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* insert full name
of company

COMPANIES FORM No. 395

Particulars of a mortgage or charge

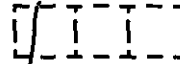


395

Pursuant to section 395 of the Companies Act 1985

To the Registrar of Companies

For official use Company number



950138

Name of company

* Universal Music Operations Limited (the "Company")

Date of creation of the charge

29th January, 2003

Description of the instrument (if any) creating or evidencing the charge (note 2)

The subordination agreement between, inter alios, the Company and the Senior Agent and the Senior Finance Parties (the "Subordination Agreement").

Amount secured by the mortgage or charge

"Senior Facility Debt" being:

means any and all indebtedness, obligations and/or liabilities (present or future, actual or contingent, joint or several or joint and several) payable or owing by any Obligor to any Senior Finance Party under the Finance Documents including, without limitation:

(a) any refinancing, novation, refunding, deferral or extension of any of those liabilities;

(b) any further advances which may be made by a Senior Finance Party to an Obligor under any agreement expressed to be supplemental to any of the Finance Documents plus all interest, fees and costs in connection therewith payable by that Obligor;

SEE CONTINUATION SHEET

Names and addresses of the mortgagees or persons entitled to the charge

Crédit Lyonnais S.A., 81 rue de Richelieu, 75002, Paris, France as Senior Agent and trustee for itself and each of the Finance Parties (the "Senior Agent")

Presentor's name address and
reference (if any):

Allen & Overy
26, boulevard des
Capucines
75009 Paris
France

PA. 115520 AMM/JEMN

Time critical reference

For official use
Mortgage Section

Post room



LD6
COMPANIES HOUSE

WLPXJ519M*

0160
07/02/03

Short particulars of all the property mortgaged or charged

If at any time the Company receives a payment or distribution in cash or in kind in respect of, or on account of, or receipt of money in respect of, any Subordinated Intra Group Debt, or any Subordinated Intra Group Debt is discharged, in each case otherwise than in a manner permitted by Clauses 3 and 4.1 of the Subordination Agreement (each such payment or distribution being a "Turnover Receipt") the Company shall on demand pay to the Senior Agent for application as provided in Clause 14.3 of the Subordination Agreement an amount determined by the Senior Agent, to be equal to the lessor of:

- (a) the outstanding balance of the Senior Debt; and
- (b) the amount of each Turnover Receipt.

SEE CONTINUATION SHEET

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Particulars as to commission allowance or discount (note 3)

NIL

Signed

Allen & Ory

Date

05/02/03

On behalf of ~~company~~ [mortgagee/chargee] †

† delete as
appropriate

NOTES

- 1 The original instrument (if any) creating or evidencing the charge, together with these prescribed particulars correctly completed must be delivered to the Registrar of Companies within 21 days after the date of creation of the charge (section 395). If the property is situated and the charge was created outside the United Kingdom delivery to the Registrar must be effected within 21 days after the date on which the instrument could in due course of post, and if dispatched with due diligence, have been received in the United Kingdom (section 398). A copy of the instrument creating the charge will be accepted where the property charged is situated and the charge was created outside the United Kingdom (section 398) and in such cases the copy must be verified to be a correct copy either by the company or by the person who has delivered or sent the copy to the Registrar. The verification must be signed by or on behalf of the person giving the verification and where this is given by a body corporate it must be signed by an officer of that body. A verified copy will also be accepted where section 398(4) applies (property situate in Scotland or Northern Ireland) and Form No. 398 is submitted.
- 2 A description of the instrument, eg "Trust Deed", "Debenture", "Mortgage" or "Legal charge", etc, as the case may be, should be given.
- 3 In this section there should be inserted the amount or rate per cent. of the commission, allowance or discount (if any) paid or made either directly or indirectly by the company to any person in consideration of his;
 - (a) subscribing or agreeing to subscribe, whether absolutely or conditionally, or
 - (b) procuring or agreeing to procure subscriptions, whether absolute or conditional,for any of the debentures included in this return. The rate of interest payable under the terms of the debentures should not be entered.
- 4 If any of the spaces in this form provide insufficient space the particulars must be entered on the prescribed continuation sheet.

- (c) any claim for damages or restitution in the event of rescission of any of those liabilities or otherwise in connection with the Finance Documents;
- (d) any claim against an Obligor arising from any recovery by an Obligor or any receiver or liquidator thereof or any other person of a payment or discharge in respect of any of those liabilities or debts on the grounds of preference or otherwise; and
- (e) any amounts (such as post-insolvency interest) which would be included in any of the above but for any discharge, non-provability, unenforceability or non-allowability of the same in any insolvency or other proceedings.

