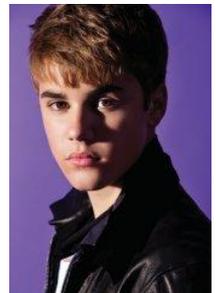
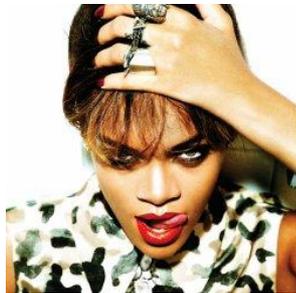




Universal Music Group

INVESTOR MEETING NOVEMBER 2011





UNIVERSAL MUSIC GROUP

Lucian Grainge, CBE
Chairman and CEO

Boyd Muir
Executive Vice President and CFO

World's Leading Music Entertainment Company



UNIVERSAL MUSIC GROUP



UNIVERSAL MUSIC
PUBLISHING GROUP



Operating Results 2010

Revenue	€4.4 billion
EBITA	€471 million
Margin	11%
Cash Flow	€470 million

Recorded Music

Finding, developing and retaining recording artists and marketing and promoting their recorded music in all formats and platforms

Music Publishing

Finding, developing and retaining songwriters and owning and administering copyrights to musical compositions for use in recordings, public performances and related uses, such as films and advertisements

Merchandising

Production and sale of artist and other branded products via multiple sales points including fashion retail, concert touring and the Internet.

