Universal Music Group

Overview

June 2008

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• UMG is the largest music content company in the world
• It is comprised of two core businesses
  – **Recorded Music:** acquiring, marketing and distributing recorded music through a network of subsidiaries, joint ventures and licensees in 77 countries
  – **Music Publishing:** acquiring and exploiting rights to musical compositions (as opposed to recordings) in order to license them for use in recording and related uses, such as films, advertisements or live performances
• Expanded into music related businesses such as merchandising and artist management following the acquisition of the assets of the Sanctuary Group PLC in 2007
World’s Largest Music Content Company

UMG is the market leader in recorded music and music publishing

**Recorded Music Market Share CY2007**
- Indies 25.8%
- UMG 28.8%
- WMG 14.4%
- Sony-BMG 20.1%
- EMI 10.9%

**Music Publishing Market Share CY2007**
- Indies 30.4%
- UMG 22.2%
- Sony-ATV 11.6%
- Warner Chappell 16.0%
- EMI 19.8%

Source: Music & Copyright
Key to UMG’s Success

Deep pool of management talent and the ability to attract the best industry professionals when necessary

Size and strength in marketing and distribution. Large catalog of prior hits

Diverse array of labels in the major markets. Local representation across the globe

Forefront of new business initiatives in digital and mobile sectors

Leader in development of a new business model that extracts revenue from all aspects of music exploitation

Acquisition of BMG Music Publishing created the world’s largest music publishing company
UMG Highlights

Global Recorded Music Market

- Market Decline 26%
- UMG Decline 7%

UMG Recorded Music Market Share

UMG EBITDA Margins

UMG Key Territory

Recorded Music Market Share 2007

Source: IFPI, SoundScan, OCC, Music & Copyright, UMG
UMG Excels in Finding & Developing Artists

US Market Share

Best Sellers 2008 YTD *

1) Jack Johnson 1,217
2) Mariah Carey 1,025
3) Lil Wayne 1,008
4) Alicia Keys 968
5) Taylor Swift 808
6) Leona Lewis 773
7) Juno OST 770
8) NOW 27 742
9) Usher 689
10) Mary J Blige 669

Total 8,668

Source: SoundScan Overall Album Market Share YTD w.e. 6.15.08

* UMG artists in bold
UMG Excels In Finding & Developing Artists

UK Market Share

Best Sellers 2008 YTD *

1) Duffy 657
2) Amy Winehouse 486
3) Nickelback 378
4) Leona Lewis 343
5) Scouting For Girls 343
6) Adele 330
7) Mika 282
8) Amy MacDonald 278
9) Plant & Krauss 238
10) Michael Buble 234

Total 3,569

Source: The Official Charts Company
Album Unit Market Share May YTD

Note: Amy Winehouse 2008 sales combine regular and
deluxe “Back to Black” releases

* UMG artists in bold
UMG Strategy

- Ensure leadership of the core business during the transition to digital
- Participate in a broader range of music revenue streams
- Maximize profitability through efficient cost management
The Artists are the brands

Actions

- Maintain A&R momentum and success in major markets
- Ensure successful roll out of global acts
- Further participate in artist brands that UMG helps to create by turning their products into hits
- Maximize retail presence
- Continue to innovate on physical sales (e.g., merchandising bundles, "deluxe" editions)
- Consider selective opportunistic acquisitions (e.g., Univision, V2)

Source: UMG
## Shift to Digital

<table>
<thead>
<tr>
<th>Artist</th>
<th>Physical Album Sales</th>
<th>On-line Albums</th>
<th>Audio/Video Full Tracks</th>
<th>Ring-tones</th>
<th>Ring Back Tones</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amy Winehouse</td>
<td>8.4</td>
<td>0.6</td>
<td>4.2</td>
<td>0.9</td>
<td>0.2</td>
</tr>
<tr>
<td>Fergie</td>
<td>6.4</td>
<td>0.2</td>
<td>15.7</td>
<td>8.5</td>
<td>2.1</td>
</tr>
<tr>
<td>Rihanna</td>
<td>5.4</td>
<td>0.2</td>
<td>12.0</td>
<td>5.5</td>
<td>1.7</td>
</tr>
<tr>
<td>Akon</td>
<td>5.3</td>
<td>0.1</td>
<td>10.6</td>
<td>11.8</td>
<td>1.9</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Units (€ '000s)</th>
<th>Physical</th>
<th>Digital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amy Winehouse</td>
<td>(92%)</td>
<td>(8%)</td>
</tr>
<tr>
<td>Fergie</td>
<td>(92%)</td>
<td>(8%)</td>
</tr>
<tr>
<td>Rihanna</td>
<td>(72%)</td>
<td>(28%)</td>
</tr>
<tr>
<td>Akon</td>
<td>(66%)</td>
<td>(34%)</td>
</tr>
</tbody>
</table>