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"Accession Agreement"

means a deed of accession in the form contained in the Subordination Agreement.

"Additional Chargor" means a member of the Group which becomes a Chargor after the date of the Senior Facility Agreement.

"Additional Guarantor" means a member of the Group which becomes a Guarantor after the date of the Senior Facility Agreement.

"Affiliate" means a Subsidiary or a Holding Company of a person or any other Subsidiary of that Holding Company.

"Charge of Intercompany Loans" means the charge granted in favour of Crédit Lyonnais by the Subordinated Creditors over various Inter-Company Loans in the agreed form under a Security Document.

"Chargor" means an Original Chargor or an Additional Chargor.

"Chargors" means

Name of Chargor**Registered number**

Go! Discs Limited	1768014
Go Holdings Limited	02376574
Mercury Records Limited	586873
Polydor Limited	880146
Universal-Island Records Limited	723336
Universal Music Operations Limited	950138
Universal-MCA Music (UK) Limited	00919424
A&M Records Limited	951340
Universal Music (UK) Holdings Limited	03383881
Universal Music Leisure Limited	03384487
Centenary UK Limited	03478918
Island Entertainment Group Limited	2245537
210 South Street Property Company Limited	02699678
Deutsche Grammophon GmbH HRB	67951

and **"Chargor"** means any one of them.

"Facility Agent" means the Senior Agent

"Fee Letter" means the letter dated on or around the date of the Senior Facility Agreement between the Company and the Facility Agent setting out the amount of the upfront fee.

"Finance Document" means:

- (a) the Senior Facility Agreement;
- (b) the Fee Letter;
- (c) a Security Document;
- (d) the Subordination Agreement;
- (e) the Letter of Intent;

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- (f) an Accession Agreement;
- (g) the VU Agreement;
- (h) a Transfer Certificate; or
- (i) any other document designated as such by the Facility Agent and the Company.

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"Group" means at the date of the Senior Facility Agreement Centenary UK Limited and the following companies:

Centenary UK Limited	Universal Music (UK) Holdings Limited
Universal Music Leisure Limited	Backcite Limited
Makeback Limited	A&M Records Limited
Universal Music Operations Ltd	Mercury Records Limited
Polydor Limited	Go! Holdings Limited
Go! Discs Limited	Go! Records Limited
Know Existence Limited	Universal - MCA Music (UK) Limited
Island Entertainment Group Ltd	Universal - Island Records Limited
Africa Fete Limited	Universal Music UK Limited
Britannia Music Company Limited	Motown (UK) Limited
Phonogram Limited	The Music Store Limited
Systematic Limited	

and thereafter each other Subsidiary of Centenary UK Limited which is acquired on or after the date of the Senior Facility Agreement unless Universal Music Operations Limited can demonstrate to the satisfaction of the Facility Agent (acting reasonably and in good faith) that the principal business activity of that Subsidiary is not primarily that set out in paragraph 2 of Schedule 14.

"Guarantor" means an Original Guarantor or an Additional Guarantor.

"Holding Company" means a holding company within the meaning of section 736 of the Companies Act 1985.

"Intercompany Creditor"

means each company set out below in its capacity as a creditor in relation to, or to whom any Obligor may at any time have any liability or obligations (present or future, actual or contingent, joint or several) for or in respect of any Subordinated Intra Group Debt as at the date of the Subordination Agreement and thereafter any other member of the Group which accedes to the Subordination Agreement as an Intercompany Creditor in accordance with the Senior Facility Agreement.

"Intercompany Debtors"

means each Obligor in its capacity as a debtor in relation to, or who is at any time liable for or in respect of, any Subordinated Intra Group Debt and any Additional Guarantor which becomes party hereto as an Intercompany Debtor in accordance with the Senior Facility Agreement.

"Inter-Company Loan" means any loan granted by an Obligor to an Affiliate of the Company.

"Intra Group Loan Agreement" means each loan agreement which evidences Inter-Company Debt.

"Intra Group Loan Documents"

means each Intra Group Loan Agreement which documents or otherwise relates to any Subordinated Intra Group Debt and any and all agreements and other instruments under or by which any Subordinated Intra Group Debt is, or any amount in respect thereof is, outstanding, evidenced, secured or guaranteed, in each case as and including any instrument pursuant to which the same is novated, varied, supplemented or amended from time to time.