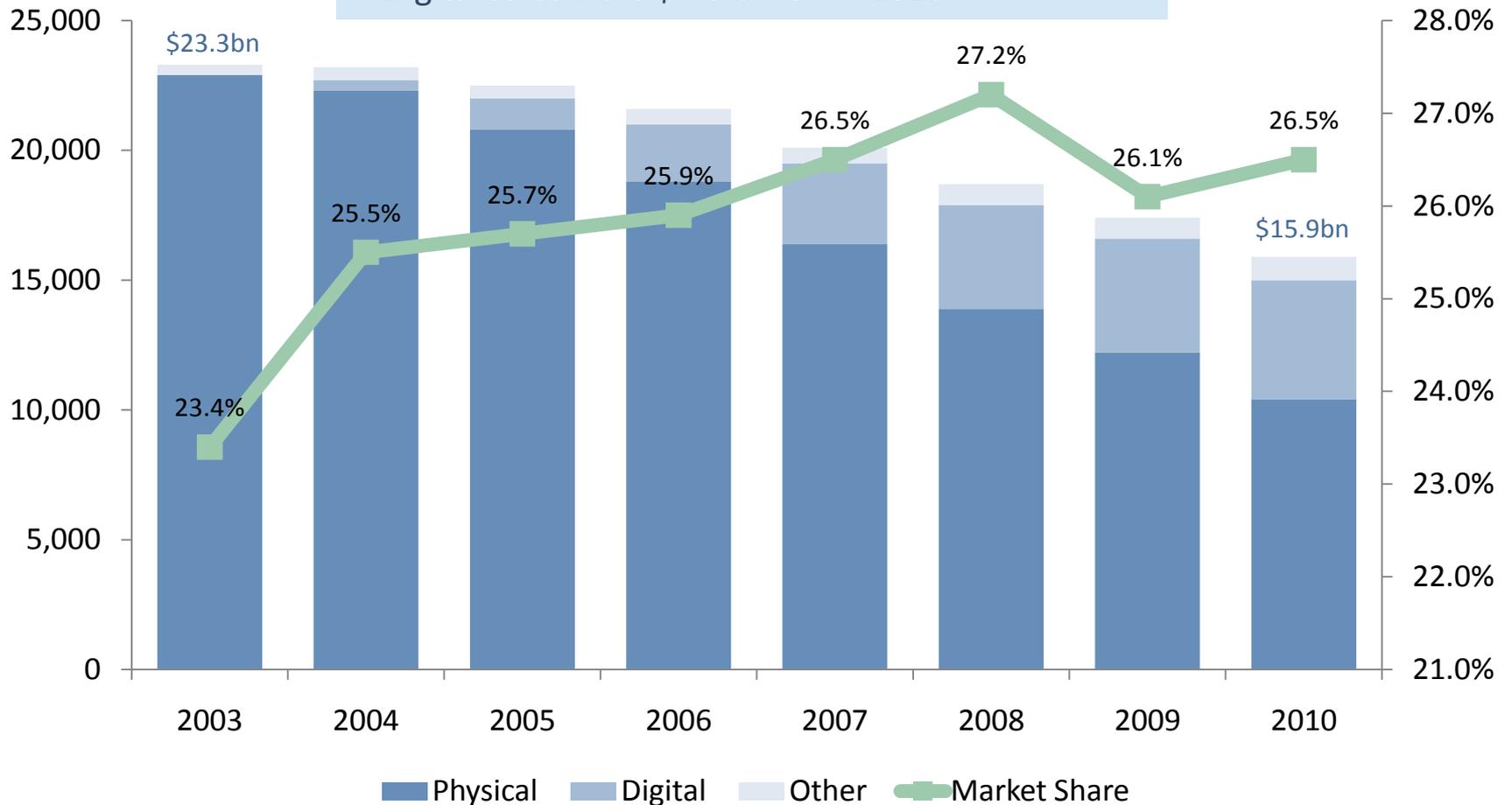
Market Dynamics: Recorded Music

Global music market of \$15.9 billion has declined 32% versus 2003

- Physical sales have declined 55%
- Digital sales were \$4.6 billion in 2010

UMG Recorded Music
Global Market Share

Global Recorded Music Sales
US\$ Million – Trade Value

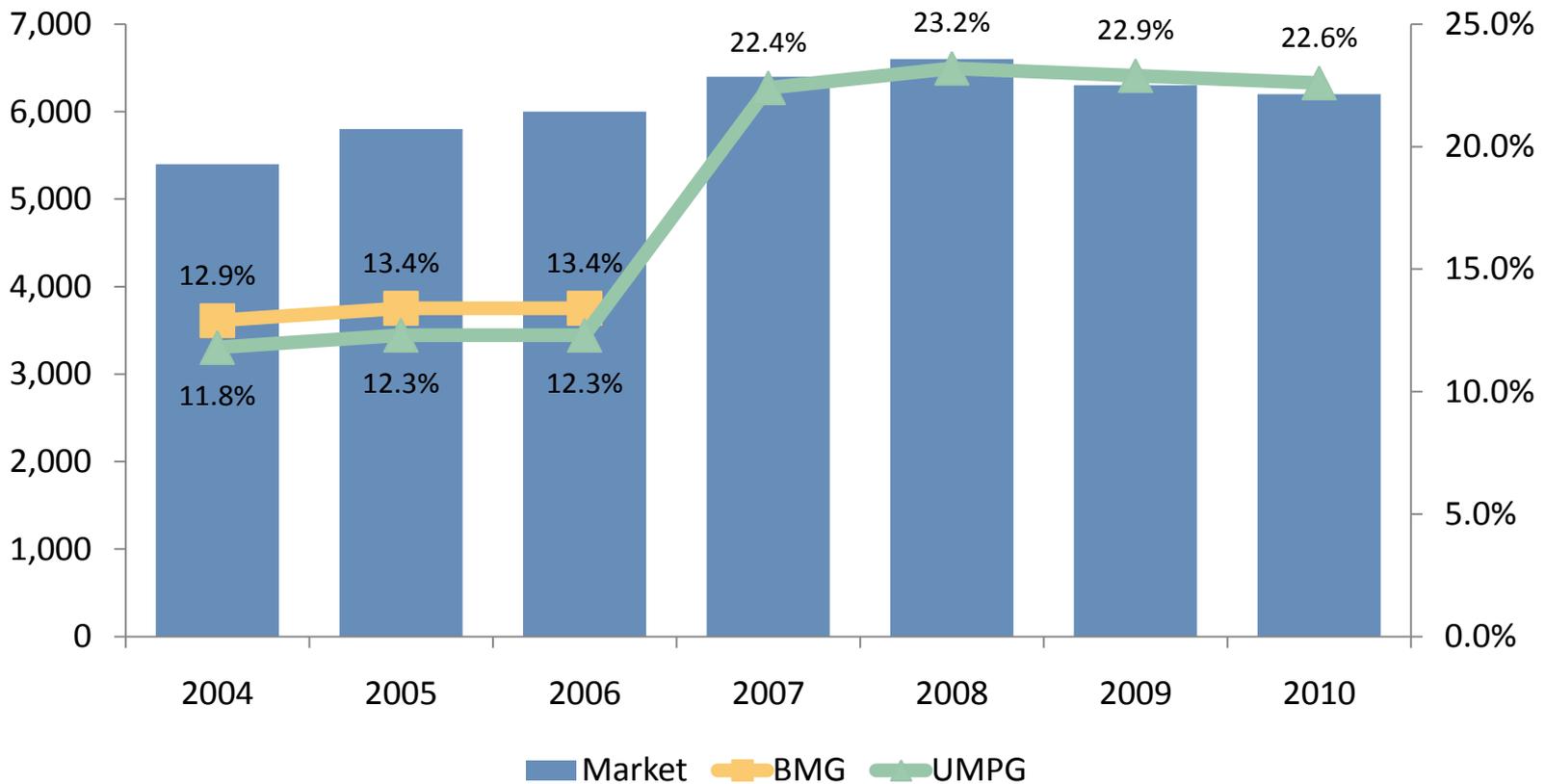


Market Dynamics: Music Publishing

Global music publishing market of \$6.1 billion has fallen 8% from its peak in 2008 reflecting the decline in the recorded music sector and tightening advertising spend during the global recession