Source: UMG
Grow the digital business and participate in all new business models

Digital will make music accessible everywhere, an opportunity for future growth including emerging markets

<table>
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<tr>
<th>Actions</th>
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</thead>
<tbody>
<tr>
<td>Secure profitability of existing deals</td>
</tr>
<tr>
<td>Sign early strategic partnerships with key players poised for strong growth</td>
</tr>
<tr>
<td>Sign new strategic partnerships to expand in the digital market</td>
</tr>
<tr>
<td>Participate in the new revenue streams created by others in recorded music</td>
</tr>
<tr>
<td>Encourage subscription services</td>
</tr>
<tr>
<td>Cultivate web-based and mobile initiatives</td>
</tr>
<tr>
<td>Streamline and outsource digital supply chain</td>
</tr>
</tbody>
</table>
Music Publishing

Actions

- BMG Music Publishing planned results in line with forecast for 2008
- Successful integration of BMG MP
- A&R roster stabilization
- Savings targets planned to be exceeded
- Increase presence in growing territories (e.g., Asia)
- Accelerating pace of digital deals

Source: UMG
The combined Music Publishing company represents a larger slice of UMG’s revenue and has less reliance on mechanical revenues.
Bravado is the leading global merchandising brand

Actions

- Activate Bravado in all major UMG territories
- Launch joint record/merchandising
- Expand distribution coverage and eliminate "white spaces"
- Enter new channels (fashion/mass)
- Sign merchandising contracts with our artists
- Increase sales through existing channels
- Expand range rights for non-music properties in retail sector (e.g., cartoon, film and TV)

Source: UMG
UMG maintains a double digit EBITA margin, 12.8% in 2007

2008 Guidance:
Slight increase in revenues and EBITA

<table>
<thead>
<tr>
<th></th>
<th>CY 2007</th>
<th>% Change</th>
<th>Q1/2008</th>
<th>% Change</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td>Constant FX</td>
<td></td>
<td>Constant FX</td>
</tr>
<tr>
<td>Physical</td>
<td>3,149</td>
<td>-7.9%</td>
<td>560</td>
<td>-15.2%</td>
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<tr>
<td>Digital</td>
<td>645</td>
<td>50.0%</td>
<td>187</td>
<td>29.8%</td>
</tr>
<tr>
<td>License &amp; Other</td>
<td>459</td>
<td>-12.4%</td>
<td>128</td>
<td>35.0%</td>
</tr>
<tr>
<td>Recorded Music</td>
<td>4,253</td>
<td>-2.6%</td>
<td>874</td>
<td>-2.5%</td>
</tr>
<tr>
<td>Artist Services</td>
<td>66</td>
<td></td>
<td>32</td>
<td></td>
</tr>
<tr>
<td>Music Publishing</td>
<td>589</td>
<td>51.0%</td>
<td>137</td>
<td>72.7%</td>
</tr>
<tr>
<td>Inter-Co Elimination</td>
<td>(38)</td>
<td>(11)</td>
<td></td>
<td></td>
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<tr>
<td>REVENUE</td>
<td>4,870</td>
<td>3.0%</td>
<td>1,033</td>
<td>6.8%</td>
</tr>
<tr>
<td>Recorded Music</td>
<td>573</td>
<td>-14.6%</td>
<td>86</td>
<td>102.0%</td>
</tr>
<tr>
<td>Artist Services</td>
<td>3</td>
<td>(2)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Music Publishing</td>
<td>159</td>
<td>46.8%</td>
<td>49</td>
<td>153.9%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>735</td>
<td>-5.8%</td>
<td>133</td>
<td>115.0%</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(46)</td>
<td>7.9%</td>
<td>(11)</td>
<td>-4.2%</td>
</tr>
<tr>
<td>Restructuring</td>
<td>(67)</td>
<td>x 4</td>
<td>(12)</td>
<td>x 19</td>
</tr>
<tr>
<td>Other</td>
<td>1</td>
<td></td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>EBITA</td>
<td>624</td>
<td>-12.9%</td>
<td>111</td>
<td>111.1%</td>
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