



WARNER MUSIC GROUP CORP.

AUDIT COMMITTEE CHARTER

Purpose

The Audit Committee (the “Committee”) of Warner Music Group Corp. (the “Company”) is established by the Board of Directors of the Company primarily for the purpose of overseeing the accounting and financial reporting processes of the Company and audits of the financial statements of the Company and its subsidiaries.

The Committee is responsible for assisting the Board’s oversight of (a) the quality and integrity of the Company’s financial statements and related disclosure; (b) the independent auditor’s qualifications and independence; (c) the evaluation and management of the Company’s financial risks; (d) the performance of the Company’s internal audit function and independent auditor; and (e) the Company’s compliance with legal and regulatory requirements.

Composition

1. Members. The Committee shall consist of three or more members. The members of the Committee shall be appointed annually by the Board upon the recommendation of the Executive, Governance and Nominating Committee.
2. Qualifications. The Board shall make a good faith determination that each member of the Committee meets all applicable independence, financial literacy and other requirements of law, including the Sarbanes-Oxley Act, and, at such time as the Company is listed on a national securities exchange or a national securities association (collectively, “SROs”), the requirements of such SRO on which the Company authorizes its securities to be traded. The requirements of such SRO may include, among other things, (a) the requirement that no member of the Committee may serve on the audit committee of more than three public companies, including the Company, unless the Board (i) determines that such simultaneous service would not impair the ability of such member to effectively serve on the Committee and (ii) discloses such determination in the Company’s annual proxy statement, as appropriate, (b) that at least one member be a “financial expert” under the requirements of the Sarbanes-Oxley Act and (c) that no member of the Committee shall receive compensation other than (i) director’s fees for service as a director of the Company, including reasonable compensation for serving on the Committee and regular benefits that other directors receive and (ii) a pension or similar compensation for past performance, provided that such compensation is not conditioned on continued or future service to the Company. All members of the Committee shall have a working familiarity with basic finance and accounting practices (or acquire such familiarity within a reasonable period after his or her appointment).



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3. Chair. The Chair of the Committee shall be appointed by the Board.
4. Removal and Replacement. The members of the Committee may be removed or replaced, and any vacancies on the Committee shall be filled, by the Board upon the recommendation of the Executive, Governance and Nominating Committee.

Operations

1. Meetings. The Chair of the Committee, in consultation with the Committee members, shall determine the schedule and frequency of the Committee meetings, provided that the Committee shall meet at least quarterly. The Committee shall meet separately, periodically, with management, the general counsel, the head of the internal audit department and the independent auditor. The Committee shall also meet separately with the independent auditor at every meeting of the Committee at which the independent auditor is present. In addition, the Committee shall meet with the independent auditor and management quarterly to review the Company's financial statements. A majority of the Committee shall constitute a quorum for the transaction of business, and any action taken by a majority of the members of the Committee present at a meeting at which there is a quorum shall constitute the act of the Committee. All meetings of the Committee may be held telephonically. In addition, any action required or permitted to be taken by the Committee may be taken without a meeting if all members of the Committee consent in writing to the adoption of a resolution authorizing the action. The resolution and the written consents thereto shall be filed with the minutes of the proceedings of the Committee.
2. Agenda. The Chair of the Committee shall develop and set the Committee's agenda, in consultation with other members of the Committee, the Board and management. The agenda and information concerning the business to be conducted at each Committee meeting shall, to the extent practical, be communicated to the members of the Committee sufficiently in advance of each meeting to permit meaningful review.
3. Report to Board. The Committee shall report regularly to the Board, including with respect to any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the Company's independent auditor or the performance of the internal audit function, and shall submit to the Board the minutes of its meetings.
4. Self-Evaluation; Assessment of Charter. The Committee shall conduct an annual performance self-evaluation and shall report to the entire Board the results of the self-evaluation. The Committee shall assess the adequacy of this Charter on an annual basis and recommend any changes to the Board.