Universal Music Publishing Group
Global Market Share

Global Music Publishing Income
US\$ Million

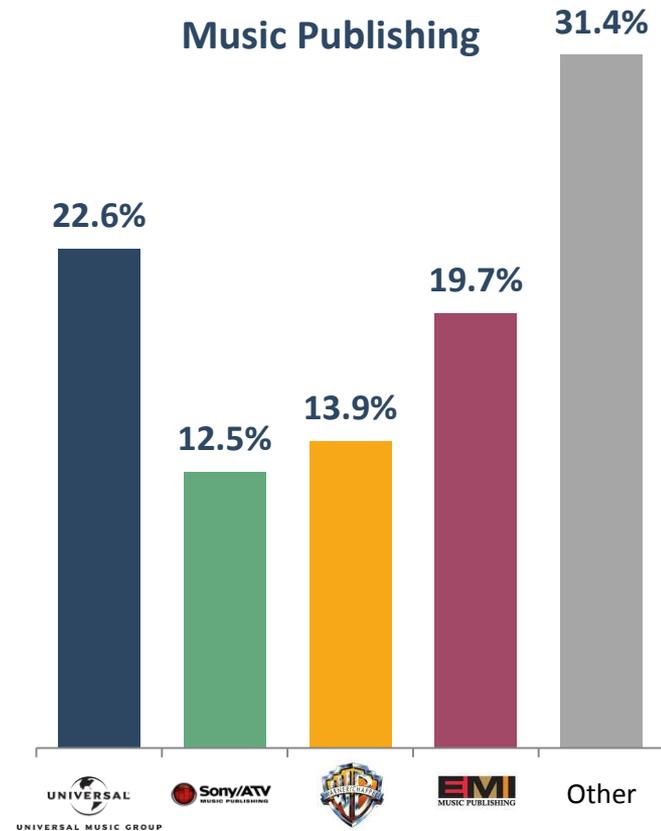
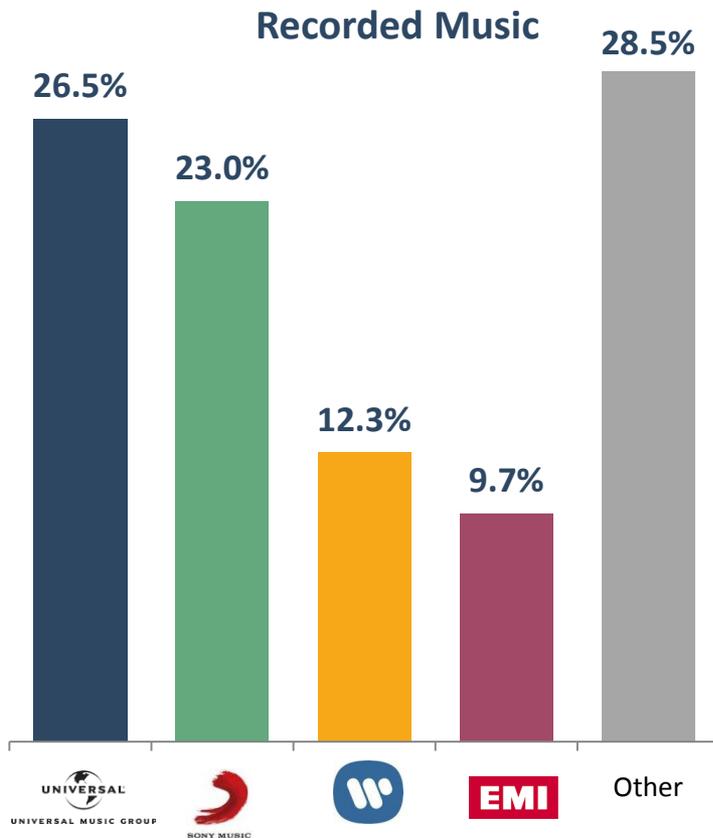


Note: UMPG acquired BMG Music Publishing in 2007. Certain asset disposals were mandated from the combined catalogs in order to receive regulatory approval.

Source: Market Data – Enders - Note market includes certain income paid directly to writers
Market Share Data - Music & Copyright, Enders (2006), UMG estimate (2007)

Market Dynamics: Competitive Landscape

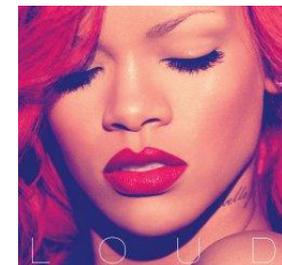
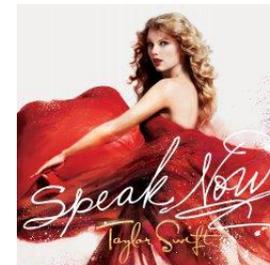
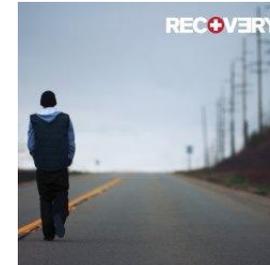
UMG is the leading music content company in the world with market leading positions in both Recorded Music and Music Publishing



Market Dynamics: UMG's Roster Strength

Global Top 10 Albums 2010

	Artist	Album
1)	Eminem	Recovery
2)	Lady Gaga	The Fame Monster
3)	Susan Boyle	The Gift
4)	Taylor Swift	Speak Now
5)	Lady Antebellum	Need You Now
6)	Michael Jackson	Michael
7)	Rihanna	Loud
8)	Justin Bieber	My World
9)	Justin Bieber	My Worlds 2.0
10)	Take That	Progress





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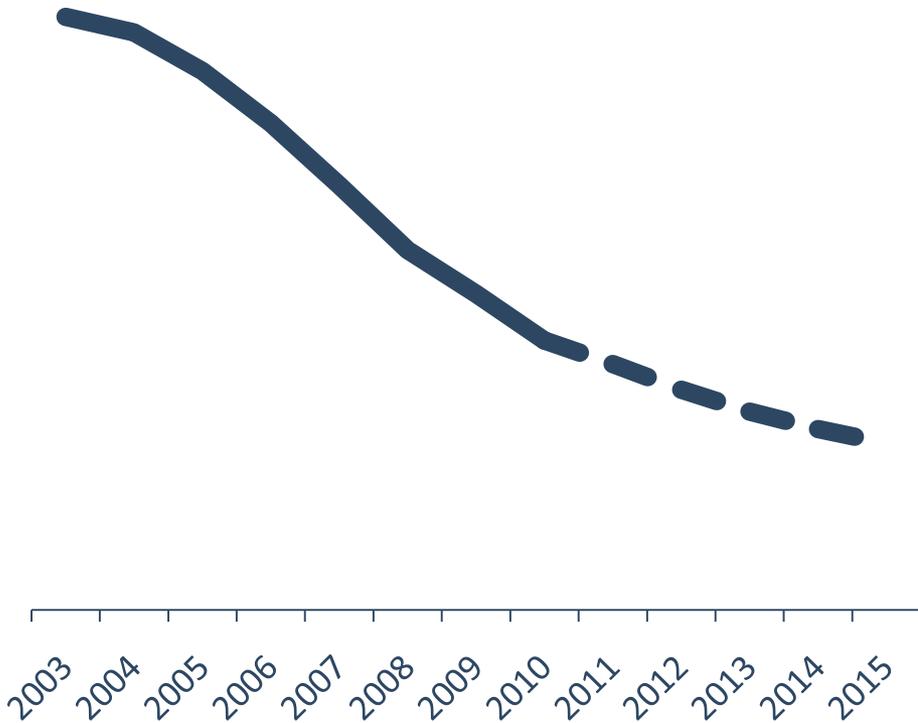
What concerns the financial community about the music industry

UMG wants to change the financial markets outlook on music and UMG

Key Concerns: Declining Physical Sales

Rate of decline decelerating

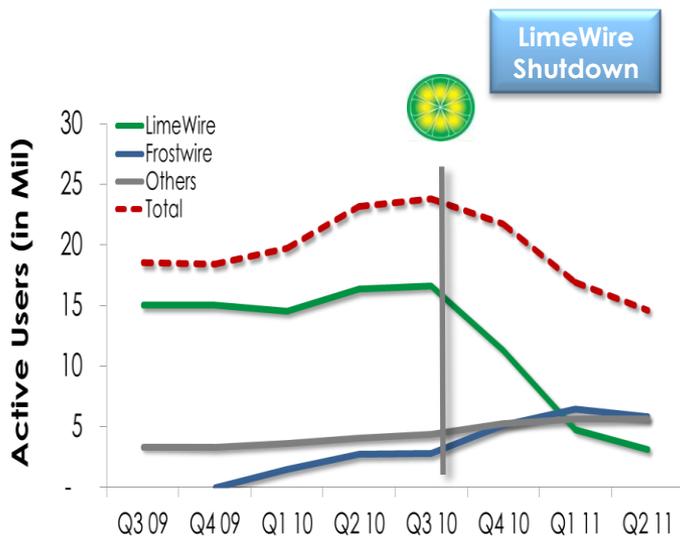
US\$ billions



- **Physical sales continue to decline but at a slower rate.**
 - 2010 -14%
 - 2011 1H -7%
- **Physical sales are proving resilient in several markets.**
 - Japan: 73% of sales are physical
 - Germany: 81% of sales are physical
- **CD sales in the U.S. have only declined 4% YTD** (Source: SoundScan)

Key Concerns: Piracy

Piracy continues to negatively impact the industry, but there is a growing recognition amongst policymakers that legislation is required to ensure that intellectual property rights are protected.



Source: IFPI/Nielsen

- A growing number of countries are adopting new laws or programs aimed at curbing online piracy.
- Graduated response systems and website blocking seem to be having an impact on P2P usage.
- While some consumers will move to other pirate services there are indications that some consumers are moving to legal services like Spotify.

Key Concerns: Unbundling of Albums

Cherry picking of tracks for \$0.99/\$1.29 was seen as a key trend of the physical to digital transition reducing the need to purchase full albums for \$9.99 but there are now signs that digital albums will have an important role in the market

- As more music is consumed digitally we are seeing a growing market for digital albums.
- In the United States digital album sales growth has offset the decline in CD sales. The UK market is close.
- Digital has created a massive singles market that was thought lost.



