

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

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): March 14, 2008

Warner Music Group Corp.

(Exact name of Co-Registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-32502
(Commission File Number)

13-4271875
(IRS Employer
Identification No.)

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

10019
(Zip Code)

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

WMG Acquisition Corp.

(Exact name of Co-Registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

333-121322
(Commission File Number)

68-0576630
(IRS Employer
Identification No.)

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

10019
(Zip Code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the Co-Registrant's under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 5.02 DEPARTURE OF DIRECTORS OR CERTAIN OFFICERS; ELECTION OF DIRECTORS; APPOINTMENT OF CERTAIN OFFICERS; COMPENSATORY ARRANGEMENTS OF CERTAIN OFFICERS.

Amended and Restated Employment Agreement of Edgar Bronfman, Jr.

On March 14, 2008, WMG Acquisition Corp. (the “Company”) and Edgar Bronfman, Jr., the Chairman of the Board and Chief Executive Officer of Warner Music Group Corp. (“WMG”) agreed to amend and restate Mr. Bronfman’s employment agreement effective March 15, 2008. The amended and restated employment agreement, among other things, includes the following: (i) the term of Mr. Bronfman’s employment agreement was extended until March 15, 2013 and will be automatically extended for successive one-year terms unless either party gives written notice of non-renewal no less than ninety days prior to the annual March 15 expiration date (commencing with March 15, 2013), in which case the agreement shall end on the March 15 immediately following the receipt of such notice; (ii) an annual base salary of at least \$1,000,000, subject to discretionary increases from time to time by the Board of Directors or Compensation Committee, which is unchanged from his prior agreement; (iii) a target bonus of 300% of base salary, with a minimum of 0% and a maximum of 600% of base salary, which is also unchanged from his prior agreement; and (iv) revisions intended to comply with the requirements of Internal Revenue Code Section 409A and the regulations promulgated thereunder.

Consistent with Mr. Bronfman’s prior agreement, in the event the Company terminates his employment agreement for any reason other than for “cause” or if Mr. Bronfman terminates his employment for “good reason,” each as defined in the agreement, Mr. Bronfman will be entitled to severance benefits equal to: (i) one year of his then-current base salary and target bonus; (ii) a pro-rated annual bonus; and (iii) continued participation in the Company’s group health and life insurance plans for up to one year after termination. Mr. Bronfman may terminate his employment with or without good reason, also consistent with his prior agreement.

The employment agreement, as amended and restated, also contains standard covenants relating to confidentiality and assignment of intellectual property rights and one year post-employment non-solicitation and non-competition covenants consistent with the prior agreement.

In addition, the amended and restated employment agreement provides for the grant to Mr. Bronfman of 2,750,000 stock options and 2,750,000 performance-based restricted shares of WMG’s common stock pursuant to a separate Stock Option Agreement and Restricted Stock Award Agreement. The equity grants were made under WMG’s Amended and Restated 2005 Omnibus Award Plan (the “Plan”). Pursuant to WMG policy, the options and the restricted shares were granted on March 15, 2008, the first 15th of the month following approval of the grant by the Compensation Committee and execution of the amended and restated employment agreement, and the exercise price of the options is the “fair market value” of the WMG common stock as defined in the Plan, which is the closing price on the NYSE on the grant date or the last preceding date if there is no such sale on that date. The exercise price of the options is \$5.29 per share, which was the closing price on March 14, 2008, the last trading date prior to the grant date. The options will generally vest 20% a year over five years (subject to continued employment) and will have a term of ten years. The shares of restricted stock generally vest based on a double trigger that includes achievement of both service and performance criteria (each, subject to continued employment through the applicable vesting dates). The time vesting criteria for the restricted shares will be the same as for the stock options — 20% a year over five years. The performance vesting criteria for the restricted shares will be as follows:

- 650,000 shares, upon WMG achieving an average closing stock price of at least \$10.00 per share over 60 consecutive trading days;
- 650,000 shares, upon WMG achieving an average closing stock price of at least \$13.00 per share over 60 consecutive trading days;
- 650,000 shares, upon WMG achieving an average closing stock price of at least \$17.00 per share over 60 consecutive trading days; and

-
- 800,000 shares, upon WMG achieving an average closing stock price of at least \$20.00 per share over 60 consecutive trading days.

The Stock Option Agreement and Restricted Stock Award Agreement each provide for up to 12 months' additional vesting in the case of a termination of employment due to "disability," as defined in the agreements, or death. Additionally, in the event of an involuntary termination of employment without "cause" or a voluntary termination for "good reason," each as defined in the agreements (or, under certain limited circumstances as further described in the Stock Option Agreement and Restricted Stock Award Agreement, any termination of employment), that occurs on or after, or in anticipation of, a "change in control" of WMG as defined in the Plan, the Stock Option Agreement provides for the options to become fully vested and exercisable and the Restricted Stock Award Agreement provides for the time vesting condition attributable to the restricted shares to be deemed fully satisfied. Additionally, if the "fair market value" of the WMG common stock as defined in the Plan as of the date of any "change in control" (or, if greater, the per share consideration paid in connection with such "change in control") exceeds the per share dollar threshold amount of any of the performance conditions described above (without regard to the number of consecutive trading days for which the average closing price was achieved) then such performance condition shall be deemed to have been achieved as of the date of such "change in control," to the extent not previously achieved.

The Amended and Restated Employment Agreement, the Stock Option Agreement and the Restricted Stock Award Agreement are filed as exhibits 10.1, 10.2 and 10.3 hereto, respectively, and each is hereby incorporated by reference. The equity grants are also governed by the terms of the Plan and the terms of the Amended and Restated Stockholders Agreement, dated as of May 10, 2005, by and among WMG, WMG Holdings Corp., the Company, Mr. Bronfman and certain other stockholders of WMG. The Plan is filed as Exhibit 10.4 hereto and the Amended and Restated Stockholders Agreement has been previously filed by WMG and the Company with the SEC and the terms are hereby incorporated by reference.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

(d) Exhibits. The following Exhibits are filed as part of this Current Report on Form 8-K.

<u>Exhibit No.</u>	<u>Description</u>
10.1	Amended and Restated Employment Agreement, dated as of March 14, 2008, between WMG Acquisition Corp. and Edgar Bronfman, Jr.
10.2	Stock Option Agreement, dated as of March 15, 2008, between Warner Music Group Corp. and Edgar Bronfman, Jr.
10.3	Restricted Stock Award Agreement, dated as of March 15, 2008, between Warner Music Group Corp. and Edgar Bronfman, Jr.
10.4	Warner Music Group Corp. Amended and Restated 2005 Omnibus Award Plan

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Co-Registrants have duly caused this report to be signed on their behalf by the undersigned thereunto duly authorized.

Warner Music Group Corp.

Date: March 17, 2008

By: /s/ Michael D. Fleisher
Michael D. Fleisher
Chief Financial Officer

WMG Acquisition Corp.

Date: March 17, 2008

By: /s/ Michael D. Fleisher
Michael D. Fleisher
Chief Financial Officer

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
10.1	Amended and Restated Employment Agreement, dated as of March 14, 2008, between WMG Acquisition Corp. and Edgar Bronfman, Jr.
10.2	Stock Option Agreement, dated as of March 15, 2008, between Warner Music Group Corp. and Edgar Bronfman, Jr.
10.3	Restricted Stock Award Agreement, dated as of March 15, 2008, between Warner Music Group Corp. and Edgar Bronfman, Jr.
10.4	Warner Music Group Corp. Amended and Restated 2005 Omnibus Award Plan

AMENDED AND RESTATED EMPLOYMENT AGREEMENT
by and between
WMG ACQUISITION CORP.
and
Edgar Bronfman, Jr.

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this "Agreement") is entered into as of this 14th day of March, 2008 by and between WMG Acquisition Corp., a Delaware corporation (the "Company"), and Edgar Bronfman, Jr. (the "Executive").

RECITALS:

WHEREAS, the Company is a direct wholly owned subsidiary of WMG Holdings Corp., a Delaware corporation ("Midco"), and an indirect wholly owned subsidiary of Warner Music Group Corp., a Delaware corporation ("Parent"); and

WHEREAS, the Company wishes to engage the Executive to continue to serve as the Chairman of the Board and Chief Executive Officer of Parent, and to continue to provide services to the Company, Parent, Midco and their affiliates on the terms and conditions contained herein and the Executive wishes to accept such continued engagement on the terms and conditions contained herein.

AGREEMENT:

NOW, THEREFORE, for good and valuable consideration, including the mutual covenants herein, the parties hereby agree as follows:

1. Employment Period. This Agreement and the Executive's employment with the Company hereunder (hereinafter referred to as the "Employment Period") shall be effective on March 15, 2008 (the "Effective Date") and, unless earlier terminated pursuant to Section 4 hereof, shall expire on the fifth anniversary of the Effective Date; provided that the Employment Period shall be automatically extended by one year upon the fifth anniversary of the Effective Date and upon each subsequent anniversary of the Effective Date unless, no less than ninety (90) days prior to the fifth anniversary of the Effective Date or any such subsequent anniversary either the Company or the Executive gives the other party written notice of non-renewal in accordance with Section 10(f) hereof, in which case the Employment Period shall end on the anniversary of the Effective Date immediately following the receipt of such notice.

2. Position, Duties and Representations.

(a) During the Employment Period, the Executive shall be employed as the Chairman of the Board and Chief Executive Officer of Parent and shall report solely to the Board of Directors of Parent (the "Board"). The Executive shall be responsible for oversight and management of all operations and activities of the Company, Parent, Midco and the direct or indirect subsidiaries and controlled affiliates of each of them (the "Company Group"), and all employees of any member of the Company Group shall report, directly or indirectly, to the Executive. The Executive's services to the Company shall be performed primarily at the offices of the Company located in New York City, subject to travel requirements necessary to discharge the responsibilities and duties assigned to the Executive hereunder.

(b) Excluding periods of vacation, sick leave and disability to which the Executive is entitled during the Employment Period, the Executive agrees, to the extent necessary to discharge the responsibilities and duties assigned to the Executive hereunder, to use the Executive's best efforts to perform faithfully and efficiently such responsibilities. During the Employment Period and the "Non-Competition Period" (as defined in Section 6(a)), the Executive may (i) serve on corporate, civic, educational, philanthropic or charitable boards or committees, (ii) passively own not more than three percent (3%) of the outstanding capital stock of any corporation whose stock is publicly traded, or (iii) manage personal investments. In addition, during the Employment Period, the Executive may engage in any other activity (other than as an employee) which is not competitive with any activity of the Company Group (other than a de minimis activity of the Company Group) at the time the Executive commences engaging in such activity, so long as such activity does not interfere with the performance of the Executive's responsibilities and duties hereunder, and the amount of time the Executive spends on all such activities is insignificant.

(c) The Executive represents and warrants to the Company that, other than prohibitions generally imposed by law, there is no "Contract" (as defined in Section 6(d)) or other restriction or agreement in effect that would prohibit or otherwise limit the Executive's ability to enter into or negotiate this Agreement, become an employee or officer of the Company or to discharge the responsibilities and duties assigned to the Executive hereunder.

3. Compensation.

(a) Base Salary. During the Employment Period, the Company shall pay to the Executive a base salary at an annual rate equal to \$1,000,000 ("Base Salary"), payable in regular installments in accordance with the Company's usual payroll practices; provided, however, that Base Salary shall be reviewed for discretionary increases by the Board or the Compensation Committee thereof no less often than annually commencing no later than the first anniversary of the Effective Date.

(b) Annual Bonus. During the Employment Period, the Executive shall be eligible to receive an annual cash bonus (the "Annual Bonus") in respect of each full or partial fiscal year of the Company (a "Fiscal Year" which, as of the Effective Date, is the period October 1 through September 30), with a target of 300% of Base Salary (the "Target Annual Bonus"), a minimum of \$0 and a maximum of 600% of Base Salary (pro rated for partial Fiscal Years of employment), based on the attainment of Company, individual, Company Group or other performance targets established by the Board or the Compensation Committee thereof in consultation with the Executive. For purposes of clarification, (i) with respect to the 2008 Fiscal Year, the Annual Bonus awarded to Executive shall be determined by the Company taking into account the service rendered by the Executive to the Company in all of Fiscal Year 2008, including, without limitation, the portion of Fiscal Year 2008 prior to the Effective Date and (ii) the Executive shall be eligible to receive a pro rata Annual Bonus with respect to any Fiscal Year commencing during the Employment Period but ending after the expiration of the Employment Period, without regard to whether the Executive is employed by Company on the date (following

the expiration of the Employment Period) on which annual bonuses with respect to such Fiscal Year are paid to executives of Company generally, and such pro rata Annual Bonus shall be determined by Company in the same manner as Annual Bonuses are determined with respect to full Fiscal Years of the Employment Period. Each Annual Bonus, if any, shall be paid to the Executive no later than 2 1/2 months following the end of the Fiscal Year in respect of which such Annual Bonus is earned (or, if later, the first March 15 following the end of such Fiscal Year).

(c) Equity. On March 15, 2008, Parent shall grant to the Executive a stock option award with respect to 2,750,000 shares of Parent's Common Stock and a restricted stock award with respect to 2,750,000 shares of Parent's Common Stock, which awards shall be governed by (i) the form of a Restricted Stock Award Agreement and a Stock Option Agreement, each as annexed hereto as Exhibits A and B, respectively, (ii) Parent's Amended and Restated 2005 Omnibus Award Plan and (iii) the terms of the Amended and Restated Stockholders Agreement, dated as of May 10, 2005, by and among Parent, Midco, the Company, Executive and certain other stockholders of Parent.

(d) Benefit Plans. During the Employment Period, the Executive shall be eligible to participate in the employee benefit plans and arrangements of the Company and its affiliates on terms and conditions no less favorable in the aggregate than those generally provided to other senior executive officers of the Company.

(e) Business Expenses. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable out-of-pocket expenses incurred by the Executive in the performance of his duties hereunder, subject to the submission of such written documentation as the Company may reasonably require in accordance with its standard expense reimbursement practices and policies. Without limiting the generality of the foregoing, the Company will reimburse the Executive for first class travel and first class hotel accommodations in connection with travel undertaken in the performance of his duties hereunder.

(f) Vacation. During the Employment Period, the Executive shall be entitled to no less paid vacation for each year commencing with the Effective Date as is made available generally to senior executives of the Company; provided that such paid vacation shall be no less than four weeks per year; and provided further that unused vacation pay in any year may not be carried forward.

4. Termination. The Employment Period and the Executive's employment with the Company shall terminate under the following circumstances:

(a) Death or Disability. The Executive's employment and the Employment Period shall terminate automatically upon the Executive's death. The Company may terminate the Executive's employment and the Employment Period after having established the Executive's Disability, by giving to the Executive a "Notice of Termination" (as defined in Section 4(d)). For purposes of this Agreement, "Disability" means personal injury, illness or other cause which has rendered the Executive "disabled" within the meaning of Section 409A(a)(2)(C) of the Internal Revenue Code of 1986, as amended (the "Code"), and unable to substantially perform his material duties and responsibilities hereunder for a period of 120

consecutive days, or 120 out of 180 consecutive days, as determined jointly by a physician selected by the Company reasonably acceptable to the Executive (or, if he is incapacitated, his legal representative) and a physician selected by the Executive (or, if he is incapacitated, his legal representative) and reasonably acceptable to the Company. If such physicians cannot agree as to whether the Executive has suffered a Disability, they shall jointly select a third physician who shall make such determination. Notwithstanding the foregoing, in the event that as a result of absence because of mental or physical incapacity, the Executive incurs a "separation from service" within the meaning of such term under Code Section 409A, the Executive shall on such date automatically be terminated from employment hereunder because of Disability.

(b) With or Without Cause. The Company may terminate the Executive's employment and the Employment Period with or without "Cause" (as defined below) by giving to the Executive a Notice of Termination. For purposes of this Agreement, "Cause" means (i) the willful and continued failure of the Executive to perform substantially his material duties with the Company (other than any such failure resulting from the Executive's incapacity due to physical or mental illness) after a written demand for performance is delivered to the Executive by the Board which identifies the manner in which the Board believes that the Executive has not performed the Executive's duties and the Executive, after a period established by the Board and communicated in writing to the Executive (which period may be no less than 20 days), has failed to cure such failure to the reasonable satisfaction of the Board, (ii) the willful engaging by the Executive in gross misconduct which is demonstrably and materially injurious to the Company or its affiliates, (iii) the Executive's conviction of, or pleading guilty to, a felony involving moral turpitude or dishonesty or (iv) a determination by the Board that any of the Executive's representations made in Section 2(c) of this Agreement were untrue when made. A termination of the Executive by the Company for Cause shall not be effective unless and until the Company has delivered to the Executive, along with the Notice of Termination, a copy of a resolution duly adopted by a majority of the Board (excluding the Executive, if he is a member of the Board) stating that the Board has determined to terminate the Executive for Cause; provided, however, that no such resolution shall be permitted to be adopted without the Company having afforded the Executive the opportunity to make a presentation to the Board and to answer any questions its members may ask him.

(c) With or Without Good Reason. The Executive may terminate his employment and the Employment Period with or without "Good Reason" (as defined below) by giving to the Company a Notice of Termination. For purposes of this Agreement, "Good Reason" means, without the Executive's express written consent:

(i) (x) a change in the duties or responsibilities (including reporting responsibilities) of the Executive that is inconsistent in any material and adverse respect with the Executive's position(s), duties, responsibilities or status with the Company and its affiliates on the Effective Date, or (y) an adverse change in the Executive's title or offices, including but not limited to the Executive no longer serving as Chairman and Chief Executive Officer of Parent;

(ii) any failure by the Company to comply with any of the provisions of Section 3 of this Agreement, including but not limited to any reduction in the Target Annual Bonus or maximum attainable Annual Bonus;

-
- (iii) any willful breach by the Company of any other material obligation of the Company under this Agreement;
 - (iv) the Company requiring the Executive to be based at any office or location other than at an office commensurate with the Executive's position at the headquarters of the Company in the Borough of Manhattan, New York;
 - (v) any purported termination by the Company of the Executive's employment otherwise than as permitted by this Agreement, it being understood that any such purported termination shall not be effective for any purpose of this Agreement;
 - (vi) a failure of Executive to be elected or reelected to the Board, or as Chairman thereof; or
 - (vii) a failure by the Company to cause any successor to expressly assume this Agreement pursuant to Section 8(c) hereof.

A termination by the Executive with Good Reason shall be effective only if the Executive delivers to the Company a Notice of Termination for Good Reason within 60 days after learning of the circumstances constituting Good Reason. Notwithstanding the above, if (A) such Notice of Termination describes, as Good Reason, only one or more of the circumstances described in clause (i), (ii), (iii), (iv) and (vi) of this Section 4(c) and (B) within 30 days following the delivery of such Notice of Termination, the Company has cured such circumstances to the reasonable satisfaction of the Executive, then such Notice of Termination shall be ineffective and no Good Reason shall be deemed to exist. The parties agree and acknowledge that, solely for purposes of this Agreement, the cessation of the Executive's employment with the Company at the end of the Employment Period (or such other time as the Company and the Executive may agree) following Executive's provision to the Company of a written notice of non-renewal of the Employment Period, as provided in Section 1 of this Agreement, shall be deemed to be a termination by the Executive without Good Reason.

(d) Notice of Termination. Any termination by the Company with or without Cause or on account of Disability, or by the Executive with or without Good Reason, shall be communicated by a Notice of Termination to the other party given in accordance with Section 10(f). For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision of this Agreement relied upon, (ii) sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) if the termination date is other than the date of receipt of such notice, specifies the proposed termination date; provided, however, that the information in clause (ii) shall not be required in the event of any termination by the Company without Cause or by the Executive without Good Reason.

5. Obligations of the Company Upon Termination.

(a) Death or Disability. If the Executive's employment is terminated by reason of the Executive's death or on account of Disability, the Company shall:

(i) pay to the Executive or the Executive's estate, as applicable, a lump sum cash payment within ten (10) days after such termination equal to, to the extent not previously paid: (A) any earned and accrued but unpaid Base Salary, (B) any earned and accrued but unpaid Annual Bonus for any Fiscal Year ending prior to such termination, (C) any accrued vacation pay and (D) any unpaid reimbursable business expenses due to the Executive in accordance with Section 3(h) (the amounts described in the preceding clauses (A) - (D), the "Accrued Amounts");

(ii) pay to the Executive or the Executive's estate, as applicable, an amount equal to the sum of: (x) the Executive's Base Salary through the end of the month in which such termination occurred, (y) the Executive's Base Salary for 12 months and (z) a pro-rated Target Annual Bonus for the Fiscal Year of termination determined by multiplying such Target Annual Bonus by a fraction, the numerator of which is the number of days in the Fiscal Year that the Executive was employed by the Company and the denominator of which is 365, with such aggregate sum of clauses (x), (y) and (z) above payable (A) in the case of a termination due to the Executive's Disability, in 12 substantially equal monthly installments over the 12 month period following the termination date, with the first payment commencing within 75 days after the date of the Executive's termination of employment (which first payment shall include payments in arrears for the period commencing on the termination date) and continuing thereafter on the first day of each subsequent calendar month, or (B) in the case of a termination due to the Executive's death, in a single lump sum cash payment within ten (10) days after such termination;

(iii) provide those death or disability benefits to which the Executive is entitled at the date of the Executive's death or Disability under any benefit plans, policies or arrangements of the Company; and

(iv) in the case of a termination on account of Disability, provide to the Executive and the Executive's spouse and dependents, as applicable, at the Company's expense, continued participation in the Company's group health plan (or comparable medical coverage) until the earlier of the date the Executive attains age 65 or the date the Executive becomes eligible for coverage under the group health plan of another employer.

(b) Cause or Without Good Reason. If the Executive's employment shall be terminated (i) by the Company with Cause, or (ii) by the Executive without Good Reason, the Company shall pay to the Executive a lump sum cash payment within ten (10) days after such termination equal to, to the extent not previously paid, the Accrued Amounts.

