

CHFP004

COMPANIES FORM No. 155(6)a
Declaration in relation to
assistance for the acquisition
of shares.

155 (6)a

Please do not
write in this
margin

Pursuant to section 155(6) of the Companies Act 1985

Please complete legibly, preferably in black type, or bold block lettering

**To the Registrar of Companies
(Address overleaf - Note 5)**

For official use

Company number

950138

Note

Please read the notes on page 3 before completing this form.

Name of company

*** UNIVERSAL MUSIC OPERATIONS LIMITED**

* Insert full name of company

Ø Insert name(s) and address(es) of all the directors

1We^d MARINUS NICOLAAS HENNY OF 133 FOX
DRIVE, ALLENDALE, NEW JERSEY 07401 and
RICHARD CONSTANT OF 6 BALNIEL GATE,
LONDON, SW1V 3SD

being 2 out of a total of 7

† delete as appropriate

~~The sole director~~ ~~[all the directors]~~ [†]of the above company do solemnly and sincerely declare that:
The business of the company is:

**§ delete whichever
is inappropriate**

(b) that of a person authorised under section 3 or 4 of the Insurance Companies Act 1962 to carry on insurance business in the United Kingdom

(c) something other than the above

The company is proposing to give financial assistance in connection with the acquisition of shares in the [company] ~~company's holding company~~

XXXXXXXXXXXXXXXXXXXXlimited†

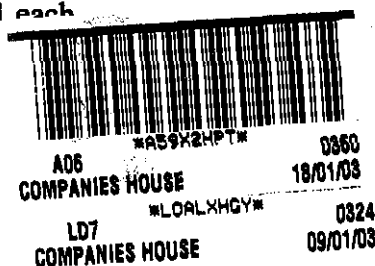
The assistance is for the purpose of [that acquisition] ^{AND} [reducing or discharging a liability incurred for the purpose of that acquisition]. ¹

The number and class of the shares acquired or to be acquired is:
2,045 Fixed Rate Non-Redeemable Preference Shares of £1 each

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

Watson, Farley & Williams
15 Appold Street
London EC2A 2HB
Reference: HOWC1
Doc No: 16631350 v1

For official Use
General Section



The assistance is to be given to: (Note 2) SEE APPENDIX A.

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*Please complete
legibly, preferably
in black type, or
bold block
lettering*

The assistance will take the form of:

See Appendix B.

The person who [has acquired] [will acquire] [†] the shares is:
SEE APPENDIX C.

[†] delete as
appropriate

The principal terms on which the assistance will be given are:

See Appendix D.

The amount of cash to be transferred to the person assisted is £ 136 MILLION

The value of any asset to be transferred to the person assisted is £ 0.00

The date on which the assistance is to be given is WITHIN 8 WEEKS OF THE DATE HEREOF

Please do not
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Please complete
legibly, preferably
in black type, or
bold block
lettering

* delete either (a)
or (b) as
appropriate

~~1~~ We have formed the opinion, as regards the company's initial situation immediately following the date on which the assistance is proposed to be given, that there will be no ground on which it could then be found to be unable to pay its debts. (note 3)

- (a) ~~1~~ We have formed the opinion that the company will be able to pay its debts as they fall due during the year immediately following that date] * (note 3)
- (b) ~~It is intended to commence the winding up of the company within 12 months of that date and we have formed the opinion that the company will be able to pay its debts in full within 12 months of the commencement of the winding up. (note 3)~~ XXXX

And ~~1~~ we make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1835.

Declared at 47 Rue DE MONCEAU
75008 PARIS

Declarants to sign below

Day Month Year
on 31 12 20 12

before me

Richard Pearson
RICHARD PEARSON - SOLICITOR

A Commissioner for Oaths or Notary Public or Justice of the Peace or a Solicitor having the powers conferred on a Commissioner for Oaths.

NOTES

- 1 For the meaning of "a person incurring a liability" and "reducing or discharging a liability" see section 152(3) of the Companies Act 1985.
- 2 Insert full name(s) and address(es) of the person(s) to whom assistance is to be given; if a recipient is a company the registered office address should be shown.
- 3 Contingent and prospective liabilities of the company are to be taken into account - see section 156(3) of the Companies Act 1985.
- 4 The auditors report required by section 156(4) of the Companies Act 1985 must be annexed to this form.
- 5 The address for companies registered in England and Wales or Wales is:-

The Registrar of Companies
Companies House
Crown Way
Cardiff
CF14 3UZ
DX: 33050
Cardiff

or, for companies registered in Scotland:-

The Registrar of Companies
Companies House
37 Castle Terrace
Edinburgh
EH1 2EB
DX: 235
Edinburgh

APPENDIX A

UNIVERSAL MUSIC OPERATIONS LIMITED

STATUTORY DECLARATION IN COMPANIES FORM 155(6)(a)

Persons to whom financial assistance is to be given

- (1) Centenary UK Limited of 1 Sussex Place, Hammersmith, London W6 9XS.
- (2) Credit Lyonnais Securities of 5 Appold Street, London EC2A 2DA.
- (3) Credit Lyonnais S.A. of 18 Rue de la Republique, 69000 Lyon, France.

A handwritten signature in black ink, appearing to be 'M. J. C.', is located in the bottom right corner of the page.

APPENDIX B

UNIVERSAL MUSIC OPERATIONS LIMITED

STATUTORY DECLARATION IN COMPANIES FORM 155(6)(a)

In this Appendix B, the definitions contained in Appendix E shall apply.

Background

In February 2002, the Company entered into a repurchase transaction (the "**Repo Transaction**") with, inter alia, CLSA. The Repo Transaction included the following arrangements:

- (a) CUK subscribed for the Shares at an aggregate subscription price of £136 million (the "**Subscription**");
- (b) the Shares were sold by CUK to CLS for a total purchase price of £134,640,000 (the "**First Acquisition**") and CUK and CLS entered into an associated put and call option agreement (the "**First Option Agreement**") in relation to the repurchase of the Shares by CUK from CLS;
- (c) the Shares were subsequently sold by CLS to CLSA (the "**Second Acquisition**") and CLS and CLSA entered into an associated put option agreement (the "**Second Option Agreement**") in relation to the repurchase of the Shares by CLS from CLSA; and
- (d) VU issued a guarantee in favour of CLSA in respect of the obligations of CUK under certain agreements relating to the above.

It is now proposed that the Company enter into a new direct term loan arrangement with CLSA so as to enable the Repo Transaction to be unwound. As part of the unwind process, the First Option Agreement will be amended, CLSA will require CLS to purchase the Shares in accordance with the terms of the Second Option Agreement (the "**Third Acquisition**") and CLS will then require CUK to purchase the Shares in accordance with the terms of the First Option Agreement (the "**Fourth Acquisition**").

The assistance will take the form of:

The Company entering into the following documents and performing the transactions contemplated by such documents:

- (a) the Loan Agreement;
 - (b) the Debenture;
 - (c) the CUK Loan Agreement;
 - (d) the Subordination Agreement;
 - (e) the Fee Letter;
 - (f) the New Cash Pooling Agreement; and
 - (g) any other documents necessary or desirable in connection with any of the above,
- (together, the "**Transaction Documents**").

The Transaction Documents are all on terms and subject to the conditions more particularly described therein (a summary of the material terms of the Transaction Documents is set out in Appendix D) and we declare that we have read and are fully familiar with such terms and conditions. It is acknowledged and declared that the Company will execute the Loan Agreement in the first instance and may then sign an amendment and restatement agreement in relation to the Loan Agreement pursuant to which the other Obligor will accede to the Loan Agreement as parties prior to the first drawdown thereunder.

Financial Assistance

The financial assistance will consist of the following:

(a) The Subscription

CUK incurred a liability for the purpose of the Subscription by incurring an obligation to pay the subscription price for the Shares. By entering into and performing the CUK Loan Agreement, the Loan Agreement, the Debenture and the other Transaction Documents, the Company will or may financially assist CUK, within the meaning of section 151(2) of the Act, to the extent that the liability incurred by CUK for the purpose of the Subscription is reduced or discharged, within the meaning of section 152(3)(b) of the Act, by restoring the financial position of CUK to what it was before the Subscription took place.

(b) The First Acquisition

CUK incurred a liability to CLS for the purpose of the First Acquisition by changing its financial position, within the meaning of section 152(3)(a) of the Act, by entering into the First Option Agreement. The First Option Agreement contains an obligation on CUK, in certain circumstances, to make the Fourth Acquisition. By entering into and performing the CUK Loan Agreement, the Loan Agreement, the Debenture and the other Transaction Documents, the Company will financially assist CUK, within the meaning of section 151(2) of the Act, to discharge its liability under the First Option Agreement to make the Fourth Acquisition.

CLS incurred a liability for the purpose of the First Acquisition by incurring an obligation to pay the consideration for the Shares. By entering into and performing the CUK Loan Agreement, the Loan Agreement, the Debenture and the other Transaction Documents, the Company will or may financially assist CLS, within the meaning of section 151(2) of the Act, to the extent that the liability incurred by CLS for the purpose of the First Acquisition is reduced or discharged, within the meaning of section 152(3)(b) of the Act, by restoring the financial position of CLS to what it was before the First Acquisition took place.

(c) The Second Acquisition

CLS incurred a liability to CLSA for the purpose of the Second Acquisition by changing its financial position, within the meaning of section 152(3)(a) of the Act, by entering into the Second Option Agreement. The Second Option Agreement contains an obligation on CLS, in certain circumstances, to make the Third Acquisition. By entering into and performing the CUK Loan Agreement, the Loan Agreement, the Debenture and the other Transaction Documents, the Company will financially assist CLS, within the meaning of section 151(2) of the Act, to discharge its liability under the Second Option Agreement to make the Third Acquisition.

CLSA incurred a liability for the purpose of the Second Acquisition by incurring an obligation to pay the consideration for the Shares. By entering into and performing the CUK Loan Agreement, the Loan Agreement, the Debenture and the other Transaction Documents, the Company will or may financially assist CLSA, within the meaning of section 151(2) of the Act, to the extent that the liability incurred by CLSA for the purposes of the Second Acquisition is reduced or discharged, within the meaning of section 152(3)(b) of the Act, by restoring the financial position of CLSA to what it was before the Second Acquisition took place.

(d) The Third Acquisition

By entering into and performing the CUK Loan Agreement, the Loan Agreement, the Debenture and the other Transaction Documents, the Company will give financial assistance indirectly for the purposes of the Third Acquisition by providing CUK with the finance required by CUK to make the Fourth Acquisition and therefore indirectly providing CLS with the finance required by CLS to make the Third Acquisition.

(e) The Fourth Acquisition

By entering into and performing the CUK Loan Agreement, the Loan Agreement, the Debenture and the other Transaction Documents, the Company will give financial assistance directly for the purposes of the Fourth Acquisition by providing CUK with the finance required by CUK to make the Fourth Acquisition.

APPENDIX C
UNIVERSAL MUSIC OPERATIONS LIMITED
STATUTORY DECLARATION IN COMPANIES FORM 155(6)(a)

In this Appendix C, the definitions contained in Appendix B and Appendix E shall apply.

Persons who have acquired or will acquire shares

- (1) The person who has acquired the Shares under the Subscription is Centenary UK Limited.
- (2) The person who has acquired the Shares under the First Acquisition is Credit Lyonnais Securities.
- (3) The person who has acquired the Shares under the Second Acquisition is Credit Lyonnais S.A..
- (4) The person who will acquire the Shares under the Third Acquisition is Credit Lyonnais Securities.
- (5) The person who will acquire the Shares under the Fourth Acquisition is Centenary UK Limited.

APPENDIX D

UNIVERSAL MUSIC OPERATIONS LIMITED

STATUTORY DECLARATION IN COMPANIES FORM 155(6)(a)

In this Appendix D, the definitions contained in Appendix B and Appendix E shall apply.

The principal terms on which the assistance will be given are the following:

1 Loan Agreement

The principal terms on which the assistance will be given under the terms of the Loan Agreement are:

- (a) the Lenders will make available to the Company a sterling term loan facility in an aggregate amount equal to £136 million bearing interest at the percentage rate per annum equal to the aggregate of the applicable (i) LIBOR, (ii) Margin and (iii) Mandatory Cost, with such interest being payable on the last day of each Term;
- (b) the Company will be able to borrow the loan by making a request to the Facility Agent on or before 31 January 2003;
- (c) the loan can only be used by the Company to advance funds to CUK under the CUK Loan Agreement which in turn will enable CUK and CLS respectively to finance the Fourth Acquisition and the Third Acquisition respectively;
- (d) the loan will be repayable in 36 approximately equal monthly instalments commencing on 1st January 2005;
- (e) an up-front fee will be payable by the Company to the Facility Agent on signing of the Loan Agreement pursuant to the Fee Letter;
- (f) mandatory prepayment of the loan and payment of Break Costs will be required in certain circumstances including, inter alia, if it becomes unlawful in any jurisdiction for the Lenders to perform their obligations or to maintain the loan, if the Company is in breach of any Financial Covenant (which is not cured within 15 Business Day of notice of the breach) or on a change of control of the UK Parent or VU (except where control of VU is acquired by a company or other organisation with a Standard and Poor and Moody's long term credit rating of BBB- and Baa3 respectively or higher and which is acceptable to the Lenders in their sole discretion);
- (g) the Loan Agreement will contain representations and warranties given by the Company and each Obligor to each Finance Party in respect of itself and in respect of each member of the Material Group which is its Subsidiary (namely, in the case of the Company, Attitude Records Limited, Fiction Records Limited and Serious Records Limited);
- (h) the Loan Agreement will contain information covenants and other covenants given by the Company, the UK Parent and each Obligor to the Finance Parties and the Company will have to procure that, where a covenant is expressed to apply to each member of the Material Group, each of its Subsidiaries complies with those covenants;
- (i) the following events, amongst other things, will constitute an Event of Default under the Loan Agreement:
 - (A) non-payment by the Company or an Obligor of any amount payable by it under the Finance Documents; or

- (B) non-compliance by the Company or an Obligor with any term of certain of the general covenants set out in clause 19 of the Loan Agreement; or
- (C) non-compliance by the Company or an Obligor with any other term of the Finance Documents other than clause 18 (Financial Covenants) (unless remedied within 21 days); or
- (D) a representation made or repeated by the Company or an Obligor in any Finance Document or in any document delivered by or on behalf of any Obligor under any Finance Document being incorrect in any material respect when made or deemed to be repeated (unless remedied within 21 days); or
- (E) any of the following occurring in respect of any member of the Group:
 - (1) any of its Financial Indebtedness is not paid when due (after the expiry of any originally applicable grace period); or
 - (2) any of its Financial Indebtedness becomes prematurely due and payable, is placed on demand or is capable of being declared by a creditor to be prematurely due and payable or being placed on demand, in each case as a result of an event of default (howsoever described); or
 - (3) any commitment for its Financial Indebtedness is cancelled or suspended as a result of an event of default (howsoever described),

unless, the aggregate amount of Financial Indebtedness of (i) the Group and (ii) the Material Group falling within paragraphs (1)-(3) above is less than £ 1,000,000 and £ 500,000 respectively or its equivalent or unless such event relates to a member of the Non-Material Group and, in the opinion of the Majority Lenders, it does not or could not reasonably be expected to give rise to a Material Adverse Effect; or

- (F) (i) any of the New Cash Pooling Agreement or the Existing Cash Pooling Guarantees being called or being capable of being called in whole or in part or (ii) any sum being due and payable and not being paid under any agreement to which a member of the Material Group is party (unless such non payment does not or could not reasonably be expected to give rise to a Material Adverse Effect); or
- (G) the Company or any member of the Group being subject to any Insolvency Event or Insolvency Proceeding or any attachment, sequestration, distress, execution or analogous event affecting any asset of a member of the Group, having an aggregate value of £ 50,000 and not being discharged within 21 days, in all cases unless the event relates to a member of the Non-Material Group and, in the opinion of the Majority Lenders, it does not or could not reasonably be expected to give rise to a Material Adverse Effect; or

- (H) the Company or any member of the Material Group ceasing, or threatening to cease, to carry on all or a substantial part of its business in any material respect unless such event relates to a member of the Non-Material Group and, in the opinion of the majority Lenders, it does not or could not reasonably be expected to give rise to a Material Adverse Effect or otherwise with the prior written approval of the Majority Lenders (such approval not to be unreasonably withheld or delayed); or
- (I) any event occurring which is reasonably likely to have a Material Adverse Effect; or
- (J)
 - (1) any party to the Subordination Agreement (other than a Finance Party) not performing its obligations under the Subordination Agreement for a period of 21 days without remedy; or
 - (2) any representation or warranty given by any party in the Subordination Agreement (other than a Finance Party) being incorrect in any material respect for a period of 21 days without remedy; or
 - (3) any other event occurring which has or could reasonably be expected to have a Material Adverse Effect; or
 - (4) the subordination created or purported to be created by the Subordination Agreement (other than a Finance Party) not being effective for a period of 21 days without remedy or being alleged by a party to it (other than a Finance Party) to be ineffective; or
 - (5) any party to the Subordination Agreement (other than a Finance Party or Obligor) repudiating the Subordination Agreement or evidencing an intention to repudiate it; or
- (K) the Company or an Obligor ceasing to be a subsidiary of the UK Parent other than either as a result of the merger of the UK Parent into Universal Music (UK) Holdings Limited as expressly permitted under the Loan Agreement or as part of a bona fide restructuring or reorganisation as expressly permitted under the Loan Agreement or otherwise with the prior written consent of the Majority Lenders; or
- (L) any of the Undisclosed Agency Arrangements, the All-in Fee Agreement or any of the New Cash Pooling Agreement or Existing Cash Pooling Guarantees or any Relevant Contract (as referred to in the Debenture) being terminated, amended or breached in a manner which is prejudicial in any material respect to the rights and interests of the Lenders or terminated except with the prior written approval of the Lenders (such approval not to be unreasonably withheld or delayed);
- (M) it being or becoming unlawful for the Company or an Obligor to perform any of its obligations under the Finance Documents or any Finance Document being ineffective (with such circumstances continuing for a period of 21 days without remedy) or being



alleged by the Company or an Obligor to be ineffective for any reason or the Company or an Obligor repudiating a Finance Document or evidencing an intention to repudiate a Finance Document or any Security Document not creating the security it purports to create (with such circumstances continuing for a period of 21 days without remedy); or

- (N) the auditors of the Company or any Obligor qualifying their report on any audited accounts of the Company;
- (j) on the occurrence of an Event of Default the Facility Agent will be entitled to, and will be required to if so instructed by the Majority Lenders, by notice to the Company:
 - (A) cancel the Total Commitments; and/or
 - (B) declare that all or part of any amount outstanding under the Finance Documents be immediately due and payable and/or payable on demand by the Facility Agent acting on the instructions of the Majority Lenders;
- (k) the Company will have to supply to the Facility Agent certain documents and other evidence as a condition precedent to signature of the Loan Agreement and will have to supply additional documents and other evidence as a condition precedent to making a request for the draw-down of the loan;
- (l) the Company will be entitled to voluntarily prepay all or part of the loan on 10 Business Days' notice, subject to the payment of Break Costs and provided that the prepayment is a multiple of £10,000,000;
- (m) default interest will be payable on any sums not paid on the due date at a rate of 2% per annum above the interest rate applicable under the Loan Agreement at the time when the sums remain unpaid;
- (n) the Company will have to pay to the Lenders any Increased Costs suffered by the Lenders;
- (o) the Company will give financial covenants in respect of interest cover and debt payment ratios with each covenant being tested in respect of a 12 month period ended on 31st March, 30th June, 30th September and 31st December in each year;
- (p) the Company will have to indemnify each Finance Party against any loss or liability suffered by it as a result of it receiving any amount in respect of an Obligor's liability under the Finance Documents in a currency other than the currency prescribed by the relevant Finance Document;
- (q) the Company will have to indemnify each Finance Party against any loss or liability which that Finance Party (in its absolute discretion action in good faith) determines will be or has been suffered on account of tax in relation to a payment received or receivable under a Finance Document, unless the tax is imposed on or calculated in the jurisdiction of incorporation of that Finance Party by reference to the net income received or receivable by that Finance Party;
- (r) the Company will have to indemnify each Finance Party against any loss or liability suffered by it as a result of any Event of Default, any failure by an Obligor to pay any sum on the due date, the loan not being drawn-down once requested (other than due to the negligence of that Finance Party) or the loan being prepaid in any manner not permitted by the Loan Agreement;

- (s) the Company will have to pay all costs and expenses (including costs in relation to the financial assistance issue) incurred by the Facility Agent in connection with the negotiation and preparation of the Finance Documents and any duly documented costs and expenses incurred by any Finance Party in respect of enforcing the provisions of any of the Finance Documents;
- (t) the Company will have to procure that each person becoming part of the Material Group will become an Additional Guarantor and Chargor under the Loan Agreement and Debenture;
- (u) the Company will have to procure that Deutsche Grammophon GmbH, Universal MCA Music UK Limited and A&M Music Records Limited will each become an Additional Guarantor and Chargor under the Loan Agreement and Debenture prior to any request for drawdown of the loan;
- (v) the Company will have to ensure that no later than the second anniversary of the date of the Loan Agreement an amount equal to the sum of £3,800,000 is deposited and maintained in the Repayment Account and will have to ensure that the sum of £4,800,000 is deposited and maintained in the Interest Payment Account; and
- (w) the Company may enter into hedging arrangements with CLSA (or another bank or financial institution) in respect of interest rate fluctuations in a principal or nominal amount no greater than between 50 per cent. and 75 per cent. of the Total Commitments.

2 The Debenture

The principal terms on which the assistance will be given under the terms of the Debenture are:

- (a) the Company and each other Chargor will, as primary obligor, covenant with the Trustee to pay or discharge the Secured Liabilities as they become due and payable in accordance with the relevant Finance Documents;
- (b) any amount not paid under the Debenture when due will bear interest (as well after as before judgement and payable on demand) in the manner provided in the relevant Finance Document from the due date until the date such amount is unconditionally and irrevocably paid and discharged in full, save to the extent that interest at such rate on such amount for such period is charged pursuant to a relevant Finance Document and itself constitutes a Secured Liability;
- (c) all security created under the Debenture will be in favour of the Trustee, will be security over all present and future assets of the Company and each other Chargor and will be security for payment of the Secured Liabilities;
- (d) the Company and each other Chargor, other than the Investment Chargors and the IP Chargor, will create a first legal mortgage and a first fixed charge over all freehold or leasehold properties owned by it;
- (e) the Company and each other Chargor, other than the Property Chargor and the IP Chargor, will create a first legal mortgage and first fixed charge over any shares, bonds or securities owned by it, which in the case of the Company will include its shares in Fiction Records Limited, The Wild Card Label Limited, Attitude Records Limited and Serious Records Limited;
- (f) the Company and each other General Chargor will create a first fixed charge on all plant and machinery owned by it;
- (g) the Company and each other Chargor, other than the Property Chargors, Island Entertainment Group Limited and the IP Chargor, will create a first fixed charge on all of

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its rights in respect of any amount standing to the credit of any account it has with any person and the debt represented by it, which in the case of the Company will include its interest bearing accounts nos. 8883033 with Citibank, Strand, London, 57167275, 70952362 and 30953237 with HSBC, Poultry, London and the accounts required to be opened with CLSA pursuant to the Loan Agreement;

- (h) the Company and each other Chargor, other than the Property Chargors and the IP Chargor, will create a first fixed charge over all of its book debts other than any which arise in relation to certain accounts specified in the Debenture;
- (i) the Company and each other General Chargor will assign absolutely, subject to a proviso for re-assignment on redemption, all of its rights in respect of any contract or policy of insurance taken out by it or in which it has an interest;
- (j) the Company and each other General Chargor will assign absolutely, subject to a proviso for re-assignment on redemption, all of its rights in respect of any agreement to which it is a party (including those set out in schedule 2 to the Debenture) but other than any agreement which is not assignable or capable of assignment;
- (k) the Company and each other General Chargor would assign absolutely, subject to a proviso for re-assignment or redemption, any and all damages, compensation, remuneration, profit or other income which it may derive from any agreement which is not assignable or capable of assignment;
- (l) the Company, each other General Chargor and the IP Chargor will create a first fixed charge over all of its rights in respect of its Intellectual Property Rights and Domain Names;
- (m) the Company and each other General Chargor will create a first fixed charge over its goodwill, the benefit of any authorisation held in connection with any Security Asset, the right to recover compensation in respect of such authorisation, its uncalled capital, its Repertoire and all rights and benefits under any agreement to which it is a party;
- (n) the Company and each other Chargor will have to pay on demand all duly documented costs and expenses (including legal fees) incurred by any Finance Party, receiver, attorney, manager, agent or other person appointed by the Trustee in connection with the Debenture and will have to indemnify those persons against those costs and expenses, including any costs arising from any breach of any law and regulation (including environmental laws and regulations);
- (o) the Company and each other General Chargor will create a first floating charge over all of its assets not otherwise charged under the Debenture;
- (p) the Debenture will contain representations and undertakings given by the Company and the other Chargors to each Finance Party;
- (q) the security created by the Debenture will become immediately enforceable if an Event of Default under the Loan Agreement occurs; and
- (r) the Company's rights under the CUK Loan Agreement, the New VU Guarantee, the UMVD Guarantee, the UIM Guarantee and the VUE Guarantee will be secured in favour of CLSA and any subrogation or similar rights will be subordinated.

The entry into of the Debenture by the Company is a condition precedent under the Loan Agreement and by such entry the Company will, among other things, secure and be responsible for the payment and discharge of its and each Chargor's liabilities to any Finance Party under each Finance Document to which it is a party (other than any

obligation which would result in the Debenture contravening section 151 of the Companies Act 1985).

3 The CUK Loan Agreement

The principal terms on which the assistance will be given under the terms of the CUK Loan Agreement are that:

- (a) the Company will make available to CUK an inter-company loan in an amount equal to £136 million for the purpose of financing the Fourth Acquisition and indirectly financing the Third Acquisition;
- (b) the loan will be repayable in full on 31 December 2007 and otherwise on demand in whole or in part by the Company if the Company is required to make a payment of any kind or amount under or pursuant to the terms of the Finance Documents;
- (c) interest will accrue on the loan at the rate of interest applicable to the Loan as noted at paragraph 1(a) above plus 100 basis points per annum and be payable quarterly in arrears; and
- (d) CUK will agree to pay or reimburse to the Company all costs, fees or expenses related to the Company entering into the Loan Agreement or the related Finance Documents including, but not limited to, any amounts payable under the Fee Letter and any legal, accounting, compliance or other administrative costs incurred by the Company in connection with the Finance Documents.

4 The Subordination Agreement

The principal terms on which the assistance will be given under the terms of the Subordination Agreement are:

- (a) the Company will agree that from the date of the Subordination Agreement, all Subordinated Intra Group Debt owed to it by an Intercompany Debtor (and related claims) will be subordinated in rank, right of time and priority of payment, at all times and in all circumstances to the Senior Facility Debt;
- (b) each Intercompany Debtor will undertake that it will not pay, prepay or repay any amount of any Subordinated Intra Group Debt to any Intercompany Creditor without the written consent of the Facility Agent and each Intercompany Creditor will undertake that it will not demand or receive any payment, prepayment or repayment of any Subordinated Intra Group Debt without the prior written consent of the Facility Agent;
- (c) if any Intercompany Creditor receives any payment in respect of any Subordinated Intra Group Debt it will be obliged to transfer the amount of that payment to the Facility Agent, provided that an Intercompany Creditor will be entitled to receive payment of a Subordinated Intra Group Debt from an Intercompany Debtor if there has been no Event of Default and the payment is made in the normal course of cash management operations;
- (d) if any Intercompany Debtor suffers certain insolvency events, the Facility Agent will be entitled to prove for all of the Subordinated Intra Group Debt owed by that Intercompany Debtor and each Intercompany Creditor will irrevocably authorise the Facility Agent to prove for those debts on its behalf and will pay any distributions it actually receives to the Facility Agent;
- (e) each Intercompany Creditor will irrevocably appoint the Facility Agent as its attorney in respect of anything that it has authorised the Security Agent to do under the Subordination Agreement or anything that it is obliged to do under the Subordination

Agreement but has failed to do so within 5 Business Days of notice requiring it to do so; and

- (f) the Subordination Agreement will contain certain undertakings and representations and warranties to be given by the Company and each other Intercompany Debtor to the Senior Finance Parties; the Company will agree that from the date of the Subordination Agreement, all Subordinated Intra Group Debt owed to it by an Intercompany Debtor (and related claims) will be subordinated in rank, right of time and priority of payment, at all times and in all circumstances to the Senior Facility Debt.

5 The Fee Letter

The principal terms on which the assistance will be given under the terms of the Fee Letter are:

- (a) payment by the Company of certain fees and costs to the Facility Agent in connection with the Loan Agreement and the Debenture will be a condition precedent under the Loan Agreement; and
- (b) the Company will pay an up-front fee to the Facility Agent of £ 1,904,000.

The payment of these fees by the Company will be reimbursed to the Company under the terms of the CUK Loan Agreement by CUK.

6 The New Cash Pooling Agreement

The principal terms on which the assistance will be given under the terms of the New Cash Pooling Agreement are:

- (a) the Company will guarantee, as a continuing guarantee and regardless of any intermediate payment, the liabilities to HSBC Bank PLC of each other party to the New Cash Pooling Agreement and will undertake to pay to HSBC Bank PLC any sums owing to HSBC Bank PLC on any account whatsoever from any other party to the New Cash Pooling Agreement (including any sum for which those parties may be liable as surety); and
- (b) the Company will irrevocably appoint the UK Parent as its agent in respect of any action to be taken in connection with the New Cash Pooling Agreement.

APPENDIX E

UNIVERSAL MUSIC OPERATIONS LIMITED

STATUTORY DECLARATION IN COMPANIES FORM 155(6)(a)

In this Appendix E, the definitions contained in Appendix B shall apply.

Accession Agreement	means a letter, substantially in the form of schedule 9 to the Loan Agreement (form of accession agreement), with such amendments as the Facility Agent may approve or reasonably require.
Act	means the Companies Act 1985 (as amended).
Additional Chargor	means a member of the Group who becomes a Chargor under the Debenture.
Additional Guarantor	means a member of the Group which becomes a Guarantor after the date of the Loan Agreement.
Affiliate	means a Subsidiary or a Holding Company of a person or any other Subsidiary of that Holding Company.
All-in-Fee Agreement	means the agreement in respect of the all in fee arrangements between inter alia each General Chargor, IP Chargor and Universal International Music B.V. in the form stated on its face to take effect on 1st July 2001 and dated 31st July 2001.
Break Costs	means the amount (if any) which a Lender is entitled to receive subject to and in accordance with the Loan Agreement as compensation if any part of the loan or overdue amount is prepaid.
Business Day	means a day (other than a Saturday or a Sunday) on which banks are open for general business in London and Paris and in respect of a rate fixing or a payment date in respect of Sterling, London.
Charge of Intercompany Loans	means the charge granted in favour of the Lenders by the Subordinated Creditors over various Inter-Company Loans in the agreed form under a Security Document.
Chargor	means a General Chargor, an Investment Chargor, an IP Chargor or a Property Chargor.
CLS	means Credit Lyonnais Securities.
CLSA	means Credit Lyonnais S.A..
Commitment	means:

- (a) for CLSA, £136,000,000 and the amount of any other Commitment it acquires; and
- (b) for any other Lender, the amount of any Commitment it acquires,

to the extent not cancelled, transferred or reduced under the Loan Agreement.

Company

means Universal Music Operations Limited.

CUK

means the UK Parent (as defined below).

CUK Loan Agreement

means a loan agreement to be made between the Company and CUK whereby the Company will make available to CUK an inter-company loan in an amount equal to £136 million for the purpose of directly financing the Fourth Acquisition and indirectly financing the Third Acquisition.

Debenture

means a security agreement to be made between the General Chargors (1), the Investment Chargors (2), the Property Chargors (3), the IP Chargor (4) and the Trustee (5) whereby the Company and the other Chargors will create a fixed and floating charge in favour of the Trustee as security for all amounts owing by each Chargor to any Finance Party under each Finance Document to which a Chargor is party.

Domain Names

means the domain names specified in the Debenture.

Existing Cash Pooling Guarantees

means the joint and several cash pooling guarantee agreement dated 24th July, 2001 between certain members of the Material Group and HSBC Bank plc.

Event of Default

means an event specified as such in the Loan Agreement.

Facility Agent

means CLSA in its capacity as facility agent under the Loan Agreement.

Fee Letter

means the fee letter from the Facility Agent to the Company setting out the amount of the up-front fee.

Finance Document

means:

- (a) the Loan Agreement; or
- (b) the Fee Letter; or
- (c) a Security Document; or
- (d) the Subordination Agreement; or
- (e) an Accession Agreement; or

- (f) a Transfer Certificate; or;
- (g) the VUE Guarantee ; or
- (h) the Letter of Intent; or
- (i) any other document designated as such by the Facility Agent and the Company.

Finance Party

means the Facility Agent or a Lender.

Financial Covenants

means the financial covenants set out in clause 18.1 of the Loan Agreement and described further in paragraph 1(o) of Appendix D.

Financial Indebtedness

means any indebtedness for or in respect of:

- (a) moneys borrowed and overdrafts; or
- (b) any acceptance credit; or
- (c) any bond, note, debenture, loan stock or other similar instrument; or
- (d) any redeemable preference share; or
- (e) any finance or capital lease; or
- (f) receivables sold or discounted (otherwise than on a non-recourse basis); or
- (g) any debt redeemable in shares; or
- (h) the acquisition cost of any asset to the extent payable after its acquisition or possession by the party liable where the deferred payment is arranged primarily as a method of raising finance or financing the acquisition of that asset but, for the avoidance of doubt, excluding any amounts payable to a vendor under an earn-out provision on account of income generated by that asset; or
- (i) any derivative transaction protecting against or benefiting from fluctuations in any rate or price (and, except for non-payment of an amount, the then mark to market value of the derivative transaction will be used to calculate its amount); or
- (j) any other transaction (including any forward sale or purchase agreement) which has the commercial effect of a borrowing; or
- (k) any counter-indemnity obligation in respect of any guarantee, indemnity, bond, letter of credit or any

other instrument issued by a bank or financial institution; or

- (l) any off-balance sheet indebtedness (including contingent financial liabilities excluding for the avoidance of doubt contingent liabilities arising as a result of legal or regulatory proceedings or royalties payable to artists); or
- (m) any guarantee, indemnity or similar assurance against financial loss of any person in respect of any item referred to in paragraphs (a) to (l) above.

General Chargors

means the Company, Go! Discs Limited, Go! Holdings Limited, Polydor Limited, Mercury Records Limited, Universal Island Records Limited, Universal MCA Music UK Limited and A&M Music Records Limited.

Group

means at the date of the Loan Agreement the UK Parent and the companies listed in schedule 15 to the Loan Agreement and thereafter each other Subsidiary of the UK Parent which is acquired on or after the date of the Loan Agreement unless the Company can demonstrate to the satisfaction of the Facility Agent (acting reasonably in good faith) that the principal business activity of that Subsidiary is not primarily that set out in paragraph 2 of schedule 14 of the Loan Agreement.

Guarantor

means an Original Guarantor or an Additional Guarantor.

Holding Company

means a holding company within the meaning of section 736 of the Act.

Increased Cost

means:

- (a) an additional or increased cost; or
- (b) a reduction in the rate of return under a Finance Document or on its overall capital; or
- (c) a reduction of an amount due and payable under any Finance Document,

which is incurred or suffered by a Finance Party or any of its Affiliates but only to the extent attributable to that Finance Party having entered into any Finance Document or funding or performing its obligations under any Finance Document.

Insolvency Event

means, in relation to a person, if that person:

- (a) is, or is deemed for the purposes of any law to be, unable to pay its debts as they fall due or is insolvent; or

- (b) admits its inability to pay its debts as they fall due; or
- (c) suspends making payments on any of its debts or announces an intention to do so; or
- (d) by reason of actual or anticipated financial difficulties, begins negotiations with any creditor for the rescheduling of any of its indebtedness; or
- (e) has a moratorium declared in respect of any of its indebtedness.

Insolvency Proceeding

means, in relation to a person, if:

- (a) any step is taken with a view to a moratorium or a composition, assignment or similar arrangement with any of its creditors; or
- (b) a meeting of its shareholders, directors or other officers is convened for the purpose of considering any resolution for, to petition for or to file documents with a court for, its winding-up, administration or dissolution or any such resolution is passed; or
- (c) any person presents a petition, or files documents with a court, for its winding-up, administration or dissolution except where such petition or filing is frivolous or is being contested in good faith and with due diligence and is struck out within 21 days; or
- (d) an order for its winding-up, administration or dissolution is made; or
- (e) any liquidator, trustee in bankruptcy, judicial custodian, compulsory manager, receiver, administrative receiver, administrator or similar officer is appointed in respect of it or any of its assets; or
- (f) its directors, shareholders or other officers request the appointment of, or give notice of their intention to appoint, a liquidator, trustee in bankruptcy, judicial custodian, compulsory manager, receiver, administrative receiver, administrator or similar officer; or
- (g) any other analogous step or procedure is taken in any jurisdiction.

Intellectual Property Rights

means patents, trade marks, trade names, rights in designs (including registered designs and design rights), copyright (including without limitation copyright in literary works, dramatic works, musical works, artistic works, films,

Handwritten signature/initials

sound recordings, broadcasting rights and performance rights), database rights, rights in know-how and all other intellectual property rights, in each case whether registered or unregistered and including applications for grant of any of the foregoing and all rights or forms of protection having equivalent or similar effect to any of the foregoing which may subsist anywhere in the world now or in the future, in each case, whether registered or not.

Inter-company Creditor

means those companies described as such in the Subordination Agreement in their capacity as creditors 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.

Inter-Company Debt

means any debt incurred by an Obligor and outstanding to an Affiliate of the Company.

Inter-Company 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.

Inter-Company Documents

means each Intra Group Loan Agreement which documents or otherwise relates to any Subordinated Intra Group Loan 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.

Inter-Company Loan

means any loan granted by an Obligor to an Affiliate of the Company.

Interest Payment Account

means the interest bearing cash reserve blocked account opened with the Facility Agent by the Company and secured by the Debenture.

Investment Chargors

means Universal Music (UK) Holdings Limited, Universal Music Leisure Limited, Centenary UK Limited and Island Entertainment Group Limited.

IP Chargor

means Deutsche Grammophon GmbH.

Lenders

means CLSA together with any other person who becomes, in accordance with the terms of the Loan Agreement, a Lender under the Loan Agreement.

Letter of Intent

means the letter from VU to CL in which VU agrees that it will not, inter alia, carry out a similar or the same business activity (directly or indirectly) as any of the Group based in the UK.

LIBOR

means for a Term of any Loan or overdue amount:

- (a) the applicable Screen Rate; or
- (b) if no Screen Rate is available for the relevant currency or Term of the Loan or overdue amount, the arithmetic mean (rounded upward to four decimal places) of the rates, as supplied to the Facility Agent at its request, quoted by the Reference Banks to leading banks in the London interbank market.

Loan

means the principal amount of the borrowing under the Loan Agreement or the principal amount outstanding of that borrowing.

Loan Agreement

means a credit facility agreement initially to be made between the Company, the Facility Agent and the Lenders and subsequently, prior to any drawdown of the Loan, to be made between the UK Parent (1), the Company (2), the Original Guarantors (3), the Original Chargors (4), the Lenders (5) and the Facility Agent (6) whereby the Lenders will make available to the Company a sterling term loan facility in an aggregate amount equal to £136 million for the purpose of directly financing the Fourth Acquisition and indirectly financing the Third Acquisition.

Majority Lenders

means, at any time, Lenders:

- (a) whose share in the outstanding Loan and whose undrawn Commitments then aggregate $66\frac{2}{3}$ per cent. or more of the aggregate of all the outstanding Loan and the undrawn Commitments of all the Lenders; or
- (b) if the Loan is not then outstanding, whose undrawn Commitments then aggregate $66\frac{2}{3}$ per cent. or more of the Total Commitments; or
- (c) if the Loan is not then outstanding and the Total Commitments have been reduced to zero, whose Commitments aggregated $66\frac{2}{3}$ per cent. or more of the Total Commitments immediately before the reduction.

Mandatory Cost

means the cost of complying with certain regulatory requirements, expressed as a percentage rate per annum and calculated by the Facility Agent under schedule 5 to the Loan Agreement (calculation of the Mandatory Cost).

Margin

means 2.25 per cent. per annum.

Material Adverse Effect

means a material adverse effect on:

- (a) the financial condition of the Company or the Material Group which has or is reasonably likely to have a material adverse effect on the ability of any Obligor to perform its obligations under the Finance Documents; or
- (b) the ability of any Obligor to perform any of its payment or other material obligations under any of the Finance Documents; or
- (c) the enforceability or validity of any Finance Document or the effectiveness of any Security Interest (which, in the opinion of the Lenders (acting reasonably) is not immaterial) purported to be created pursuant to any Security Document or the rights and remedies of any Finance Party.

Material Group

means each Obligor and the Subsidiaries of Mercury Records Limited, Polydor Limited, Island Entertainment Group Limited and the Company.

New Cash Pooling Agreement

means the cash pooling guarantee to be made between HSBC Bank PLC and, inter alia, each of the Company, Universal Island Records Limited, Polydor Limited and Mercury Records Limited.

New VU Guarantee

means the guarantee to be granted by VU in favour of the Company in connection with the CUK Loan Agreement.

Non-Assignable Contracts

means the recording agreements set out in part 3 of schedule 2 to the Debenture.

Non-Material Group

means each member of the Group which is not a member of the Material Group.

Obligor

means the Company, a Guarantor, a Chargor or an Additional Chargor.

Original Guarantors

means Go! Discs Limited, Go! Holdings Limited, Mercury Records Limited, Polydor Limited, Universal Island Records Limited and Universal Music Leisure Limited.

Original Chargors

means Island Entertainment Group Limited, Centenary UK Limited, Universal Music (UK) Holdings Limited and 210 South Street Property Company Limited.

Original Lender

means Credit Lyonnais S.A..

Property Chargors

means 210 South Street Property Company Limited.

Reference Banks

means CLSA, Royal Bank of Scotland and Société Générale and any other bank or financial institution appointed as such (with the approval of the Company) by the Facility Agent under the Loan Agreement.

Repayment Account	means the interest bearing cash reserve blocked account opened with the Facility Agent by the Company and secured by the Debenture.
Repertoire	means master tapes, "neighbouring rights" to recording rights, royalty entitlements, collecting society receivables.
Screen Rate	means the British Bankers Association Interest Settlement Rate (if any) for the relevant currency and term displayed on the appropriate page of the Reuters screen selected by the Facility Agent. If the relevant page is replaced or the service ceases to be available, the Facility Agent (after consultation with the Company and the Lenders) may specify another page or service displaying the appropriate rate.
Secured Liabilities	means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each Chargor to any Finance Party under each Finance Document to which a Chargor is a party, except for any obligation which, if it were so included, would result in the Debenture contravening section 151 of the Act.
Security Assets	means all assets (including without limitation the Intellectual Property Rights) of each Chargor the subject of any security created by the Debenture.
Security Document	means: <ul style="list-style-type: none"> (a) the Debenture; (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.
Security Interest	means any mortgage, pledge, lien, charge, assignment, hypothecation or security interest or any other agreement or arrangement having a similar effect.
Senior Facility Debt	means any and all obligations or liabilities (present or future, actual or contingent, joint or several) payable or owing by any Obligor to any Senior Finance Party under the Finance Documents.
Senior Finance Parties	means: <ul style="list-style-type: none"> (a) a Lender;

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

Shares

means 2,045 fixed rate, non-redeemable preference shares of £1 each in the capital of the Company.

Share Pledge

means each share pledge entered into by each Obligor in favour of the Finance Parties on or about the date of the Loan Agreement in the agreed form under the Debenture.

Subordination Agreement

means a subordination agreement to be made between the Company, the Facility Agent, the Obligors and the Subordinated Creditors.

Subordinated Creditors

means each Affiliate of the Company which is the creditor of an Intercompany Loan as notified to the Facility Agent by the Company in writing in accordance with the Loan Agreement together with any other Affiliate of the Company which becomes a creditor in respect of an Intercompany Debt from time to time and which accedes to the Subordination Agreement in accordance with the Finance Documents.

Subordinated Intra Group Debt

means any and all obligations 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.

Subsidiary

means:

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

Term

means each period determined under the Loan Agreement by reference to which interest on the Loan or an overdue amount is calculated.

Total Commitments

means the Commitments of all the Lenders.

Transfer Certificate

means a certificate, substantially in the form of schedule 6 to the Loan Agreement (form of transfer certificate), with such amendments as the Facility Agent may approve or reasonably require or any other form agreed between the Facility Agent and the Company.

Trustee

means CLSA in its capacity as agent and trustee for the Finance Parties under the Debenture.

UIM

means Universal International Music B.V..

UIM Guarantee	means the agreement to be made between UIM and the Company whereby UIM will agree to issue a guarantee in favour of the Company and an indemnity in favour of the directors of the Company.
UK Parent or CUK	means Centenary UK Limited.
UMVD	means Universal Music & Video Distribution Corp.
UMVD Guarantee Agreement	means the agreement to be made between the Company and UMVD whereby UMVD will agree to issue a guarantee to the Company and an indemnity to each of the directors of the Company in each case in the form attached to the UMVD Guarantee Agreement.
Undisclosed Agency Arrangements	means the undisclosed agency arrangements as described in schedule 13 to the Loan Agreement.
VU	means Vivendi Universal S.A..
VUE Entity	means VU and each of its Subsidiaries.
VUE Guarantee	means the guarantee in the agreed form in favour of the Finance Parties and the Company pursuant to which Vivendi Universal S.A. agrees to pay on demand an amount equal to 50 % of all Inter-Company Debt owed by each Obligor to a VUE Entity from time to time to the extent that Obligor is in default of its payment obligations towards that VUE Entity and where any subrogation or similar rights to which VU is or may be entitled are subordinated pursuant to the Subordination Agreement.

**Auditors' report to the directors of Universal Music Operations Limited
pursuant to section 156(4) of the Companies Act 1985**

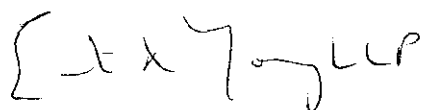
We have examined the attached statutory declaration of the directors of Universal Music Operations Limited ("the Company") dated 31 December 2002 in connection with the proposal that the Company should give financial assistance for the purchase of 2,045 of the Company's issued share capital.

Basis of opinion

We have enquired into the state of the Company's affairs in order to review the bases for the statutory declaration.

Opinion

We are not aware of anything to indicate that the opinion expressed by the directors in their declaration as to any of the matters mentioned in section 156(2) of the Companies Act 1985 is unreasonable in all the circumstances.



Ernst & Young LLP
Registered Auditor
London
31 December 2002

CHFP004

COMPANIES FORM No. 155(6)a
Declaration in relation to
assistance for the acquisition
of shares.

155 (6)a

Please do not
write in this
margin

Pursuant to section 155(6) of the Companies Act 1985

Please complete legibly, preferably in black type, or bold block lettering

**To the Registrar of Companies
(Address overleaf - Note 5)**

For official use

Company number

950138

Note
Please read the
notes on page 3
before completing
this form.

Name of company

*** UNIVERSAL MUSIC OPERATIONS LIMITED**

- * insert full name of company
- Ø insert name(s) and address(es) of all the directors

THOMAS CLIVE FISHER OF 1 NEVILLE CLOSE,
BINFIELD, BERKSHIRE RG42 4AZ

being 1 out of a total of 7

† delete as appropriate

~~the sole director~~ all the directors of the above company do solemnly and sincerely declare that:

The business of the company is:

§ delete whichever
is inappropriate

(b) that of a person authorised under section 3 or 4 of the Insurance Companies Act 1982 to carry on insurance business in the United Kingdom

(c) something other than the above

The company is proposing to give financial assistance in connection with the acquisition of shares in the [company] [company's holding company]

[illegible]

The assistance is for the purpose of [that acquisition] [reducing or discharging a liability incurred for the purpose of that acquisition].[†]

The number and class of the shares acquired or to be acquired is:
2,045 Fixed Rate Non-Redeemable Preference Shares of £1 each

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

Watson, Farley & Williams
15 Appold Street
London EC2A 2HB
Reference: HOWC1
Doc No: 16631350 v1

For official Use
General Section

MS
CF The assistance is to be given to: (Note 2) SEE APPENDIX A.

Please do not
write in this
margin

Please complete
legibly, preferably
in black type, or
bold block
lettering

MS
CF The assistance will take the form of:

See Appendix B.

The person who [has acquired] [will acquire] [†] the shares is:

[†] delete as
appropriate

SEE APPENDIX C.

The principal terms on which the assistance will be given are:

See Appendix D.

MS
CF The amount of cash to be transferred to the person assisted is £ 136 MILLION

MS
CF The value of any asset to be transferred to the person assisted is £ 0.00

MS
CF The date on which the assistance is to be given is WITHIN 8 WEEKS OF THE DATE HEREOF

Please do not write in this margin

Please complete legibly, preferably in black type, or bold block lettering

* delete either (a) or (b) as appropriate

I/we have formed the opinion, as regards the company's initial situation immediately following the date on which the assistance is proposed to be given, that there will be no ground on which it could then be found to be unable to pay its debts. (note 3)

(a) I/we have formed the opinion that the company will be able to pay its debts as they fall due during the year immediately following that date] * (note 3)

(b) It is intended to commence the winding up of the company within 12 months of that date and we have formed the opinion that the company will be able to pay its debts in full within 12 months of the commencement of the winding up.] * (note 3) xxx

And I/we make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1835.

ASCOT LAWYERS

Declared at MOOR HOUSE
LONDON ROAD
BINFIELD
BERKSHIRE RG42 4AA

Declarants to sign below

on

Day	Month	Year
31	12	2002

before me

J. NEIL SOMERVILLE F. INKLE.

A Commissioner for Oaths or Notary Public or Justice of the Peace or a Solicitor having the powers conferred on a Commissioner for Oaths.

NOTES

- 1 For the meaning of "a person incurring a liability" and "reducing or discharging a liability" see section 152(3) of the Companies Act 1985.
- 2 Insert full name(s) and address(es) of the person(s) to whom assistance is to be given; if a recipient is a company the registered office address should be shown.
- 3 Contingent and prospective liabilities of the company are to be taken into account - see section 156(3) of the Companies Act 1985.
- 4 The auditors report required by section 156(4) of the Companies Act 1985 must be annexed to this form.
- 5 The address for companies registered in England and Wales or Wales is:-

The Registrar of Companies
Companies House
Crown Way
Cardiff
CF14 3UZ
DX: 33050
Cardiff

or, for companies registered in Scotland:-

The Registrar of Companies
Companies House
37 Castle Terrace
Edinburgh
EH1 2EB
DX: 235
Edinburgh


J. NEIL SOMERVILLE
31st DECEMBER 2002

APPENDIX A


UNIVERSAL MUSIC OPERATIONS LIMITED

STATUTORY DECLARATION IN COMPANIES FORM 155(6)(a)

Persons to whom financial assistance is to be given

- (1) Centenary UK Limited of 1 Sussex Place, Hammersmith, London W6 9XS.
- (2) Credit Lyonnais Securities of 5 Appold Street, London EC2A 2DA.
- (3) Credit Lyonnais S.A. of 18 Rue de la Republique, 69000 Lyon, France.




J. NEIL SOMERVILLE
31st December 2002.

APPENDIX B

UNIVERSAL MUSIC OPERATIONS LIMITED

STATUTORY DECLARATION IN COMPANIES FORM 155(6)(a)

In this Appendix B, the definitions contained in Appendix E shall apply.

Background

In February 2002, the Company entered into a repurchase transaction (the "**Repo Transaction**") with, inter alia, CLSA. The Repo Transaction included the following arrangements:

- (a) CUK subscribed for the Shares at an aggregate subscription price of £136 million (the "**Subscription**");
- (b) the Shares were sold by CUK to CLS for a total purchase price of £134,640,000 (the "**First Acquisition**") and CUK and CLS entered into an associated put and call option agreement (the "**First Option Agreement**") in relation to the repurchase of the Shares by CUK from CLS;
- (c) the Shares were subsequently sold by CLS to CLSA (the "**Second Acquisition**") and CLS and CLSA entered into an associated put option agreement (the "**Second Option Agreement**") in relation to the repurchase of the Shares by CLS from CLSA; and
- (d) VU issued a guarantee in favour of CLSA in respect of the obligations of CUK under certain agreements relating to the above.

It is now proposed that the Company enter into a new direct term loan arrangement with CLSA so as to enable the Repo Transaction to be unwound. As part of the unwind process, the First Option Agreement will be amended, CLSA will require CLS to purchase the Shares in accordance with the terms of the Second Option Agreement (the "**Third Acquisition**") and CLS will then require CUK to purchase the Shares in accordance with the terms of the First Option Agreement (the "**Fourth Acquisition**").

The assistance will take the form of:

The Company entering into the following documents and performing the transactions contemplated by such documents:

- (a) the Loan Agreement;
- (b) the Debenture;
- (c) the CUK Loan Agreement;
- (d) the Subordination Agreement;
- (e) the Fee Letter;
- (f) the New Cash Pooling Agreement; and
- (g) any other documents necessary or desirable in connection with any of the above,

(together, the "**Transaction Documents**").



The Transaction Documents are all on terms and subject to the conditions more particularly described therein (a summary of the material terms of the Transaction Documents is set out in Appendix D) and we declare that we have read and are fully familiar with such terms and conditions. It is acknowledged and declared that the Company will execute the Loan Agreement in the first instance and may then sign an amendment and restatement agreement in relation to the Loan Agreement pursuant to which the other Obligor will accede to the Loan Agreement as parties prior to the first drawdown thereunder.

Financial Assistance

The financial assistance will consist of the following:

(a) The Subscription

CUK incurred a liability for the purpose of the Subscription by incurring an obligation to pay the subscription price for the Shares. By entering into and performing the CUK Loan Agreement, the Loan Agreement, the Debenture and the other Transaction Documents, the Company will or may financially assist CUK, within the meaning of section 151(2) of the Act, to the extent that the liability incurred by CUK for the purpose of the Subscription is reduced or discharged, within the meaning of section 152(3)(b) of the Act, by restoring the financial position of CUK to what it was before the Subscription took place.

(b) The First Acquisition

CUK incurred a liability to CLS for the purpose of the First Acquisition by changing its financial position, within the meaning of section 152(3)(a) of the Act, by entering into the First Option Agreement. The First Option Agreement contains an obligation on CUK, in certain circumstances, to make the Fourth Acquisition. By entering into and performing the CUK Loan Agreement, the Loan Agreement, the Debenture and the other Transaction Documents, the Company will financially assist CUK, within the meaning of section 151(2) of the Act, to discharge its liability under the First Option Agreement to make the Fourth Acquisition.

CLS incurred a liability for the purpose of the First Acquisition by incurring an obligation to pay the consideration for the Shares. By entering into and performing the CUK Loan Agreement, the Loan Agreement, the Debenture and the other Transaction Documents, the Company will or may financially assist CLS, within the meaning of section 151(2) of the Act, to the extent that the liability incurred by CLS for the purpose of the First Acquisition is reduced or discharged, within the meaning of section 152(3)(b) of the Act, by restoring the financial position of CLS to what it was before the First Acquisition took place.

(c) The Second Acquisition

CLS incurred a liability to CLSA for the purpose of the Second Acquisition by changing its financial position, within the meaning of section 152(3)(a) of the Act, by entering into the Second Option Agreement. The Second Option Agreement contains an obligation on CLS, in certain circumstances, to make the Third Acquisition. By entering into and performing the CUK Loan Agreement, the Loan Agreement, the Debenture and the other Transaction Documents, the Company will financially assist CLS, within the meaning of section 151(2) of the Act, to discharge its liability under the Second Option Agreement to make the Third Acquisition.

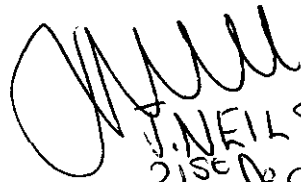
CLSA incurred a liability for the purpose of the Second Acquisition by incurring an obligation to pay the consideration for the Shares. By entering into and performing the CUK Loan Agreement, the Loan Agreement, the Debenture and the other Transaction Documents, the Company will or may financially assist CLSA, within the meaning of section 151(2) of the Act, to the extent that the liability incurred by CLSA for the purposes of the Second Acquisition is reduced or discharged, within the meaning of section 152(3)(b) of the Act, by restoring the financial position of CLSA to what it was before the Second Acquisition took place.

(d) The Third Acquisition

By entering into and performing the CUK Loan Agreement, the Loan Agreement, the Debenture and the other Transaction Documents, the Company will give financial assistance indirectly for the purposes of the Third Acquisition by providing CUK with the finance required by CUK to make the Fourth Acquisition and therefore indirectly providing CLS with the finance required by CLS to make the Third Acquisition.

(e) The Fourth Acquisition

By entering into and performing the CUK Loan Agreement, the Loan Agreement, the Debenture and the other Transaction Documents, the Company will give financial assistance directly for the purposes of the Fourth Acquisition by providing CUK with the finance required by CUK to make the Fourth Acquisition.


J. NEIL SOMERVILLE
31st December 2002.

APPENDIX C

UNIVERSAL MUSIC OPERATIONS LIMITED

STATUTORY DECLARATION IN COMPANIES FORM 155(6)(a)

In this Appendix C, the definitions contained in Appendix B and Appendix E shall apply.

Persons who have acquired or will acquire shares

- (1) The person who has acquired the Shares under the Subscription is Centenary UK Limited.
- (2) The person who has acquired the Shares under the First Acquisition is Credit Lyonnais Securities.
- (3) The person who has acquired the Shares under the Second Acquisition is Credit Lyonnais S.A..
- (4) The person who will acquire the Shares under the Third Acquisition is Credit Lyonnais Securities.
- (5) The person who will acquire the Shares under the Fourth Acquisition is Centenary UK Limited.




J. NEIL SOMERVILLE
31st December 2002

APPENDIX D

UNIVERSAL MUSIC OPERATIONS LIMITED

STATUTORY DECLARATION IN COMPANIES FORM 155(6)(a)

In this Appendix D, the definitions contained in Appendix B and Appendix E shall apply.

The principal terms on which the assistance will be given are the following:

1 Loan Agreement

The principal terms on which the assistance will be given under the terms of the Loan Agreement are:

- (a) the Lenders will make available to the Company a sterling term loan facility in an aggregate amount equal to £136 million bearing interest at the percentage rate per annum equal to the aggregate of the applicable (i) LIBOR, (ii) Margin and (iii) Mandatory Cost, with such interest being payable on the last day of each Term;
- (b) the Company will be able to borrow the loan by making a request to the Facility Agent on or before 31 January 2003;
- (c) the loan can only be used by the Company to advance funds to CUK under the CUK Loan Agreement which in turn will enable CUK and CLS respectively to finance the Fourth Acquisition and the Third Acquisition respectively;
- (d) the loan will be repayable in 36 approximately equal monthly instalments commencing on 1st January 2005;
- (e) an up-front fee will be payable by the Company to the Facility Agent on signing of the Loan Agreement pursuant to the Fee Letter;
- (f) mandatory prepayment of the loan and payment of Break Costs will be required in certain circumstances including, inter alia, if it becomes unlawful in any jurisdiction for the Lenders to perform their obligations or to maintain the loan, if the Company is in breach of any Financial Covenant (which is not cured within 15 Business Day of notice of the breach) or on a change of control of the UK Parent or VU (except where control of VU is acquired by a company or other organisation with a Standard and Poor and Moody's long term credit rating of BBB- and Baa3 respectively or higher and which is acceptable to the Lenders in their sole discretion);
- (g) the Loan Agreement will contain representations and warranties given by the Company and each Obligor to each Finance Party in respect of itself and in respect of each member of the Material Group which is its Subsidiary (namely, in the case of the Company, Attitude Records Limited, Fiction Records Limited and Serious Records Limited);
- (h) the Loan Agreement will contain information covenants and other covenants given by the Company, the UK Parent and each Obligor to the Finance Parties and the Company will have to procure that, where a covenant is expressed to apply to each member of the Material Group, each of its Subsidiaries complies with those covenants;
- (i) the following events, amongst other things, will constitute an Event of Default under the Loan Agreement:

- (A) non-payment by the Company or an Obligor of any amount payable by it under the Finance Documents; or

- (B) non-compliance by the Company or an Obligor with any term of certain of the general covenants set out in clause 19 of the Loan Agreement; or
- (C) non-compliance by the Company or an Obligor with any other term of the Finance Documents other than clause 18 (Financial Covenants) (unless remedied within 21 days); or
- (D) a representation made or repeated by the Company or an Obligor in any Finance Document or in any document delivered by or on behalf of any Obligor under any Finance Document being incorrect in any material respect when made or deemed to be repeated (unless remedied within 21 days); or
- (E) any of the following occurring in respect of any member of the Group:
 - (1) any of its Financial Indebtedness is not paid when due (after the expiry of any originally applicable grace period); or
 - (2) any of its Financial Indebtedness becomes prematurely due and payable, is placed on demand or is capable of being declared by a creditor to be prematurely due and payable or being placed on demand, in each case as a result of an event of default (howsoever described); or
 - (3) any commitment for its Financial Indebtedness is cancelled or suspended as a result of an event of default (howsoever described),

unless, the aggregate amount of Financial Indebtedness of (i) the Group and (ii) the Material Group falling within paragraphs (1)-(3) above is less than £ 1,000,000 and £ 500,000 respectively or its equivalent or unless such event relates to a member of the Non-Material Group and, in the opinion of the Majority Lenders, it does not or could not reasonably be expected to give rise to a Material Adverse Effect; or

- (F) (i) any of the New Cash Pooling Agreement or the Existing Cash Pooling Guarantees being called or being capable of being called in whole or in part or (ii) any sum being due and payable and not being paid under any agreement to which a member of the Material Group is party (unless such non payment does not or could not reasonably be expected to give rise to a Material Adverse Effect); or
- (G) the Company or any member of the Group being subject to any Insolvency Event or Insolvency Proceeding or any attachment, sequestration, distress, execution or analogous event affecting any asset of a member of the Group, having an aggregate value of £ 50,000 and not being discharged within 21 days, in all cases unless the event relates to a member of the Non-Material Group and, in the opinion of the Majority Lenders, it does not or could not reasonably be expected to give rise to a Material Adverse Effect; or

- (H) the Company or any member of the Material Group ceasing, or threatening to cease, to carry on all or a substantial part of its business in any material respect unless such event relates to a member of the Non-Material Group and, in the opinion of the majority Lenders, it does not or could not reasonably be expected to give rise to a Material Adverse Effect or otherwise with the prior written approval of the Majority Lenders (such approval not to be unreasonably withheld or delayed); or
- (I) any event occurring which is reasonably likely to have a Material Adverse Effect; or
- (J)
- (1) any party to the Subordination Agreement (other than a Finance Party) not performing its obligations under the Subordination Agreement for a period of 21 days without remedy; or
 - (2) any representation or warranty given by any party in the Subordination Agreement (other than a Finance Party) being incorrect in any material respect for a period of 21 days without remedy; or
 - (3) any other event occurring which has or could reasonably be expected to have a Material Adverse Effect; or
 - (4) the subordination created or purported to be created by the Subordination Agreement (other than a Finance Party) not being effective for a period of 21 days without remedy or being alleged by a party to it (other than a Finance Party) to be ineffective; or
 - (5) any party to the Subordination Agreement (other than a Finance Party or Obligor) repudiating the Subordination Agreement or evidencing an intention to repudiate it; or
- (K) the Company or an Obligor ceasing to be a subsidiary of the UK Parent other than either as a result of the merger of the UK Parent into Universal Music (UK) Holdings Limited as expressly permitted under the Loan Agreement or as part of a bona fide restructuring or reorganisation as expressly permitted under the Loan Agreement or otherwise with the prior written consent of the Majority Lenders; or
- (L) any of the Undisclosed Agency Arrangements, the All-in Fee Agreement or any of the New Cash Pooling Agreement or Existing Cash Pooling Guarantees or any Relevant Contract (as referred to in the Debenture) being terminated, amended or breached in a manner which is prejudicial in any material respect to the rights and interests of the Lenders or terminated except with the prior written approval of the Lenders (such approval not to be unreasonably withheld or delayed);
- (M) it being or becoming unlawful for the Company or an Obligor to perform any of its obligations under the Finance Documents or any Finance Document being ineffective (with such circumstances continuing for a period of 21 days without remedy) or being

alleged by the Company or an Obligor to be ineffective for any reason or the Company or an Obligor repudiating a Finance Document or evidencing an intention to repudiate a Finance Document or any Security Document not creating the security it purports to create (with such circumstances continuing for a period of 21 days without remedy); or

- (N) the auditors of the Company or any Obligor qualifying their report on any audited accounts of the Company;
- (j) on the occurrence of an Event of Default the Facility Agent will be entitled to, and will be required to if so instructed by the Majority Lenders, by notice to the Company:
 - (A) cancel the Total Commitments; and/or
 - (B) declare that all or part of any amount outstanding under the Finance Documents be immediately due and payable and/or payable on demand by the Facility Agent acting on the instructions of the Majority Lenders;
- (k) the Company will have to supply to the Facility Agent certain documents and other evidence as a condition precedent to signature of the Loan Agreement and will have to supply additional documents and other evidence as a condition precedent to making a request for the draw-down of the loan;
- (l) the Company will be entitled to voluntarily prepay all or part of the loan on 10 Business Days' notice, subject to the payment of Break Costs and provided that the prepayment is a multiple of £10,000,000;
- (m) default interest will be payable on any sums not paid on the due date at a rate of 2% per annum above the interest rate applicable under the Loan Agreement at the time when the sums remain unpaid;
- (n) the Company will have to pay to the Lenders any Increased Costs suffered by the Lenders;
- (o) the Company will give financial covenants in respect of interest cover and debt payment ratios with each covenant being tested in respect of a 12 month period ended on 31st March, 30th June, 30th September and 31st December in each year;
- (p) the Company will have to indemnify each Finance Party against any loss or liability suffered by it as a result of it receiving any amount in respect of an Obligor's liability under the Finance Documents in a currency other than the currency prescribed by the relevant Finance Document;
- (q) the Company will have to indemnify each Finance Party against any loss or liability which that Finance Party (in its absolute discretion action in good faith) determines will be or has been suffered on account of tax in relation to a payment received or receivable under a Finance Document, unless the tax is imposed on or calculated in the jurisdiction of incorporation of that Finance Party by reference to the net income received or receivable by that Finance Party;
- (r) the Company will have to indemnify each Finance Party against any loss or liability suffered by it as a result of any Event of Default, any failure by an Obligor to pay any sum on the due date, the loan not being drawn-down once requested (other than due to the negligence of that Finance Party) or the loan being prepaid in any manner not permitted by the Loan Agreement;

- (s) the Company will have to pay all costs and expenses (including costs in relation to the financial assistance issue) incurred by the Facility Agent in connection with the negotiation and preparation of the Finance Documents and any duly documented costs and expenses incurred by any Finance Party in respect of enforcing the provisions of any of the Finance Documents;
- (t) the Company will have to procure that each person becoming part of the Material Group will become an Additional Guarantor and Chargor under the Loan Agreement and Debenture;
- (u) the Company will have to procure that Deutsche Grammophon GmbH, Universal MCA Music UK Limited and A&M Music Records Limited will each become an Additional Guarantor and Chargor under the Loan Agreement and Debenture prior to any request for drawdown of the loan;
- (v) the Company will have to ensure that no later than the second anniversary of the date of the Loan Agreement an amount equal to the sum of £3,800,000 is deposited and maintained in the Repayment Account and will have to ensure that the sum of £4,800,000 is deposited and maintained in the Interest Payment Account; and
- (w) the Company may enter into hedging arrangements with CLSA (or another bank or financial institution) in respect of interest rate fluctuations in a principal or nominal amount no greater than between 50 per cent. and 75 per cent. of the Total Commitments.

2 The Debenture

The principal terms on which the assistance will be given under the terms of the Debenture are:

- (a) the Company and each other Chargor will, as primary obligor, covenant with the Trustee to pay or discharge the Secured Liabilities as they become due and payable in accordance with the relevant Finance Documents;
- (b) any amount not paid under the Debenture when due will bear interest (as well after as before judgement and payable on demand) in the manner provided in the relevant Finance Document from the due date until the date such amount is unconditionally and irrevocably paid and discharged in full, save to the extent that interest at such rate on such amount for such period is charged pursuant to a relevant Finance Document and itself constitutes a Secured Liability;
- (c) all security created under the Debenture will be in favour of the Trustee, will be security over all present and future assets of the Company and each other Chargor and will be security for payment of the Secured Liabilities;
- (d) the Company and each other Chargor, other than the Investment Chargors and the IP Chargor, will create a first legal mortgage and a first fixed charge over all freehold or leasehold properties owned by it;
- (e) the Company and each other Chargor, other than the Property Chargor and the IP Chargor, will create a first legal mortgage and first fixed charge over any shares, bonds or securities owned by it, which in the case of the Company will include its shares in Fiction Records Limited, The Wild Card Label Limited, Attitude Records Limited and Serious Records Limited;
- (f) the Company and each other General Chargor will create a first fixed charge on all plant and machinery owned by it;
- (g) the Company and each other Chargor, other than the Property Chargors, Island Entertainment Group Limited and the IP Chargor, will create a first fixed charge on all of

its rights in respect of any amount standing to the credit of any account it has with any person and the debt represented by it, which in the case of the Company will include its interest bearing accounts nos. 8883033 with Citibank, Strand, London, 57167275, 70952362 and 30953237 with HSBC, Poultry, London and the accounts required to be opened with CLSA pursuant to the Loan Agreement;

- (h) the Company and each other Chargor, other than the Property Chargors and the IP Chargor, will create a first fixed charge over all of its book debts other than any which arise in relation to certain accounts specified in the Debenture;
- (i) the Company and each other General Chargor will assign absolutely, subject to a proviso for re-assignment on redemption, all of its rights in respect of any contract or policy of insurance taken out by it or in which it has an interest;
- (j) the Company and each other General Chargor will assign absolutely, subject to a proviso for re-assignment on redemption, all of its rights in respect of any agreement to which it is a party (including those set out in schedule 2 to the Debenture) but other than any agreement which is not assignable or capable of assignment;
- (k) the Company and each other General Chargor would assign absolutely, subject to a proviso for re-assignment or redemption, any and all damages, compensation, remuneration, profit or other income which it may derive from any agreement which is not assignable or capable of assignment;
- (l) the Company, each other General Chargor and the IP Chargor will create a first fixed charge over all of its rights in respect of its Intellectual Property Rights and Domain Names;
- (m) the Company and each other General Chargor will create a first fixed charge over its goodwill, the benefit of any authorisation held in connection with any Security Asset, the right to recover compensation in respect of such authorisation, its uncalled capital, its Repertoire and all rights and benefits under any agreement to which it is a party;
- (n) the Company and each other Chargor will have to pay on demand all duly documented costs and expenses (including legal fees) incurred by any Finance Party, receiver, attorney, manager, agent or other person appointed by the Trustee in connection with the Debenture and will have to indemnify those persons against those costs and expenses, including any costs arising from any breach of any law and regulation (including environmental laws and regulations);
- (o) the Company and each other General Chargor will create a first floating charge over all of its assets not otherwise charged under the Debenture;
- (p) the Debenture will contain representations and undertakings given by the Company and the other Chargors to each Finance Party;
- (q) the security created by the Debenture will become immediately enforceable if an Event of Default under the Loan Agreement occurs; and
- (r) the Company's rights under the CUK Loan Agreement, the New VU Guarantee, the UMVD Guarantee, the UIM Guarantee and the VUE Guarantee will be secured in favour of CLSA and any subrogation or similar rights will be subordinated.

The entry into of the Debenture by the Company is a condition precedent under the Loan Agreement and by such entry the Company will, among other things, secure and be responsible for the payment and discharge of its and each Chargor's liabilities to any Finance Party under each Finance Document to which it is a party (other than any



obligation which would result in the Debenture contravening section 151 of the Companies Act 1985).

3 The CUK Loan Agreement

The principal terms on which the assistance will be given under the terms of the CUK Loan Agreement are that:

- (a) the Company will make available to CUK an inter-company loan in an amount equal to £136 million for the purpose of financing the Fourth Acquisition and indirectly financing the Third Acquisition;
- (b) the loan will be repayable in full on 31 December 2007 and otherwise on demand in whole or in part by the Company if the Company is required to make a payment of any kind or amount under or pursuant to the terms of the Finance Documents;
- (c) interest will accrue on the loan at the rate of interest applicable to the Loan as noted at paragraph 1(a) above plus 100 basis points per annum and be payable quarterly in arrears; and
- (d) CUK will agree to pay or reimburse to the Company all costs, fees or expenses related to the Company entering into the Loan Agreement or the related Finance Documents including, but not limited to, any amounts payable under the Fee Letter and any legal, accounting, compliance or other administrative costs incurred by the Company in connection with the Finance Documents.

4 The Subordination Agreement

The principal terms on which the assistance will be given under the terms of the Subordination Agreement are:

- (a) the Company will agree that from the date of the Subordination Agreement, all Subordinated Intra Group Debt owed to it by an Intercompany Debtor (and related claims) will be subordinated in rank, right of time and priority of payment, at all times and in all circumstances to the Senior Facility Debt;
- (b) each Intercompany Debtor will undertake that it will not pay, prepay or repay any amount of any Subordinated Intra Group Debt to any Intercompany Creditor without the written consent of the Facility Agent and each Intercompany Creditor will undertake that it will not demand or receive any payment, prepayment or repayment of any Subordinated Intra Group Debt without the prior written consent of the Facility Agent;
- (c) if any Intercompany Creditor receives any payment in respect of any Subordinated Intra Group Debt it will be obliged to transfer the amount of that payment to the Facility Agent, provided that an Intercompany Creditor will be entitled to receive payment of a Subordinated Intra Group Debt from an Intercompany Debtor if there has been no Event of Default and the payment is made in the normal course of cash management operations;
- (d) if any Intercompany Debtor suffers certain insolvency events, the Facility Agent will be entitled to prove for all of the Subordinated Intra Group Debt owed by that Intercompany Debtor and each Intercompany Creditor will irrevocably authorise the Facility Agent to prove for those debts on its behalf and will pay any distributions it actually receives to the Facility Agent;
- (e) each Intercompany Creditor will irrevocably appoint the Facility Agent as its attorney in respect of anything that it has authorised the Security Agent to do under the Subordination Agreement or anything that it is obliged to do under the Subordination

Agreement but has failed to do so within 5 Business Days of notice requiring it to do so; and

- (f) the Subordination Agreement will contain certain undertakings and representations and warranties to be given by the Company and each other Intercompany Debtor to the Senior Finance Parties; the Company will agree that from the date of the Subordination Agreement, all Subordinated Intra Group Debt owed to it by an Intercompany Debtor (and related claims) will be subordinated in rank, right of time and priority of payment, at all times and in all circumstances to the Senior Facility Debt.

5 The Fee Letter

The principal terms on which the assistance will be given under the terms of the Fee Letter are:

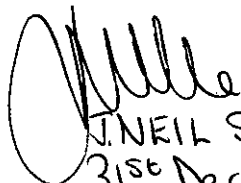
- (a) payment by the Company of certain fees and costs to the Facility Agent in connection with the Loan Agreement and the Debenture will be a condition precedent under the Loan Agreement; and
- (b) the Company will pay an up-front fee to the Facility Agent of £ 1,904,000.

The payment of these fees by the Company will be reimbursed to the Company under the terms of the CUK Loan Agreement by CUK.

6 The New Cash Pooling Agreement

The principal terms on which the assistance will be given under the terms of the New Cash Pooling Agreement are:

- (a) the Company will guarantee, as a continuing guarantee and regardless of any intermediate payment, the liabilities to HSBC Bank PLC of each other party to the New Cash Pooling Agreement and will undertake to pay to HSBC Bank PLC any sums owing to HSBC Bank PLC on any account whatsoever from any other party to the New Cash Pooling Agreement (including any sum for which those parties may be liable as surety); and
- (b) the Company will irrevocably appoint the UK Parent as its agent in respect of any action to be taken in connection with the New Cash Pooling Agreement.


J. NEIL SOMERVILLE
31st December 2002

APPENDIX E

UNIVERSAL MUSIC OPERATIONS LIMITED

STATUTORY DECLARATION IN COMPANIES FORM 155(6)(a)

In this Appendix E, the definitions contained in Appendix B shall apply.

Accession Agreement	means a letter, substantially in the form of schedule 9 to the Loan Agreement (form of accession agreement), with such amendments as the Facility Agent may approve or reasonably require.
Act	means the Companies Act 1985 (as amended).
Additional Chargor	means a member of the Group who becomes a Chargor under the Debenture.
Additional Guarantor	means a member of the Group which becomes a Guarantor after the date of the Loan Agreement.
Affiliate	means a Subsidiary or a Holding Company of a person or any other Subsidiary of that Holding Company.
All-in-Fee Agreement	means the agreement in respect of the all in fee arrangements between inter alia each General Chargor, IP Chargor and Universal International Music B.V. in the form stated on its face to take effect on 1st July 2001 and dated 31st July 2001.
Break Costs	means the amount (if any) which a Lender is entitled to receive subject to and in accordance with the Loan Agreement as compensation if any part of the loan or overdue amount is prepaid.
Business Day	means a day (other than a Saturday or a Sunday) on which banks are open for general business in London and Paris and in respect of a rate fixing or a payment date in respect of Sterling, London.
Charge of Intercompany Loans	means the charge granted in favour of the Lenders by the Subordinated Creditors over various Inter-Company Loans in the agreed form under a Security Document.
Chargor	means a General Chargor, an Investment Chargor, an IP Chargor or a Property Chargor.
CLS	means Credit Lyonnais Securities.
CLSA	means Credit Lyonnais S.A..
Commitment	means:



(a) for CLSA, £136,000,000 and the amount of any other Commitment it acquires; and

(b) for any other Lender, the amount of any Commitment it acquires,

to the extent not cancelled, transferred or reduced under the Loan Agreement.

Company

means Universal Music Operations Limited.

CUK

means the UK Parent (as defined below).

CUK Loan Agreement

means a loan agreement to be made between the Company and CUK whereby the Company will make available to CUK an inter-company loan in an amount equal to £136 million for the purpose of directly financing the Fourth Acquisition and indirectly financing the Third Acquisition.

Debenture

means a security agreement to be made between the General Chargors (1), the Investment Chargors (2), the Property Chargors (3), the IP Chargor (4) and the Trustee (5) whereby the Company and the other Chargors will create a fixed and floating charge in favour of the Trustee as security for all amounts owing by each Chargor to any Finance Party under each Finance Document to which a Chargor is party.

Domain Names

means the domain names specified in the Debenture.

Existing Cash Pooling Guarantees

means the joint and several cash pooling guarantee agreement dated 24th July, 2001 between certain members of the Material Group and HSBC Bank plc.

Event of Default

means an event specified as such in the Loan Agreement.

Facility Agent

means CLSA in its capacity as facility agent under the Loan Agreement.

Fee Letter

means the fee letter from the Facility Agent to the Company setting out the amount of the up-front fee.

Finance Document

means:

- (a) the Loan Agreement; or
- (b) the Fee Letter; or
- (c) a Security Document; or
- (d) the Subordination Agreement; or
- (e) an Accession Agreement; or

- (f) a Transfer Certificate; or;
- (g) the VUE Guarantee ; or
- (h) the Letter of Intent; or
- (i) any other document designated as such by the Facility Agent and the Company.

Finance Party

means the Facility Agent or a Lender.

Financial Covenants

means the financial covenants set out in clause 18.1 of the Loan Agreement and described further in paragraph 1(o) of Appendix D.

Financial Indebtedness

means any indebtedness for or in respect of:

- (a) moneys borrowed and overdrafts; or
- (b) any acceptance credit; or
- (c) any bond, note, debenture, loan stock or other similar instrument; or
- (d) any redeemable preference share; or
- (e) any finance or capital lease; or
- (f) receivables sold or discounted (otherwise than on a non-recourse basis); or
- (g) any debt redeemable in shares; or
- (h) the acquisition cost of any asset to the extent payable after its acquisition or possession by the party liable where the deferred payment is arranged primarily as a method of raising finance or financing the acquisition of that asset but, for the avoidance of doubt, excluding any amounts payable to a vendor under an earn-out provision on account of income generated by that asset; or
- (i) any derivative transaction protecting against or benefiting from fluctuations in any rate or price (and, except for non-payment of an amount, the then mark to market value of the derivative transaction will be used to calculate its amount); or
- (j) any other transaction (including any forward sale or purchase agreement) which has the commercial effect of a borrowing; or
- (k) any counter-indemnity obligation in respect of any guarantee, indemnity, bond, letter of credit or any

other instrument issued by a bank or financial institution; or

- (l) any off-balance sheet indebtedness (including contingent financial liabilities excluding for the avoidance of doubt contingent liabilities arising as a result of legal or regulatory proceedings or royalties payable to artists); or
- (m) any guarantee, indemnity or similar assurance against financial loss of any person in respect of any item referred to in paragraphs (a) to (l) above.

General Chargers

means the Company, Go! Discs Limited, Go! Holdings Limited, Polydor Limited, Mercury Records Limited, Universal Island Records Limited, Universal MCA Music UK Limited and A&M Music Records Limited.

Group

means at the date of the Loan Agreement the UK Parent and the companies listed in schedule 15 to the Loan Agreement and thereafter each other Subsidiary of the UK Parent which is acquired on or after the date of the Loan Agreement unless the Company can demonstrate to the satisfaction of the Facility Agent (acting reasonably in good faith) that the principal business activity of that Subsidiary is not primarily that set out in paragraph 2 of schedule 14 of the Loan Agreement.

Guarantor

means an Original Guarantor or an Additional Guarantor.

Holding Company

means a holding company within the meaning of section 736 of the Act.

Increased Cost

means:

- (a) an additional or increased cost; or
- (b) a reduction in the rate of return under a Finance Document or on its overall capital; or
- (c) a reduction of an amount due and payable under any Finance Document,

which is incurred or suffered by a Finance Party or any of its Affiliates but only to the extent attributable to that Finance Party having entered into any Finance Document or funding or performing its obligations under any Finance Document.

Insolvency Event

means, in relation to a person, if that person:

- (a) is, or is deemed for the purposes of any law to be, unable to pay its debts as they fall due or is insolvent; or

- (b) admits its inability to pay its debts as they fall due; or
- (c) suspends making payments on any of its debts or announces an intention to do so; or
- (d) by reason of actual or anticipated financial difficulties, begins negotiations with any creditor for the rescheduling of any of its indebtedness; or
- (e) has a moratorium declared in respect of any of its indebtedness.

Insolvency Proceeding

means, in relation to a person, if:

- (a) any step is taken with a view to a moratorium or a composition, assignment or similar arrangement with any of its creditors; or
- (b) a meeting of its shareholders, directors or other officers is convened for the purpose of considering any resolution for, to petition for or to file documents with a court for, its winding-up, administration or dissolution or any such resolution is passed; or
- (c) any person presents a petition, or files documents with a court, for its winding-up, administration or dissolution except where such petition or filing is frivolous or is being contested in good faith and with due diligence and is struck out within 21 days; or
- (d) an order for its winding-up, administration or dissolution is made; or
- (e) any liquidator, trustee in bankruptcy, judicial custodian, compulsory manager, receiver, administrative receiver, administrator or similar officer is appointed in respect of it or any of its assets; or
- (f) its directors, shareholders or other officers request the appointment of, or give notice of their intention to appoint, a liquidator, trustee in bankruptcy, judicial custodian, compulsory manager, receiver, administrative receiver, administrator or similar officer; or
- (g) any other analogous step or procedure is taken in any jurisdiction.

Intellectual Property Rights

means patents, trade marks, trade names, rights in designs (including registered designs and design rights), copyright (including without limitation copyright in literary works, dramatic works, musical works, artistic works, films,

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sound recordings, broadcasting rights and performance rights), database rights, rights in know-how and all other intellectual property rights, in each case whether registered or unregistered and including applications for grant of any of the foregoing and all rights or forms of protection having equivalent or similar effect to any of the foregoing which may subsist anywhere in the world now or in the future, in each case, whether registered or not.

Inter-company Creditor

means those companies described as such in the Subordination Agreement in their capacity as creditors 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.

Inter-Company Debt

means any debt incurred by an Obligor and outstanding to an Affiliate of the Company.

Inter-Company 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.

Inter-Company Documents

means each Intra Group Loan Agreement which documents or otherwise relates to any Subordinated Intra Group Loan 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.

Inter-Company Loan

means any loan granted by an Obligor to an Affiliate of the Company.

Interest Payment Account

means the interest bearing cash reserve blocked account opened with the Facility Agent by the Company and secured by the Debenture.

Investment Chargers

means Universal Music (UK) Holdings Limited, Universal Music Leisure Limited, Centenary UK Limited and Island Entertainment Group Limited.

IP Chargor

means Deutsche Grammophon GmbH.

Lenders

means CLSA together with any other person who becomes, in accordance with the terms of the Loan Agreement, a Lender under the Loan Agreement.

Letter of Intent

means the letter from VU to CL in which VU agrees that it will not, inter alia, carry out a similar or the same business activity (directly or indirectly) as any of the Group based in the UK.

LIBOR

means for a Term of any Loan or overdue amount:

- (a) the applicable Screen Rate; or
- (b) if no Screen Rate is available for the relevant currency or Term of the Loan or overdue amount, the arithmetic mean (rounded upward to four decimal places) of the rates, as supplied to the Facility Agent at its request, quoted by the Reference Banks to leading banks in the London interbank market.

Loan

means the principal amount of the borrowing under the Loan Agreement or the principal amount outstanding of that borrowing.

Loan Agreement

means a credit facility agreement initially to be made between the Company, the Facility Agent and the Lenders and subsequently, prior to any drawdown of the Loan, to be made between the UK Parent (1), the Company (2), the Original Guarantors (3), the Original Chargors (4), the Lenders (5) and the Facility Agent (6) whereby the Lenders will make available to the Company a sterling term loan facility in an aggregate amount equal to £136 million for the purpose of directly financing the Fourth Acquisition and indirectly financing the Third Acquisition.

Majority Lenders

means, at any time, Lenders:

- (a) whose share in the outstanding Loan and whose undrawn Commitments then aggregate $66\frac{2}{3}$ per cent. or more of the aggregate of all the outstanding Loan and the undrawn Commitments of all the Lenders; or
- (b) if the Loan is not then outstanding, whose undrawn Commitments then aggregate $66\frac{2}{3}$ per cent. or more of the Total Commitments; or
- (c) if the Loan is not then outstanding and the Total Commitments have been reduced to zero, whose Commitments aggregated $66\frac{2}{3}$ per cent. or more of the Total Commitments immediately before the reduction.

Mandatory Cost

means the cost of complying with certain regulatory requirements, expressed as a percentage rate per annum and calculated by the Facility Agent under schedule 5 to the Loan Agreement (calculation of the Mandatory Cost).

Margin

means 2.25 per cent. per annum.

Material Adverse Effect

means a material adverse effect on:

- (a) the financial condition of the Company or the Material Group which has or is reasonably likely to have a material adverse effect on the ability of any Obligor to perform its obligations under the Finance Documents; or
- (b) the ability of any Obligor to perform any of its payment or other material obligations under any of the Finance Documents; or
- (c) the enforceability or validity of any Finance Document or the effectiveness of any Security Interest (which, in the opinion of the Lenders (acting reasonably) is not immaterial) purported to be created pursuant to any Security Document or the rights and remedies of any Finance Party.

Material Group

means each Obligor and the Subsidiaries of Mercury Records Limited, Polydor Limited, Island Entertainment Group Limited and the Company.

New Cash Pooling Agreement

means the cash pooling guarantee to be made between HSBC Bank PLC and, inter alia, each of the Company, Universal Island Records Limited, Polydor Limited and Mercury Records Limited.

New VU Guarantee

means the guarantee to be granted by VU in favour of the Company in connection with the CUK Loan Agreement.

Non-Assignable Contracts

means the recording agreements set out in part 3 of schedule 2 to the Debenture.

Non-Material Group

means each member of the Group which is not a member of the Material Group.

Obligor

means the Company, a Guarantor, a Chargor or an Additional Chargor.

Original Guarantors

means Go! Discs Limited, Go! Holdings Limited, Mercury Records Limited, Polydor Limited, Universal Island Records Limited and Universal Music Leisure Limited.

Original Chargors

means Island Entertainment Group Limited, Centenary UK Limited, Universal Music (UK) Holdings Limited and 210 South Street Property Company Limited.

Original Lender

means Credit Lyonnais S.A..

Property Chargors

means 210 South Street Property Company Limited.

Reference Banks

means CLSA, Royal Bank of Scotland and Société Générale and any other bank or financial institution appointed as such (with the approval of the Company) by the Facility Agent under the Loan Agreement.



Repayment Account	means the interest bearing cash reserve blocked account opened with the Facility Agent by the Company and secured by the Debenture.
Repertoire	means master tapes, "neighbouring rights" to recording rights, royalty entitlements, collecting society receivables.
Screen Rate	means the British Bankers Association Interest Settlement Rate (if any) for the relevant currency and term displayed on the appropriate page of the Reuters screen selected by the Facility Agent. If the relevant page is replaced or the service ceases to be available, the Facility Agent (after consultation with the Company and the Lenders) may specify another page or service displaying the appropriate rate.
Secured Liabilities	means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each Chargor to any Finance Party under each Finance Document to which a Chargor is a party, except for any obligation which, if it were so included, would result in the Debenture contravening section 151 of the Act.
Security Assets	means all assets (including without limitation the Intellectual Property Rights) of each Chargor the subject of any security created by the Debenture.
Security Document	means: <ul style="list-style-type: none"> (a) the Debenture; (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.
Security Interest	means any mortgage, pledge, lien, charge, assignment, hypothecation or security interest or any other agreement or arrangement having a similar effect.
Senior Facility Debt	means any and all obligations or liabilities (present or future, actual or contingent, joint or several) payable or owing by any Obligor to any Senior Finance Party under the Finance Documents.
Senior Finance Parties	means: <ul style="list-style-type: none"> (a) a Lender;

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

Shares means 2,045 fixed rate, non-redeemable preference shares of £1 each in the capital of the Company.

Share Pledge means each share pledge entered into by each Obligor in favour of the Finance Parties on or about the date of the Loan Agreement in the agreed form under the Debenture.

Subordination Agreement means a subordination agreement to be made between the Company, the Facility Agent, the Obligors and the Subordinated Creditors.

Subordinated Creditors means each Affiliate of the Company which is the creditor of an Intercompany Loan as notified to the Facility Agent by the Company in writing in accordance with the Loan Agreement together with any other Affiliate of the Company which becomes a creditor in respect of an Inter-Company Debt from time to time and which accedes to the Subordination Agreement in accordance with the Finance Documents.

Subordinated Intra Group Debt means any and all obligations 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.

Subsidiary means:

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

Term means each period determined under the Loan Agreement by reference to which interest on the Loan or an overdue amount is calculated.

Total Commitments means the Commitments of all the Lenders.

Transfer Certificate means a certificate, substantially in the form of schedule 6 to the Loan Agreement (form of transfer certificate), with such amendments as the Facility Agent may approve or reasonably require or any other form agreed between the Facility Agent and the Company.

Trustee means CLSA in its capacity as agent and trustee for the Finance Parties under the Debenture.

UIM means Universal International Music B.V..

UIM Guarantee	means the agreement to be made between UIM and the Company whereby UIM will agree to issue a guarantee in favour of the Company and an indemnity in favour of the directors of the Company.
UK Parent or CUK	means Centenary UK Limited.
UMVD	means Universal Music & Video Distribution Corp.
UMVD Guarantee Agreement	means the agreement to be made between the Company and UMVD whereby UMVD will agree to issue a guarantee to the Company and an indemnity to each of the directors of the Company in each case in the form attached to the UMVD Guarantee Agreement.
Undisclosed Agency Arrangements	means the undisclosed agency arrangements as described in schedule 13 to the Loan Agreement.
VU	means Vivendi Universal S.A..
VUE Entity	means VU and each of its Subsidiaries.
VUE Guarantee	means the guarantee in the agreed form in favour of the Finance Parties and the Company pursuant to which Vivendi Universal S.A. agrees to pay on demand an amount equal to 50 % of all Inter-Company Debt owed by each Obligor to a VUE Entity from time to time to the extent that Obligor is in default of its payment obligations towards that VUE Entity and where any subrogation or similar rights to which VU is or may be entitled are subordinated pursuant to the Subordination Agreement.

**Auditors' report to the directors of Universal Music Operations Limited
pursuant to section 156(4) of the Companies Act 1985**

We have examined the attached statutory declaration of the directors of Universal Music Operations Limited ("the Company") dated 31 December 2002 in connection with the proposal that the Company should give financial assistance for the purchase of 2,045 of the Company's issued share capital.

Basis of opinion

We have enquired into the state of the Company's affairs in order to review the bases for the statutory declaration.

Opinion

We are not aware of anything to indicate that the opinion expressed by the directors in their declaration as to any of the matters mentioned in section 156(2) of the Companies Act 1985 is unreasonable in all the circumstances.



Ernst & Young LLP
Registered Auditor
London
31 December 2002

CHFP004

COMPANIES FORM No. 155(6)a
Declaration in relation to
assistance for the acquisition
of shares.

155 (6)a

Please do not
write in this
margin

Pursuant to section 155(6) of the Companies Act 1985

Please complete legibly, preferably in black type, or bold block lettering

To the Registrar of Companies
(Address overleaf - Note 5)

For official use

Company number

950138

Note

Please read the
notes on page 3
before completing
this form.

Name of company

* UNIVERSAL MUSIC OPERATIONS LIMITED

* insert full name of company

Ø insert name(s) and address(es) of all the directors

~~1/10/0~~

LUCIAN CHARLES GRAINGE of THE HALSTEADS, 3 FIFE ROAD, EAST SHEEN, LONDON SW14 7EW, IN MY CAPACITY AS A DIRECTOR OF UNIVERSAL MUSIC OPERATIONS LIMITED AND AS CHAIRMAN OF UNIVERSAL MUSIC UK LIMITED (BEING AUTHORISED TO SWEAR THIS STATUTORY DECLARATION OF ITS BEHALF) OF 1 SUSSEX PLACE, HAMMERSMITH, LONDON W6 9XS;
being 2 out of a total of 7

† delete as appropriate

~~[the sole director]~~ ~~[all the directors]~~ of the above company do solemnly and sincerely declare that:
The business of the company is:

§ delete whichever
is inappropriate

(a) ~~x~~ that a ~~recognised bank licence institution~~ [†] ~~xxx~~ within the meaning of the Banking Act 1979 ~~xxxxxxx~~ [§]
(b) ~~x~~ that of a person authorised under section 3 on 4 of the Insurance Companies Act 1982 ~~x~~ to carry on ~~xxx~~
insurance business in the United Kingdom ~~xx~~ [§]

(c) something other than the above §

The company is proposing to give financial assistance in connection with the acquisition of shares in the [company] ~~company's holding company~~

[illegible]

The assistance is for the purpose of [that acquisition] ^{AND} reducing or discharging a liability incurred for the purpose of that acquisition].[†]

The number and class of the shares acquired or to be acquired is:
2,045 Fixed Rate Non-Redeemable Preference Shares of £1 each

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

Watson, Farley & Williams
15 Appold Street
London EC2A 2HB
Reference: HOWC1

Doc No: 16631350 v1

For official Use
General Section

The assistance is to be given to: (Note 2) SEE APPENDIX A.

Please do not
write in this
margin

*Please complete
legibly, preferably
in black type, or
bold block
lettering*

The assistance will take the form of:

See Appendix B.

The person who [has acquired] [will acquire] [†] the shares is:
SEE APPENDIX C.

[†] delete as
appropriate

The principal terms on which the assistance will be given are:

See Appendix D.

The amount of cash to be transferred to the person assisted is £ 136 million

The value of any asset to be transferred to the person assisted is £ 0.00

The date on which the assistance is to be given is WITHIN 8 WEEKS OF THE DATE HEREOF

Please do not
write in this
margin

Please complete
legibly, preferably
in black type, or
bold block
lettering

* delete either (a)
or (b) as
appropriate

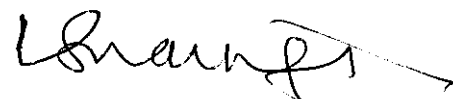
I/we have formed the opinion, as regards the company's initial situation immediately following the date on which the assistance is proposed to be given, that there will be no ground on which it could then be found to be unable to pay its debts. (note 3)

- (a) ~~I/we~~ have formed the opinion that the company will be able to pay its debts as they fall due during the year immediately following that date] * (note 3)
- (b) ~~It is intended to commence the winding up of the company within 12 months of that date and we have formed the opinion that the company will be able to pay its debts in full within 12 months of the commencement of the winding up.~~ (note 3)

And I/we make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1835.

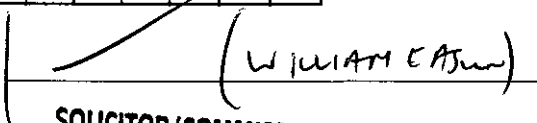
Declared at Monte Carlo, 24 Bd Prince
Charlotte, MC 98000 Monaco

Declarants to sign below



Day Month Year
on

3	1	1	2	2	0	1	2
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before me 

SOLICITOR/COMMISSIONER FOR OATHS

A Commissioner for Oaths or Notary Public or Justice of the Peace or a Solicitor having the powers conferred on a Commissioner for Oaths.

EVERSHEDS
(Formerly Frere Cholmeley Bischoff)
Est-Ouest, 24, Bd Princesse Charlotte
MC 98000 Monaco

NOTES

- 1 For the meaning of "a person incurring a liability" and "reducing or discharging a liability" see section 152(3) of the Companies Act 1985.
- 2 Insert full name(s) and address(es) of the person(s) to whom assistance is to be given; if a recipient is a company the registered office address should be shown.
- 3 Contingent and prospective liabilities of the company are to be taken into account - see section 156(3) of the Companies Act 1985.
- 4 The auditors report required by section 156(4) of the Companies Act 1985 must be annexed to this form.
- 5 The address for companies registered in England and Wales or Wales is:-

The Registrar of Companies
Companies House
Crown Way
Cardiff
CF14 3UZ
DX: 33050
Cardiff

or, for companies registered in Scotland:-

The Registrar of Companies
Companies House
37 Castle Terrace
Edinburgh
EH1 2EB
DX: 235
Edinburgh

APPENDIX A**UNIVERSAL MUSIC OPERATIONS LIMITED****STATUTORY DECLARATION IN COMPANIES FORM 155(6)(a)****Persons to whom financial assistance is to be given**

- (1) Centenary UK Limited of 1 Sussex Place, Hammersmith, London W6 9XS.
- (2) Credit Lyonnais Securities of 5 Appold Street, London EC2A 2DA.
- (3) Credit Lyonnais S.A. of 18 Rue de la Republique, 69000 Lyon, France.

APPENDIX B**UNIVERSAL MUSIC OPERATIONS LIMITED****STATUTORY DECLARATION IN COMPANIES FORM 155(6)(a)**

In this Appendix B, the definitions contained in Appendix E shall apply.

Background

In February 2002, the Company entered into a repurchase transaction (the "**Repo Transaction**") with, inter alia, CLSA. The Repo Transaction included the following arrangements:

- (a) CUK subscribed for the Shares at an aggregate subscription price of £136 million (the "**Subscription**");
- (b) the Shares were sold by CUK to CLS for a total purchase price of £134,640,000 (the "**First Acquisition**") and CUK and CLS entered into an associated put and call option agreement (the "**First Option Agreement**") in relation to the repurchase of the Shares by CUK from CLS;
- (c) the Shares were subsequently sold by CLS to CLSA (the "**Second Acquisition**") and CLS and CLSA entered into an associated put option agreement (the "**Second Option Agreement**") in relation to the repurchase of the Shares by CLS from CLSA; and
- (d) VU issued a guarantee in favour of CLSA in respect of the obligations of CUK under certain agreements relating to the above.

It is now proposed that the Company enter into a new direct term loan arrangement with CLSA so as to enable the Repo Transaction to be unwound. As part of the unwind process, the First Option Agreement will be amended, CLSA will require CLS to purchase the Shares in accordance with the terms of the Second Option Agreement (the "**Third Acquisition**") and CLS will then require CUK to purchase the Shares in accordance with the terms of the First Option Agreement (the "**Fourth Acquisition**").

The assistance will take the form of:

The Company entering into the following documents and performing the transactions contemplated by such documents:

- (a) the Loan Agreement;
 - (b) the Debenture;
 - (c) the CUK Loan Agreement;
 - (d) the Subordination Agreement;
 - (e) the Fee Letter;
 - (f) the New Cash Pooling Agreement; and
 - (g) any other documents necessary or desirable in connection with any of the above,
- (together, the "**Transaction Documents**").

The Transaction Documents are all on terms and subject to the conditions more particularly described therein (a summary of the material terms of the Transaction Documents is set out in Appendix D) and we declare that we have read and are fully familiar with such terms and conditions. It is acknowledged and declared that the Company will execute the Loan Agreement in the first instance and may then sign an amendment and restatement agreement in relation to the Loan Agreement pursuant to which the other Obligors will accede to the Loan Agreement as parties prior to the first drawdown thereunder.

Financial Assistance

The financial assistance will consist of the following:

(a) The Subscription

CUK incurred a liability for the purpose of the Subscription by incurring an obligation to pay the subscription price for the Shares. By entering into and performing the CUK Loan Agreement, the Loan Agreement, the Debenture and the other Transaction Documents, the Company will or may financially assist CUK, within the meaning of section 151(2) of the Act, to the extent that the liability incurred by CUK for the purpose of the Subscription is reduced or discharged, within the meaning of section 152(3)(b) of the Act, by restoring the financial position of CUK to what it was before the Subscription took place.

(b) The First Acquisition

CUK incurred a liability to CLS for the purpose of the First Acquisition by changing its financial position, within the meaning of section 152(3)(a) of the Act, by entering into the First Option Agreement. The First Option Agreement contains an obligation on CUK, in certain circumstances, to make the Fourth Acquisition. By entering into and performing the CUK Loan Agreement, the Loan Agreement, the Debenture and the other Transaction Documents, the Company will financially assist CUK, within the meaning of section 151(2) of the Act, to discharge its liability under the First Option Agreement to make the Fourth Acquisition.

CLS incurred a liability for the purpose of the First Acquisition by incurring an obligation to pay the consideration for the Shares. By entering into and performing the CUK Loan Agreement, the Loan Agreement, the Debenture and the other Transaction Documents, the Company will or may financially assist CLS, within the meaning of section 151(2) of the Act, to the extent that the liability incurred by CLS for the purpose of the First Acquisition is reduced or discharged, within the meaning of section 152(3)(b) of the Act, by restoring the financial position of CLS to what it was before the First Acquisition took place.

(c) The Second Acquisition

CLS incurred a liability to CLSA for the purpose of the Second Acquisition by changing its financial position, within the meaning of section 152(3)(a) of the Act, by entering into the Second Option Agreement. The Second Option Agreement contains an obligation on CLS, in certain circumstances, to make the Third Acquisition. By entering into and performing the CUK Loan Agreement, the Loan Agreement, the Debenture and the other Transaction Documents, the Company will financially assist CLS, within the meaning of section 151(2) of the Act, to discharge its liability under the Second Option Agreement to make the Third Acquisition.

CLSA incurred a liability for the purpose of the Second Acquisition by incurring an obligation to pay the consideration for the Shares. By entering into and performing the CUK Loan Agreement, the Loan Agreement, the Debenture and the other Transaction Documents, the Company will or may financially assist CLSA, within the meaning of section 151(2) of the Act, to the extent that the liability incurred by CLSA for the purposes of the Second Acquisition is reduced or discharged, within the meaning of section 152(3)(b) of the Act, by restoring the financial position of CLSA to what it was before the Second Acquisition took place.

(d) The Third Acquisition

By entering into and performing the CUK Loan Agreement, the Loan Agreement, the Debenture and the other Transaction Documents, the Company will give financial assistance indirectly for the purposes of the Third Acquisition by providing CUK with the finance required by CUK to make the Fourth Acquisition and therefore indirectly providing CLS with the finance required by CLS to make the Third Acquisition.

(e) The Fourth Acquisition

By entering into and performing the CUK Loan Agreement, the Loan Agreement, the Debenture and the other Transaction Documents, the Company will give financial assistance directly for the purposes of the Fourth Acquisition by providing CUK with the finance required by CUK to make the Fourth Acquisition.