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"Letter of Intent" means the letter of intent given by Vivendi Universal S.A. to Crédit Lyonnais.

"New Party"

means a person who accedes to the Subordination Agreement as an Intercompany Creditor or an Intercompany Debtor or an assignee or transferee of any Senior Creditor or an Intercompany Debtor.

"Obligor" means an obligor under the Senior Facility Agreement.

"Original Guarantor" means the companies listed as original guarantors under the Senior Facility Agreement.

"Security Agreement" means a security agreement dated 29th January, 2003 between the Facility Agent and the Chargors.

"Security Document" means:

- (a) the Security Agreement;
- (b) the Charge of Intercompany Loans;
- (c) each Share Pledge; and
- (d) any other document evidencing or creating security over any asset of an Obligor to secure any obligation of any Obligor to a Finance Party under the Finance Documents.

"Senior Agent"

means the Facility Agent.

"Senior Creditor"

means a Senior Finance Party.

"Senior Debt"

means the Senior Facility Debt.

"Senior Facility Agreement"

means the £136,000,000 facility agreement entered into on 31st December, 2002 and restated on 29th January, 2003 between, amongst others, Universal Music Operations Limited as the Company, Crédit Lyonnais S.A. as Facility Agent as trustee for itself and certain lenders, as amended, supplemented, novated and restated from time to time.

"Senior Finance Party"

means:

- (a) a lender;
- (b) the Facility Agent; and/or
- (c) any successor, transferee, replacement or assignee of any of the above.

"Share Pledge" means each share pledge entered into by each Chargor in favour of the Finance Parties on or about the date of the Subordination Agreement in the agreed form under the Security Agreement.

"Subordinated Intra Group Debt"

means any and all indebtedness, obligations and/or liabilities (present or future, actual or contingent or joint or several) payable or owing by any Intercompany Debtor to any Intercompany Creditor which constitute Inter-Company Debt from time to time, whether or not matured and whether or not liquidated, and including, without limitation, all those obligations and liabilities set out below under heading Subordinated Intra Group Debt) and/or in any Accession Agreement executed by any New Party and/or any list provided to the Senior Agent pursuant to the Senior Facility Agreement, together with:

- (a) any refinancing, novation, refunding, deferral or extension of any of those liabilities or rights to the extent the same constitute or continue to constitute Subordinated Intra Group Debt for the purposes of the Senior Facility Agreement;
- (b) any further advances which may be made by an Intercompany Creditor to any Intercompany Debtor under any agreement relating or supplemental to any Intra Group Loan Document, plus all interest, fees and costs in connection therewith payable or owing by that Intercompany Debtor;
- (c) any claim for damages or restitution in the event of rescission of any of those liabilities or rights or otherwise in connection with the Intra Group Loan Documents;
- (d) any claim flowing from any recovery by an Intercompany Debtor or any receiver or liquidator thereof or any other person of a payment or discharge in respect of any of those liabilities or debts on the grounds of preference or otherwise; and
- (e) any amounts (such as post-insolvency interest) which would be included in any of the above but for any discharge, non-provability, unenforceability or non-allowability of the same in any insolvency or other proceedings.

"Subsidiary" means:

- (a) a subsidiary within the meaning of section 736 of the Companies Act 1985; and
- (b) unless the context otherwise requires, a subsidiary undertaking within the meaning of section 258 of the Companies Act 1985.

"Transfer Certificate" means a certificate, in the agreed form, with such amendments as the Facility Agent may approve or reasonably require or any other form agreed between the Facility Agent and the Company.

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"**VU Agreement**" means the agreement in the agreed form in favour of the Finance Parties from Vivendi Universal S.A. entered into on or about the date of the restatement of the Senior Facility Agreement.

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CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

Pursuant to section 401(2) of the Companies Act 1985

COMPANY No. 00950138

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A SUBORDINATION AGREEMENT DATED THE 29th JANUARY 2003 AND CREATED BY UNIVERSAL MUSIC OPERATIONS LIMITED FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM ANY OBLIGOR TO ANY SENIOR FINANCE PARTY ON ANY ACCOUNT WHATSOEVER UNDER THE TERMS OF THE AFOREMENTIONED INSTRUMENT CREATING OR EVIDENCING THE CHARGE WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 7th FEBRUARY 2003.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 11th FEBRUARY 2003.

P. U.



Companies House

— for the record —



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES