

**General Business and Delivery Conditions of
WARNER MUSIC GROUP GERMANY HOLDING GMBH
for Consignments to Dealers**

I. General

1. The following conditions apply to all WARNER MUSIC GROUP GERMANY HOLDING GMBH – in short - WMGG - consignments to the customer, *as long as he is a dealer* as defined in § 14 BGB (German Civil Code). These conditions regulate the entire legal relationship in respect of the sale and acquisition of WMGG's physical products of all types (e.g. Sound Carriers, Audiovisual Carriers, Video Games, Data Carriers, Merchandising Articles), and in all physical formats (e.g. CD, Vinyl, VHS, CD-ROM, CDI, DVD, BluRay, Cartridge). Different agreements and guarantees by WMGG or its representative are only operative if they have been confirmed in writing by WMGG. This also applies to the customer's purchasing conditions which underlie the placing of the order.
2. Agreed as locally responsible for all disputes arising from the Customer's dealings with WMGG are the courts in Hamburg, insofar as there is no legal barrier thereto. The specific jurisdiction of the place of performance, in this case Alsdorf (see § VI. 1), is thus effectively waived, so that the Customer can only sue in the Hamburg courts. On the other hand, WMGG is granted the right to choose whether to sue in Hamburg or wherever the Customer is situated.
3. As far as individual provisions of these AGB may be declared invalid by the courts, then the content will be governed by the legal regulations. The validity of the remaining AGB and other contractually agreed provisions remain unaffected.
4. The contractual relationship of WMGG to the Customer are judged solely on German law, and the application of the UN Convention on

Contracts, of 11.04.1980 on the International Sale of Goods (CISG) is excluded.

II. Prices

1. All WMGG consignments and services shall be in accordance with the price list and catalogue ruling at the time of the order. All prices are understood to be excluding Value Added Tax ("VAT"). VAT at the then ruling rate is shown separately on invoices in each case, and is part of the total debt. This shall also apply to the delivery of goods within the EU, unless Customer has notified WMGG his value added tax identification number. For the delivery of goods outside the EU the respective legal provisions shall apply.

If an order is at net price, benefits and rebates are debarred with respect to such a consignment.

2. The prices agreed with WMGG cover, in each case, the fee to the copyright collection societies in respect of the distribution (selling on to the trade, and sale to the end-user for private use) *in the relevant country of delivery* (see § IX, 3.).
3. Shipping of the goods ordered is by the normal means of transportation (e.g. Train, Mail, Truck) for the account of WMGG at the Customer's risk (sale contract involving the carriage of goods). Shipping also includes transporting the goods to these means of shipping, and that regardless of whether by WMGG itself or a third-party. The risk is also transferred to the Customer even if the shipping is local (local sale).

Delivery of the goods for each incoming order will be charged as shown in the price list. Orders for less than the minimum order, in addition to the shipping price shown in the price list, are subject to an additional flat charge according to the price list. Incoming orders will be subject to the handling charge as shown in the price list.

The shipping method will be chosen by WMGG, unless the Customer has special requests. The Customer's special requests as regards the mode

of transport or the insurance (against Breakage, Shipping Damage or Fire) must be specifically noted on the order. Additional costs resulting from the Customer's special requests are for his account.

III Payment

1. Unless no individual payment method is agreed between WMGG and Customer, delivery will be made only against prepayment.
2. WMGG claims against the Customer become due with immediate effect. Payment is by net cash.
3. Deductions from invoice amounts are only permissible with an express, written agreement.
4. Checks will only be accepted by way of exception and with express prior approval of WMGG. Checks are only acceptable as a method of payment, not as the payment itself, and must include all collection expenses. Promissory notes will not be accepted by WMGG.
5. The Customer may only set-off his claims against WMGG, or exercise any lien if the Customer's counterclaim is uncontested or ripe for a (legal) decision or judgment has been given against WMGG.
6. WMGG has the right, without warning, to charge interest at the legally set rate, in each case, if the credit term is exceeded.

IV. Retention of Title

1. The goods delivered by WMGG remain the property of WMGG until the Customer has fulfilled all its obligations to WMGG. The Customer must store and insure the goods properly. Damage or destruction of the goods must be notified to WMGG.
2. Furthermore, the delivered goods remain the property of WMGG, even after they have been paid for, insofar as WMGG still has claims in respect of other consignments, and the realizable value of the goods owned by WMGG, but still in the Customer's hands, does not exceed the open balance by more than 20 %.
3. If the Customer disposes, on invoice, of goods owned by WMGG, then

the amount due from the sale of this consignment takes the place of the delivered goods. This amount due from the sale is deemed assigned to WMGG at the moment of its creation. The preliminary assignment is limited to 120 % of the realizable value of the goods delivered by WMGG to the Customer. The Customer is empowered to sell the goods on within the framework of a proper use. He is, however, obliged to describe WMGG goods as such on his invoices to third-parties.

4. If goods owned by WMGG, or the replacement assigned debts are attached/distrained by creditors of the Customer, then the latter must immediately inform WMGG thereof and supply the relevant documentation, together with an appropriate affidavit stating that the attached/distrained goods or debts are owned by WMGG, and carry the costs of measures to lift the attachment/dstraint.

V. Default / Creditworthiness

1. If the Customer culpably does not comply, partly or not at all, with his payment obligations and the aforementioned obligations arising from any lien, to WMGG, which include the cessation of payments or a court settlement on his assets or the opening of insolvency proceedings, then all open debts due to WMGG from the Customer become due immediately. If the buyer is culpably more than 10 working days in arrears with payments which are and have become due, the buyer, on the seller's demand, obliged to hand over the delivered goods, without the seller having to declare his withdrawal from the contract. In such a case, WMGG has the right to secure, and to take back, those goods still subject to his lien, as well as to publish the debtor's assignments and to collect the debts. For this purpose, the Customer is obliged to provide WMGG with all the information necessary and to supply the relevant documents. The Customer is additionally obliged to grant access to its business premises and storage facilities to the representative of WMGG, in order to collect the goods still owned by WMGG.

2. If the Customer is in arrears with his payments, or if his assets become the subject of a court settlement or of the opening of insolvency proceedings, then WMGG has the right to withhold unfulfilled orders, or, at its option, to demand payments in advance or a guarantee, without being obliged to pay compensation for any resultant damage to the Customers
3. In the event that a check or a direct debit are, culpably, not met on time, or circumstances, for which the Customer is answerable, arise at the time of the order which, in WMGG's opinion, no longer justify the granting of credit, WMGG may declare all claims against the Customer to be immediately due and payable – even if it has received checks to cover – and may withdraw other credit commitments

VI. Delivery

1. Place of performance is 52477 Alsdorf, Germany.
2. The fulfillment of the order depends on WMGG's delivery possibilities. Partial deliveries are permitted, insofar as no other agreement with the Customer has been arrived at and reasonable for the Customer. WMGG is not obliged to deliver goods which are no longer produced nor stocked by WMGG or Group companies, although they may still be listed in catalogues or price lists.

VII. Exchange and Return of Defective Goods

1. Goods which have been ordered and are free of defects cannot be exchanged, insofar as no written agreement to the contrary has been reached.
2. Returns of defect-free goods are to be sent, at the Customer's cost and risk, carriage paid, exclusively to WMGG to the address mentioned in the respective notice of approval.
3. Returns of defect-free goods will only be accepted by WMGG when sent to the address mentioned in the notice of approval, and only at the instigation of a person authorized by WMGG, and subject to the following conditions:-

- a) Proof that the goods were delivered by WMGG;
 - b) The goods are included in the current sales programme;
 - c) Returns expressly approved by WMGG
 - d) The goods are as good as new and in resaleable condition;
 - e) The return is accompanied by the necessary documents (package labels and valid return note).
4. Taking into account a reasonable handling time, WMGG issues credit notes for the purchase price of the returned goods. The Customer does not have the right to set off the returned good prior to the issue of the credit note by (see also § III. 3). WMGG has the right to set off all credit notes against claims of WMGG against the customer, even if these debts are not yet due. A possible balance in favor of the Customer will only be paid after the business relationship is ended.
 5. If the Customer returns other goods to WMGG, or goods not approved by WMGG, then WMGG may choose whether to send these goods back to the Customer, or to notify the Customer and destroy the goods, providing that the Customer does not demand the return of the goods within 4 (four) weeks of the such notification. WMGG has the right to charge the Customer with the costs of the return or destruction, as well as the handling charges.

VIII. Guarantees, Return of Defective Goods, Limit of Liability

1. Goods delivered are in perfect quality. Obvious defects are to be notified by the Customer, in writing, within 5 (five) days following receipt of the consignment, together with the delivery note, or a copy of the invoice to WMGG Kundenservice, or to a customer service authorized by WMGG. If this does not happen, the order is deemed to have been properly fulfilled. Hidden defects must be notified to WMGG immediately after their discovery, otherwise the order is also deemed to have been properly fulfilled. The time limit for notification of hidden defects is one year.

2. Justified complaints will be rectified by WMGG, in that, at WMGG's option, either the defects will be redressed or defect-free goods delivered to the Customer.
3. In the event of failure to rectify, the right is reserved to the Customer to reduce or, at his choice, to withdraw from the contract. In the latter event, he must send the defective goods back to the address named by WMGG Kundenservice. WMGG carries the necessary return costs.
4. All addition claims by the Customer against WMGG in respect of defects in the consignment are, insofar as not hereinbefore expressly acknowledged, are excluded.. Such exclusion also applies as regards Customers' claims for compensation of any sort, regardless of whether the damages are to the object itself or arise otherwise. Excluded herefrom are injuries to life, body or health, if WMGG is answerable for the breach of duty, and for other damages arising from a deliberate or grossly negligent breach of duty. A breach of duty by WMGG applies also to his legal representative or his agent. The exclusion of liability also does not cover cease of liability pursuant to the Product Liability Law, which cannot be contractually excluded.

The exclusion of liability also does not apply in the event of culpable breach of cardinal duties and the omission of expressly guaranteed features, if the guarantee was specifically intended to protect the buyer against damages not arising from the delivery objects themselves. The exclusion of liability also does not apply if the damage arises from circumstances for which WMGG has assumed a guarantee. The same applies if a procurement risk arises which WMGG has expressly assumed.

Other than in the case of injuries to life, body or health for which WMGG, or its legal representatives or agents are answerable, and for deliberate and gross negligence on the part of WMGG or its legal representatives or agents, the scope of the liability is limited to foreseeable damage.

5. If the sales ends with a sale of the goods in a consumer goods sale, then

the provisions of §VII above apply, which restrict the standard rights in accordance with § 478 BGB, only insofar as the Customer is offered compensation pursuant to § 478. IV.1 BGB. Claims for compensation, in particular claims for compensation for damages which do not arise from the delivery objects, are also excluded, subject, however, to the provision under § 4 above..

Insofar as the Customer is a dealer in accordance with §14 BGB, rebates agreed pursuant to §II. 1 above, which not insubstantially reduce the list price, then the granting of the rebate is compensation in accordance with § 478. IV. 1 BGB.

Compensation in accordance with § 478. IV. 1 BGB for the restriction of the Customer's rights of recourse against WMGG includes the agreement that additional objects, in excess of the contractually agreed quantities will be delivered, or that, at the end of the delivery period in each case, a lump sum for all defective deliveries will be paid by WMGG to the Customer, or an agreement by which the WMGG declares to the Customer, his readiness, at the consumer's option, to eliminate the defect without delay, or to get him a defect-free item, and the Customer must make this possibility known to the consumer.

IX. Licenses for Media Products Delivered by WMGG

1. The media products delivered by WMGG are intended exclusively for sale to distributors and to end-users for private purposes. Any other uses, in particular the renting or leasing of the delivered media products, as well as any similar circumventing businesses (e.g. sale or return, regardless of whether the media product is defective or not) is forbidden, and will be prosecuted under civil and criminal law.
2. The leasing or rental of the delivered media products are only allowed if WMGG has expressly approved such beforehand, in writing. The same applies to each re-recording or copying of media products, unless expressly permitted by the Copyright Law or another law.

3. The media products delivered by WMGG may only be used in *the particular country of delivery* and only within the framework of these general Business and Delivery Conditions or as individually agreed with WMGG. Should copyright fees be due exceeding those for the distribution of the media products, such as to collection societies (e. g. GEMA), then the Customer must pay them. (see § II. 2 above.).

X. Protection of Children and Young Persons

Insofar as media products delivered to the Customer are marked with a minimum age limit in order to protect Children and Young Persons, the Customer is categorically obligated to observe the minimum age limit shown. The aforementioned products may only be passed on to persons who have reached the age shown. Where there is doubt, the person must prove his/her identity. The customer is further obligated to observe the regulations regarding the protection of Children and Young Persons.

As at: June 1st, 2009