	\$ 3,082
Ynon Kreiz	\$ 75,000	—	—	—	—	—	\$ 75,000
Thomas H. Lee	\$ 75,000	—	—	—	—	—	\$ 75,000
Jörg Mohaupt	—	—	—	—	—	—	—
Oliver Slipper	\$ 75,000	—	—	—	—	—	\$ 75,000
Donald A. Wagner	—	—	—	—	—	—	—

(1) The amounts reported for Mr. Döpfner has been converted from Euros to U.S. dollars using a conversion factor of 1.17839 as of September 30, 2017.

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 2017, 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 5, 2017 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
Max Lousada (3)	N/A	N/A	N/A
Jon Platt	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
Noreena Hertz	N/A	N/A	N/A
Ynon Kreiz	N/A	N/A	N/A
Thomas H. Lee	N/A	N/A	N/A

Explanation of Responses:

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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 (18 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 5, 2017, 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 Lousada 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 2017 in connection with the Management Agreement.

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 for an additional five years from December 24, 2020 to December 24, 2025, with a market rate rent review that would begin December 25, 2020.

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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, 2017, an immaterial amount was recorded as rental income.

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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 2017, Deezer paid to the Company an aggregate amount of approximately \$36 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.

Acquisitions of Selected Assets of Songkick

As of July 12, 2017, we acquired selected assets from Songkick, including the concert discovery app and website and the Songkick trademark, for a purchase price of \$5 million. Access owns a significant minority interest in the seller.

Relationships with Other Directors, Executive Officers and Affiliates

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, 2017, 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 and Ms. Hertz 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, 2017 and September 30, 2016.

Fees Paid to KPMG LLP

The following table sets forth the aggregate fees incurred to KPMG LLP for services rendered in connection with the consolidated financial statements, and reports for the fiscal years ended September 30, 2017 and September 30, 2016 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, 2017	Year Ended September 30, 2016
Audit Fees	\$ 3,939	\$ 4,295
Audit-Related Fees	254	84
Tax Fees	—	10
All Other Fees	75	103
Total Fees	\$ 4,268	\$ 4,492

These fees exclude out-of-pocket costs of approximately \$0.20 million and \$0.20 million for each of the periods ended September 30, 2017 and September 30, 2016, 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 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: For the fiscal year ended September 30, 2016, fees consist 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: Consists 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. 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. 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 2017 and 2016, all professional services provided by KPMG LLP were pre-approved by the Audit Committee in accordance with our policies.

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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 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

Explanation of Responses:

- 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.

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Exhibit

Number	Description
4.3(24)	<u>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.</u>
4.4(31)	<u>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.</u>
4.5(32)	<u>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.</u>
4.6(32)	<u>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.</u>
4.7(24)	<u>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.</u>
4.8(24)	<u>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.</u>
4.9	<u>Form of Secured Note of WMG Acquisition Corp. (included in Exhibit 4.2 hereto)</u>
4.10	<u>Form of 6.750% Senior Notes due 2022 of WMG Acquisition Corp. (included in Exhibit 4.8 hereto)</u>
4.11(23)	<u>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.</u>
4.12(31)	<u>Guarantee dated, July 27, 2016, issued by Warner Music Group Corp., relating to the 5.000% Senior Secured Notes due 2023</u>
4.13(32)	<u>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</u>
4.14(13)	<u>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.</u>
4.15(13)	<u>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.</u>

- 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.
- 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

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Exhibit

Number	Description
10.4(24)	<u>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.</u>
10.5(27)	<u>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.</u>
10.6(38)	<u>Third Incremental Commitment Amendment, dated as of May 22, 2017, among WMG Acquisition Corp., the other Loan Parties (as defined therein) parties hereto, WMG Holdings Corp., the Administrative Agent (as defined therein) and Credit Suisse AG Cayman Islands Branch, as Tranche D Term Lender.</u>
10.7(13)	<u>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.</u>
10.8(13)	<u>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.</u>
10.9**(36)	<u>Letter Agreement, dated as of February 10, 2016, between Warner/Chappell Music, Inc. and Jon Platt</u>
10.10**(30)	<u>Letter Agreement, dated as of September 30, 2014, between Warner Music Inc. and Eric Levin</u>
10.11**(35)	<u>Letter Agreement, dated as of October 6, 2015, between Warner Music Inc. and Eric Levin</u>
10.12**(36)	<u>Letter Agreement, dated as of December 2, 2016, between Warner Music Inc. and Eric Levin</u>
10.13**(35)	<u>Letter Agreement, dated as of August 4, 2015, between Warner Music Inc. and Paul M. Robinson</u>
10.14**(35)	<u>Letter Agreement, dated as of December 21, 2012, between Warner Music Inc. and Stu Bergen</u>
10.15**(35)	<u>Letter Agreement, dated as of December 19, 2013, between Stu Bergen and Warner Music Inc.</u>
10.16**(35)	<u>Letter Agreement, dated November 30, 2015, between Stuart Bergen and Warner Music Inc.</u>
10.17**(36)	<u>Letter Agreement, dated as of December 2, 2016, between Stuart Bergen and Warner Music Inc.</u>
10.18**\$	<u>Service Agreement, dated as of March 20, 2017, between Max Lousada and Warner Music International Services Limited</u>
10.19(2)	<u>Office Lease, dated June 27, 2002, by and between Media Center Development, LLC and Warner Music Group Inc., as amended</u>

Explanation of Responses:

- 10.20(2) Lease, dated as of February 29, 2004, between Historical TW Inc. and Warner Music Group Inc.
- 10.21(19) Lease, dated as of October 1, 2013, between Paramount Group, Inc., as agent for PGRFI 1633 Broadway Tower, L.P., and WMG Acquisition Corp. (the "Headquarters Lease")
- 10.22(19) Guaranty of Headquarters Lease, dated as of October 1, 2013
- 10.23(6) Assurance of Discontinuance, dated November 22, 2005
- 10.24(1) Management Agreement, made as of July 20, 2011, by and among Warner Music Group Corp., WMG Holdings Corp, and Access Industries Inc.
- 10.25*(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
- 10.26*(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
- 10.27*(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

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Exhibit

Number	Description
10.28*(8)	<u>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</u>
10.29**(9)	<u>Warner Music Group Corp. Deferred Compensation Plan</u>
10.30(10)	<u>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</u>
10.31*(10)	<u>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</u>
10.32*(10)	<u>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</u>
10.33*(15)	<u>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</u>
10.34(16)	<u>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.</u>
10.35(16)	<u>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.</u>
10.36**(3)	<u>Form of Indemnification Agreement between Warner Music Group Corp. and its directors</u>
10.37**(37)	<u>Amended and Restated Warner Music Group Corp. Senior Management Free Cash Flow Plan</u>
10.38**(37)	<u>Amended and Restated Limited Liability Company Agreement of WMG Management Holdings, LLC, dated as of March 10, 2017</u>
10.39**(28)	<u>Form of Election for Warner Music Group Corp. Senior Management Free Cash Flow Plan</u>
10.40**(21)	<u>Form of Award Agreement under Warner Music Group Corp. Senior Management Free Cash Flow Plan</u>
10.41**(23)	

Form of Award Agreement for 2014 Additional Unit Allocation under Warner Music Group Corp. Senior Management Free Cash Flow Plan.

- 10.42(36) Lease, dated as of October 7, 2016, between Warner Acquisition Corp. and Sri Ten Santa Fe LLC.
- 10.43(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.
- 10.44(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.
- 10.45(36) 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

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Exhibit

Number Description

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, 2017, filed on December 5, 2017, 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)

Explanation of Responses:

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- 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)

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- (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)
- (36) Incorporated by reference to Warner Music Group Corp.'s Annual Report on Form 10-K for the period ended September 30, 2016 (File No. 001-32502)
- (37) Incorporated by reference to Warner Music Group Corp.'s Quarterly Report on Form 10-Q for the period ended March 31, 2017 (File No. 001-32502)
- (38) Incorporated by reference to Warner Music Group Corp.'s Quarterly Report on Form 10-Q for the period ended June 30, 2017 (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 5, 2017.

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 5, 2017.

Signature	Title
/s/ STEPHEN COOPER Stephen Cooper	CEO and President and Director (Chief Executive Officer)
/s/ MAX LOUSADA Max Lousada	CEO, Warner Recorded Music and Director
/s/ JON PLATT Jon Platt	Chairman & CEO, Warner/Chappell Music 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/ NOREENA HERTZ Noreena Hertz	Director
/s/ YNON KREIZ Ynon Kreiz	Director

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/s/ THOMAS H. LEE Director
Thomas H. Lee

/s/ OLIVER SLIPPER Director
Oliver Slipper

/s/ DONALD A. WAGNER Director
Donald A. Wagner