Independent Auditor's Qualifications and Independence

1. The Committee shall be directly responsible for the appointment, retention, compensation and oversight of the work of the independent auditor employed by the Company (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The Committee shall also approve all audit engagement fees and terms. The independent auditor shall report directly to the Committee.

2. The Committee shall have the sole authority to pre-approve any significant audit or non-audit services to be provided by the independent auditor, other than "prohibited non-auditing services." The Committee shall review with the lead audit partner whether any of the audit team members receive any discretionary compensation from the audit firm with respect to non-audit services performed by the independent auditor. The following shall be "prohibited non-auditing services": (a) bookkeeping or other services related to the accounting records or financial statements of the audit client; (b) financial information systems design and implementation; (c) appraisal or valuation services, providing fairness opinions or preparing contribution-in-kind reports; (d) actuarial services; (e) internal audit outsourcing services; (f) management functions or human resources; (g) broker or dealer, investment advisor or investment banking services; (h) legal services and expert services unrelated to the audit; and (i) any other service that the Public Company Accounting Oversight Board prohibits through regulation. Notwithstanding the foregoing, pre-approval is not necessary for minor audit services if: (i) the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its auditor during the fiscal year in which the non-audit services were provided; (ii) such services were not recognized by the Company at the time of engagement to be non-audit services; and (iii) such services are promptly brought to the attention of the Committee and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board to whom authority to grant such approvals has been delegated by the Committee. The Committee may delegate to one or more of its members the authority to approve in advance all significant audit or non-audit services to be provided by the independent auditors so long as it is presented to the full Committee at a later time.

3. The Committee shall obtain and review with the lead audit partner and a more senior representative of the independent auditor, annually or more frequently as the Committee considers appropriate, a report by the independent auditor describing: the independent auditor's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditor, or by any inquiry, review or investigation by governmental,



professional or other regulatory authorities, within the preceding five years, respecting independent audits carried out by the independent auditor, and any steps taken to deal with these issues; and to assess the independent auditor's independence, all relationships between the independent auditor and the Company. The Committee shall, in addition to assuring the regular rotation of the lead (or coordinating) audit partner and the audit partner responsible for reviewing the audit at least every five years, consider whether there should be regular rotation of the audit firm. The Committee shall confirm with any independent auditor retained to provide audit services for any fiscal year that the lead (or coordinating) audit partner, or the audit partner responsible for reviewing the audit, has not performed audit services for the Company in each of the five previous fiscal years. In performing such functions, the Committee shall take into account the opinions of management and the personnel responsible for the Company's internal audit function.

4. The Committee shall review the experience, qualifications and performance of the senior members of the independent auditor team.
5. The Committee shall set clear hiring policies for any employee or former employee of the independent auditor who was a member of the Company's audit team. At a minimum, these policies should provide that any registered public accounting firm may not provide audit services to the Company if the CEO, controller, CFO or chief accounting officer or any other person serving in an equivalent capacity for the Company was employed by the registered public accounting firm and participated in the audit of the Company within one year of the initiation of the current audit.

Financial Statements and Related Disclosure

6. The Committee shall review the annual audited financial statements with management and the independent auditor, including disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," prior to the filing of the Company's or any subsidiary's Form 10-K and recommend to the Board of Directors whether the audited financial statements should be included in the Company's or such subsidiary's Form 10-K.
7. The Committee shall review the quarterly financial statements with management and the independent auditor, including the Company's or any subsidiary's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," prior to the filing of the Company's or such subsidiary's Form 10-Q, including the results of the independent auditors' review of the quarterly financial statements.
8. The Committee shall review and discuss with management and the independent auditors earnings press releases (paying particular attention to the use of any "pro forma" or "adjusted" non-GAAP information) before they are issued. The



Committee shall review generally with management the nature of the financial information and earnings guidance provided to analysts and rating agencies.