(c) Without Cause or With Good Reason. If the Executive's employment shall be terminated (i) by the Company without Cause or (ii) by the Executive with Good Reason, the Company shall, within 15 days following the date of such termination of employment, provide to the Executive a mutual release agreement substantially in the form attached hereto as Exhibit C (the "Release"); provided that within 60 days following the date of

the Executive's termination of employment the Executive executes and delivers to the Company the Release. The Company shall return a fully executed copy of the Release to the Executive within five (5) business days following the date that the Executive delivers an executed copy of the Release to the Company. Upon the execution of the Release by the parties, or if the Company fails to provide the Release and/or promptly return an executed copy of the Release within the time periods set forth above, the Executive shall be entitled to receive the following payments and benefits:

(i) to the extent not previously paid, the Accrued Amounts;

(ii) an amount equal to the sum of: (x) the Executive's Base Salary through the end of the month in which such termination occurred, (y) the Executive's Base Salary for 12 months and (z) the Target Annual Bonus for the Fiscal Year of such termination, with such aggregate sum of clauses (x), (y) and (z) above payable in 12 substantially equal monthly installments over the 12 month period following the termination date, with the first payment commencing within 75 days after the date of the Executive's termination of employment (which first payment shall include payments in arrears for the period commencing on the termination date) and continuing thereafter on the first day of each subsequent calendar month (subject to the Executive's continued compliance with the covenants contained in Section 6 during such payment period);

(iii) a pro-rated Annual Bonus for the Fiscal Year of termination determined by multiplying (x) the actual Annual Bonus which the Executive would have earned in respect of such Fiscal Year had he remained employed for the entire such Fiscal Year by (y) a fraction, the numerator of which is the number of days in such Fiscal Year that the Executive was employed by the Company and the denominator of which is 365, payable at the time bonuses are generally payable to the Company's senior executives in respect of such Fiscal Year (but in no event later than would be required under Section 3(b) above); and

(iv) The Executive and the Executive's spouse and dependents, as applicable, shall continue to participate in the Company's group health and life insurance plans (or be provided comparable medical and life insurance coverage), at Company expense, until the earlier of the first anniversary of such termination or the date the Executive becomes eligible for coverage under the group health or life insurance plan, as applicable, of another employer.

(d) In General. The Executive shall have no rights upon his termination of employment with the Company, other than those set forth in each of Section 5(a), (b) or (c), as applicable, to any compensation or any other benefits from the Company under this Agreement, provided that amounts which the Executive is otherwise entitled to receive under any plan, program or arrangement of the Company or any of its affiliates available to employees generally (other than any severance plan or program), shall be payable in accordance with such plan, program or arrangement.

6. Restrictive Covenants. Without in any way limiting or waiving any right or remedy accorded to the Company or any limitation placed upon the Executive by law, the Executive hereby agrees as follows:

(a) Non-Solicitation; Non-Competition. The Executive agrees that during the Employment Period and for 12 months after the expiration or termination thereof (the "Non-Competition Period"), the Executive shall not, directly or indirectly:

(i) hire, make an offer of employment to, attempt to hire or assist in the hiring of, or supervise, any employee at the level of Vice President or above, or any employee whose primary responsibility is A&R or promotion irrespective of level (each, a "Restricted Employee"), of any member of the Company Group on the Executive's own behalf, or on behalf of any person, firm or entity (other than a member of the Company Group);

(ii) attempt to persuade or encourage any Restricted Employee to (1) terminate his employment with any member of the Company Group, (2) refrain from extending his employment with any member of the Company Group, (3) refrain from entering into a new employment arrangement with any member of the Company Group or (4) enter into any employment arrangement with any competitor of any member of the Company Group;

(iii) hire, make an offer of employment to, attempt to hire or assist in the hiring of, or enter into, or solicit or offer to enter into, any "Contract" (as hereinafter defined) with, any vendor or customer of the Company Group, including any "Artist" (as hereinafter defined), on the Executive's own behalf or on behalf of any person, firm or entity, if the activities which are the subject of such hiring, employment or Contract are in any way competitive with any member of the Company Group; or

(iv) attempt to persuade or encourage any vendor or customer of the Company Group, including any Artist, to (1) terminate his or her relationship or Contract with any member of the Company Group, (2) refrain from extending his or her relationship or Contract with any member of the Company Group, (3) refrain from entering into a new Contract with any member of the Company Group or (4) enter into any relationship or Contract with any competitor of any member of the Company Group; or

(v) whether as owner, partner, investor, consultant, agent, employee, co-venturer or otherwise, compete with any member of the Company Group or take active steps with others to plan for any business competitive with any member of the Company Group. Specifically, but without limiting the foregoing, the Executive agrees not to engage in any manner in any activity that is directly or indirectly competitive with the business of any member of the Company Group as conducted or under consideration (as represented by a written proposal) at the time of the termination of the Executive's employment.

(b) Confidentiality. The Executive shall not at any time disclose or reveal to any person, firm or entity, or make use of (otherwise than for the benefit of the Company or its affiliates), any trade secrets or information of a secret or confidential nature, including without limitation, matters of a business nature, such as information about costs, profits, markets, leases, details of recording agreements, distribution agreements, customer Contracts, manufacturing processes, financial information, technical and production know-how, developments, inventions, processes or administrative procedures, concerning the business or affairs of any member of the Company Group, which the Executive may have acquired in the course of or incident to the Executive's employment with the Company, and the Executive confirms that all such information ("Confidential Information") is the exclusive property of the Company and/or such member of the Company Group. This paragraph shall not apply to disclosures by the Executive (i) in the proper performance of his obligations under this Agreement during the Employment Period or to officers, employees, lawyers and accountants of any member of the Company Group, (ii) to the Executive's legal counsel in connection with seeking legal advice related hereto, (iii) to the Executive's accountants in connection with seeking financial or tax advice related hereto, or (iv) as required by law, a court of competent jurisdiction or regulatory agency or other governmental authority. Nothing herein shall prevent the Executive, subsequent to the termination or expiration of his employment hereunder, from using or availing himself of general technical skills, knowledge and experience, including that pertaining to or derived from the non-confidential aspects of any member of the Company Group. The term "Confidential Information" shall not include information generally available and known to the public other than as a result of a breach of this Section 6(b) by the Executive. The Executive agrees to hold as Company property all Confidential Information and all books, papers and other data, and all copies thereof and therefrom, in any way relating to the businesses of any member of the Company Group, whether made or received by the Executive, and, on termination of employment, or upon demand by the Company, to deliver the same to the Company.

(c) Intellectual Property. Any copyrights, "Musical Compositions" (as hereinafter defined), trademarks, patents, patent applications, inventions, developments and processes which the Executive during the Employment Period may develop which may reasonably be expected to be usable by any member of the Company Group in the ordinary course of its business shall belong to Company and/or the relevant member of the Company Group. Furthermore, the Executive agrees to execute any copyright assignment or other instruments as any member of the Company Group may deem reasonably necessary (at such member's expense) to evidence, establish, maintain, protect, enforce, and/or defend any and all of member of the Company Group's interests under this Section 6(c). All such interests shall vest in the relevant member of the Company Group whether or not such instrument is requested, executed or delivered. If the Executive shall not so execute and deliver any such instrument after reasonable notice and opportunity to do so, the Company shall have the right to do so in the Executive's name and the Company is hereby irrevocably appointed the Executive's attorney-in-fact for such purposes, which power is coupled with an interest.

(d) Definitions. For the purposes of Section 6 of this Agreement, the following definitions shall apply:

(i) "Artists" means (A) any singer or musician, or other person furnishing the services or works of an artist to any member of the Company Group pursuant to a Contract with any member of the Company Group pursuant to which such singer, musician or other person is required to provide exclusive services for the making or delivering of master "Recordings" (as hereinafter defined) to such Restricted Operation or (B) any writer, producer or other talent who has entered into a Contract with any member of the Company Group or who has otherwise provided services to any member of the Company Group excepting, in the case of both clauses (A) and (B) above, any such person who is required to provide services to any person or party other than any member of the Company Group on an exclusive basis pursuant to a Contract that was not entered into in connection with any violation by the Executive of this Agreement.

(ii) "Contract" means any contract, other agreement, commitment; binding arrangement, binding understanding or binding relationship (whether written or oral and whether express or implied).

(iii) "Musical Compositions" means a musical composition or medley consisting of words and/or music, or any dramatic material and bridging passages whether in form of instrumental and/or vocal music, prose or otherwise, irrespective of length.

(iv) "Recordings" means any recording of sound, whether or not coupled with a visual image, by any method or format and on any substance or material, whether now or hereafter known, which is used or useful in the recording, production and/or manufacture of Records or for any other exploitation of sound, excluding television and movies (other than music videos or the promotion thereof), consumer electronics and electronic games.

(v) "Records" means gramophone discs, magnetic tapes, compact discs, other storage media and any other device or appliance used for emitting sounds (whether or not accompanied by visual images) incorporating the Recordings.

(e) Severability; Blue-Penciling. Each section, subsection or part thereof under this Section 6 constitutes an entirely separate and independent restriction. If any of such covenants or such other provisions of this Agreement are found to be invalid or unenforceable by a final determination of a court of competent jurisdiction (i) the remaining terms and provisions hereof shall be unimpaired and (ii) the invalid or unenforceable term or provision shall be deemed replaced by a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision.

(f) Necessity; Enforcement. The parties hereto have considered carefully the necessity for protection of each member of the Company Group against the Executive's disclosures of Confidential Information and other actions referred to in this Section 6, and the nature and scope of such protection. The parties agree and acknowledge that the duration and scope applicable to the covenants set forth in this Section 6 are fair, reasonable and

necessary, and that the Executive has received adequate consideration for such obligations. Accordingly, the Executive agrees that, in addition to any other relief to which the Company may be entitled, the Company shall be entitled to seek injunctive relief (without the requirement of posting any bond or other security) from a court of competent jurisdiction for the purpose of restraining the Executive from any actual or threatened breach of the covenants contained in this Section 6.

7. Indemnity. To the fullest extent permitted by applicable law, the Company shall indemnify, defend and hold the Executive harmless from and against any and all claims, demands, actions, causes of action, liabilities, losses, judgments, fines, costs and expenses (including, without limitation, the reimbursement of reasonable attorneys' fees, settlement expenses, punitive damages and the advancement of legal fees and expenses, as such fees and expenses are incurred by the Executive) arising from or relating to (a) claims relating to any member of the Company Group (other than claims by a member of the Company Group) or (b) the Executive's service with or status as an officer, director, employee, agent or representative of any member of the Company Group or in any other capacity in which the Executive serves or has served (including without limitation, prior to the Employment Period) at the request of the Board or the CEO for the benefit of any member of the Company Group. Without limiting the foregoing, in connection with any such claim, demand, action, cause of action, liability, loss, judgment or fine, the Executive shall have the right (i) to be represented by separate counsel reasonably acceptable to the Company, at the Company's sole cost and expense, and (ii) to have the Company pay the cost and expense of any bond that the Executive may be required to post in order to appeal an adverse decision. The Company's obligations under this Section 7 shall be in addition to, and not in derogation of, any other rights the Executive may have against the Company to indemnification or advancement of expenses, whether by statute, contract or otherwise (including, without limitation, the Executive's entitlement to indemnification and the payment or reimbursement of expenses (including attorneys' fees and expenses) to the extent provided in and/or permitted by the Certificate of Incorporation and By-Laws of the Company. The Company shall maintain directors and officers liability insurance in commercially reasonable amounts (as reasonably determined by the Board), and the Executive shall be covered under such insurance to the same extent as any other senior executive of the Company. The Executive hereby undertakes to repay any advances paid to him pursuant to this Section 7 if a final judgment adverse to the Executive establishes that he is not entitled to be indemnified under this Agreement or otherwise. The Company hereby acknowledges that the undertaking set forth in the previous sentence satisfies all requirements for any similar undertakings in the by-laws or other corporate documents of the Company. The Company shall not take any action that would impair the Executive's right to indemnification, other than in connection with a claim by the Company that the Executive is not entitled to indemnification in accordance with the standards set forth in this Section 7. The rights and obligations of the parties under this Section 7 shall survive the termination of the Executive's employment, the termination or expiration of the Employment Period and/or the termination of this Agreement and shall at all times continue in full force and effect.

8. Successors.

(a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and, other than as set forth in Section 8(c), shall not be assignable by the Company without the prior written consent of the Executive (which shall not be unreasonable withheld).

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

9. [Deleted]

10. Miscellaneous.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware applicable to contracts made and performed entirely therein. The parties hereto agree that exclusive jurisdiction of any dispute regarding this Agreement shall be the state or federal courts located in New York, New York.

(b) Each party hereto shall be responsible for its own fees and costs incurred in connection with any action brought to enforce or avoid this Agreement or any provision hereof.

(c) In the event of any termination of the Executive's employment hereunder, the Executive shall be under no obligation to seek other employment or otherwise mitigate the obligations of the Company under this Agreement, and there shall be no offset against amounts due the Executive under this Agreement on account of future earnings by the Executive. Any amounts due to the Executive under this Agreement upon termination of employment are considered to be reasonable by the Company and are not in the nature of a penalty.

(d) The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

(e) This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(f) All notices required or permitted by this Agreement to be given to any party shall be in writing and shall be delivered personally, or sent by certified mail, return receipt requested, or by Federal Express or similar overnight service, prepaid recorded delivery, addressed as follows:

If to the Executive:

c/o Warner Music Group
75 Rockefeller Plaza, 30th Floor
New York, New York 10019

If to the Company:

WGM Acquisition Corp.
75 Rockefeller Plaza
New York, New York 10019
Attention: Board of Directors and General Counsel

and shall be deemed to have been duly given when so delivered personally or, if mailed or sent by overnight courier, upon delivery; provided, that, a refusal by a party to accept delivery shall be deemed to constitute receipt.

(g) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(h) The Company may withhold from any amounts payable under this Agreement such Federal, state or local taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(i) This Agreement is the joint product of the Company and the Executive and each provision hereof has been subject to the mutual consultation, negotiation and agreement of the Company and the Executive and shall not be construed for or against either party hereto.

(j) Subject to any other documents which may be entered into by the Executive and the Company on or after the Effective Date (including without limitation the Restricted Stock Award Agreement and the Stock Option Agreement), this Agreement contains the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and, upon this Agreement becoming effective, supersedes all prior communications, representations and negotiations in respect thereto, whether or not in writing, and also supersedes the Employment Agreement, dated as of March 1, 2004, between the Executive and the Company; provided, that, the Restricted Stock Award Agreement between Executive and Parent dated March 1, 2004 shall remain in full force and effect.

(k) The rights and obligations of the parties set out in Sections 6 and 7 hereof shall survive the termination of this Agreement and shall continue in full force and effect in accordance with their respective terms.

11. Section 409A. This Agreement is intended to comply with Section 409A of the Code and will be interpreted in a manner intended to comply with Section 409A of the Code. References under this Agreement to the Executive's termination of employment shall be deemed to refer to the date upon which the Executive has experienced a "separation from service" within the meaning of Section 409A of the Code. Notwithstanding anything herein to the contrary, (i) if at the time of the Executive's separation from service with the Company the Executive is a "specified employee" as defined in Section 409A of the Code (and any related regulations or other pronouncements thereunder) and the deferral of the commencement of any payments or benefits otherwise payable hereunder as a result of such termination of employment is necessary in order to prevent any accelerated or additional tax under Section 409A of the Code, then the Company will defer the commencement of the payment of any such payments or benefits hereunder (without any reduction in such payments or benefits ultimately paid or provided to the Executive) until the date that is six months following the Executive's separation from service (or the earliest date as is permitted under Section 409A of the Code), at which point all payments deferred pursuant to this Section 11 shall be paid to the Executive in a lump sum and (ii) if any other payments of money or other benefits due to the Executive hereunder could cause the application of an accelerated or additional tax under Section 409A of the Code, such payments or other benefits shall be deferred if deferral will make such payment or other benefits compliant under Section 409A of the Code, or otherwise such payment or other benefits shall be restructured, to the extent possible, in a manner, determined by the Company, that does not cause such an accelerated or additional tax. Any payments deferred pursuant to the preceding sentence shall be paid together with interest thereon at a rate equal to the lower of (i) the average U.S. federal funds rate in effect during the deferral period minus 50 basis points and (ii) Company's actual cash return on its U.S. short term cash investments during the deferral period minus 20 basis points. To the extent any reimbursements or in-kind benefits due to the Executive under this Agreement constitute "deferred compensation" under Section 409A of the Code, any such reimbursements or in-kind benefits shall be paid to the Executive in a manner consistent with Treas. Reg. Section 1.409A-3(i)(1)(iv). Each payment made under this Agreement shall be designated as a "separate payment" within the meaning of Section 409A of the Code. The Company shall consult with the Executive in good faith regarding the implementation of the provisions of this Section 11; provided that neither the Company nor any of its employees or representatives shall have any liability to Executive with respect to thereto. Without limiting the generality of the foregoing, if the Executive notifies the Company (with specificity as to the reason therefor) that the Executive believes that any provision of this Agreement (or of any award of compensation, including equity compensation, or benefits) would cause the Executive to incur any additional tax under Code Section 409A and the Company concurs with such belief after good faith review or the Company independently makes such determination, then the Company shall, after consulting with the Executive, use commercially reasonable efforts to reform such provision to comply with Code Section 409A through good faith modifications to the minimum extent reasonably appropriate to conform with Code Section 409A; provided, however, that the Company shall not be required to make modifications that would be materially disadvantageous to the Company, as determined by the Company in good faith. To the extent that any provision is modified in order to comply with Code Section 409A, such modification shall be made in good faith and shall, to the maximum extent reasonably possible, maintain the original intent and economic benefit to the Executive and the Company of the applicable provision without violating the provisions of Code Section 409A.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

/s/ Edgar Bronfman, Jr.
Edgar Bronfman, Jr.

WMG ACQUISITION CORP.

By: /s/ Paul Robinson
Title: EVP and General Counsel

**WARNER MUSIC GROUP CORP.
RESTRICTED STOCK AWARD AGREEMENT**

THIS EXECUTIVE RESTRICTED STOCK AWARD AGREEMENT (the "Agreement") is entered into as of this 15th day of March 2008, by and between Warner Music Group Corp., a Delaware corporation ("Parent"), and Edgar Bronfman, Jr. (the "Executive").

RECITALS:

WHEREAS, WMG Acquisition Corp., a Delaware corporation (the "Company"), an indirect subsidiary of Parent, or one of Parent's other direct or indirect subsidiaries, employs the Executive; and

WHEREAS, the Parent has adopted the Amended and Restated Warner Music Group Corp. 2005 Omnibus Award Plan (the "Plan"), pursuant to which awards of restricted shares of the Parent's Common Stock may be granted to persons, including persons regularly employed by the Parent or its Affiliates; and

WHEREAS, the Board of Directors of Parent (the "Board") has determined that it is in the best interests of Parent and its stockholders to grant as of the date hereof (the "Effective Date") the restricted stock award provided for herein (the "Restricted Stock Award") to the Executive in connection with the Executive's services to the Company and the Parent's Affiliates, such grant to be subject to the terms set forth herein.

NOW THEREFORE, in consideration of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

1. Incorporation by Reference, Etc. The provisions of the Plan are hereby incorporated herein by reference. Except as otherwise expressly set forth herein, this Agreement shall be construed in accordance with the provisions of the Plan and any capitalized terms not otherwise defined in this Agreement shall have the definitions set forth in the Plan. As used herein with respect to any person, the term "Affiliate" shall mean any entity that directly or indirectly is controlled by, controls or is under common control with such person. The Board shall have final authority to interpret and construe the Plan and this Agreement and to make any and all determinations under them, and its decision shall be binding and conclusive upon the Executive and his legal representative in respect of any questions arising under the Plan or this Agreement.

2. Grant of Restricted Stock Award. Parent hereby grants on the Effective Date to the Executive a Restricted Stock Award consisting of 2,750,000 shares of Common Stock (hereinafter called the "Restricted Shares"), on the terms and conditions set forth in this Agreement and as otherwise provided in the Plan. The Restricted Shares shall vest in accordance with Section 3(a) hereof.

3. Terms and Conditions.

(a) Vesting.

(i) Except as otherwise provided in this Agreement, the Restricted Shares shall vest and become non-forfeitable, upon the achievement of both the “Service Condition” and the “Performance Condition” (each as defined below) with respect to all or any portion of the Restricted Shares.

(A) Service Condition. The “Service Condition” shall be deemed satisfied with respect to each of the Tranches described in Section 3(a)(i)(B) in equal annual installments with respect to 20% of the Restricted Shares covered by each such Tranche on the day immediately prior to each of the first, second, third, fourth and fifth anniversaries of the Effective Date (i.e., the Service Condition shall be deemed satisfied in 20% equal annual installments on March 14 of 2009, 2010, 2011, 2012 and 2013, respectively, and each such date is referred to herein as a “Service Vesting Date”), provided that the Executive remains employed with the Company on each such date (subject to Section 3(a)(iii) below).

(B) Performance Condition. The “Performance Condition” shall be deemed satisfied with respect to each of the “Tranches” of Restricted Shares described below upon the achievement at any time prior to the fifth anniversary of the Effective Date of the corresponding performance hurdle described below, in each case, provided that the Executive is employed with the Company at the time such Performance Condition is met (subject to Section 3(a)(iii)(D) below).

For the purposes of this Section 3(a)(i)(B), the Restricted Shares shall be divided into four “Tranches” as follows:

- (1) “First Tranche” shall mean 650,000 of the Restricted Shares, for which the Performance Condition will be satisfied upon achievement of the First Performance Hurdle;
- (2) “Second Tranche” shall mean 650,000 of the Restricted Shares, for which the Performance Condition will be satisfied upon achievement of the Second Performance Hurdle;
- (3) “Third Tranche” shall mean 650,000 of the Restricted Shares, for which the Performance Condition will be satisfied upon achievement of the Third Performance Hurdle; and
- (4) “Fourth Tranche” shall mean 800,000 of the Restricted Shares, for which the Performance Condition will be satisfied upon achievement of the Fourth Performance Hurdle.