Units Millions	Q3 YTD 2010	Q3 YTD 2011	% Change
CD	157	152	-3.6%
Digital Album	62	74	+19.8%
Digital Track	860	952	+10.6%

Source: SoundScan



Units Millions	Q3 YTD 2010	Q3 YTD 2011	% Change
CD	61	54	-12.5%
Digital Album	12	16	+39.3%
Digital Track	105	120	+14.2%

Source: OCC

Key Concerns: Ownership to Access

Challenge is to get subscription services more widely adopted by the consumer



- **Ad-supported digital music services have proven to be unsustainable but a useful tool to migrate consumers away from pirates.**
- **Free music (e.g. YouTube, Facebook) is an impediment to the development of a pay model.**
- **UMG encourages the adoption of subscription services as a superior consumer alternative to piracy and as a stable recurring revenue source.**
- **Cloud and other access based models (e.g. locker services) should make the customer offering more compelling.**

facebook



Spotify

Rhapsody

Key Concerns: Challenging Retail Landscape

Physical retail faces numerous challenges while digital retail continues to be dominated by Apple's iTunes store



- A key driver behind the decline in CD sales has been the loss of retail outlets and the reduction in shelf space dedicated to music.
- Entertainment retailers also are facing the decline in DVD demand and price competition from supermarket and online retailers.
- The industry is facing the combined challenge in the physical sector of declining SKU's, a demand for deeper discounts and the modification of trading terms.
- Apple's iTunes is likely to dominate the digital retail landscape for the foreseeable future
- New market entrants such as Spotify and Deezer are broadening the digital retail market place.

Key Concerns: Music Publishing



- The Music publishing sector has declined since its peak in 2008, caused by falling revenues from record sales and licensing disputes that have limited growth from digital.
- According to Enders Analysis, music publishing could return to growth in 2012.

2012	2013	2014	2015
+0.7%	+1.8%	+2.1%	+2.1%

(Source - Enders Analysis)

- Growth from performance and synchronization has compensated for some of the decline from mechanical, recorded music revenues.



Business Transformation

Create a global music entertainment company, focused on industry leadership, maximizing our revenues from our investment in creativity and fully leveraging all our strengths and assets.

- **Aligning our cost base to reflect the reality of the market place.**
- **Accelerate the development of new “music” business.**
- **Maintain our investment in creativity – A&R success and talent discovery are at the core of everything we do.**
- **Protect our market leadership position and rights.**

Business Transformation

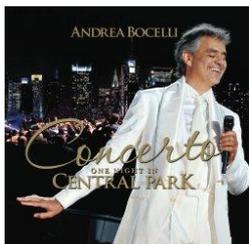
We have undertaken a comprehensive restructuring of our operations which will result in savings of €100 million per annum. All the steps necessary to deliver these savings have been taken and will be fully implemented in 2012.

- **US label reorganization**
- **Corporate centers**
- **Country transformation**
- **IT outsourcing**
- **Overhaul distribution and “non-creative” costs**

We are in constant pursuit of efficiencies and savings

New Growth Opportunities: Music

A&R success and talent discovery are at the heart of everything that we do.



- #1 destination for artists
- Fresh executive talent in A&R
- Adult contemporary
- Revitalize Motown
- Country music
- Global exploitation of English language repertoire
- TV platforms



New Growth Opportunities: Diversification

UMG is at the centre of artist activity and not just on the periphery of the business as an audio distributor.



VEVO: #1 Music Video Site for original artist content



Strategic Marketing Partnerships (SMPs):



Qatar Telecom (MENA) HP (Brazil) AMEX (US) Reliance (India)



Diversified Business:



Bravado, Beats By Dre, Universal Music Publishing Group



Broader media involvement:



The Voice, American Idol

New Growth Opportunities: Emerging Markets

New business models enable us to establish a presence in emerging markets

- Previous hurdles of vast geographies making physical distribution untenable and a lack of respect for intellectual copyright made monetization a major challenge.
- We will increase our presence and resources in markets such as Russia, China, India, Indonesia, Vietnam and MENA.
- Currently there is a disconnect between social media and monetization (Indonesia is now the second largest Facebook community in the world).
- UMG aligned with Vivendi's expansion into emerging markets e.g. Maroc Telecom (UMG Mobile Music Service – Sub Saharan) and GVT (Power Music Club – Brazil).