9. The Committee shall review with management and the independent auditor: (a) all critical accounting policies and practices to be used by the Company in preparing its financial statements; (b) analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including all alternative treatments of financial information within GAAP that have been discussed with management, ramifications of the use of these alternative disclosures and treatments, and the treatment preferred by the independent auditor; (c) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles; (d) major issues as to the adequacy of the Company's internal controls and any specific audit steps adopted in light of material control deficiencies; and (e) other material communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.
10. The Committee shall review with management, and any outside professionals as the Committee considers appropriate, the effectiveness of the Company's disclosure controls and procedures.
11. The Committee shall review with management, and any outside professionals as the Committee considers appropriate, important trends and developments in financial reporting practices and requirements and their effect on the Company's financial statements.
12. The Committee shall review periodically the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company.
13. The Committee shall review with the independent auditor: (a) any audit problems or other difficulties encountered by the auditor in the course of the audit process, including any restrictions on the scope of the independent auditor's activities or on access to requested information, and any significant disagreements with management; and (b) management's responses to such matters. Without excluding other possibilities, the Committee may wish to review with the independent auditor (i) any accounting adjustments that were noted or proposed by the auditor but were "passed" (as immaterial or otherwise); (ii) any communications between the audit team and the audit firm's national office respecting auditing or accounting issues presented by the engagement; and (iii) any "management" or "internal control" letter issued, or proposed to be issued, by the independent auditor to the Company.
14. The Committee shall prepare the report required by the Securities and Exchange Commission (the "SEC") to be included in the Company's annual proxy statement filed with the SEC, or its annual report on Form 10-K, as applicable.



Performance of the Internal Audit Function and Independent Auditors

15. The Committee shall review with management, the internal auditor and the independent auditor the scope, planning and staffing of the proposed audit for the current year. The Committee shall also review and discuss with the independent auditor the internal audit function's organization, responsibilities, plans, results, budget and staffing. In addition, management shall consult with the Committee on the appointment, replacement, reassignment or dismissal of the principal internal auditor.
16. The Committee shall review with management, the internal auditor and the independent auditor the quality, adequacy and effectiveness of the Company's internal controls and any significant deficiencies or material weaknesses in internal controls.
17. The Committee shall review the Company's policies with respect to risk assessment and risk management. The Committee should discuss the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.

Compliance with Legal and Regulatory Requirements

18. The Committee shall review with management, and any internal or external counsel as the Committee considers appropriate, any legal matters (including the status of pending litigation) that may have a material impact on the Company and any material reports or inquiries from regulatory or governmental agencies.
19. The Committee shall review with the general counsel the adequacy and effectiveness of the Company's procedures to ensure compliance with its legal and regulatory responsibilities. The Committee shall also review the legal and compliance function's organization, responsibilities, plans, results, budget and staffing.
20. The Committee shall establish procedures for: (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, auditing matters or potential violations of law; and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters or potential violations of law.
21. The Committee shall obtain reports from management, the internal auditor and the independent auditor regarding compliance with all applicable legal and regulatory requirements, including the Foreign Corrupt Practices Act.

The foregoing list of duties is not exhaustive, and the Committee may, in addition, perform such other functions as may be necessary or appropriate for the performance of its oversight function. The Committee shall have the power to delegate its authority and duties to



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subcommittees or individual members of the Committee as it deems appropriate in accordance with applicable laws and regulations. The Committee shall be given the resources and assistance necessary to discharge its oversight role, including appropriate funding, as determined by the Committee, and full access to all of the Company's books, records, facilities and personnel. The Committee may retain counsel, auditors or other advisors, in its sole discretion.

Clarification of Audit Committee's Role

The Committee's responsibility is one of oversight. It is the responsibility of the Company's management to prepare consolidated financial statements in accordance with applicable law and regulations and of the Company's independent auditor to audit those financial statements. Therefore, each member of the Committee shall be entitled to rely, to the fullest extent permitted by law, on the integrity of those persons and organizations within and outside the Company from whom he or she receives information, and the accuracy of the financial and other information provided to the Committee by such persons or organizations.