For purposes of illustrating the vesting terms described in this Section 3(a)(i), on each Service Vesting Date, an amount of Restricted Shares equal to the product of 20% multiplied by the number of Restricted Shares covered by each

Tranche (if any) with respect to which the relevant Performance Condition has been satisfied shall become vested and non-forfeitable. Additionally, upon the achievement of any Performance Condition with respect to a Tranche following the date on which one or more of the 20% incremental portions of the Service Condition has been satisfied, an additional amount of Restricted Shares equal to the product of the number of Restricted Shares covered by such Tranche multiplied by the percentage of the Service Condition which has been previously attained shall become vested and non-forfeitable.

(ii) For the purposes of this Section 3(a), and also as and if used elsewhere in this Agreement, the following terms shall have the following meanings:

(A) "First Performance Hurdle" shall mean the Common Stock achieving an average closing stock price of at least \$10.00 per share over 60 consecutive trading days on the New York Stock Exchange or such other primary stock exchange with which the Common Stock is listed and traded (or quoted in the Nasdaq) (an "Exchange").

(B) "Second Performance Hurdle" shall mean the Common Stock achieving an average closing stock price of at least \$13.00 per share over 60 consecutive trading days on an Exchange.

(C) "Third Performance Hurdle" shall mean the Common Stock achieving an average closing stock price of at least \$17.00 per share over 60 consecutive trading days on an Exchange.

(D) "Fourth Performance Hurdle" shall mean the Common Stock achieving an average closing stock price of at least \$20.00 per share over 60 consecutive trading days on an Exchange.

(iii) Effect of Certain Terminations of Employment. Upon the Executive's cessation of employment with the Company or any Affiliate of the Parent for any reason, any then remaining Unvested Restricted Shares shall be forfeited without consideration as more fully set out below, except as set out in clauses (D), (E) and (F) below:

(A) Termination for Cause. Upon the Executive's cessation of employment with the Company or any Affiliate of the Parent due to a termination for Cause at any time, all Unvested Restricted Shares shall be forfeited by the Executive without the receipt of consideration.

(B) Termination without Cause or for Good Reason. Except as provided in Sections 3(a)(iii)(E)-(F) below, upon the Executive's cessation of employment with the Company or any Affiliate of the Parent due to a termination without Cause or for Good Reason, all Unvested Restricted Shares shall be forfeited by the Executive without the receipt of consideration.

(C) Voluntary Termination without Good Reason. Except as provided in Section 3(a)(iii)(F) below, upon the Executive's cessation of employment with the Company or any Affiliate of the Parent due to a voluntary termination without Good Reason, all Unvested Restricted Shares shall be forfeited by the Executive without the receipt of consideration.

(D) Termination Due to Death or Disability. Except as provided in Section 3(a)(iii)(F) below, in the event of the Executive's cessation of employment with the Company or any Affiliate of the Parent by reason of the Executive's death or Disability, the Service Condition shall be deemed to have been satisfied to the same extent as if the Executive had remained employed by the Company for 12 months following such termination date. Additionally, following the Executive's termination due to death or Disability, any Unvested Restricted Shares shall continue to vest in accordance with Section 3(a) to the extent that any additional Performance Conditions are satisfied during the 12 month period following the date of such cessation of employment. Any Unvested Restricted Shares that remain outstanding 12 months following the date of the Executive's termination due to death or Disability shall be forfeited by the Executive without the receipt of consideration.

(E) Termination without Cause or for Good Reason in Connection with a Change in Control. Upon the Executive's cessation of employment with the Company or any Affiliate of the Parent due to a termination without Cause or for Good Reason, in each case, provided that such termination occurs on or after, or in anticipation of, a Change in Control, including an "EMI Change in Control" (as defined below), the Service Condition applicable to each share of Restricted Stock shall be deemed to have been fully attained.

(F) Termination for any Reason Other than for Cause Upon or Following an EMI Change in Control. Upon the Executive's cessation of employment with the Company or any Affiliate of the Parent for any reason (including due to voluntary termination by the Executive, death or Disability) other than by the Company for Cause, provided that such termination occurs on or after an EMI Change in Control, the Service Condition applicable to each share of Restricted Stock shall be deemed to have been fully attained. For the purposes of this Agreement, an "EMI Change in Control" shall mean a transaction that constitutes a Change in Control pursuant to which EMI Group Limited or its Affiliates (including, without limitation, any consortium of investors controlled by EMI Group Limited or its Affiliates) directly or indirectly acquires (including, without limitation, by way of a merger, consolidation, reorganization or similar transaction) a controlling interest in the Common Stock or assets of Parent (for purposes of this clause (F), a "controlling interest" shall mean an interest which represents directly or indirectly through one or more entities, more than 50% of the economic interests in or voting power of Parent or such other surviving entity immediately after such Change in Control and the power to elect a majority of the entire board of directors of Parent or such other surviving entity immediately after

such Change in Control) in exchange for consideration that is at least 90% comprised of cash; provided that, immediately following any such Change in Control, 10% or less of the voting securities of the surviving entity are owned by entities that were deemed to be part of a group pursuant to Rule 13d-5(b)(1) of the Securities Exchange Act of 1934, as amended, with respect to Parent's Common Stock immediately prior to such Change in Control.

(iv) Notwithstanding anything herein to the contrary, (A) upon a Change in Control following which the Common Stock ceases to be traded on an Exchange, any Unvested Restricted Shares for which a Performance Condition has not been met will be forfeited; provided, however, that Unvested Restricted Shares for which a Performance Condition has been met, on or prior to such Change in Control, will continue to vest upon satisfaction of the corresponding Service Condition; and (B) if the Fair Market Value as of the date of any Change in Control (or, if greater, the per share consideration paid in connection with such Change in Control) exceeds the per share dollar threshold amount of any of the Performance Conditions described above (without regard to the number of consecutive trading days for which the average closing price was achieved) then such Performance Condition shall be deemed to have been achieved as of the date of such Change in Control, to the extent not previously achieved.

(v) In the event that the Common Stock ceases to be traded on an Exchange following a transaction or other event that does not constitute a Change in Control, then, notwithstanding any provision of the Plan, the Restricted Shares shall remain outstanding and shall continue to be governed by the terms of this Agreement; provided, however, that Parent shall, after good faith consultation with the Executive, equitably adjust the terms applicable to the Restricted Shares (including, without limitation, the Performance Conditions) in order to maintain, to the extent reasonably possible, the intent of the parties in establishing the Performance Conditions set out in this Agreement.

(b) The term "Vested Restricted Shares," as used herein, shall mean each Restricted Share on and following the time that both the Service Condition and the Performance Condition set forth in Section 3(a) hereof have been satisfied as to such share and the Executive has paid any applicable taxes payable with respect to such share as set forth in Section 3(c) hereof. Restricted Shares which have not become Vested Restricted Shares are hereinafter referred to as "Unvested Restricted Shares."

(c) Taxes. The Executive shall pay to Parent or the Company (as designated by Parent) promptly upon request, and in any event at the time the Executive recognizes taxable income in respect of the Restricted Stock Award, an amount equal to the taxes, if any, Parent determines it is required to withhold under applicable tax laws with respect to the Restricted Shares. Such payment shall be made in the form of cash or, upon approval of Parent in its absolute and sole discretion, by having Parent withhold from the number of Restricted Shares otherwise issuable pursuant to the settlement of the Restricted Stock Award a number of Restricted Shares with a Fair Market Value equal to such withholding liability. The Executive may, but shall not be required to, make an election pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended (the "Code") to realize taxable income in respect of the grant of the Restricted Stock Award, in an amount equal to the fair market value of the Restricted Shares on the Date of Grant. If Executive makes such an election, Executive shall provide a copy of such election to the Company and Parent as required by Section 83(b) of the Code.

(d) Certificates. Certificates evidencing the Restricted Shares shall be issued by Parent and shall be registered in the Executive's name on the stock transfer books of Parent promptly after the Effective Date, but shall remain in the physical custody of Parent or its designee at all times prior to, in the case of any particular Restricted Shares, becoming Vested Restricted Shares. As a condition to the receipt of this Restricted Stock Award, the Executive shall deliver to Parent a stock power, duly endorsed in blank, relating to the Restricted Shares.

(e) Effect of Failure to Achieve Performance Conditions. Upon the fifth anniversary of the Effective Date, any then remaining Unvested Restricted Shares shall be forfeited by the Executive without the receipt of consideration.

(f) Rights as a Stockholder; Dividends. The Executive shall be the record owner of the Restricted Shares unless and until such shares are forfeited pursuant to Sections 3(a)(iii) or 3(e) hereof or sold or otherwise disposed of, and as record owner shall be entitled to all rights of a common stockholder of Parent, including, without limitation, voting rights, if any, with respect to the Restricted Shares; provided that any cash or in-kind dividends paid with respect to Unvested Restricted Shares shall be withheld by Parent and shall be paid to the Executive, without interest, upon the earliest to occur of (i) the fifth anniversary of the Effective Date, or (ii) the first anniversary of the Executive's separation from service within the meaning of Code Section 409A for any reason, in each case, only with respect to such Restricted Shares (if any) that have become Vested Restricted Shares on or prior to such date. As soon as practicable following the vesting of any Restricted Shares, certificates for such Vested Restricted Shares shall be delivered to the Executive or the Executive's beneficiary along with the stock power relating thereto.

(g) Restrictive Legend. All certificates representing Restricted Shares shall have affixed thereto a legend in substantially the following form, in addition to any other legends that may be required under federal or state securities laws:

TRANSFER OF THIS CERTIFICATE AND THE SHARES REPRESENTED HEREBY IS RESTRICTED PURSUANT TO THE TERMS OF THE AMENDED AND RESTATED WARNER MUSIC GROUP CORP. 2005 OMNIBUS AWARD PLAN AND A RESTRICTED STOCK AWARD AGREEMENT, DATED AS OF [MARCH] 15, 2008, BETWEEN WARNER MUSIC GROUP CORP. AND EDGAR BRONFMAN, JR. A COPY OF SUCH PLAN AND AGREEMENT IS ON FILE AT THE OFFICES OF WARNER MUSIC GROUP CORP.

(h) Transferability. No Restricted Share may, at any time prior to becoming a Vested Restricted Share, be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Executive and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against Parent; provided, that the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance.

4. Miscellaneous.

(a) Notices. Any notice, consent, request or other communication made or given in accordance with this Agreement shall be in writing and shall be deemed to have been duly given when actually received or, if mailed, three days after mailing by registered or certified mail, return receipt requested, or one business day after mailing by a nationally recognized express mail delivery service with instructions for next-day delivery, to those persons listed below at their following respective addresses or at such other address or person's attention as each may specify by notice to the others:

To Parent:

Warner Music Group Corp.
75 Rockefeller Plaza
New York, New York 10019
Attention: General Counsel

To the Executive:

The most recent address for the Executive in the records of Parent or the Company. The Executive hereby agrees to promptly provide Parent and the Company with written notice of any change in the Executive's address for so long as this Agreement remains in effect.

(b) Bound by Plan and Stockholders Agreement. By signing this Agreement, the Executive acknowledges that he has received a copy of the Plan and has had an opportunity to review the Plan and agrees to be bound by all the terms and provisions of the Plan. Additionally, the Executive acknowledges that the Restricted Shares shall be subject to the terms of the Amended and Restated Stockholders Agreement, dated as of May 10, 2005, by and among Parent, WMG Holdings Corp., the Company, Executive and certain other stockholders of Parent.

(c) Beneficiary. The Executive may file with the Board a written designation of a beneficiary on such form as may be prescribed by the Board and may, from time to time, amend or revoke such designation. If no designated beneficiary survives the Executive, the executor or administrator of the Executive's estate shall be deemed to be the Executive's beneficiary. The Executive's beneficiary shall succeed to the rights and obligations of the Executive hereunder upon the Executive's death, except as maybe otherwise described herein.

(d) Successors. The terms of this Agreement shall be binding upon and inure to the benefit of Parent, its successors and assigns, and of the Executive and the beneficiaries, executors, administrators, heirs and successors of the Executive.

(e) Entire Agreement. This Agreement contains the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and supersedes all prior communications, representations and negotiations in respect thereto. No change, modification or waiver of any provision of this Agreement shall be valid unless the same be in writing and signed by the parties hereto.

(f) No Rights to Employment. Nothing contained in this Agreement shall be construed as giving the Executive any right to be retained, in any position, as an employee, consultant or director of the Company or any Affiliate of Parent or shall interfere with or restrict in any way the right of the Company or any Affiliate of Parent, which are hereby expressly reserved, to remove, terminate or discharge the Executive at any time for any reason whatsoever.

(g) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement and each other provision of the Agreement shall be severable and enforceable to the extent permitted by law.

(h) Waiver. Any right of Parent contained in the Agreement may be waived in writing by the Board. No waiver of any right hereunder by any party shall operate as a waiver of any other right, or as a waiver of the same right with respect to any subsequent occasion for its exercise, or as a waiver of any right to damages. No waiver by any party of any breach of this Agreement shall be held to constitute a waiver of any other breach or a waiver of the continuation of the same breach.

(i) GOVERNING LAW; CONSENT TO JURISDICTION. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE APPLICABLE TO AGREEMENTS MADE AND TO BE WHOLLY PERFORMED WITHIN THAT STATE. ANY ACTION TO ENFORCE THIS AGREEMENT MUST BE BROUGHT IN A COURT SITUATED IN, AND THE PARTIES HEREBY CONSENT TO THE JURISDICTION OF, COURTS SITUATED IN NEW YORK COUNTY, NEW YORK. EACH PARTY HEREBY WAIVES THE RIGHTS TO CLAIM THAT ANY SUCH COURT IS AN INCONVENIENT FORUM FOR THE RESOLUTION OF ANY SUCH ACTION.

(j) JURY TRIAL WAIVER THE PARTIES EXPRESSLY AND KNOWINGLY WAIVE ANY RIGHT TO A JURY TRIAL IN THE EVENT ANY ACTION ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT IS LITIGATED OR HEARD IN ANY COURT.

(k) Headings. The headings of the Sections hereof are provided for convenience only and are not to serve as a basis for interpretation or construction, and shall not constitute a part, of this Agreement.

(l) Signature in Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. The parties hereto confirm that any facsimile copy of another party's executed counterpart of this Agreement (or its signature page thereof) will be deemed to be an executed original thereof.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

Warner Music Group Corp.

By:
Title:

Edgar Bronfman, Jr.

STOCK POWER

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____, 2,750,000 shares of Common Stock of Warner Music Group Corp., a Delaware corporation, issued pursuant to an Executive Restricted Stock Award Agreement between Warner Music Group Corp. and the undersigned, dated _____, 2008 and standing in the name of the undersigned on the books of said corporation, represented by Certificate No. _____, and does hereby irrevocably constitute and appoint Warner Music Group Corp. as the undersigned's true and lawful attorney, for it and in its name and stead, to sell, assign and transfer the said stock on the books of said corporation with full power of substitution in the premises.

Dated: _____

Name: _____

**WARNER MUSIC GROUP CORP.
STOCK OPTION AGREEMENT**

THIS STOCK OPTION AGREEMENT (this "Agreement"), is entered into as of this 15th day of March 2008 (the "Date of Grant"), by and between Warner Music Group Corp., a Delaware corporation ("Parent"), and Edgar Bronfman, Jr. (the "Executive").

WHEREAS, WMG Acquisition Corp., a Delaware corporation (the "Company"), an indirect subsidiary of Parent, or one of Parent's other direct or indirect subsidiaries, employs the Executive; and

WHEREAS, the Parent has adopted the Amended and Restated Warner Music Group Corp. 2005 Omnibus Award Plan (the "Plan"), pursuant to which awards of options to purchase shares of the Parent's Common Stock may be granted to persons, including persons regularly employed by the Parent or its Affiliates; and

WHEREAS, the Board of Directors of Parent (the "Board") has determined that it is in the best interests of Parent and its stockholders to grant to the Executive as of the Date of Grant an option to purchase shares of Common Stock of Parent ("Common Stock"), as provided for herein (the "Stock Option Award");

NOW, THEREFORE, for and in consideration of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

1. Grant. Parent hereby grants on the Date of Grant to the Executive an option (the "Option") to purchase 2,750,000 shares of Common Stock (such shares of Common Stock, the "Option Shares"), on the terms and conditions set forth in the Plan and this Agreement. This Option is not intended to be treated as an incentive stock option under Section 422 of the Code. The number and type of Option Shares purchasable hereunder shall be subject to adjustment as and in the manner provided in Section 11 below.

2. Incorporation by Reference, Etc. The provisions of the Plan are hereby incorporated herein by reference. Except as otherwise expressly set forth herein, this Agreement shall be construed in accordance with the provisions of the Plan and any capitalized terms not otherwise defined in this Agreement shall have the definitions set forth in the Plan. As used herein with respect to any person, the term "Affiliate" shall mean any entity that directly or indirectly is controlled by, controls or is under common control with such person. The Board shall have final authority to interpret and construe the Plan and this Agreement and to make any and all determinations under them, and its decision shall be binding and conclusive upon the Executive and his legal representative in respect of any questions arising under the Plan or this Agreement.

3. Option Price. The price at which the Executive shall be entitled to purchase the Option Shares upon the exercise of all or any portion of this Option shall be \$ _____ per share, representing the Fair Market Value of the Common Stock as of the Date of Grant. Such exercise price shall be subject to adjustment as and in the manner provided in Section 11 below.

4. Expiration Date. Subject to Section 6 hereof, the Option shall expire at the end of the period commencing on the Date of Grant and ending at 11:59 p.m. Eastern Time (“ET”) on the day preceding the tenth anniversary of the Date of Grant (the “Option Period”).

5. Exercisability of the Option.

(a) General. Except as may otherwise be provided herein, the Option shall become vested and exercisable in five equal installments on the day prior to each of the first, second, third, fourth and fifth anniversaries of the Date of Grant (i.e., the vesting dates shall be March 14 of 2009, 2010, 2011, 2012 and 2013, respectively) provided that the Executive remains employed with the Company on each such date, such that one hundred percent (100%) of the Option shall be vested and exercisable on the day prior to the fifth anniversary of the Date of Grant.

(b) Effect of Certain Terminations of Employment. Upon the Executive’s cessation of employment with the Company or any Affiliate of the Parent for any reason, any then remaining portion of the Unvested Option shall be immediately terminated without the receipt of consideration by the Executive, as more fully set out below, except as set out in clauses (iv), (v) and (vi) below:

(i) Termination for Cause. Upon the Executive’s cessation of employment with the Company or any Affiliate of the Parent due to a termination for Cause at any time, the entire Option (regardless of whether then vested) shall be immediately terminated without the receipt of consideration by the Executive.

(ii) Termination without Cause or for Good Reason. Except as provided in Sections 5(b)(v)-(vi) below, upon the Executive’s cessation of employment with the Company or any Affiliate of the Parent due to a termination without Cause or for Good Reason, any then remaining portion of the Unvested Option shall be immediately terminated without the receipt of consideration by the Executive.

(iii) Voluntary Termination without Good Reason. Except as provided in Section 5(b)(vi) below, upon the Executive’s cessation of employment with the Company or any Affiliate of the Parent due to a voluntary termination without Good Reason, any then remaining portion of the Unvested Option shall be immediately terminated without the receipt of consideration by the Executive.

(iv) Termination Due to Death or Disability. Except as provided in Section 5(b)(vi) below, in the event of the Executive’s cessation of employment with the Company or any Affiliate of the Parent by reason of the Executive’s death or Disability, the additional portion, if any, of the Option that would have become vested and exercisable if the Executive had remained employed by the Company for 12 months following such termination date will become immediately vested and exercisable as of such termination date. Any remaining portion of the Unvested Option (after giving effect to the preceding sentence) shall be immediately terminated without the receipt of consideration by the Executive.

(v) Termination without Cause or for Good Reason in Connection with a Change in Control. Upon the Executive's cessation of employment with the Company or any Affiliate of the Parent due to a termination without Cause or for Good Reason, in each case, provided that such termination occurs on or after, or in anticipation of, a Change in Control, including an "EMI Change in Control" (as defined below), the Option shall become fully vested and exercisable.

(vi) Termination for any Reason Other than for Cause Upon or Following an EMI Change in Control. Upon the Executive's cessation of employment with the Company or any Affiliate of the Parent for any reason (including due to voluntary termination by the Executive, death or Disability) other than by the Company for Cause, provided that such termination occurs on or after an EMI Change in Control, the Option shall become fully vested and exercisable. For the purposes of this Agreement, an "EMI Change in Control" shall mean a transaction that constitutes a Change in Control pursuant to which EMI Group Limited or its Affiliates (including, without limitation, any consortium of investors controlled by EMI Group Limited or its Affiliates) directly or indirectly acquires (including, without limitation, by way of a merger, consolidation, reorganization or similar transaction) a controlling interest in the Common Stock or assets of Parent (for purposes of this clause (vi), a "controlling interest" shall mean an interest which represents directly or indirectly through one or more entities, more than 50% of the economic interests in or voting power of Parent or such other surviving entity immediately after such Change in Control and the power to elect a majority of the entire board of directors of Parent or such other surviving entity immediately after such Change in Control) in exchange for consideration that is at least 90% comprised of cash; provided that, immediately following any such Change in Control, 10% or less of the voting securities of the surviving entity are owned by entities that were deemed to be part of a group pursuant to Rule 13d-5(b)(1) of the Securities Exchange Act of 1934, as amended, with respect to Parent's Common Stock immediately prior to such Change in Control.

(c) The term "Vested Option," as used herein, shall mean the portion of the Option on and following the time that the vesting condition set forth in Section 5(a) or 5(b) hereof has been satisfied as to such portion. The portion of the Option which has not become the Vested Option is hereinafter referred to as the "Unvested Option."

(d) The Option may be exercised only as to the Vested Option, and only by written notice using the applicable form provided by Parent delivered in person or by mail in accordance with Section 12(a) hereof and accompanied by payment therefor. The purchase price of the Option Shares shall be paid by the Executive to Parent (A) by certified check or wire transfer (using such wire transfer instructions as are provided by Parent or the Company), (B) by transferring to Parent shares of Common Stock, if and in the manner approved by Parent, (C) by a broker-assisted "cashless exercise" procedure if and in the manner approved by the Committee, or (D) by any other method approved in writing by the Committee. If requested by Parent, the Executive shall promptly deliver

his copy of this Agreement evidencing the Option to the Secretary of Parent who shall endorse thereon a notation of such exercise and promptly return such Agreement to the Executive. Upon payment of the applicable purchase price and the issuance of the Option Shares in accordance with the terms and conditions of this Agreement, the Option Shares shall be validly issued, fully paid and nonassessable.

(e) In the event that the Common Stock ceases to be traded on an Exchange following a transaction or other event that does not constitute a Change in Control, then, notwithstanding any provision of the Plan, the Option shall be treated in the same manner as Parent and the Company treat stock options then held by the employees of the Company generally.

6. Exercise Period for Vested Option Following Termination of Employment on Option.

(a) For purposes of this Agreement, the Executive's employment may be terminated (i) by the Company for Cause or by the employee in violation of any applicable employment agreement (a "6(a)(i) Termination"), (ii) by the Executive other than as a Retirement or for Good Reason and without any violation of any applicable employment agreement (a "6(a)(ii) Termination"), (iii) by the Company without Cause (including on account of Disability), or on account of the Executive's death or by the Executive for Good Reason (a "6(a)(iii) Termination") or (iv) by the Executive on account of Retirement (a "6(a)(iv) Termination"). For purposes of the preceding sentence, "Retirement" shall mean the Executive's voluntary termination of employment with the Company on or after the age of 62, after no less than 10 years of employment with the Company.

(b) The Vested Option shall remain exercisable by the Executive until the earlier of the last day of the Option Period or, as applicable, (i) thirty (30) days following the date of a 6(a)(i) Termination or a 6(a)(ii) Termination, (ii) one hundred and twenty (120) days following the date of a 6(a)(iii) Termination and (iii) the last day of the Option Period, in the case of a 6(a)(iv) Termination.

7. Compliance with Legal Requirements. The granting and exercising of the Option, and any other obligations of the Company under this Agreement shall be subject to all applicable federal and state laws, rules and regulations and to such approvals by any regulatory or governmental agency as may be required. Parent, in its sole discretion, may postpone the issuance or delivery of Option Shares as Parent may consider appropriate and may require the Executive to make such representations and furnish such information as it may consider appropriate in connection with the issuance or delivery of Option Shares in compliance with applicable laws, rules and regulations.

8. Transferability. Except as described in Section 12(k) of the Plan, the Option shall not be transferable by the Executive other than by will or the laws of descent and distribution, and any such purported transfer shall be void and unenforceable against Parent; provided that the designation of a beneficiary shall not constitute a transfer or encumbrance.

9. Rights as Stockholder. The Executive shall not be deemed for any purpose to be the owner of any shares of Common Stock subject to this Option unless, until and to the extent that (A) this Option shall have been exercised pursuant to its terms, (B) Parent shall have issued and delivered to the Executive the Option Shares, and (C) the Executive's name shall have been entered as a stockholder of record with respect to such Option Shares on the books of Parent.

10. Tax Withholding. Prior to the delivery of a certificate or certificates representing the Option Shares, the Executive must pay in the form of a certified check to Parent or the Company (as designated by Parent) any such additional amount as Parent (or the Company) determines that it is required to withhold under applicable federal, state or local tax laws in respect of the exercise or the transfer of Option Shares; provided that the Committee may, in its sole discretion, allow such withholding obligation to be satisfied by withholding Option Shares otherwise deliverable upon exercise of the Option or by any other method.

11. Adjustments for Stock Splits, Stock Dividends, etc.; Change in Control. Awards shall be subject to adjustment, substitution, or cancellation as determined by the Committee in its sole discretion, as is fully set forth in Section 13 of the Plan.

12. Miscellaneous.

(a) Notices. Any notice, consent, request or other communication made or given in accordance with this Agreement shall be in writing and shall be deemed to have been duly given when actually received or, if mailed, three days after mailing by registered or certified mail, return receipt requested, or one business day after mailing by a nationally recognized express mail delivery service with instructions for next-day delivery, to those persons listed below at their following respective addresses or at such other address or person's attention as each may specify by notice to the others:

To Parent:

Warner Music Group Corp.
75 Rockefeller Plaza
New York, New York 10019
Attention: General Counsel

To the Executive:

The most recent address for the Executive in the records of Parent or the Company. The Executive hereby agrees to promptly provide Parent and the Company with written notice of any change in the Executive's address for so long as this Agreement remains in effect.

(b) Bound by Plan and Stockholders Agreement. By signing this Agreement, the Executive acknowledges that he has received a copy of the Plan and has had an opportunity to review the Plan and agrees to be bound by all the terms and provisions of the Plan. Additionally, the Executive acknowledges that any shares of Common Stock acquired upon exercise of the Option shall be subject to the terms of the Amended and Restated Stockholders Agreement, dated as of May 10, 2005, by and among Parent, WMG Holdings Corp., the Company, Executive and certain other stockholders of Parent (the "Stockholders Agreement").

(c) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each other provision of this Agreement shall be severable and enforceable to the extent permitted by law.

(d) No Rights to Employment. Nothing contained in this Agreement shall be construed as giving the Executive any right to be retained, in any position, as an employee, consultant or director of the Company or its Affiliates or shall interfere with or restrict in any way the right of the Company or its Affiliates, which are hereby expressly reserved, to remove, terminate or discharge the Executive at any time for any reason whatsoever.

(e) Beneficiary. The Executive may file with Parent a written designation of a beneficiary on such form as may be prescribed by Parent and may, from time to time, amend or revoke such designation. If no designated beneficiary survives the Executive, the executor or administrator of the Executive's estate shall be deemed to be the Executive's beneficiary.

(f) Successors. The terms of this Agreement shall be binding upon and inure to the benefit of Parent and its successors and assigns, and of the Executive and the beneficiaries, executors, administrators, heirs and successors of the Executive.

(g) Entire Agreement. This Agreement contains the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and supersedes all prior communications, representations and negotiations in respect thereto. No change, modification or waiver of any provision of this Agreement shall be valid unless the same be in writing and signed by the parties hereto.

(h) GOVERNING LAW; CONSENT TO JURISDICTION. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE APPLICABLE TO AGREEMENTS MADE AND TO BE WHOLLY PERFORMED WITHIN THAT STATE. ANY ACTION TO ENFORCE THIS AGREEMENT MUST BE BROUGHT IN A COURT SITUATED IN, AND THE PARTIES HEREBY CONSENT TO THE JURISDICTION OF, COURTS SITUATED IN NEW YORK COUNTY, NEW YORK. EACH PARTY HEREBY WAIVES THE RIGHTS TO CLAIM THAT ANY SUCH COURT IS AN INCONVENIENT FORUM FOR THE RESOLUTION OF ANY SUCH ACTION.

(i) JURY TRIAL WAIVER. THE PARTIES EXPRESSLY AND KNOWINGLY WAIVE ANY RIGHT TO A JURY TRIAL IN THE EVENT ANY ACTION ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT IS LITIGATED OR HEARD IN ANY COURT.

(j) Interpretations. The headings of the Sections hereof are provided for convenience only and are not to serve as a basis for interpretation or construction, and shall not constitute a part, of this Agreement. The term “Company” as used herein with reference to the employment of the Executive or the termination thereof shall refer to the Company, Parent and each of their direct and indirect subsidiaries.

(k) Signature in Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. The parties hereto confirm that any facsimile copy of another party’s executed counterpart of this Agreement (or its signature page thereof) will be deemed to be an executed original thereof.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

WARNER MUSIC GROUP CORP.

By:
Title:

EXECUTIVE

Name:

NOTICE OF OPTION EXERCISE

To exercise your option to purchase shares of Warner Music Group Corp. (“Parent”) common stock (“Shares”), please fill out this form and return it to the Corporate Secretary of Parent, together with a certified check in the amount of the exercise price due, which is the product of the number of Shares with respect to which you are exercising the Option and the per share exercise price per share in your Stock Option Agreement. At its option, Parent may provide for the exercise price to be paid in a different manner. You are not required to exercise your option with respect to all Shares thereunder. You also must include a certified check in the amount of any required payroll taxes and income tax withholding due in connection with your exercise, unless Parent specifically provides for such obligation to be satisfied in a different manner (such as the “cashless exercise” method set forth below).

I hereby exercise my right to purchase _____ Shares under the option granted to me pursuant to the Stock Option Agreement between myself and Parent, dated as of _____. My option is vested and exercisable as to the Shares being purchased hereunder.

Please note below the form of payment elected:

Cashless Exercise:

I elect to pay both the exercise price and required payroll taxes and income tax withholding through a “cashless exercise”. Under this method, Merrill Lynch will sell some or all of the Shares immediately, with part of the proceeds being used to pay the exercise price, taxes and brokerage fees. The remaining proceeds (net of the exercise price, any withholding and brokerage commissions or other fees) will be paid to the option holder.

Exercise with Cash Payment:

I have enclosed either one or more certified checks covering both the exercise price of \$ _____ and the required payroll taxes and income tax withholding of \$ _____. (Please contact [Parent] to determine the amount of any required payroll taxes and income tax withholding.)

If electing the cashless exercise form of payment above, this represents a sale of Shares. You will need to obtain any necessary pre-clearance required by Parent’s Insider Trading Policy prior to completing any such exercise. Additionally, any sale of Shares must comply with and will be subject to the terms of the Stockholders Agreement.

I hereby represent that, to the best of my knowledge and belief, I am legally entitled to exercise this option.

Signature: _____
Printed Name: _____
Social Security Number: _____
Date: _____

SEPARATION AGREEMENT AND RELEASE

SEPARATION AGREEMENT (“Separation Agreement”) made and entered into on _____, 200_ between **(name)** (“you”) and **(company)** (“Company”).

In consideration of the mutual covenants, conditions and obligations contained in this Separation Agreement, you and Company agree as follows:

1. Your employment with Company shall end effective **(date)**. As of that date, you shall have no further responsibilities as an employee of Company and as of such date the employment agreement (the “Employment Agreement”) between you and Company dated **(date)**, [as amended], shall be terminated with no liability of either party to the other thereunder whatsoever, except as specifically set out in this Separation Agreement.

2. (a) Subject to your compliance with the terms of this Separation Agreement, Company shall during the period from the date hereof to _____ (the “Payment Period”) pay you _____ [DESCRIBE IN REASONABLE DETAIL THE PAYMENTS REQUIRED PURSUANT TO SECTION 5(c) AND THE TIMING OF THE PAYMENT OF SUCH AMOUNTS IN ACCORDANCE WITH SECTION 11 OF THE EMPLOYMENT AGREEMENT] (less required withholding). All payments to you hereunder shall be payable in accordance with the regular payroll practices of the Company. You shall have no duty to mitigate Company’s damages by seeking other employment, and Company shall have no right to reduce the amounts payable to you under this Separation Agreement in the event that you obtain other earnings.

(b) You and your spouse and dependents, as applicable, shall continue to participate in the Company’s group health and life insurance plans (or be provided comparable medical and life insurance coverage), at Company expense, until the earlier of the first anniversary of your termination of employment or the date you become eligible for coverage under the group health or life insurance plan, as applicable, of another employer.

(c) The Company shall pay you any accrued and unused vacation time through _____, 200_ (to the extent not paid prior to the date hereof).

3. In accordance with the terms and conditions of the Consolidated Omnibus Budget Reconciliation Act (“COBRA”), you shall have the right, at your expense, to elect to continue medical insurance coverage under the group insurance plan maintained by Company for a period of eighteen months beginning on the day following the first anniversary of the termination of your employment. Further information regarding COBRA’s coverage, including enrollment forms and premium quotations, will be sent to you separately.

4.(a) In consideration of, and exchange for, the payment and other benefits to be received by you under this Separation Agreement, you hereby waive, release and forever discharge Company and its successors, their directors, officers, agents, representatives and employees, and the parents, subsidiaries and affiliates, and the directors, officers, agents and employees thereof (the "Company Group") from all claims, causes of action, lawsuits and demands, attorney's fees, expenses or other compensation ("Claims") which in any way relate to or arise out of the Employment Agreement or your employment with Company or the termination of your employment, which you may now or hereafter have under any common law, federal, state or local law, regulation or order, including without limitation, (i) any Claim under Title VII of the Civil Rights Act of 1964, as amended, the Age Discrimination in Employment Act, as amended, as well as all liability for any acts that may have violated your rights under any contract or local fair employment practices law, any employee relations statute, executive law or ordinance, any unemployment or workers compensation law or any other duty or obligation of any kind or nature; (ii) all Claims relating to or arising out of any alleged tortious act, including but not limited to, wrongful termination, intentional infliction of emotional distress and defamation; (iii) all Claims which may be alleged against or imputed to Company by you or by anyone acting on your behalf; and (iv) all Claims for wages, (including, but not limited to, all Claims in connection with any long-term incentive compensation plan of Company), monetary and equitable relief, employment or reemployment with Company in any position.

(b) The Company, on behalf of itself and the Company Group, in exchange for the consideration embodied in this Separation Agreement, waives, releases, and forever discharges you from all Claims which the Company Group may now or hereafter have against you which in any way relate to or arise out of the Employment Agreement or your employment with Company or the termination of your employment, which you may now or hereafter have under any common law, federal, state or local law, regulation or order.

5. Neither you nor Company shall file or cause to be filed any action, suit, claim, charge or proceeding with any federal, state or local court or agency relating to any Claims within the scope of paragraph 4.

6. You and Company each acknowledge that nothing in this Separation Agreement constitutes (or shall be deemed) an admission of liability or wrongdoing by either you or the Company.

7. Notwithstanding the termination of the Employment Agreement and the mutual releases set out in this Separation Agreement (A) the rights and obligations of the parties set out in Sections 6 and 7 of the Employment Agreement shall survive the termination of the Employment Agreement and shall continue in full force and effect for the periods specified in the Employment Agreement and (B) the rights and obligations of the parties set out in this Separation Agreement and all stock option agreements and restricted stock award agreements between you and Company or any affiliate thereof entered into prior to the date hereof shall remain in full force and effect, subject to the terms of such agreements.

8. You acknowledge that you have read this Separation Agreement and that you have executed and delivered this Separation Agreement freely and voluntarily, with full knowledge of all material facts.

9.(a) You acknowledge that you have been advised to seek independent advice and counsel in connection with this Separation Agreement and have retained counsel for such purpose, and that you have been afforded the time and opportunity necessary to seek such advice and counsel to the full extent you may have desired; and that you have been afforded at least 21 days in which to consider this Separation Agreement. You understand your obligations and rights under this Separation Agreement and with such knowledge have entered into and executed this Separation Agreement freely and voluntarily.

(b) You understand that you may revoke this Separation Agreement within seven days of its execution, by notifying Company in writing of your desire to revoke the Separation Agreement, whereupon this Separation Agreement shall be rendered null and void. The provisions of this Separation Agreement including any payment due to you shall not be binding upon Company until eight days after the execution of this Separation Agreement by you.

10. This Separation Agreement constitutes the final and complete agreement between you and Company with respect to the subject matter hereof. This Separation Agreement supersedes any and all prior agreements between you and Company, including, but not limited to, the Employment Agreement. No modification or waiver of the terms of this Separation Agreement shall be valid unless in writing and signed by Company and you. This Separation Agreement shall not be binding upon either you or the Company until it is signed by both parties hereto.

11. This Separation Agreement shall be governed by and construed in accordance with the laws of the State of Delaware applicable to contracts made and performed entirely therein. The parties hereto agree that exclusive jurisdiction of any dispute regarding this Agreement shall be the state or federal courts located in New York, New York.

IN WITNESS WHEREOF, the undersigned have acknowledged and executed this Separation Agreement as of the date first set forth above.

SAMPLE

Edgar Bronfman, Jr.

WMG ACQUISITION CORP.

SAMPLE

By: _____

**WARNER MUSIC GROUP CORP.
STOCK OPTION AGREEMENT**

THIS STOCK OPTION AGREEMENT (this "Agreement"), is entered into as of this 15th day of March 2008 (the "Date of Grant"), by and between Warner Music Group Corp., a Delaware corporation ("Parent"), and Edgar Bronfman, Jr. (the "Executive").

WHEREAS, WMG Acquisition Corp., a Delaware corporation (the "Company"), an indirect subsidiary of Parent, or one of Parent's other direct or indirect subsidiaries, employs the Executive; and

WHEREAS, the Parent has adopted the Amended and Restated Warner Music Group Corp. 2005 Omnibus Award Plan (the "Plan"), pursuant to which awards of options to purchase shares of the Parent's Common Stock may be granted to persons, including persons regularly employed by the Parent or its Affiliates; and

WHEREAS, the Board of Directors of Parent (the "Board") has determined that it is in the best interests of Parent and its stockholders to grant to the Executive as of the Date of Grant an option to purchase shares of Common Stock of Parent ("Common Stock"), as provided for herein (the "Stock Option Award");

NOW, THEREFORE, for and in consideration of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

1. Grant. Parent hereby grants on the Date of Grant to the Executive an option (the "Option") to purchase 2,750,000 shares of Common Stock (such shares of Common Stock, the "Option Shares"), on the terms and conditions set forth in the Plan and this Agreement. This Option is not intended to be treated as an incentive stock option under Section 422 of the Code. The number and type of Option Shares purchasable hereunder shall be subject to adjustment as and in the manner provided in Section 11 below.

2. Incorporation by Reference, Etc. The provisions of the Plan are hereby incorporated herein by reference. Except as otherwise expressly set forth herein, this Agreement shall be construed in accordance with the provisions of the Plan and any capitalized terms not otherwise defined in this Agreement shall have the definitions set forth in the Plan. As used herein with respect to any person, the term "Affiliate" shall mean any entity that directly or indirectly is controlled by, controls or is under common control with such person. The Board shall have final authority to interpret and construe the Plan and this Agreement and to make any and all determinations under them, and its decision shall be binding and conclusive upon the Executive and his legal representative in respect of any questions arising under the Plan or this Agreement.

3. Option Price. The price at which the Executive shall be entitled to purchase the Option Shares upon the exercise of all or any portion of this Option shall be \$5.29 per share, representing the Fair Market Value of the Common Stock as of the Date of Grant. Such exercise price shall be subject to adjustment as and in the manner provided in Section 11 below.

4. Expiration Date. Subject to Section 6 hereof, the Option shall expire at the end of the period commencing on the Date of Grant and ending at 11:59 p.m. Eastern Time (“ET”) on the day preceding the tenth anniversary of the Date of Grant (the “Option Period”).

5. Exercisability of the Option.

(a) General. Except as may otherwise be provided herein, the Option shall become vested and exercisable in five equal installments on the day prior to each of the first, second, third, fourth and fifth anniversaries of the Date of Grant (i.e., the vesting dates shall be March 14 of 2009, 2010, 2011, 2012 and 2013, respectively) provided that the Executive remains employed with the Company on each such date, such that one hundred percent (100%) of the Option shall be vested and exercisable on the day prior to the fifth anniversary of the Date of Grant.

(b) Effect of Certain Terminations of Employment. Upon the Executive’s cessation of employment with the Company or any Affiliate of the Parent for any reason, any then remaining portion of the Unvested Option shall be immediately terminated without the receipt of consideration by the Executive, as more fully set out below, except as set out in clauses (iv), (v) and (vi) below:

(i) Termination for Cause. Upon the Executive’s cessation of employment with the Company or any Affiliate of the Parent due to a termination for Cause at any time, the entire Option (regardless of whether then vested) shall be immediately terminated without the receipt of consideration by the Executive.

(ii) Termination without Cause or for Good Reason. Except as provided in Sections 5(b)(v)-(vi) below, upon the Executive’s cessation of employment with the Company or any Affiliate of the Parent due to a termination without Cause or for Good Reason, any then remaining portion of the Unvested Option shall be immediately terminated without the receipt of consideration by the Executive.

(iii) Voluntary Termination without Good Reason. Except as provided in Section 5(b)(vi) below, upon the Executive’s cessation of employment with the Company or any Affiliate of the Parent due to a voluntary termination without Good Reason, any then remaining portion of the Unvested Option shall be immediately terminated without the receipt of consideration by the Executive.

(iv) Termination Due to Death or Disability. Except as provided in Section 5(b)(vi) below, in the event of the Executive’s cessation of employment with the Company or any Affiliate of the Parent by reason of the Executive’s death or Disability, the additional portion, if any, of the Option that would have become vested and exercisable if the Executive had remained employed by the Company for 12 months following such termination date will become immediately vested and exercisable as of such termination date. Any remaining portion of the Unvested Option (after giving effect to the preceding sentence) shall be immediately terminated without the receipt of consideration by the Executive.

(v) Termination without Cause or for Good Reason in Connection with a Change in Control. Upon the Executive's cessation of employment with the Company or any Affiliate of the Parent due to a termination without Cause or for Good Reason, in each case, provided that such termination occurs on or after, or in anticipation of, a Change in Control, including an "EMI Change in Control" (as defined below), the Option shall become fully vested and exercisable.

(vi) Termination for any Reason Other than for Cause Upon or Following an EMI Change in Control. Upon the Executive's cessation of employment with the Company or any Affiliate of the Parent for any reason (including due to voluntary termination by the Executive, death or Disability) other than by the Company for Cause, provided that such termination occurs on or after an EMI Change in Control, the Option shall become fully vested and exercisable. For the purposes of this Agreement, an "EMI Change in Control" shall mean a transaction that constitutes a Change in Control pursuant to which EMI Group Limited or its Affiliates (including, without limitation, any consortium of investors controlled by EMI Group Limited or its Affiliates) directly or indirectly acquires (including, without limitation, by way of a merger, consolidation, reorganization or similar transaction) a controlling interest in the Common Stock or assets of Parent (for purposes of this clause (vi), a "controlling interest" shall mean an interest which represents directly or indirectly through one or more entities, more than 50% of the economic interests in or voting power of Parent or such other surviving entity immediately after such Change in Control and the power to elect a majority of the entire board of directors of Parent or such other surviving entity immediately after such Change in Control) in exchange for consideration that is at least 90% comprised of cash; provided that, immediately following any such Change in Control, 10% or less of the voting securities of the surviving entity are owned by entities that were deemed to be part of a group pursuant to Rule 13d-5(b)(1) of the Securities Exchange Act of 1934, as amended, with respect to Parent's Common Stock immediately prior to such Change in Control.

(c) The term "Vested Option," as used herein, shall mean the portion of the Option on and following the time that the vesting condition set forth in Section 5(a) or 5(b) hereof has been satisfied as to such portion. The portion of the Option which has not become the Vested Option is hereinafter referred to as the "Unvested Option."

(d) The Option may be exercised only as to the Vested Option, and only by written notice using the applicable form provided by Parent delivered in person or by mail in accordance with Section 12(a) hereof and accompanied by payment therefor. The purchase price of the Option Shares shall be paid by the Executive to Parent (A) by certified check or wire transfer (using such wire transfer instructions as are provided by Parent or the Company), (B) by transferring to Parent shares of Common Stock, if and in the manner approved by Parent, (C) by a broker-assisted "cashless exercise" procedure if and in the manner approved by the Committee, or (D) by any other method approved in

writing by the Committee. If requested by Parent, the Executive shall promptly deliver his copy of this Agreement evidencing the Option to the Secretary of Parent who shall endorse thereon a notation of such exercise and promptly return such Agreement to the Executive. Upon payment of the applicable purchase price and the issuance of the Option Shares in accordance with the terms and conditions of this Agreement, the Option Shares shall be validly issued, fully paid and nonassessable.

(e) In the event that the Common Stock ceases to be traded on an Exchange following a transaction or other event that does not constitute a Change in Control, then, notwithstanding any provision of the Plan, the Option shall be treated in the same manner as Parent and the Company treat stock options then held by the employees of the Company generally.

6. Exercise Period for Vested Option Following Termination of Employment on Option.

(a) For purposes of this Agreement, the Executive's employment may be terminated (i) by the Company for Cause or by the employee in violation of any applicable employment agreement (a "6(a)(i) Termination"), (ii) by the Executive other than as a Retirement or for Good Reason and without any violation of any applicable employment agreement (a "6(a)(ii) Termination"), (iii) by the Company without Cause (including on account of Disability), or on account of the Executive's death or by the Executive for Good Reason (a "6(a)(iii) Termination") or (iv) by the Executive on account of Retirement (a "6(a)(iv) Termination"). For purposes of the preceding sentence, "Retirement" shall mean the Executive's voluntary termination of employment with the Company on or after the age of 62, after no less than 10 years of employment with the Company.

(b) The Vested Option shall remain exercisable by the Executive until the earlier of the last day of the Option Period or, as applicable, (i) thirty (30) days following the date of a 6(a)(i) Termination or a 6(a)(ii) Termination, (ii) one hundred and twenty (120) days following the date of a 6(a)(iii) Termination and (iii) the last day of the Option Period, in the case of a 6(a)(iv) Termination.

7. Compliance with Legal Requirements. The granting and exercising of the Option, and any other obligations of the Company under this Agreement shall be subject to all applicable federal and state laws, rules and regulations and to such approvals by any regulatory or governmental agency as may be required. Parent, in its sole discretion, may postpone the issuance or delivery of Option Shares as Parent may consider appropriate and may require the Executive to make such representations and furnish such information as it may consider appropriate in connection with the issuance or delivery of Option Shares in compliance with applicable laws, rules and regulations.

8. Transferability. Except as described in Section 12(k) of the Plan, the Option shall not be transferable by the Executive other than by will or the laws of descent and distribution, and any such purported transfer shall be void and unenforceable against Parent; provided that the designation of a beneficiary shall not constitute a transfer or encumbrance.

9. Rights as Stockholder. The Executive shall not be deemed for any purpose to be the owner of any shares of Common Stock subject to this Option unless, until and to the extent that (A) this Option shall have been exercised pursuant to its terms, (B) Parent shall have issued and delivered to the Executive the Option Shares, and (C) the Executive's name shall have been entered as a stockholder of record with respect to such Option Shares on the books of Parent.

10. Tax Withholding. Prior to the delivery of a certificate or certificates representing the Option Shares, the Executive must pay in the form of a certified check to Parent or the Company (as designated by Parent) any such additional amount as Parent (or the Company) determines that it is required to withhold under applicable federal, state or local tax laws in respect of the exercise or the transfer of Option Shares; provided that the Committee may, in its sole discretion, allow such withholding obligation to be satisfied by withholding Option Shares otherwise deliverable upon exercise of the Option or by any other method.

11. Adjustments for Stock Splits, Stock Dividends, etc.; Change in Control. Awards shall be subject to adjustment, substitution, or cancellation as determined by the Committee in its sole discretion, as is fully set forth in Section 13 of the Plan.

12. Miscellaneous.

(a) Notices. Any notice, consent, request or other communication made or given in accordance with this Agreement shall be in writing and shall be deemed to have been duly given when actually received or, if mailed, three days after mailing by registered or certified mail, return receipt requested, or one business day after mailing by a nationally recognized express mail delivery service with instructions for next-day delivery, to those persons listed below at their following respective addresses or at such other address or person's attention as each may specify by notice to the others:

To Parent:

Warner Music Group Corp.
75 Rockefeller Plaza
New York, New York 10019
Attention: General Counsel

To the Executive:

The most recent address for the Executive in the records of Parent or the Company. The Executive hereby agrees to promptly provide Parent and the Company with written notice of any change in the Executive's address for so long as this Agreement remains in effect.

(b) Bound by Plan and Stockholders Agreement. By signing this Agreement, the Executive acknowledges that he has received a copy of the Plan and has had an opportunity to review the Plan and agrees to be bound by all the terms and provisions of the Plan. Additionally, the Executive acknowledges that any shares of Common Stock acquired upon exercise of the Option shall be subject to the terms of the Amended and Restated Stockholders Agreement, dated as of May 10, 2005, by and among Parent, WMG Holdings Corp., the Company, Executive and certain other stockholders of Parent (the "Stockholders Agreement").

(c) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each other provision of this Agreement shall be severable and enforceable to the extent permitted by law.

(d) No Rights to Employment. Nothing contained in this Agreement shall be construed as giving the Executive any right to be retained, in any position, as an employee, consultant or director of the Company or its Affiliates or shall interfere with or restrict in any way the right of the Company or its Affiliates, which are hereby expressly reserved, to remove, terminate or discharge the Executive at any time for any reason whatsoever.

(e) Beneficiary. The Executive may file with Parent a written designation of a beneficiary on such form as may be prescribed by Parent and may, from time to time, amend or revoke such designation. If no designated beneficiary survives the Executive, the executor or administrator of the Executive's estate shall be deemed to be the Executive's beneficiary.

(f) Successors. The terms of this Agreement shall be binding upon and inure to the benefit of Parent and its successors and assigns, and of the Executive and the beneficiaries, executors, administrators, heirs and successors of the Executive.

(g) Entire Agreement. This Agreement contains the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and supersedes all prior communications, representations and negotiations in respect thereto. No change, modification or waiver of any provision of this Agreement shall be valid unless the same be in writing and signed by the parties hereto.

(h) GOVERNING LAW; CONSENT TO JURISDICTION. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE APPLICABLE TO AGREEMENTS MADE AND TO BE WHOLLY PERFORMED WITHIN THAT STATE. ANY ACTION TO ENFORCE THIS AGREEMENT MUST BE BROUGHT IN A COURT SITUATED IN, AND THE PARTIES HEREBY CONSENT TO THE JURISDICTION OF, COURTS SITUATED IN NEW YORK COUNTY, NEW YORK. EACH PARTY HEREBY WAIVES THE RIGHTS TO CLAIM THAT ANY SUCH COURT IS AN INCONVENIENT FORUM FOR THE RESOLUTION OF ANY SUCH ACTION.

(i) JURY TRIAL WAIVER. THE PARTIES EXPRESSLY AND KNOWINGLY WAIVE ANY RIGHT TO A JURY TRIAL IN THE EVENT ANY ACTION ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT IS LITIGATED OR HEARD IN ANY COURT.

(j) Interpretations. The headings of the Sections hereof are provided for convenience only and are not to serve as a basis for interpretation or construction, and shall not constitute a part, of this Agreement. The term “Company” as used herein with reference to the employment of the Executive or the termination thereof shall refer to the Company, Parent and each of their direct and indirect subsidiaries.

(k) Signature in Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. The parties hereto confirm that any facsimile copy of another party’s executed counterpart of this Agreement (or its signature page thereof) will be deemed to be an executed original thereof.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

WARNER MUSIC GROUP CORP.

/s/ Paul Robinson

By: Paul Robinson

Title: EVP and General Counsel

EXECUTIVE

/s/ Edgar Bronfman, Jr.

Name: Edgar Bronfman, Jr.

NOTICE OF OPTION EXERCISE

To exercise your option to purchase shares of Warner Music Group Corp. (“Parent”) common stock (“Shares”), please fill out this form and return it to the Corporate Secretary of Parent, together with a certified check in the amount of the exercise price due, which is the product of the number of Shares with respect to which you are exercising the Option and the per share exercise price per share in your Stock Option Agreement. At its option, Parent may provide for the exercise price to be paid in a different manner. You are not required to exercise your option with respect to all Shares thereunder. You also must include a certified check in the amount of any required payroll taxes and income tax withholding due in connection with your exercise, unless Parent specifically provides for such obligation to be satisfied in a different manner (such as the “cashless exercise” method set forth below).

I hereby exercise my right to purchase _____ Shares under the option granted to me pursuant to the Stock Option Agreement between myself and Parent, dated as of _____. My option is vested and exercisable as to the Shares being purchased hereunder.

Please note below the form of payment elected:

Cashless Exercise:

I elect to pay both the exercise price and required payroll taxes and income tax withholding through a “cashless exercise”. Under this method, Merrill Lynch will sell some or all of the Shares immediately, with part of the proceeds being used to pay the exercise price, taxes and brokerage fees. The remaining proceeds (net of the exercise price, any withholding and brokerage commissions or other fees) will be paid to the option holder.

Exercise with Cash Payment:

I have enclosed either one or more certified checks covering both the exercise price of \$ _____ and the required payroll taxes and income tax withholding of \$ _____. (Please contact Trent N. Tappe to determine the amount of any required payroll taxes and income tax withholding.)

If electing the cashless exercise form of payment above, this represents a sale of Shares. You will need to obtain any necessary pre-clearance required by Parent’s Insider Trading Policy prior to completing any such exercise. Additionally, any sale of Shares must comply with and will be subject to the terms of the Stockholders Agreement.

I hereby represent that, to the best of my knowledge and belief, I am legally entitled to exercise this option.

Signature: _____
Printed Name: _____
Social Security Number: _____
Date: _____

**WARNER MUSIC GROUP CORP.
RESTRICTED STOCK AWARD AGREEMENT**

THIS EXECUTIVE RESTRICTED STOCK AWARD AGREEMENT (the "Agreement") is entered into as of this 15th day of March 2008, by and between Warner Music Group Corp., a Delaware corporation ("Parent"), and Edgar Bronfman, Jr. (the "Executive").

RECITALS:

WHEREAS, WMG Acquisition Corp., a Delaware corporation (the "Company"), an indirect subsidiary of Parent, or one of Parent's other direct or indirect subsidiaries, employs the Executive; and

WHEREAS, the Parent has adopted the Amended and Restated Warner Music Group Corp. 2005 Omnibus Award Plan (the "Plan"), pursuant to which awards of restricted shares of the Parent's Common Stock may be granted to persons, including persons regularly employed by the Parent or its Affiliates; and

WHEREAS, the Board of Directors of Parent (the "Board") has determined that it is in the best interests of Parent and its stockholders to grant as of the date hereof (the "Effective Date") the restricted stock award provided for herein (the "Restricted Stock Award") to the Executive in connection with the Executive's services to the Company and the Parent's Affiliates, such grant to be subject to the terms set forth herein.

NOW THEREFORE, in consideration of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

1. Incorporation by Reference, Etc. The provisions of the Plan are hereby incorporated herein by reference. Except as otherwise expressly set forth herein, this Agreement shall be construed in accordance with the provisions of the Plan and any capitalized terms not otherwise defined in this Agreement shall have the definitions set forth in the Plan. As used herein with respect to any person, the term "Affiliate" shall mean any entity that directly or indirectly is controlled by, controls or is under common control with such person. The Board shall have final authority to interpret and construe the Plan and this Agreement and to make any and all determinations under them, and its decision shall be binding and conclusive upon the Executive and his legal representative in respect of any questions arising under the Plan or this Agreement.

2. Grant of Restricted Stock Award. Parent hereby grants on the Effective Date to the Executive a Restricted Stock Award consisting of 2,750,000 shares of Common Stock (hereinafter called the "Restricted Shares"), on the terms and conditions set forth in this Agreement and as otherwise provided in the Plan. The Restricted Shares shall vest in accordance with Section 3(a) hereof.

3. Terms and Conditions.

(a) Vesting.

(i) Except as otherwise provided in this Agreement, the Restricted Shares shall vest and become non-forfeitable, upon the achievement of both the “Service Condition” and the “Performance Condition” (each as defined below) with respect to all or any portion of the Restricted Shares.

(A) Service Condition. The “Service Condition” shall be deemed satisfied with respect to each of the Tranches described in Section 3(a)(i)(B) in equal annual installments with respect to 20% of the Restricted Shares covered by each such Tranche on the day immediately prior to each of the first, second, third, fourth and fifth anniversaries of the Effective Date (i.e., the Service Condition shall be deemed satisfied in 20% equal annual installments on March 14 of 2009, 2010, 2011, 2012 and 2013, respectively, and each such date is referred to herein as a “Service Vesting Date”), provided that the Executive remains employed with the Company on each such date (subject to Section 3(a)(iii) below).

(B) Performance Condition. The “Performance Condition” shall be deemed satisfied with respect to each of the “Tranches” of Restricted Shares described below upon the achievement at any time prior to the fifth anniversary of the Effective Date of the corresponding performance hurdle described below, in each case, provided that the Executive is employed with the Company at the time such Performance Condition is met (subject to Section 3(a)(iii)(D) below).

For the purposes of this Section 3(a)(i)(B), the Restricted Shares shall be divided into four “Tranches” as follows:

- (1) “First Tranche” shall mean 650,000 of the Restricted Shares, for which the Performance Condition will be satisfied upon achievement of the First Performance Hurdle;
- (2) “Second Tranche” shall mean 650,000 of the Restricted Shares, for which the Performance Condition will be satisfied upon achievement of the Second Performance Hurdle;
- (3) “Third Tranche” shall mean 650,000 of the Restricted Shares, for which the Performance Condition will be satisfied upon achievement of the Third Performance Hurdle; and
- (4) “Fourth Tranche” shall mean 800,000 of the Restricted Shares, for which the Performance Condition will be satisfied upon achievement of the Fourth Performance Hurdle.

For purposes of illustrating the vesting terms described in this Section 3(a)(i), on each Service Vesting Date, an amount of Restricted Shares equal to the product of 20% multiplied by the number of Restricted Shares covered by each

Tranche (if any) with respect to which the relevant Performance Condition has been satisfied shall become vested and non-forfeitable. Additionally, upon the achievement of any Performance Condition with respect to a Tranche following the date on which one or more of the 20% incremental portions of the Service Condition has been satisfied, an additional amount of Restricted Shares equal to the product of the number of Restricted Shares covered by such Tranche multiplied by the percentage of the Service Condition which has been previously attained shall become vested and non-forfeitable.

(ii) For the purposes of this Section 3(a), and also as and if used elsewhere in this Agreement, the following terms shall have the following meanings:

(A) "First Performance Hurdle" shall mean the Common Stock achieving an average closing stock price of at least \$10.00 per share over 60 consecutive trading days on the New York Stock Exchange or such other primary stock exchange with which the Common Stock is listed and traded (or quoted in the Nasdaq) (an "Exchange").

(B) "Second Performance Hurdle" shall mean the Common Stock achieving an average closing stock price of at least \$13.00 per share over 60 consecutive trading days on an Exchange.

(C) "Third Performance Hurdle" shall mean the Common Stock achieving an average closing stock price of at least \$17.00 per share over 60 consecutive trading days on an Exchange.

(D) "Fourth Performance Hurdle" shall mean the Common Stock achieving an average closing stock price of at least \$20.00 per share over 60 consecutive trading days on an Exchange.

(iii) Effect of Certain Terminations of Employment. Upon the Executive's cessation of employment with the Company or any Affiliate of the Parent for any reason, any then remaining Unvested Restricted Shares shall be forfeited without consideration as more fully set out below, except as set out in clauses (D), (E) and (F) below:

(A) Termination for Cause. Upon the Executive's cessation of employment with the Company or any Affiliate of the Parent due to a termination for Cause at any time, all Unvested Restricted Shares shall be forfeited by the Executive without the receipt of consideration.

(B) Termination without Cause or for Good Reason. Except as provided in Sections 3(a)(iii)(E)-(F) below, upon the Executive's cessation of employment with the Company or any Affiliate of the Parent due to a termination without Cause or for Good Reason, all Unvested Restricted Shares shall be forfeited by the Executive without the receipt of consideration.

(C) Voluntary Termination without Good Reason. Except as provided in Section 3(a)(iii)(F) below, upon the Executive's cessation of employment with the Company or any Affiliate of the Parent due to a voluntary termination without Good Reason, all Unvested Restricted Shares shall be forfeited by the Executive without the receipt of consideration.

(D) Termination Due to Death or Disability. Except as provided in Section 3(a)(iii)(F) below, in the event of the Executive's cessation of employment with the Company or any Affiliate of the Parent by reason of the Executive's death or Disability, the Service Condition shall be deemed to have been satisfied to the same extent as if the Executive had remained employed by the Company for 12 months following such termination date. Additionally, following the Executive's termination due to death or Disability, any Unvested Restricted Shares shall continue to vest in accordance with Section 3(a) to the extent that any additional Performance Conditions are satisfied during the 12 month period following the date of such cessation of employment. Any Unvested Restricted Shares that remain outstanding 12 months following the date of the Executive's termination due to death or Disability shall be forfeited by the Executive without the receipt of consideration.

(E) Termination without Cause or for Good Reason in Connection with a Change in Control. Upon the Executive's cessation of employment with the Company or any Affiliate of the Parent due to a termination without Cause or for Good Reason, in each case, provided that such termination occurs on or after, or in anticipation of, a Change in Control, including an "EMI Change in Control" (as defined below), the Service Condition applicable to each share of Restricted Stock shall be deemed to have been fully attained.

(F) Termination for any Reason Other than for Cause Upon or Following an EMI Change in Control. Upon the Executive's cessation of employment with the Company or any Affiliate of the Parent for any reason (including due to voluntary termination by the Executive, death or Disability) other than by the Company for Cause, provided that such termination occurs on or after an EMI Change in Control, the Service Condition applicable to each share of Restricted Stock shall be deemed to have been fully attained. For the purposes of this Agreement, an "EMI Change in Control" shall mean a transaction that constitutes a Change in Control pursuant to which EMI Group Limited or its Affiliates (including, without limitation, any consortium of investors controlled by EMI Group Limited or its Affiliates) directly or indirectly acquires (including, without limitation, by way of a merger, consolidation, reorganization or similar transaction) a controlling interest in the Common Stock or assets of Parent (for purposes of this clause (F), a "controlling interest" shall mean an interest which represents directly or indirectly through one or more entities, more than 50% of the economic interests in or voting power of Parent or such other surviving entity immediately after such Change in Control and the power to elect a majority of the entire board of directors of Parent or such other surviving entity immediately after

such Change in Control) in exchange for consideration that is at least 90% comprised of cash; provided that, immediately following any such Change in Control, 10% or less of the voting securities of the surviving entity are owned by entities that were deemed to be part of a group pursuant to Rule 13d-5(b)(1) of the Securities Exchange Act of 1934, as amended, with respect to Parent's Common Stock immediately prior to such Change in Control.

(iv) Notwithstanding anything herein to the contrary, (A) upon a Change in Control following which the Common Stock ceases to be traded on an Exchange, any Unvested Restricted Shares for which a Performance Condition has not been met will be forfeited; provided, however, that Unvested Restricted Shares for which a Performance Condition has been met, on or prior to such Change in Control, will continue to vest upon satisfaction of the corresponding Service Condition; and (B) if the Fair Market Value as of the date of any Change in Control (or, if greater, the per share consideration paid in connection with such Change in Control) exceeds the per share dollar threshold amount of any of the Performance Conditions described above (without regard to the number of consecutive trading days for which the average closing price was achieved) then such Performance Condition shall be deemed to have been achieved as of the date of such Change in Control, to the extent not previously achieved.

(v) In the event that the Common Stock ceases to be traded on an Exchange following a transaction or other event that does not constitute a Change in Control, then, notwithstanding any provision of the Plan, the Restricted Shares shall remain outstanding and shall continue to be governed by the terms of this Agreement; provided, however, that Parent shall, after good faith consultation with the Executive, equitably adjust the terms applicable to the Restricted Shares (including, without limitation, the Performance Conditions) in order to maintain, to the extent reasonably possible, the intent of the parties in establishing the Performance Conditions set out in this Agreement.

(b) The term "Vested Restricted Shares," as used herein, shall mean each Restricted Share on and following the time that both the Service Condition and the Performance Condition set forth in Section 3(a) hereof have been satisfied as to such share and the Executive has paid any applicable taxes payable with respect to such share as set forth in Section 3(c) hereof. Restricted Shares which have not become Vested Restricted Shares are hereinafter referred to as "Unvested Restricted Shares."

(c) Taxes. The Executive shall pay to Parent or the Company (as designated by Parent) promptly upon request, and in any event at the time the Executive recognizes taxable income in respect of the Restricted Stock Award, an amount equal to the taxes, if any, Parent determines it is required to withhold under applicable tax laws with respect to the Restricted Shares. Such payment shall be made in the form of cash or, upon approval of Parent in its absolute and sole discretion, by having Parent withhold from the number of Restricted Shares otherwise issuable pursuant to the settlement of the Restricted Stock Award a number of Restricted Shares with a Fair Market Value equal to such withholding liability. The Executive may, but shall not be required to, make an election pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended (the "Code") to realize taxable income in respect of the grant of the Restricted Stock Award, in an amount equal to the fair market value of the Restricted Shares on the Date of Grant. If Executive makes such an election, Executive shall provide a copy of such election to the Company and Parent as required by Section 83(b) of the Code.

(d) Certificates. Certificates evidencing the Restricted Shares shall be issued by Parent and shall be registered in the Executive's name on the stock transfer books of Parent promptly after the Effective Date, but shall remain in the physical custody of Parent or its designee at all times prior to, in the case of any particular Restricted Shares, becoming Vested Restricted Shares. As a condition to the receipt of this Restricted Stock Award, the Executive shall deliver to Parent a stock power, duly endorsed in blank, relating to the Restricted Shares.

(e) Effect of Failure to Achieve Performance Conditions. Upon the fifth anniversary of the Effective Date, any then remaining Unvested Restricted Shares shall be forfeited by the Executive without the receipt of consideration.

(f) Rights as a Stockholder; Dividends. The Executive shall be the record owner of the Restricted Shares unless and until such shares are forfeited pursuant to Sections 3(a)(iii) or 3(e) hereof or sold or otherwise disposed of, and as record owner shall be entitled to all rights of a common stockholder of Parent, including, without limitation, voting rights, if any, with respect to the Restricted Shares; provided that any cash or in-kind dividends paid with respect to Unvested Restricted Shares shall be withheld by Parent and shall be paid to the Executive, without interest, upon the earliest to occur of (i) the fifth anniversary of the Effective Date, or (ii) the first anniversary of the Executive's separation from service within the meaning of Code Section 409A for any reason, in each case, only with respect to such Restricted Shares (if any) that have become Vested Restricted Shares on or prior to such date. As soon as practicable following the vesting of any Restricted Shares, certificates for such Vested Restricted Shares shall be delivered to the Executive or the Executive's beneficiary along with the stock power relating thereto.

(g) Restrictive Legend. All certificates representing Restricted Shares shall have affixed thereto a legend in substantially the following form, in addition to any other legends that may be required under federal or state securities laws:

TRANSFER OF THIS CERTIFICATE AND THE SHARES REPRESENTED HEREBY IS RESTRICTED PURSUANT TO THE TERMS OF THE AMENDED AND RESTATED WARNER MUSIC GROUP CORP. 2005 OMNIBUS AWARD PLAN AND A RESTRICTED STOCK AWARD AGREEMENT, DATED AS OF [MARCH] 15, 2008, BETWEEN WARNER MUSIC GROUP CORP. AND EDGAR BRONFMAN, JR. A COPY OF SUCH PLAN AND AGREEMENT IS ON FILE AT THE OFFICES OF WARNER MUSIC GROUP CORP.

(h) Transferability. No Restricted Share may, at any time prior to becoming a Vested Restricted Share, be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Executive and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against Parent; provided, that the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance.

4. Miscellaneous.

(a) Notices. Any notice, consent, request or other communication made or given in accordance with this Agreement shall be in writing and shall be deemed to have been duly given when actually received or, if mailed, three days after mailing by registered or certified mail, return receipt requested, or one business day after mailing by a nationally recognized express mail delivery service with instructions for next-day delivery, to those persons listed below at their following respective addresses or at such other address or person's attention as each may specify by notice to the others:

To Parent:

Warner Music Group Corp.
75 Rockefeller Plaza
New York, New York 10019
Attention: General Counsel

To the Executive:

The most recent address for the Executive in the records of Parent or the Company. The Executive hereby agrees to promptly provide Parent and the Company with written notice of any change in the Executive's address for so long as this Agreement remains in effect.

(b) Bound by Plan and Stockholders Agreement. By signing this Agreement, the Executive acknowledges that he has received a copy of the Plan and has had an opportunity to review the Plan and agrees to be bound by all the terms and provisions of the Plan. Additionally, the Executive acknowledges that the Restricted Shares shall be subject to the terms of the Amended and Restated Stockholders Agreement, dated as of May 10, 2005, by and among Parent, WMG Holdings Corp., the Company, Executive and certain other stockholders of Parent.

(c) Beneficiary. The Executive may file with the Board a written designation of a beneficiary on such form as may be prescribed by the Board and may, from time to time, amend or revoke such designation. If no designated beneficiary survives the Executive, the executor or administrator of the Executive's estate shall be deemed to be the Executive's beneficiary. The Executive's beneficiary shall succeed to the rights and obligations of the Executive hereunder upon the Executive's death, except as maybe otherwise described herein.

(d) Successors. The terms of this Agreement shall be binding upon and inure to the benefit of Parent, its successors and assigns, and of the Executive and the beneficiaries, executors, administrators, heirs and successors of the Executive.

(e) Entire Agreement. This Agreement contains the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and supersedes all prior communications, representations and negotiations in respect thereto. No change, modification or waiver of any provision of this Agreement shall be valid unless the same be in writing and signed by the parties hereto.

(f) No Rights to Employment. Nothing contained in this Agreement shall be construed as giving the Executive any right to be retained, in any position, as an employee, consultant or director of the Company or any Affiliate of Parent or shall interfere with or restrict in any way the right of the Company or any Affiliate of Parent, which are hereby expressly reserved, to remove, terminate or discharge the Executive at any time for any reason whatsoever.

(g) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement and each other provision of the Agreement shall be severable and enforceable to the extent permitted by law.

(h) Waiver. Any right of Parent contained in the Agreement may be waived in writing by the Board. No waiver of any right hereunder by any party shall operate as a waiver of any other right, or as a waiver of the same right with respect to any subsequent occasion for its exercise, or as a waiver of any right to damages. No waiver by any party of any breach of this Agreement shall be held to constitute a waiver of any other breach or a waiver of the continuation of the same breach.

(i) GOVERNING LAW; CONSENT TO JURISDICTION. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE APPLICABLE TO AGREEMENTS MADE AND TO BE WHOLLY PERFORMED WITHIN THAT STATE. ANY ACTION TO ENFORCE THIS AGREEMENT MUST BE BROUGHT IN A COURT SITUATED IN, AND THE PARTIES HEREBY CONSENT TO THE JURISDICTION OF, COURTS SITUATED IN NEW YORK COUNTY, NEW YORK. EACH PARTY HEREBY WAIVES THE RIGHTS TO CLAIM THAT ANY SUCH COURT IS AN INCONVENIENT FORUM FOR THE RESOLUTION OF ANY SUCH ACTION.

(j) JURY TRIAL WAIVER. THE PARTIES EXPRESSLY AND KNOWINGLY WAIVE ANY RIGHT TO A JURY TRIAL IN THE EVENT ANY ACTION ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT IS LITIGATED OR HEARD IN ANY COURT.

(k) Headings. The headings of the Sections hereof are provided for convenience only and are not to serve as a basis for interpretation or construction, and shall not constitute a part, of this Agreement.

(l) Signature in Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. The parties hereto confirm that any facsimile copy of another party's executed counterpart of this Agreement (or its signature page thereof) will be deemed to be an executed original thereof.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

Warner Music Group Corp.

/s/ Paul Robinson

By: Paul Robinson

Title: EVP and General Counsel

Edgar Bronfman, Jr.

/s/ Edgar Bronfman, Jr.

STOCK POWER

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____, 2,750,000 shares of Common Stock of Warner Music Group Corp., a Delaware corporation, issued pursuant to an Executive Restricted Stock Award Agreement between Warner Music Group Corp. and the undersigned, dated _____, 2008 and standing in the name of the undersigned on the books of said corporation, represented by Certificate No. _____, and does hereby irrevocably constitute and appoint Warner Music Group Corp. as the undersigned's true and lawful attorney, for it and in its name and stead, to sell, assign and transfer the said stock on the books of said corporation with full power of substitution in the premises.

Dated: _____

Name: _____

Warner Music Group Corp.
2005 Omnibus Award Plan
(Amended and Restated Effective February 26, 2008)

1. Purpose

The purpose of the Plan is to provide a means through which the Company and its Affiliates may attract able persons to enter and remain in the employ of the Company and its Affiliates and to provide a means whereby employees, directors and consultants of the Company and its Affiliates can acquire and maintain Common Stock ownership, or be paid incentive compensation measured by reference to the value of Common Stock, thereby strengthening their commitment to the welfare of the Company and its Affiliates and promoting an identity of interest between stockholders and these persons.

So that the appropriate incentive can be provided, the Plan provides for granting Incentive Stock Options, Nonqualified Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Phantom Stock Awards, Stock Bonuses and Performance Compensation Awards, or any combination of the foregoing.

2. Definitions

The following definitions shall be applicable throughout the Plan.

(a) "Affiliate" means any entity that directly or indirectly is controlled by, controls or is under common control with the Company.

(b) "Award" means, individually or collectively, any Incentive Stock Option, Nonqualified Stock Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit, Phantom Stock Award, Stock Bonus or Performance Compensation Award granted under the Plan.

(c) "Board" means the Board of Directors of the Company.

(d) "Cause" means the Company or an Affiliate having "cause" to terminate a Participant's employment or service, as defined in any existing employment, consulting or any other agreement between the Participant and the Company or an Affiliate or, in the absence of such an employment, consulting or other agreement, upon (i) the determination by the Committee that the Participant has ceased to perform his duties to the Company, or an Affiliate (other than as a result of his incapacity due to physical or mental illness or injury), which failure amounts to an intentional and extended neglect of his duties to such party, (ii) the Committee's determination that the Participant has engaged or is about to engage in conduct materially injurious to the Company or an Affiliate, (iii) the Participant having been convicted of, or plead guilty or no contest to, a felony or any crime involving as a material element fraud or dishonesty, (iv) the failure of the Participant to follow the lawful instructions of the Board or his

direct superiors or (v) in the case of a Participant who is a non-employee director, the Participant ceasing to be a member of the Board in connection with the Participant engaging in any of the activities described in clauses (i) through (iv) above.

(e) "Change in Control" shall, unless in the case of a particular Award the applicable Award agreement states otherwise or contains a different definition of "Change in Control," have the meaning set forth in the Certificate of Incorporation of the Company.

(f) "Code" means the Internal Revenue Code of 1986, as amended. Reference in the Plan to any section of the Code shall be deemed to include any amendments or successor provisions to such section and any regulations under such section.

(g) "Committee" means a committee of at least two people as the Board may appoint to administer the Plan or, if no such committee has been appointed by the Board, the Board. Unless the Board is acting as the Committee or the Board specifically determines otherwise, each member of the Committee shall, at the time he takes any action with respect to an Award under the Plan, be an Eligible Director. However, the fact that a Committee member shall fail to qualify as an Eligible Director shall not invalidate any Award granted by the Committee which Award is otherwise validly granted under the Plan.

(h) "Common Stock" means the common stock, par value \$0.01 per share, of the Company and any stock into which such common stock may be converted or into which it may be exchanged.

(i) "Company" means Warner Music Group Corp. and any successor thereto.

(j) "Date of Grant" means the date on which the granting of an Award is authorized, or such other date as may be specified in such authorization or, if there is no such date, the date indicated on the applicable Award agreement.

(k) "Disability" means, unless in the case of a particular Award the applicable Award agreement states otherwise, the Company or an Affiliate having cause to terminate a Participant's employment or service on account of "disability," as defined in any existing employment, consulting or other similar agreement between the Participant and the Company or an Affiliate or, in the absence of such an employment, consulting or other agreement, a condition entitling the Participant to receive benefits under a long-term disability plan of the Company or an Affiliate or, in the absence of such a plan, the complete and permanent inability by reason of illness or accident to perform the duties of the occupation at which a Participant was employed or served when such disability commenced, as determined by the Committee based upon medical evidence acceptable to it.

(l) "Effective Date" means the date upon which the Pricing Committee of the Board sets the price at which the shares of Common Stock are to be

sold to a group of underwriters in the underwritten initial public offering of Common Stock, immediately following the recapitalization of the Common Stock in preparation for such initial public offering.

(m) “Eligible Director” means a person who is (i) a “non-employee director” within the meaning of Rule 16b-3 under the Exchange Act, or a person meeting any similar requirement under any successor rule or regulation and (ii) an “outside director” within the meaning of Section 162(m) of the Code, and the Treasury Regulations promulgated thereunder; provided, however, that clause (ii) shall apply only with respect to grants of Awards with respect to which the Company’s tax deduction could be limited by Section 162(m) of the Code if such clause did not apply.

(n) “Eligible Person” means any (i) individual regularly employed by the Company or Affiliate who satisfies all of the requirements of Section 6; provided, however, that no such employee covered by a collective bargaining agreement shall be an Eligible Person unless and to the extent that such eligibility is set forth in such collective bargaining agreement or in an agreement or instrument relating thereto; (ii) director of the Company or an Affiliate; or (iii) consultant or advisor to the Company or an Affiliate who may be offered securities pursuant to Form S-8.

(o) “Exchange Act” means the Securities Exchange Act of 1934, as amended.

(p) “Fair Market Value”, on a given date means (i) if the Stock is listed on a national securities exchange, the closing sales price reported as having occurred on the primary exchange with which the Stock is listed and traded on such date, or, if there is no such sale on that date, then on the last preceding date on which such a sale was reported; (ii) if the Stock is not listed on any national securities exchange but is quoted in the Nasdaq National Market (the “Nasdaq”) on a last sale basis, the last sales price reported on such date, or, if there is no such sale on that date, then on the last preceding date on which a sale was reported; or (iii) if the Stock is not listed on a national securities exchange nor quoted in the Nasdaq on a last sale basis, the amount determined by the Committee to be the fair market value based upon a good faith attempt to value the Stock accurately and computed in accordance with applicable regulations of the Internal Revenue Service.

(q) “Good Reason” shall have the meaning, if any, set forth in a Participant’s employment agreement, if any, with the Company or an Affiliate, and shall not apply in respect of any Participant who does not have such an employment agreement.

(r) “Incentive Stock Option” means an Option granted by the Committee to a Participant under the Plan which is designated by the Committee as an incentive stock option as described in Section 422 of the Code and otherwise meets the requirements set forth herein.

(s) "Mature Shares" means shares of Stock owned by a Participant which are not subject to any pledge or other security interest and have such other requirements as the Committee may determine are necessary in order to avoid an accounting earnings charge on account of the use of such shares to pay the Option Price or satisfy a withholding obligation in respect of an Option.

(t) "Negative Discretion" shall mean the discretion authorized by the Plan to be applied by the Committee to eliminate or reduce the size of a Performance Compensation Award in accordance with Section 11(d)(iv) of the Plan; provided, that the exercise of such discretion would not cause the Performance Compensation Award to fail to qualify as "performance-based compensation" under Section 162(m) of the Code.

(u) "Nonqualified Stock Option" means an Option granted by the Committee to a Participant under the Plan which is not designated by the Committee as an Incentive Stock Option.

(v) "Option" means an Award granted under Section 7 of the Plan.

(w) "Option Period" means the period described in Section 7(c) of the Plan.

(x) "Option Price" means the exercise price for an Option as described in Section 7(a) of the Plan.

(y) "Participant" means an Eligible Person who has been selected by the Committee to participate in the Plan and to receive an Award pursuant to Section 6 of the Plan.

(z) "Parent" means any parent of the Company as defined in Section 424(e) of the Code.

(aa) "Performance Compensation Award" shall mean any Award designated by the Committee as a Performance Compensation Award pursuant to Section 11 of the Plan.

(bb) "Performance Criteria" shall mean the criterion or criteria that the Committee shall select for purposes of establishing the Performance Goal(s) for a Performance Period with respect to any Performance Compensation Award under the Plan. The Performance Criteria that will be used to establish the Performance Goal(s) shall be based on the attainment of specific levels of performance of the Company (or Affiliate, division or operational unit of the Company) and shall be limited to the following:

- (i) net earnings or net income (before or after taxes);

-
- (ii) basic or diluted earnings per share (before or after taxes) or earnings per shares growth;
 - (iii) net revenue or net revenue growth;
 - (iv) gross profit or gross profit growth;
 - (v) net operating profit (before or after taxes) or net operating profit growth;
 - (vi) return measures (including, but not limited to, return on assets, capital, invested capital, equity, or sales);
 - (vii) cash flow (including, but not limited to, operating cash flow, free cash flow, and cash flow return on capital);
 - (viii) earnings before or after taxes, interest, depreciation and/or amortization (EBITDA) or EBITDA growth;
 - (ix) operating income before or after depreciation and/or amortization (OIBDA) or OIBDA growth;
 - (x) gross or operating margins;
 - (xi) productivity ratios;
 - (xii) share price (including, but not limited to, growth measures and total stockholder return);
 - (xiii) expense targets;
 - (xiv) margins;
 - (xv) operating efficiency;
 - (xvi) objective measures of customer satisfaction;
 - (xvii) working capital targets;
 - (xviii) measures of economic value added;
 - (xix) inventory control; and
 - (xx) enterprise value.

Any one or more of the Performance Criterion may be used on an absolute or relative basis to measure the performance of the Company and/or an Affiliate as a whole or any business unit of the Company and/or an Affiliate or any combination thereof, as the Committee may deem appropriate, or any of the above Performance Criteria as

compared to the performance of a group of comparator companies, or published or special index that the Committee, in its sole discretion, deems appropriate, or the Company may select Performance Criterion (xi) above as compared to various stock market indices. The Committee also has the authority to provide for accelerated vesting of any Award based on the achievement of Performance Goals pursuant to the Performance Criteria specified in this paragraph. To the extent required under Section 162(m) of the Code, the Committee shall, within the first 90 days of a Performance Period (or, if longer or shorter, within the maximum period allowed under Section 162(m) of the Code), define in an objective fashion the manner of calculating the Performance Criteria it selects to use for such Performance Period. In the event that applicable tax and/or securities laws change to permit Committee discretion to alter the governing Performance Criteria without obtaining stockholder approval of such changes, the Committee shall have sole discretion to make such changes without obtaining stockholder approval.

(cc) "Performance Formula" shall mean, for a Performance Period, the one or more objective formulas applied against the relevant Performance Goal to determine, with regard to the Performance Compensation Award of a particular Participant, whether all, some portion but less than all, or none of the Performance Compensation Award has been earned for the Performance Period.

(dd) "Performance Goals" shall mean, for a Performance Period, the one or more goals established by the Committee for the Performance Period based upon the Performance Criteria. The Committee is authorized at any time during the first 90 days of a Performance Period (or, if longer or shorter, within the maximum period allowed under Section 162(m) of the Code), or at any time thereafter to the extent allowed under Section 162(m) of the Code, in its sole and absolute discretion, to adjust or modify the calculation of a Performance Goal for such Performance Period in order to prevent the dilution or enlargement of the rights of Participants based on the following events:

- (i) asset write-downs;
- (ii) litigation or claim judgments or settlements;
- (iii) the effect of changes in tax laws, accounting principles, or other laws or regulatory rules affecting reported results;
- (iv) any reorganization and restructuring programs;
- (v) extraordinary nonrecurring items as described in Accounting Principles Board Opinion No. 30 (or any successor pronouncement thereto) and/or in management's discussion and analysis of financial condition and results of operations appearing in the Company's annual report to stockholders for the applicable year;
- (vi) acquisitions or divestitures;

-
- (vii) any other specific unusual or nonrecurring events, or objectively determinable category thereof;
 - (viii) foreign exchange gains and losses; and
 - (ix) a change in the Company's fiscal year.

(ee) "Performance Period" shall mean the one or more periods of time not less than one (1) year in duration, as the Committee may select, over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Participant's right to, and the payment of, a Performance Compensation Award.

(ff) "Phantom Stock Award" shall mean a cash award whose value is determined based on the change in the value of the Company Common Stock from the Effective Date.

(gg) "Plan" means this Warner Music Group Corp. 2005 Omnibus Award Plan.

(hh) "Restricted Period" means, with respect to any Award of Restricted Stock or any Restricted Stock Unit, the period of time determined by the Committee during which such Award is subject to the restrictions set forth in Section 9 or, as applicable, the period of time within which performance is measured for purposes of determining whether an Award has been earned.

(ii) "Restricted Stock Unit" means a hypothetical investment equivalent to one share of Stock granted in connection with an Award made under Section 9.

(jj) "Restricted Stock" means shares of Stock issued or transferred to a Participant subject to forfeiture and the other restrictions set forth in Section 9 of the Plan.

(kk) "Securities Act" means the Securities Act of 1933, as amended.

(ll) "Stock" means the Common Stock or such other authorized shares of stock of the Company as the Committee may from time to time authorize for use under the Plan.

(mm) "Stock Appreciation Right" or "SAR" means an Award granted under Section 8 of the Plan.

(nn) "Stock Bonus" means an Award granted under Section 10 of the Plan.

(oo) “Stock Option Agreement” means any agreement between the Company and a Participant who has been granted an Option pursuant to Section 7 which defines the rights and obligations of the parties thereto.

(pp) “Strike Price” means, (i) in the case of a SAR granted in tandem with an Option, the Option Price of the related Option, or (ii) in the case of a SAR granted independent of an Option, the Fair Market Value on the Date of Grant.

(qq) “Subsidiary” means any subsidiary of the Company as defined in Section 424(f) of the Code.

(rr) “Substitution Award” means an Award that is intended to replace any existing incentive award held by an employee or director of, or consultant or advisor to, an entity acquired by the Company or an Affiliate of the Company. The terms and conditions of any Substitution Award shall be set forth in an Award agreement and shall, except as may be inconsistent with any provision of the Plan, to the extent practicable provide the recipient with benefits (including economic value) substantially similar to those provided to the recipient under the existing award which such Substitution Award is intended to replace.

(ss) “Vested Unit” shall have the meaning ascribed thereto in Section 9(d) of the Plan.

(tt) “Voting Stock” of a person means all classes of capital stock or other interests, including partnership interests, of such person then outstanding and normally entitled, without regard to the occurrence of any contingency, to vote in the election of directors, managers, or trustee thereof.

3. Effective Date, Duration and Shareholder Approval

The Plan is effective as of the Effective Date. No Option shall be treated as an Incentive Stock Option unless the Plan has been approved by the shareholders of the Company in a manner intended to comply with the shareholder approval requirements of Section 422(b)(i) of the Code; provided, that any Option intended to be an Incentive Stock Option shall not fail to be effective solely on account of a failure to obtain such approval, but rather such Option shall be treated as a Nonqualified Stock Option unless and until such approval is obtained.

The expiration date of the Plan, on and after which no Awards may be granted hereunder, shall be the tenth anniversary of the Effective Date; provided, however, that such expiration shall not affect Awards then outstanding, and the terms and conditions of the Plan shall continue to apply to such Awards.

4. Administration

(a) The Committee shall administer the Plan. The majority of the members of the Committee shall constitute a quorum. The acts of a majority of the members present at any meeting at which a quorum is present or acts approved in writing by a majority of the Committee shall be deemed the acts of the Committee.

(b) Subject to the provisions of the Plan and applicable law, the Committee shall have the power, and in addition to other express powers and authorizations conferred on the Committee by the Plan, to: (i) designate Participants; (ii) determine the type or types of Awards to be granted to a Participant; (iii) determine the number of shares of Stock to be covered by, or with respect to which payments, rights, or other matters are to be calculated in connection with, Awards; (iv) determine the terms and conditions of any Award; (v) determine whether, to what extent, and under what circumstances Awards may be settled or exercised in cash, shares of Stock, other securities, other Awards or other property, or canceled, forfeited, or suspended and the method or methods by which Awards may be settled, exercised, canceled, forfeited, or suspended; (vi) determine whether, to what extent, and under what circumstances the delivery of cash, Stock, other securities, other Options, other property and other amounts payable with respect to an Award shall be deferred either automatically or at the election of the holder thereof or of the Committee; (vii) interpret, administer, reconcile any inconsistency, correct any defect and/or supply any omission in the Plan and any instrument or agreement relating to, or Award granted under, the Plan; (viii) establish, amend, suspend, or waive such rules and regulations; (ix) appoint such agents as it shall deem appropriate for the proper administration of the Plan; and (x) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan.

(c) Notwithstanding the foregoing, the committee may delegate to any officer of the Company or any Affiliate the authority to act on behalf of the Committee with respect to any matter, right, obligation, or election which is the responsibility of or which is allocated to the Committee herein, and which may be so delegated as a matter of law, except for grants of Awards to (i) "covered employees" under Code Section 162(m) (other than Awards exempt from the application of Code Section 162(m)) and (ii) persons subject to Section 16 of the 1934 Act.

(d) Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations, and other decisions under or with respect to the Plan or any Award or any documents evidencing Awards granted pursuant to the Plan shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive and binding upon all parties, including, without limitation, the Company, any Affiliate, any Participant, any holder or beneficiary of any Award, and any shareholder.

(e) No member of the Committee shall be liable for any action or determination made in good faith with respect to the Plan or any Award hereunder.

5. Grant of Awards; Shares Subject to the Plan

The Committee may, from time to time, grant Awards of Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Phantom Stock Awards,

Stock Bonuses and/or Performance Compensation Awards to one or more Eligible Persons; provided, however, that:

(a) Subject to Section 13, the aggregate number of shares of Stock in respect of which Awards may be granted under the Plan is 16,916,133 shares;

(b) Shares of Stock shall be deemed to have been used in settlement of Awards whether or not they are actually delivered or the Fair Market Value equivalent of such shares is paid in cash; provided, however, that shares of Stock delivered (either directly or by means of attestation) in full or partial payment of the Option Price in accordance with Section 7(b) shall be deducted from the number of shares of Stock delivered to the Participant pursuant to such Option for purposes of determining the number of shares of Stock acquired pursuant to the Plan. In accordance with (and without limitation upon) the preceding sentence, if and to the extent an Award under the Plan expires, terminates or is canceled for any reason whatsoever without the Participant having received any benefit therefrom, the shares covered by such Award shall again become available for future Awards under the Plan. For purposes of the foregoing sentence, a Participant shall not be deemed to have received any "benefit" (i) in the case of forfeited Restricted Stock Awards by reason of having enjoyed voting rights and dividend rights prior to the date of forfeiture or (ii) in the case of an Award canceled by reason of a new Award being granted in substitution therefor;

(c) Stock delivered by the Company in settlement of Awards may be authorized and unissued Stock, Stock held in the treasury of the Company, Stock purchased on the open market or by private purchase, or a combination of the foregoing; and

(d) Subject to Section 13, no person may be granted Options or SARs under the Plan during any calendar year with respect to more than 6,000,000 shares of Stock.

6. Eligibility

Participation shall be limited to Eligible Persons who have entered into an Award agreement or who have received written notification from the Committee, or from a person designated by the Committee, that they have been selected to participate in the Plan.

7. Options

The Committee is authorized to grant one or more Incentive Stock Options or Nonqualified Stock Options to any Eligible Person; provided, however, that no Incentive Stock Option shall be granted to any Eligible Person who is not an employee of the Company or a Parent or Subsidiary. Each Option so granted shall be subject to the conditions set forth in this Section 7, or to such other conditions as may be reflected in the applicable Stock Option Agreement.

(a) **Option Price.** The exercise price (“Option Price”) per share of Stock for each Option which is not a Substitution Award shall be set by the Committee at the time of grant but shall not be less than the Fair Market Value of a share of Stock on the Date of Grant.

(b) **Manner of Exercise and Form of Payment.** No shares of Stock shall be delivered pursuant to any exercise of an Option until payment in full of the Option Price therefor is received by the Company. Options which have become exercisable may be exercised by delivery of written notice of exercise to the Committee accompanied by payment of the Option Price. The Option Price shall be payable (i) in cash, check, cash equivalent and/or shares of Stock valued at the Fair Market Value at the time the Option is exercised (including by means of attestation of ownership of a sufficient number of shares of Stock in lieu of actual delivery of such shares to the Company); provided, that such shares of Stock are Mature Shares; (ii) in the discretion of the Committee, either (A) in other property having a fair market value on the date of exercise equal to the Option Price or (B) by delivering to the Committee a copy of irrevocable instructions to a stockbroker to deliver promptly to the Company an amount sufficient to pay the Option Price; or (iii) by such other method as the Committee may allow. Notwithstanding the foregoing, in no event shall a Participant be permitted to exercise an Option in a manner which the Committee determines would violate the Sarbanes-Oxley Act of 2002, or any other applicable law or the applicable rules and regulations of the Securities and Exchange Commission or the applicable rules and regulations of any securities exchange or inter dealer quotation system on which the securities of the Company or any Affiliates are listed or traded.

(c) **Vesting, Option Period and Expiration.** Options shall vest and become exercisable in such manner and on such date or dates determined by the Committee and shall expire after such period, not to exceed ten years, as may be determined by the Committee (the “Option Period”); provided, however, that notwithstanding any vesting dates set by the Committee, the Committee may, in its sole discretion, accelerate the exercisability of any Option, which acceleration shall not affect the terms and conditions of such Option other than with respect to exercisability. If an Option is exercisable in installments, such installments or portions thereof which become exercisable shall remain exercisable until the Option expires.

(d) **Stock Option Agreement – Other Terms and Conditions.** Each Option granted under the Plan shall be evidenced by a Stock Option Agreement. Except as specifically provided otherwise in such Stock Option Agreement, each Option granted under the Plan shall be subject to the following terms and conditions:

(i) Each Option or portion thereof that is exercisable shall be exercisable for the full amount or for any part thereof.

(ii) Each share of Stock purchased through the exercise of an Option shall be paid for in full at the time of the exercise. Each Option shall cease to be exercisable, as to any share of Stock, when the Participant purchases the share or exercises a related SAR or when the Option expires.

(iii) Subject to Section 12(k), Options shall not be transferable by the Participant except by will or the laws of descent and distribution and shall be exercisable during the Participant's lifetime only by him.

(iv) Each Option shall vest and become exercisable by the Participant in accordance with the vesting schedule established by the Committee and set forth in the Stock Option Agreement.

(v) At the time of any exercise of an Option, the Committee may, in its sole discretion, require a Participant to deliver to the Committee a written representation that the shares of Stock to be acquired upon such exercise are to be acquired for investment and not for resale or with a view to the distribution thereof and any other representation deemed necessary by the Committee to ensure compliance with all applicable federal and state securities laws. Upon such a request by the Committee, delivery of such representation prior to the delivery of any shares issued upon exercise of an Option shall be a condition precedent to the right of the Participant or such other person to purchase any shares. In the event certificates for Stock are delivered under the Plan with respect to which such investment representation has been obtained, the Committee may cause a legend or legends to be placed on such certificates to make appropriate reference to such representation and to restrict transfer in the absence of compliance with applicable federal or state securities laws.

(vi) Each Participant awarded an Incentive Stock Option under the Plan shall notify the Company in writing immediately after the date he or she makes a disqualifying disposition of any Stock acquired pursuant to the exercise of such Incentive Stock Option. A disqualifying disposition is any disposition (including any sale) of such Stock before the later of (A) two years after the Date of Grant of the Incentive Stock Option or (B) one year after the date the Participant acquired the Stock by exercising the Incentive Stock Option. The Company may, if determined by the Committee and in accordance with procedures established by it, retain possession of any Stock acquired pursuant to the exercise of an Incentive Stock Option as agent for the applicable Participant until the end of the period described in the preceding sentence, subject to complying with any instructions from such Participant as to the sale of such Stock.

(e) **Incentive Stock Option Grants to 10% Stockholders.** Notwithstanding anything to the contrary in this Section 7, if an Incentive Stock Option is granted to a Participant who owns stock representing more than ten percent of the voting power of all classes of stock of the Company or of a Subsidiary or Parent, the Option Period shall not exceed five years from the Date of Grant of such Option and the Option Price shall be at least 110 percent of the Fair Market Value (on the Date of Grant) of the Stock subject to the Option.

(f) **\$100,000 Per Year Limitation for Incentive Stock Options.** To the extent the aggregate Fair Market Value (determined as of the Date of Grant) of Stock for which Incentive Stock Options are exercisable for the first time by any Participant during any calendar year (under all plans of the Company) exceeds \$100,000, such excess Incentive Stock Options shall be treated as Nonqualified Stock Options.

8. Stock Appreciation Rights

Any Option granted under the Plan may include SARs, either at the Date of Grant or, except in the case of an Incentive Stock Option, by subsequent amendment. The Committee also may award SARs to Eligible Persons independent of any Option. A SAR shall be subject to such terms and conditions not inconsistent with the Plan as the Committee shall impose, including, but not limited to, the following:

(a) **Vesting, Transferability and Expiration.** A SAR granted in connection with an Option shall become exercisable, be transferable and shall expire according to the same vesting schedule, transferability rules and expiration provisions as the corresponding Option. A SAR granted independent of an Option shall become exercisable, be transferable and shall expire in accordance with a vesting schedule, transferability rules and expiration provisions as established by the Committee and reflected in an Award agreement.

(b) **Automatic Exercise.** If on the last day of the Option Period (or in the case of a SAR independent of an option, the period established by the Committee after which the SAR shall expire), the Fair Market Value exceeds the Strike Price, the Participant has not exercised the SAR or the corresponding Option, and neither the SAR nor the corresponding Option has expired, such SAR shall be deemed to have been exercised by the Participant on such last day and the Company shall make the appropriate payment therefor.

(c) **Payment.** Upon the exercise of a SAR, the Company shall pay to the Participant an amount equal to the number of shares subject to the SAR multiplied by the excess, if any, of the Fair Market Value of one share of Stock on the exercise date over the Strike Price. The Company shall pay such excess in cash or in shares of Stock valued at Fair Market Value.

(d) **Method of Exercise.** A Participant may exercise a SAR at such time or times as may be determined by the Committee at the time of grant by filing an irrevocable written notice with the Committee or its designee, specifying the number of SARs to be exercised and the date on which such SARs were awarded.

(e) **Expiration.** Except as otherwise provided in the case of SARs granted in connection with Options, a SAR shall expire on a date designated by the Committee which is not later than ten years after the Date of Grant of the SAR.

9. Restricted Stock and Restricted Stock Units

(a) Award of Restricted Stock and Restricted Stock Units.

(i) The Committee shall have the authority (A) to grant Restricted Stock and Restricted Stock Units to Eligible Persons, (B) to issue or transfer Restricted Stock to Participants, and (C) to establish terms, conditions and restrictions applicable to such Restricted Stock and Restricted Stock Units, including the Restricted Period, as applicable, which may differ with respect to each grantee, the time or times at which Restricted Stock or Restricted Stock Units shall be granted or become vested and the number of shares or units to be covered by each grant.

(ii) Each Participant granted Restricted Stock shall execute and deliver to the Company an Award agreement with respect to the Restricted Stock setting forth the restrictions and other terms and conditions applicable to such Restricted Stock. If the Committee determines that the Restricted Stock shall be held by the Company or in escrow rather than delivered to the Participant pending the release of the applicable restrictions, the Committee may require the Participant to additionally execute and deliver to the Company (A) an escrow agreement satisfactory to the Committee, if applicable, and (B) the appropriate blank stock power with respect to the Restricted Stock covered by such agreement. If a Participant shall fail to execute an agreement evidencing an Award of Restricted Stock and, if applicable, an escrow agreement and stock power, the Award shall be null and void. Subject to the restrictions set forth in Section 9(b), the Participant generally shall have the rights and privileges of a stockholder as to such Restricted Stock, including the right to vote such Restricted Stock. At the discretion of the Committee, cash dividends and stock dividends with respect to the Restricted Stock may be either currently paid to the Participant or withheld by the Company for the Participant's account, and interest may be credited on the amount of dividends withheld at a rate and subject to such terms as determined by the Committee. The cash dividends or stock dividends so withheld by the Committee and attributable to any particular share of Restricted Stock (and earnings thereon, if applicable) shall be distributed to the Participant in cash or, at the discretion of the Committee, in shares of Stock having a Fair Market Value equal to the amount of such dividends and earnings, if applicable, upon the release of restrictions on such share and, if such share is forfeited, the Participant shall have no right to such cash dividends, stock dividends or earnings.

(iii) Upon the grant of Restricted Stock, the Committee shall cause a stock certificate registered in the name of the Participant to be issued and, if it so determines, deposited together with the stock powers with an escrow agent designated by the Committee. If an escrow arrangement is used, the Committee may cause the escrow agent to issue to the Participant a receipt evidencing any stock certificate held by it, registered in the name of the Participant.

(iv) The terms and conditions of a grant of Restricted Stock Units shall be reflected in a written Award agreement. No shares of Stock shall be issued at the time a Restricted Stock Unit is granted, and the Company will not be required to set aside a fund for the payment of any such Award. At the discretion of the Committee, each Restricted Stock Unit (representing one share of Stock) may be credited with cash and stock dividends paid by the Company in respect of one share of Stock (“Dividend Equivalents”). At the discretion of the Committee, Dividend Equivalents may be either currently paid to the Participant or withheld by the Company for the Participant’s account, and interest may be credited on the amount of cash Dividend Equivalents withheld at a rate and subject to such terms as determined by the Committee. Dividend Equivalents credited to a Participant’s account and attributable to any particular Restricted Stock Unit (and earnings thereon, if applicable) shall be distributed in cash or, at the discretion of the Committee, in shares of Stock having a Fair Market Value equal to the amount of such Dividend Equivalents and earnings, if applicable, to the Participant upon settlement of such Restricted Stock Unit and, if such Restricted Stock Unit is forfeited, the Participant shall have no right to such Dividend Equivalents.

(b) Restrictions.

(i) Restricted Stock awarded to a Participant shall be subject to the following restrictions until the expiration of the Restricted Period, and to such other terms and conditions as may be set forth in the applicable Award agreement: (A) if an escrow arrangement is used, the Participant shall not be entitled to delivery of the stock certificate; (B) the shares shall be subject to the restrictions on transferability set forth in the Award agreement; (C) the shares shall be subject to forfeiture to the extent provided in Section 9(d) and the applicable Award agreement; and (D) to the extent such shares are forfeited, the stock certificates shall be returned to the Company, and all rights of the Participant to such shares and as a shareholder shall terminate without further obligation on the part of the Company.

(ii) Restricted Stock Units awarded to any Participant shall be subject to (A) forfeiture until the expiration of the Restricted Period, and satisfaction of any applicable Performance Goals during such period, to the extent provided in the applicable Award agreement, and to the extent such Restricted Stock Units are forfeited, all rights of the Participant to such Restricted Stock Units shall terminate without further obligation on the part of the Company and (B) such other terms and conditions as may be set forth in the applicable Award agreement.

(iii) The Committee shall have the authority to remove any or all of the restrictions on the Restricted Stock and Restricted Stock Units whenever it may determine that, by reason of changes in applicable laws or other changes in circumstances arising after the date of the Restricted Stock or Restricted Stock Units are granted, such action is appropriate.

(c) **Restricted Period.** The Restricted Period of Restricted Stock and Restricted Stock Units shall commence on the Date of Grant and shall expire from time to time as to that part of the Restricted Stock and Restricted Stock Units indicated in a schedule established by the Committee in the applicable Award agreement.

(d) **Delivery of Restricted Stock and Settlement of Restricted Stock Units.** Upon the expiration of the Restricted Period with respect to any shares of Restricted Stock, the restrictions set forth in Section 9(b) and the applicable Award agreement shall be of no further force or effect with respect to such shares, except as set forth in the applicable Award agreement. If an escrow arrangement is used, upon such expiration, the Company shall deliver to the Participant, or his beneficiary, without charge, the stock certificate evidencing the shares of Restricted Stock which have not then been forfeited and with respect to which the Restricted Period has expired (to the nearest full share) and any cash dividends or stock dividends credited to the Participant's account with respect to such Restricted Stock and the interest thereon, if any.

Upon the expiration of the Restricted Period with respect to any outstanding Restricted Stock Units, the Company shall deliver to the Participant, or his beneficiary, without charge, one share of Stock for each such outstanding Restricted Stock Unit ("Vested Unit") and cash equal to any Dividend Equivalents credited with respect to each such Vested Unit in accordance with Section 9(a)(iv) hereof and the interest thereon or, at the discretion of the Committee, in shares of Stock having a Fair Market Value equal to such Dividend Equivalents and interest thereon, if any; provided, however, that, if explicitly provided in the applicable Award agreement, the Committee may, in its sole discretion, elect to (i) pay cash or part cash and part Stock in lieu of delivering only shares of Stock for Vested Units or (ii) delay the delivery of Stock (or cash or part Stock and part cash, as the case may be) beyond the expiration of the Restricted Period. If a cash payment is made in lieu of delivering shares of Stock, the amount of such payment shall be equal to the Fair Market Value of the Stock as of the date on which the Restricted Period lapsed with respect to such Vested Unit.

(e) **Stock Restrictions.** Each certificate representing Restricted Stock awarded under the Plan shall bear a legend substantially in the form of the following until the lapse of all restrictions with respect to such Stock as well as any other information the Company deems appropriate:

Transfer of this certificate and the shares represented hereby is restricted pursuant to the terms of the Warner Music Group Corp. 2005 Omnibus Award Plan and a Restricted Stock Purchase and Award Agreement, dated as of _____, between Warner Music Group Corp. and _____. A copy of such Plan and Agreement is on file at the offices of Warner Music Group Corp.

Stop transfer orders shall be entered with the Company's transfer agent and registrar against the transfer of legended securities.

10. Stock Bonus Awards

The Committee may issue unrestricted Stock, or other Awards denominated in Stock, under the Plan to Eligible Persons, alone or in tandem with other Awards, in such amounts and subject to such terms and conditions as the Committee shall from time to time in its sole discretion determine. A Stock Bonus Award under the Plan shall be granted as, or in payment of, a bonus, or to provide incentives or recognize special achievements or contributions.

11. Performance Compensation Awards

(a) **General.** The Committee shall have the authority, at the time of grant of any Award described in Sections 7 through 10 (other than Options and Stock Appreciation Rights granted with an exercise price or grant price, as the case may be, equal to or greater than the Fair Market Value per share of Stock on the date of grant), to designate such Award as a Performance Compensation Award in order to qualify such Award as “performance-based compensation” under Section 162(m) of the Code. The Committee shall have the authority to grant cash bonuses under the Plan with the intent that such bonuses shall qualify for the exemption from Section 162(m) of the Code provided pursuant to Treasury Regulation Section 1.162-27(f)(1), for the reliance period described in Treasury Regulation Section 1.162-27(f)(2). In addition, the Committee shall have the authority to make an award of a cash bonus to any Participant and designate such Award as a Performance Compensation Award in order to qualify such Award as “performance-based compensation” under Section 162(m).

(b) **Eligibility.** The Committee will, in its sole discretion, designate which Participants will be eligible to receive Performance Compensation Awards in respect of such Performance Period. However, designation of a Participant eligible to receive an Award hereunder for a Performance Period shall not in any manner entitle the Participant to receive payment in respect of any Performance Compensation Award for such Performance Period. The determination as to whether or not such Participant becomes entitled to payment in respect of any Performance Compensation Award shall be decided solely in accordance with the provisions of this Section 11. Moreover, designation of a Participant eligible to receive an Award hereunder for a particular Performance Period shall not require designation of such Participant eligible to receive an Award hereunder in any subsequent Performance Period and designation of one person as a Participant eligible to receive an Award hereunder shall not require designation of any other person as a Participant eligible to receive an Award hereunder in such period or in any other period.

(c) **Discretion of Committee with Respect to Performance Compensation Awards .** With regard to a particular Performance Period, the Committee shall have full discretion to select the length of such Performance Period (provided any such Performance Period shall be not less than one (1) year in duration), the type(s) of Performance Compensation Awards to be issued, the Performance Criteria that will be used to establish the Performance Goal(s), the kind(s) and/or level(s) of the Performance Goals(s) that is(are) to apply to the Company and the Performance Formula. Within the

first 90 days of a Performance Period (or, if longer or shorter, within the maximum period allowed under Section 162(m) of the Code), the Committee shall, with regard to the Performance Compensation Awards to be issued for such Performance Period, exercise its discretion with respect to each of the matters enumerated in the immediately preceding sentence of this Section 11(c) and record the same in writing.

(d) Payment of Performance Compensation Awards

(i) **Condition to Receipt of Payment.** Unless otherwise provided in the applicable Award agreement, a Participant must be employed by the Company on the last day of a Performance Period to be eligible for payment in respect of a Performance Compensation Award for such Performance Period.

(ii) **Limitation.** A Participant shall be eligible to receive payment in respect of a Performance Compensation Award only to the extent that: (A) the Performance Goals for such period are achieved; and (B) the Performance Formula as applied against such Performance Goals determines that all or some portion of such Participant's Performance Award has been earned for the Performance Period.

(iii) **Certification.** Following the completion of a Performance Period, the Committee shall review and certify in writing whether, and to what extent, the Performance Goals for the Performance Period have been achieved and, if so, calculate and certify in writing that amount of the Performance Compensation Awards earned for the period based upon the Performance Formula. The Committee shall then determine the actual size of each Participant's Performance Compensation Award for the Performance Period and, in so doing, may apply Negative Discretion in accordance with Section 11(d)(iv) hereof, if and when it deems appropriate.

(iv) **Use of Discretion.** In determining the actual size of an individual Performance Award for a Performance Period, the Committee may reduce or eliminate the amount of the Performance Compensation Award earned under the Performance Formula in the Performance Period through the use of Negative Discretion if, in its sole judgment, such reduction or elimination is appropriate. The Committee shall not have the discretion to (a) grant or provide payment in respect of Performance Compensation Awards for a Performance Period if the Performance Goals for such Performance Period have not been attained; or (b) increase a Performance Compensation Award above the maximum amount payable under Section 5(a) or Section 11(d)(vi) of the Plan.

(v) **Timing of Award Payments.** Performance Compensation Awards granted for a Performance Period shall be paid to Participants as soon as administratively practicable following completion of the certifications required by this Section 11.

(vi) **Maximum Award Payable.** Notwithstanding any provision contained in this Plan to the contrary, the maximum Performance Compensation Award payable to any one Participant under the Plan for a Performance Period is 6,000,000 shares of Stock or, in the event such Performance Compensation Award is paid in cash, the equivalent cash value thereof on the first or last day of the Performance Period to which such Award relates, as determined by the Committee. The maximum amount that can be paid in any calendar year to any Participant pursuant to a cash bonus Award described in the last sentence of Section 11(a) shall be \$10,000,000. Furthermore, any Performance Compensation Award that has been deferred shall not (between the date as of which the Award is deferred and the payment date) increase (A) with respect to Performance Compensation Award that is payable in cash, by a measuring factor for each fiscal year greater than a reasonable rate of interest set by the Committee or (B) with respect to a Performance Compensation Award that is payable in shares of Stock, by an amount greater than the appreciation of a share of Stock from the date such Award is deferred to the payment date.

12. General

(a) **Additional Provisions of an Award.** Awards to a Participant under the Plan also may be subject to such other provisions (whether or not applicable to Awards granted to any other Participant) as the Committee determines appropriate, including, without limitation, provisions (in addition to those provisions of Section 9 providing for the payment of dividends with respect to Restricted Stock and Dividend Equivalents with respect to Restricted Stock Units) adding dividend equivalent rights or other protections to Participants in respect of dividends paid on Stock underlying any Award, provisions for the forfeiture of or restrictions on resale or other disposition of shares of Stock acquired under any Award, provisions giving the Company the right to repurchase shares of Stock acquired under any Award in the event the Participant elects to dispose of such shares, provisions allowing the Participant to elect to defer the receipt of payment in respect of Awards for a specified period or until a specified event, and provisions to comply with Federal and state securities laws and Federal and state tax withholding requirements; provided, however, that any such deferral does not result in acceleration of taxability of an Award prior to receipt, or tax penalties, under Section 409A of the Code. Any such provisions shall be reflected in the applicable Award agreement.

(b) **Privileges of Stock Ownership.** Except as otherwise specifically provided in the Plan, no person shall be entitled to the privileges of ownership in respect of shares of Stock which are subject to Awards hereunder until such shares have been issued to that person.

(c) **Government and Other Regulations.** The obligation of the Company to settle Awards in Stock shall be subject to all applicable laws, rules, and regulations, and to such approvals by governmental agencies as may be required. Notwithstanding any terms or conditions of any Award to the contrary, the Company shall be under no obligation to offer to sell or to sell, and shall be prohibited from

offering to sell or selling, any shares of Stock pursuant to an Award unless such shares have been properly registered for sale pursuant to the Securities Act with the Securities and Exchange Commission or unless the Company has received an opinion of counsel, satisfactory to the Company, that such shares may be offered or sold without such registration pursuant to an available exemption therefrom and the terms and conditions of such exemption have been fully complied with. The Company shall be under no obligation to register for sale under the Securities Act any of the shares of Stock to be offered or sold under the Plan. If the shares of Stock offered for sale or sold under the Plan are offered or sold pursuant to an exemption from registration under the Securities Act, the Company may restrict the transfer of such shares and may legend the Stock certificates representing such shares in such manner as it deems advisable to ensure the availability of any such exemption.

(d) Tax Withholding.

(i) A Participant may be required to pay to the Company or any Affiliate, and the Company or any Affiliate shall have the right and is hereby authorized to withhold from any shares of Stock or other property deliverable under any Award or from any compensation or other amounts owing to a Participant, the amount (in cash, Stock or other property) of any required income tax withholding and payroll taxes in respect of an Award, its exercise, or any payment or transfer under an Award or under the Plan and to take such other action as may be necessary in the opinion of the Company to satisfy all obligations for the payment of such withholding and taxes.

(ii) Without limiting the generality of clause (i) above, the Committee may, in its sole discretion, permit a Participant to satisfy, in whole or in part, the foregoing withholding liability (but no more than the minimum required withholding liability) by (A) the delivery of Mature Shares owned by the Participant having a Fair Market Value equal to such withholding liability or (B) having the Company withhold from the number of shares of Stock otherwise issuable pursuant to the exercise or settlement of the Award a number of shares with a Fair Market Value equal to such withholding liability.

(e) Claim to Awards and Employment Rights. No employee of the Company or an Affiliate, or other person, shall have any claim or right to be granted an Award under the Plan or, having been selected for the grant of an Award, to be selected for a grant of any other Award. Neither the Plan nor any action taken hereunder shall be construed as giving any Participant any right to be retained in the employ or service of the Company or an Affiliate.

(f) Designation and Change of Beneficiary. Each Participant may file with the Committee a written designation of one or more persons as the beneficiary who shall be entitled to receive the amounts payable with respect to an Award, if any, due under the Plan upon his death. A Participant may, from time to time, revoke or change his beneficiary designation without the consent of any prior beneficiary by filing a new designation with the Committee. The last such designation received by

the Committee shall be controlling; provided, however, that no designation, or change or revocation thereof, shall be effective unless received by the Committee prior to the Participant's death, and in no event shall it be effective as of a date prior to such receipt. If no beneficiary designation is filed by a Participant, the beneficiary shall be deemed to be his or her spouse or, if the Participant is unmarried at the time of death, his or her estate.

(g) **Payments to Persons Other Than Participants.** If the Committee shall find that any person to whom any amount is payable under the Plan is unable to care for his affairs because of illness or accident, or is a minor, or has died, then any payment due to such person or his estate (unless a prior claim therefor has been made by a duly appointed legal representative) may, if the Committee so directs the Company, be paid to his spouse, child, relative, an institution maintaining or having custody of such person, or any other person deemed by the Committee to be a proper recipient on behalf of such person otherwise entitled to payment. Any such payment shall be a complete discharge of the liability of the Committee and the Company therefor.

(h) **No Liability of Committee Members.** No member of the Committee shall be personally liable by reason of any contract or other instrument executed by such member or on his behalf in his capacity as a member of the Committee nor for any mistake of judgment made in good faith, and the Company shall indemnify and hold harmless each member of the Committee and each other employee, officer or director of the Company to whom any duty or power relating to the administration or interpretation of the Plan may be allocated or delegated, against any cost or expense (including counsel fees) or liability (including any sum paid in settlement of a claim) arising out of any act or omission to act in connection with the Plan unless arising out of such person's own fraud or willful bad faith; provided, however, that approval of the Board shall be required for the payment of any amount in settlement of a claim against any such person. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's Articles of Incorporation or By-Laws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

(i) **Governing Law.** The Plan shall be governed by and construed in accordance with the internal laws of the State of Delaware applicable to contracts made and performed wholly within the State of Delaware.

(j) **Funding.** No provision of the Plan shall require the Company, for the purpose of satisfying any obligations under the Plan, to purchase assets or place any assets in a trust or other entity to which contributions are made or otherwise to segregate any assets, nor shall the Company maintain separate bank accounts, books, records or other evidence of the existence of a segregated or separately maintained or administered fund for such purposes. Participants shall have no rights under the Plan other than as unsecured general creditors of the Company, except that insofar as they may have become entitled to payment of additional compensation by performance of services, they shall have the same rights as other employees under general law.

(k) Nontransferability.

(i) Each Award shall be exercisable only by a Participant during the Participant's lifetime, or, if permissible under applicable law, by the Participant's legal guardian or representative. No Award may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by a Participant other than by will or by the laws of descent and distribution and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company or an Affiliate; provided that the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance.

(ii) Notwithstanding the foregoing, the Committee may, in its sole discretion, permit Awards other than Incentive Stock Options to be transferred by a Participant, without consideration, subject to such rules as the Committee may adopt consistent with any applicable Award agreement to preserve the purposes of the Plan, to:

- (A) any person who is a "family member" of the Participant, as such term is used in the instructions to Form S-8 (collectively, the "Immediate Family Members");
- (B) a trust solely for the benefit of the Participant and his or her Immediate Family Members;
- (C) a partnership or limited liability company whose only partners or shareholders are the Participant and his or her Immediate Family Members; or
- (D) any other transferee as may be approved either (a) by the Board or the Committee in its sole discretion, or (b) as provided in the applicable Award agreement;

(each transferee described in clauses (A), (B), (C) and (D) above is hereinafter referred to as a "Permitted Transferee"); provided that the Participant gives the Committee advance written notice describing the terms and conditions of the proposed transfer and the Committee notifies the Participant in writing that such a transfer would comply with the requirements of the Plan.

(iii) The terms of any Award transferred in accordance with the immediately preceding sentence shall apply to the Permitted Transferee and any reference in the Plan, or in any applicable Award agreement, to a Participant shall be deemed to refer to the Permitted Transferee, except that (A) Permitted Transferees shall not be entitled to transfer any Award, other than by will or the laws of descent and distribution; (B) Permitted Transferees shall not be entitled to exercise any transferred Option unless there shall be in effect a registration statement on an appropriate form covering the shares of Stock to be acquired pursuant to the exercise of such Option if the Committee determines, consistent

with any applicable Award agreement, that such a registration statement is necessary or appropriate; (C) the Committee or the Company shall not be required to provide any notice to a Permitted Transferee, whether or not such notice is or would otherwise have been required to be given to the Participant under the Plan or otherwise; and (D) the consequences of the termination of the Participant's employment by, or services to, the Company or an Affiliate under the terms of the Plan and the applicable Award agreement shall continue to be applied with respect to the Participant, including, without limitation, that an Option shall be exercisable by the Permitted Transferee only to the extent, and for the periods, specified in the Plan and the applicable Award agreement.

(l) **Reliance on Reports.** Each member of the Committee and each member of the Board shall be fully justified in acting or failing to act, as the case may be, and shall not be liable for having so acted or failed to act in good faith, in reliance upon any report made by the independent public accountant of the Company and its Affiliates and/or any other information furnished in connection with the Plan by any person or persons other than himself.

(m) **Relationship to Other Benefits.** No payment under the Plan shall be taken into account in determining any benefits under any pension, retirement, profit sharing, group insurance or other benefit plan of the Company except as otherwise specifically provided in such other plan.

(n) **Expenses.** The expenses of administering the Plan shall be borne by the Company and Affiliates.

(o) **Pronouns.** Masculine pronouns and other words of masculine gender shall refer to both men and women.

(p) **Titles and Headings.** The titles and headings of the sections in the Plan are for convenience of reference only, and in the event of any conflict, the text of the Plan, rather than such titles or headings shall control.

(q) **Termination of Employment.** Unless an applicable Award agreement provides otherwise, for purposes of the Plan a person who transfers from employment or service with the Company to employment or service with an Affiliate or vice versa shall not be deemed to have terminated employment or service with the Company or an Affiliate.

(r) **Severability.** If any provision of the Plan or any Award agreement is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, person or Award and the remainder of the Plan and any such Award shall remain in full force and effect.

(s) **Compliance with Applicable Law.** Notwithstanding any provision in the Plan to the contrary, the Committee reserves the right to add any additional terms or provisions to any Award granted under the Plan that it in its sole discretion deems necessary or advisable in order that such Award (i) complies with the legal requirements of any governmental entity to whose jurisdiction the Award is subject and (ii) does not result in unintended adverse tax consequences to the Company or Participants.

(t) **409A of the Code.** Notwithstanding other provisions of the Plan or any Award agreements thereunder, no Award shall be granted, deferred, accelerated, extended, paid out or modified under this Plan in a manner that would result in the imposition of an additional tax under Section 409A of the Code upon a Participant. In the event that it is reasonably determined by the Committee that, as a result of Section 409A of the Code, payments in respect of any Award under the Plan may not be made at the time contemplated by the terms of the Plan or the relevant Award agreement, as the case may be, without causing the Participant holding such Award to be subject to taxation under Section 409A of the Code, the Company will make such payment on the first day that would not result in the Participant incurring any tax liability under Section 409A of the Code.

13. Changes in Capital Structure

Awards granted under the Plan and any agreements evidencing such Awards, the maximum number of shares of Stock subject to all Awards stated in Section 5(a) and the maximum number of shares of Stock with respect to which any one person may be granted Awards during any period stated in Sections 5(d) or 11(d)(vi) shall be subject to adjustment or substitution, as determined by the Committee in its sole discretion, as to the number, price or kind of a share of Stock or other consideration subject to such Awards or as otherwise determined by the Committee to be equitable (i) in the event of changes in the outstanding Stock or in the capital structure of the Company by reason of stock or extraordinary cash dividends, stock splits, reverse stock splits, recapitalization, reorganizations, mergers, consolidations, combinations, exchanges, or other relevant changes in capitalization occurring after the Date of Grant of any such Award or (ii) in the event of any change in applicable laws or any change in circumstances which results in or would result in any substantial dilution or enlargement of the rights granted to, or available for, Participants, or which otherwise warrants equitable adjustment because it interferes with the intended operation of the Plan. Any adjustment in Incentive Stock Options under this Section 13 shall be made only to the extent not constituting a “modification” within the meaning of Section 424(h)(3) of the Code, and any adjustments under this Section 13 shall be made in a manner which does not adversely affect the exemption provided pursuant to Rule 16b-3 under the Exchange Act. Further, with respect to Awards intended to qualify as “performance-based compensation” under Section 162(m) of the Code, such adjustments or substitutions shall

be made only to the extent that the Committee determines that such adjustments or substitutions may be made without causing the Company to be denied a tax deduction on account of Section 162(m) of the Code. The Company shall give each Participant notice of an adjustment hereunder and, upon notice, such adjustment shall be conclusive and binding for all purposes.

Notwithstanding the above, in the event of any of the following:

A. The Company is merged or consolidated with another corporation or entity and, in connection therewith, consideration is received by shareholders of the Company in a form other than stock or other equity interests of the surviving entity;

B. All or substantially all of the assets of the Company are acquired by another person;

C. The reorganization or liquidation of the Company; or

D. The Company shall enter into a written agreement to undergo an event described in clauses A, B or C above,

then the Committee may, in its discretion and upon at least 10 days advance notice to the affected persons, cancel any outstanding Awards and cause the holders thereof to be paid, in cash or stock, or any combination thereof, the value of such Awards based upon the price per share of Stock received or to be received by other shareholders of the Company in the event. The terms of this Section 13 may be varied by the Committee in any particular Award agreement.

14. Effect of Change in Control

(a) Except to the extent provided in a particular Award agreement:

(i) In the event of a Participant's termination of employment without Cause or voluntary termination for Good Reason, if applicable, in either case following a Change in Control, notwithstanding any provision of the Plan to the contrary, all Options and SARs awarded to such Participant shall become exercisable with respect to 100 percent of the shares subject to such Option or SAR, and the Restricted Period shall expire with respect to 100 percent of such shares of Restricted Stock or Restricted Stock Units (including a waiver of any applicable Performance Goals). Notwithstanding the foregoing, the Committee may, upon a Change in Control and in its sole discretion, make any Options and SARs immediately exercisable, and may cause the Restricted Period to expire with respect to any Shares of Restricted Stock or Restricted Stock Units.

(ii) In the event of a Change in Control, all incomplete Performance Periods in effect on the date the Change in Control occurs shall end on the date of such change, and the Committee shall (A) determine the extent to which Performance Goals with respect to each such Award Period have been met based

upon such audited or unaudited financial information then available as it deems relevant, (B) cause to be paid to each Participant partial or full Awards with respect to Performance Goals for each such Award Period based upon the Committee's determination of the degree of attainment of Performance Goals which Awards may be adjusted, at the discretion of the Committee, to reflect the portion of the Award Period occurring before such Change in Control, and (C) cause all previously deferred Awards to be settled in full as soon as possible, provided, however, that any such payment does not result in acceleration of taxability of an Award prior to receipt, or tax penalties, under Section 409A of the Code.

(b) In addition, in the event of a Change in Control, the Committee may in its discretion and upon at least 10 days' advance notice to the affected persons, cancel any outstanding Awards and pay to the holders thereof, in cash or stock, or any combination thereof, the value of such Awards based upon the price per share of Stock received or to be received by other shareholders of the Company in the event.

(c) The obligations of the Company under the Plan shall be binding upon any successor corporation or organization resulting from the merger, consolidation or other reorganization of the Company, or upon any successor corporation or organization succeeding to substantially all of the assets and business of the Company. The Company agrees that it will make appropriate provisions for the preservation of Participants' rights under the Plan in any agreement or plan which it may enter into or adopt to effect any such merger, consolidation, reorganization or transfer of assets.

15. Nonexclusivity of the Plan

Neither the adoption of this Plan by the Board nor the submission of this Plan to the stockholders of the Company for approval shall be construed as creating any limitations on the power of the Board to adopt such other incentive arrangements as it may deem desirable, including, without limitation, the granting of stock options otherwise than under this Plan, and such arrangements may be either applicable generally or only in specific cases.

16. Amendments and Termination

(a) **Amendment and Termination of the Plan.** The Board may amend, alter, suspend, discontinue, or terminate the Plan or any portion thereof at any time; provided, that no such amendment, alteration, suspension, discontinuation or termination shall be made without shareholder approval if such approval is necessary to comply with any tax or regulatory requirement applicable to the Plan (including as necessary to comply with any applicable stock exchange listing requirement or to prevent the Company from being denied a tax deduction on account of Section 162(m) of the Code); and provided, further, that any such amendment, alteration, suspension, discontinuance or termination that would materially impair the rights of any Participant or any holder or beneficiary of any Award theretofore granted shall not to that extent be effective without the consent of the affected Participant, holder or beneficiary. The expiration date of the Plan is the tenth anniversary of the Effective Date, as described in Section 3 of the Plan.

(b) Amendment of Award Agreements. The Committee may, to the extent consistent with the terms of any applicable Award agreement, waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate, any Award theretofore granted or the associated Award agreement, prospectively or retroactively; provided that any such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination that would materially impair the rights of any Participant or any holder or beneficiary of any Award theretofore granted shall not to that extent be effective without the consent of the affected Participant, holder or beneficiary; and provided, further, that, without stockholder approval, (i) no amendment or modification may reduce the Option Price of any Option or the Strike Price of any SAR, (ii) the Committee may not cancel any outstanding Option or SAR and replace it with a new Option or SAR (with a lower Option Price or Strike Price, as the case may be) in a manner which would either (A) be reportable on the Company's proxy statement as Options which have been "repriced" (as such term is used in Item 402 of Regulation S-K promulgated under the Exchange Act), or (B) result in any "repricing" for financial statement reporting purposes and (iii) the Committee may not take any other action which is considered a "repricing" for purposes of the shareholder approval rules of any applicable stock exchange.

(c) Section 162(m) Approval

If so determined by the Committee, (i) the Plan shall be approved by the stockholders of the Company no later than the first meeting of stockholders at which directors are to be elected that occurs after the close of the third calendar year following the calendar year in which the Company's initial public offering occurs, and (ii) the provisions of the Plan regarding Performance Compensation Awards shall be disclosed and reapproved by stockholders of the Company no later than the first stockholder meeting that occurs in the fifth year following the year that stockholders previously approved such provisions following the Company's initial public offering, in each case in order for certain Awards granted after such time to be exempt from the deduction limitations of Section 162(m) of the Code. Nothing in this Section 16(c), however, shall affect the validity of Awards granted after such time if such stockholder approval has not been obtained.