A NEW AUDIENCE



NEW DEVICES: PENETRATION AND GROWTH



SOCIAL MEDIA: GROWTH



New Growth Opportunities: Consumer Focus

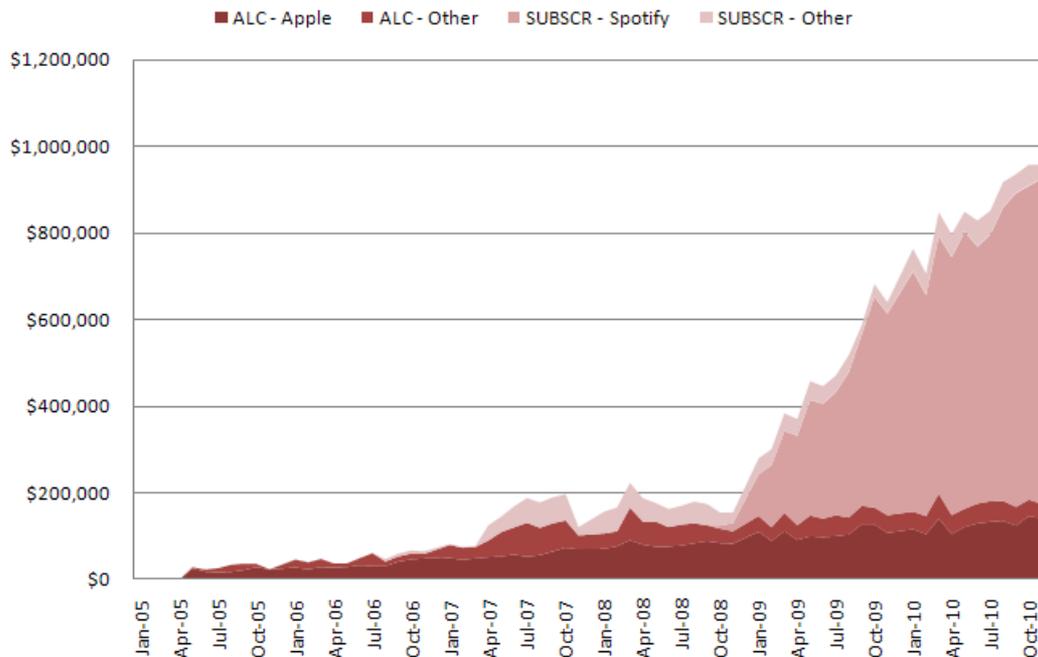
The creation of brands remains at the heart of our creative process but we are now putting consumers at the heart of our commercial process.

- **Leverage our CRM and develop a closer relationship with the consumer.**
- **Use music to assist global brands to access consumer groups.**
- **By deepening our understanding of consumer demand, we can maximize average revenue per consumer for each and every artist.**

New Growth Opportunities: Subscription

While subscription services still only represent a small portion of the global digital music market, Sweden provides an illustration of the potential.

Sweden Digital Revenues



- In Sweden, 1 out of 2 people under the age of 35 listen to Spotify and 22% of the overall population use the service.
- Digital represented 28% of the Swedish music market in 2010 (France 17%, Germany 13%).
- UMG encourages the adoption of subscription services as a superior consumer alternative to piracy and as a stable recurring revenue source.

New Growth Opportunities: New Business Models

Return on our creative investment



- Strategic global and localized marketing partnerships
- Expanding merchandise operations into the retail sector
- Building brands with artists at the centre



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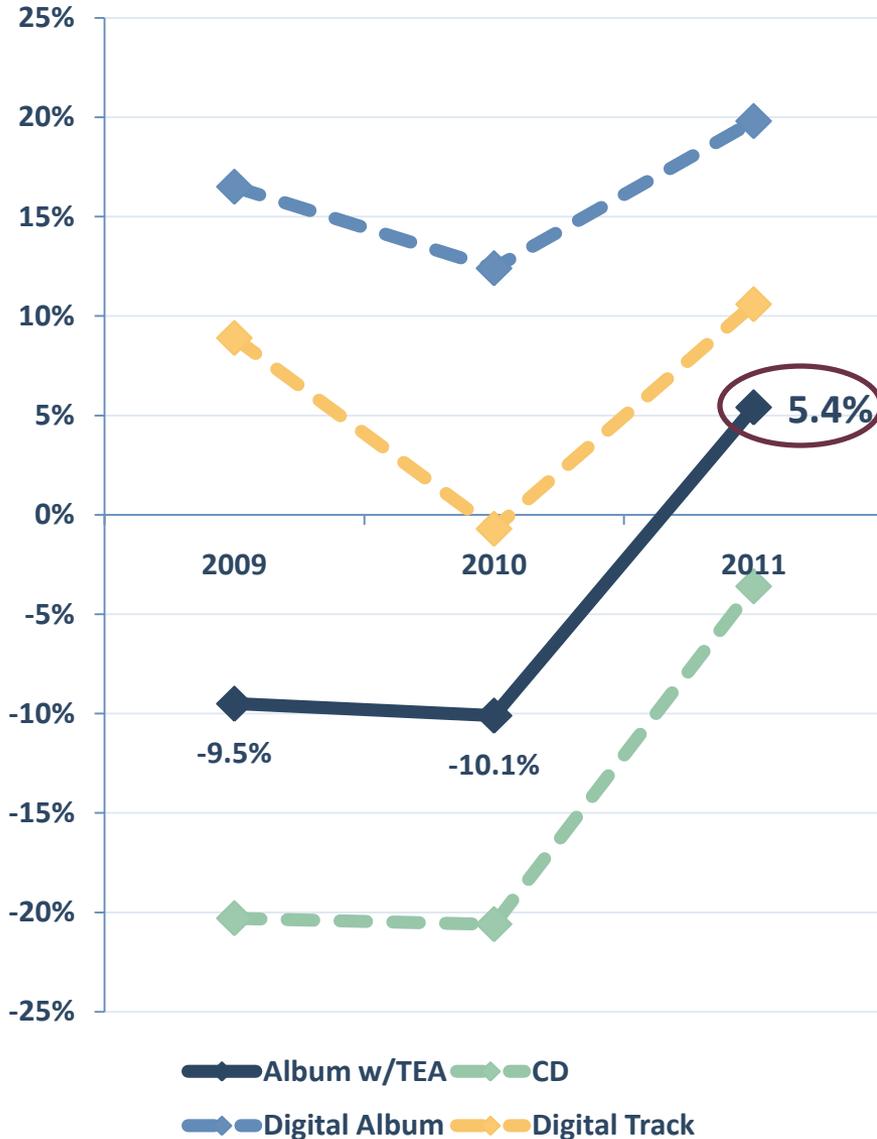
HIGHLIGHTS

Q3 YTD 2011

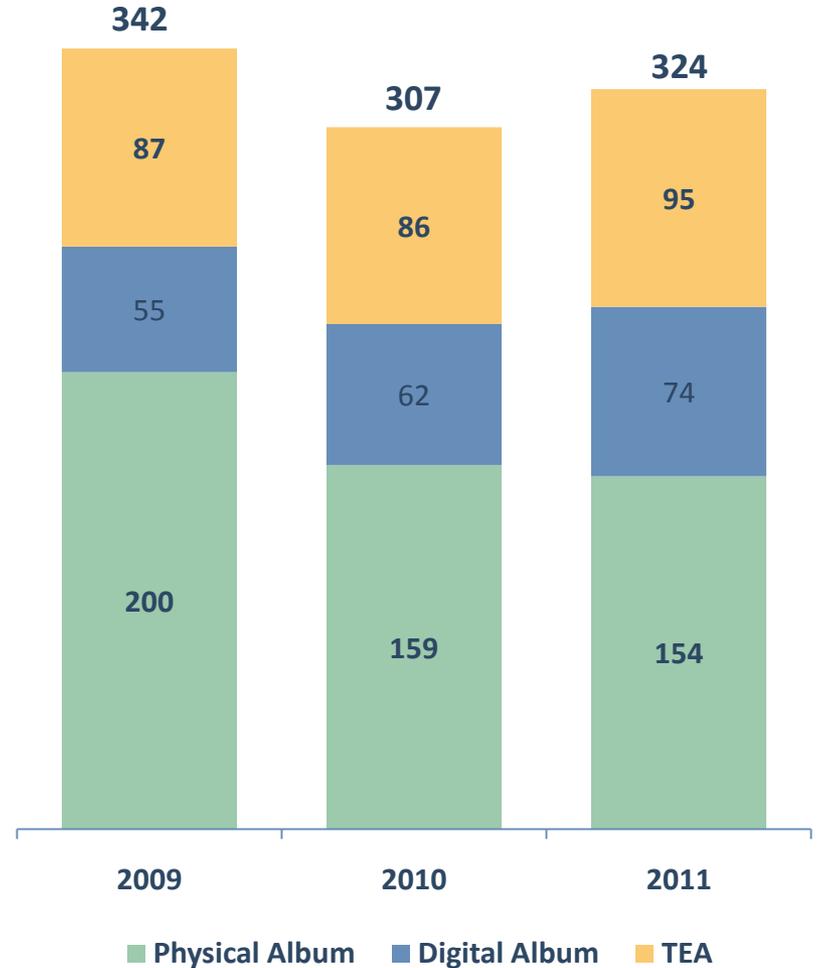
Highlights

- **Recorded music market conditions remain challenging but the US music market has grown 1.1% in value in 2011 Q3 YTD (Source RIAA) .**
- **UMG recorded music market share has remained steady bolstered by increases in Japan, France and Australia where success with domestic artists is complimenting sales of international repertoire led by Lady Gaga.**
- **UMG's business transformation initiative is complete.**

Highlights: US Market



Album Sales Units

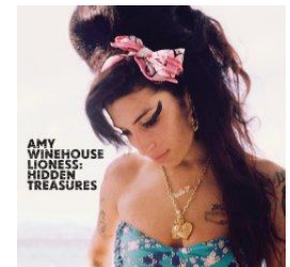
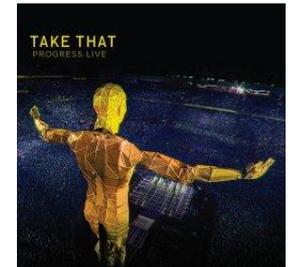
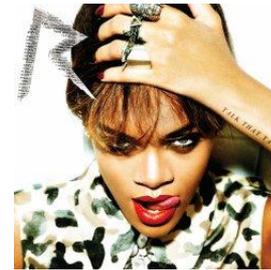


2011 Outlook

Double digit EBITA margin, despite restructuring charges

Upcoming 2011 Releases

Amy Winehouse	Mary J Blige
Andrea Bocelli	Mylene Farmer
Drake	Rihanna
Florence & the Machine	Roberto Alagna
Justin Bieber	Snow Patrol
Lady Gaga	Taylor Swift
Louise Attaque	Take That





Universal Music Group

UNIVERSAL MUSIC GROUP TO ACQUIRE EMI RECORDED MUSIC

UMG agrees to purchase EMI Recorded Music for £1.2 billion at a likely inflexion point in the music industry cycle

- **Acquire a tremendous catalogue and superstar acts, complementary to UMG in genres and geographies**
- **Attractive valuation with significant synergy potential**
 - **EBITDA multiple of 7x and below 5x post full synergies in excess of £100 million per annum**
- **Very accretive to UMG EBITA margin rate due to broader asset base and synergies**
- **Accretive to earnings in year one* and ROCE to exceed WACC at year 3**
- **Expects to maintain BBB rating. UMG will dispose of non-core assets totaling €500 million in value to partially fund transaction**

Aligned with Vivendi's strategy of investing in premium content with compelling financial returns

* Before expected restructuring costs

Transaction Price

- **Enterprise value of £1.2 billion**
- **7x EBITDA*, and less than 5x EBITDA* post full synergies of over £100 million per annum**
 - **Valuation is DCF-based with a 9.5% WACC, a 0% perpetual growth rate, and applying a 35% tax rate**
 - **Multiple is below assumed price paid for Warner Music Group's recorded music business in May 2011, a transaction which did not generate any synergies**

Conservative earnings prospects do not take into account inflexion point currently seen in certain recorded music markets including the U.S.

* EMI fiscal year ending March 31, 2011

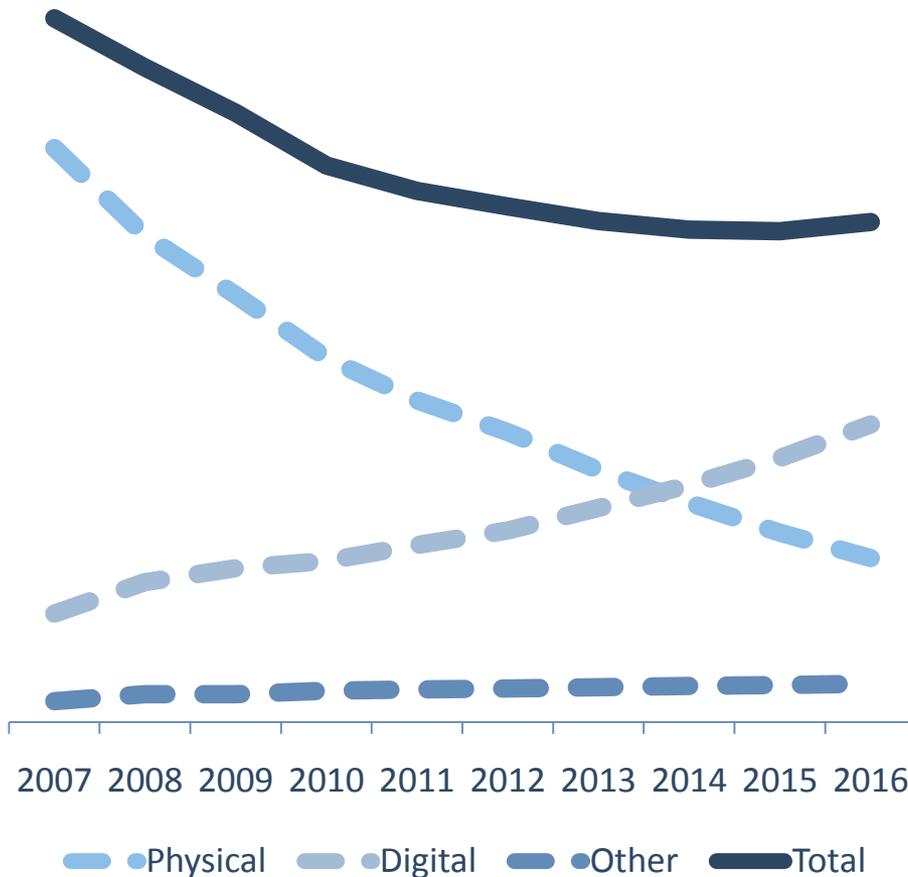


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SUMMARY

The Future

The recorded music market is approaching its inflection point

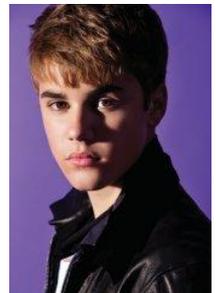
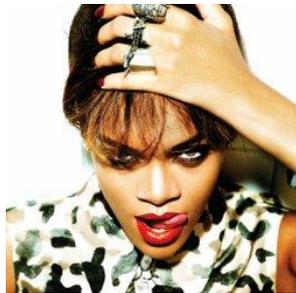


- **UMG is best positioned to maximize the benefit from the evolving music market.**
- **The balance of creativity and control are expected to deliver EBITA margins of 15% within 5 years.**



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