APPENDIX C**UNIVERSAL MUSIC OPERATIONS LIMITED****STATUTORY DECLARATION IN COMPANIES FORM 155(6)(a)**

In this Appendix C, the definitions contained in Appendix B and Appendix E shall apply.

Persons who have acquired or will acquire shares

- (1) The person who has acquired the Shares under the Subscription is Centenary UK Limited.
- (2) The person who has acquired the Shares under the First Acquisition is Credit Lyonnais Securities.
- (3) The person who has acquired the Shares under the Second Acquisition is Credit Lyonnais S.A..
- (4) The person who will acquire the Shares under the Third Acquisition is Credit Lyonnais Securities.
- (5) The person who will acquire the Shares under the Fourth Acquisition is Centenary UK Limited.

APPENDIX D**UNIVERSAL MUSIC OPERATIONS LIMITED****STATUTORY DECLARATION IN COMPANIES FORM 155(6)(a)**

In this Appendix D, the definitions contained in Appendix B and Appendix E shall apply.

The principal terms on which the assistance will be given are the following:

1 *Loan Agreement*

The principal terms on which the assistance will be given under the terms of the Loan Agreement are:

- (a) the Lenders will make available to the Company a sterling term loan facility in an aggregate amount equal to £136 million bearing interest at the percentage rate per annum equal to the aggregate of the applicable (i) LIBOR, (ii) Margin and (iii) Mandatory Cost, with such interest being payable on the last day of each Term;
- (b) the Company will be able to borrow the loan by making a request to the Facility Agent on or before 31 January 2003;
- (c) the loan can only be used by the Company to advance funds to CUK under the CUK Loan Agreement which in turn will enable CUK and CLS respectively to finance the Fourth Acquisition and the Third Acquisition respectively;
- (d) the loan will be repayable in 36 approximately equal monthly instalments commencing on 1st January 2005;
- (e) an up-front fee will be payable by the Company to the Facility Agent on signing of the Loan Agreement pursuant to the Fee Letter;
- (f) mandatory prepayment of the loan and payment of Break Costs will be required in certain circumstances including, inter alia, if it becomes unlawful in any jurisdiction for the Lenders to perform their obligations or to maintain the loan, if the Company is in breach of any Financial Covenant (which is not cured within 15 Business Day of notice of the breach) or on a change of control of the UK Parent or VU (except where control of VU is acquired by a company or other organisation with a Standard and Poor and Moody's long term credit rating of BBB- and Baa3 respectively or higher and which is acceptable to the Lenders in their sole discretion);
- (g) the Loan Agreement will contain representations and warranties given by the Company and each Obligor to each Finance Party in respect of itself and in respect of each member of the Material Group which is its Subsidiary (namely, in the case of the Company, Attitude Records Limited, Fiction Records Limited and Serious Records Limited);
- (h) the Loan Agreement will contain information covenants and other covenants given by the Company, the UK Parent and each Obligor to the Finance Parties and the Company will have to procure that, where a covenant is expressed to apply to each member of the Material Group, each of its Subsidiaries complies with those covenants;
- (i) the following events, amongst other things, will constitute an Event of Default under the Loan Agreement:
 - (A) non-payment by the Company or an Obligor of any amount payable by it under the Finance Documents; or

- (B) non-compliance by the Company or an Obligor with any term of certain of the general covenants set out in clause 19 of the Loan Agreement; or
- (C) non-compliance by the Company or an Obligor with any other term of the Finance Documents other than clause 18 (Financial Covenants) (unless remedied within 21 days); or
- (D) a representation made or repeated by the Company or an Obligor in any Finance Document or in any document delivered by or on behalf of any Obligor under any Finance Document being incorrect in any material respect when made or deemed to be repeated (unless remedied within 21 days); or
- (E) any of the following occurring in respect of any member of the Group:
 - (1) any of its Financial Indebtedness is not paid when due (after the expiry of any originally applicable grace period); or
 - (2) any of its Financial Indebtedness becomes prematurely due and payable, is placed on demand or is capable of being declared by a creditor to be prematurely due and payable or being placed on demand, in each case as a result of an event of default (howsoever described); or
 - (3) any commitment for its Financial Indebtedness is cancelled or suspended as a result of an event of default (howsoever described),

unless, the aggregate amount of Financial Indebtedness of (i) the Group and (ii) the Material Group falling within paragraphs (1)-(3) above is less than £ 1,000,000 and £ 500,000 respectively or its equivalent or unless such event relates to a member of the Non-Material Group and, in the opinion of the Majority Lenders, it does not or could not reasonably be expected to give rise to a Material Adverse Effect; or

- (F) (i) any of the New Cash Pooling Agreement or the Existing Cash Pooling Guarantees being called or being capable of being called in whole or in part or (ii) any sum being due and payable and not being paid under any agreement to which a member of the Material Group is party (unless such non payment does not or could not reasonably be expected to give rise to a Material Adverse Effect); or
- (G) the Company or any member of the Group being subject to any Insolvency Event or Insolvency Proceeding or any attachment, sequestration, distress, execution or analogous event affecting any asset of a member of the Group, having an aggregate value of £ 50,000 and not being discharged within 21 days, in all cases unless the event relates to a member of the Non-Material Group and, in the opinion of the Majority Lenders, it does not or could not reasonably be expected to give rise to a Material Adverse Effect; or

- (H) the Company or any member of the Material Group ceasing, or threatening to cease, to carry on all or a substantial part of its business in any material respect unless such event relates to a member of the Non-Material Group and, in the opinion of the majority Lenders, it does not or could not reasonably be expected to give rise to a Material Adverse Effect or otherwise with the prior written approval of the Majority Lenders (such approval not to be unreasonably withheld or delayed); or
- (I) any event occurring which is reasonably likely to have a Material Adverse Effect; or
- (J)
 - (1) any party to the Subordination Agreement (other than a Finance Party) not performing its obligations under the Subordination Agreement for a period of 21 days without remedy; or
 - (2) any representation or warranty given by any party in the Subordination Agreement (other than a Finance Party) being incorrect in any material respect for a period of 21 days without remedy; or
 - (3) any other event occurring which has or could reasonably be expected to have a Material Adverse Effect; or
 - (4) the subordination created or purported to be created by the Subordination Agreement (other than a Finance Party) not being effective for a period of 21 days without remedy or being alleged by a party to it (other than a Finance Party) to be ineffective; or
 - (5) any party to the Subordination Agreement (other than a Finance Party or Obligor) repudiating the Subordination Agreement or evidencing an intention to repudiate it; or
- (K) the Company or an Obligor ceasing to be a subsidiary of the UK Parent other than either as a result of the merger of the UK Parent into Universal Music (UK) Holdings Limited as expressly permitted under the Loan Agreement or as part of a bona fide restructuring or reorganisation as expressly permitted under the Loan Agreement or otherwise with the prior written consent of the Majority Lenders; or
- (L) any of the Undisclosed Agency Arrangements, the All-in Fee Agreement or any of the New Cash Pooling Agreement or Existing Cash Pooling Guarantees or any Relevant Contract (as referred to in the Debenture) being terminated, amended or breached in a manner which is prejudicial in any material respect to the rights and interests of the Lenders or terminated except with the prior written approval of the Lenders (such approval not to be unreasonably withheld or delayed);
- (M) it being or becoming unlawful for the Company or an Obligor to perform any of its obligations under the Finance Documents or any Finance Document being ineffective (with such circumstances continuing for a period of 21 days without remedy) or being

alleged by the Company or an Obligor to be ineffective for any reason or the Company or an Obligor repudiating a Finance Document or evidencing an intention to repudiate a Finance Document or any Security Document not creating the security it purports to create (with such circumstances continuing for a period of 21 days without remedy); or

- (N) the auditors of the Company or any Obligor qualifying their report on any audited accounts of the Company;
- (j) on the occurrence of an Event of Default the Facility Agent will be entitled to, and will be required to if so instructed by the Majority Lenders, by notice to the Company:
 - (A) cancel the Total Commitments; and/or
 - (B) declare that all or part of any amount outstanding under the Finance Documents be immediately due and payable and/or payable on demand by the Facility Agent acting on the instructions of the Majority Lenders;
- (k) the Company will have to supply to the Facility Agent certain documents and other evidence as a condition precedent to signature of the Loan Agreement and will have to supply additional documents and other evidence as a condition precedent to making a request for the draw-down of the loan;
- (l) the Company will be entitled to voluntarily prepay all or part of the loan on 10 Business Days' notice, subject to the payment of Break Costs and provided that the prepayment is a multiple of £10,000,000;
- (m) default interest will be payable on any sums not paid on the due date at a rate of 2% per annum above the interest rate applicable under the Loan Agreement at the time when the sums remain unpaid;
- (n) the Company will have to pay to the Lenders any Increased Costs suffered by the Lenders;
- (o) the Company will give financial covenants in respect of interest cover and debt payment ratios with each covenant being tested in respect of a 12 month period ended on 31st March, 30th June, 30th September and 31st December in each year;
- (p) the Company will have to indemnify each Finance Party against any loss or liability suffered by it as a result of it receiving any amount in respect of an Obligor's liability under the Finance Documents in a currency other than the currency prescribed by the relevant Finance Document;
- (q) the Company will have to indemnify each Finance Party against any loss or liability which that Finance Party (in its absolute discretion action in good faith) determines will be or has been suffered on account of tax in relation to a payment received or receivable under a Finance Document, unless the tax is imposed on or calculated in the jurisdiction of incorporation of that Finance Party by reference to the net income received or receivable by that Finance Party;
- (r) the Company will have to indemnify each Finance Party against any loss or liability suffered by it as a result of any Event of Default, any failure by an Obligor to pay any sum on the due date, the loan not being drawn-down once requested (other than due to the negligence of that Finance Party) or the loan being prepaid in any manner not permitted by the Loan Agreement;

- (s) the Company will have to pay all costs and expenses (including costs in relation to the financial assistance issue) incurred by the Facility Agent in connection with the negotiation and preparation of the Finance Documents and any duly documented costs and expenses incurred by any Finance Party in respect of enforcing the provisions of any of the Finance Documents;
- (t) the Company will have to procure that each person becoming part of the Material Group will become an Additional Guarantor and Chargor under the Loan Agreement and Debenture;
- (u) the Company will have to procure that Deutsche Grammophon GmbH, Universal MCA Music UK Limited and A&M Music Records Limited will each become an Additional Guarantor and Chargor under the Loan Agreement and Debenture prior to any request for drawdown of the loan;
- (v) the Company will have to ensure that no later than the second anniversary of the date of the Loan Agreement an amount equal to the sum of £3,800,000 is deposited and maintained in the Repayment Account and will have to ensure that the sum of £4,800,000 is deposited and maintained in the Interest Payment Account; and
- (w) the Company may enter into hedging arrangements with CLSA (or another bank or financial institution) in respect of interest rate fluctuations in a principal or nominal amount no greater than between 50 per cent. and 75 per cent. of the Total Commitments.

2 The Debenture

The principal terms on which the assistance will be given under the terms of the Debenture are:

- (a) the Company and each other Chargor will, as primary obligor, covenant with the Trustee to pay or discharge the Secured Liabilities as they become due and payable in accordance with the relevant Finance Documents;
- (b) any amount not paid under the Debenture when due will bear interest (as well after as before judgement and payable on demand) in the manner provided in the relevant Finance Document from the due date until the date such amount is unconditionally and irrevocably paid and discharged in full, save to the extent that interest at such rate on such amount for such period is charged pursuant to a relevant Finance Document and itself constitutes a Secured Liability;
- (c) all security created under the Debenture will be in favour of the Trustee, will be security over all present and future assets of the Company and each other Chargor and will be security for payment of the Secured Liabilities;
- (d) the Company and each other Chargor, other than the Investment Chargors and the IP Chargor, will create a first legal mortgage and a first fixed charge over all freehold or leasehold properties owned by it;
- (e) the Company and each other Chargor, other than the Property Chargor and the IP Chargor, will create a first legal mortgage and first fixed charge over any shares, bonds or securities owned by it, which in the case of the Company will include its shares in Fiction Records Limited, The Wild Card Label Limited, Attitude Records Limited and Serious Records Limited;
- (f) the Company and each other General Chargor will create a first fixed charge on all plant and machinery owned by it;
- (g) the Company and each other Chargor, other than the Property Chargors, Island Entertainment Group Limited and the IP Chargor, will create a first fixed charge on all of

its rights in respect of any amount standing to the credit of any account it has with any person and the debt represented by it, which in the case of the Company will include its interest bearing accounts nos. 8883033 with Citibank, Strand, London, 57167275, 70952362 and 30953237 with HSBC, Poultry, London and the accounts required to be opened with CLSA pursuant to the Loan Agreement;

- (h) the Company and each other Chargor, other than the Property Chargors and the IP Chargor, will create a first fixed charge over all of its book debts other than any which arise in relation to certain accounts specified in the Debenture;
- (i) the Company and each other General Chargor will assign absolutely, subject to a proviso for re-assignment on redemption, all of its rights in respect of any contract or policy of insurance taken out by it or in which it has an interest;
- (j) the Company and each other General Chargor will assign absolutely, subject to a proviso for re-assignment on redemption, all of its rights in respect of any agreement to which it is a party (including those set out in schedule 2 to the Debenture) but other than any agreement which is not assignable or capable of assignment;
- (k) the Company and each other General Chargor would assign absolutely, subject to a proviso for re-assignment or redemption, any and all damages, compensation, remuneration, profit or other income which it may derive from any agreement which is not assignable or capable of assignment;
- (l) the Company, each other General Chargor and the IP Chargor will create a first fixed charge over all of its rights in respect of its Intellectual Property Rights and Domain Names;
- (m) the Company and each other General Chargor will create a first fixed charge over its goodwill, the benefit of any authorisation held in connection with any Security Asset, the right to recover compensation in respect of such authorisation, its uncalled capital, its *Repertoire* and all rights and benefits under any agreement to which it is a party;
- (n) the Company and each other Chargor will have to pay on demand all duly documented costs and expenses (including legal fees) incurred by any Finance Party, receiver, attorney, manager, agent or other person appointed by the Trustee in connection with the Debenture and will have to indemnify those persons against those costs and expenses, including any costs arising from any breach of any law and regulation (including environmental laws and regulations);
- (o) the Company and each other General Chargor will create a first floating charge over all of its assets not otherwise charged under the Debenture;
- (p) the Debenture will contain representations and undertakings given by the Company and the other Chargors to each Finance Party;
- (q) the security created by the Debenture will become immediately enforceable if an Event of Default under the Loan Agreement occurs; and
- (r) the Company's rights under the CUK Loan Agreement, the New VU Guarantee, the UMVD Guarantee, the UIM Guarantee and the VUE Guarantee will be secured in favour of CLSA and any subrogation or similar rights will be subordinated.

The entry into of the Debenture by the Company is a condition precedent under the Loan Agreement and by such entry the Company will, among other things, secure and be responsible for the payment and discharge of its and each Chargor's liabilities to any Finance Party under each Finance Document to which it is a party (other than any

obligation which would result in the Debenture contravening section 151 of the Companies Act 1985).

3 The CUK Loan Agreement

The principal terms on which the assistance will be given under the terms of the CUK Loan Agreement are that:

- (a) the Company will make available to CUK an inter-company loan in an amount equal to £136 million for the purpose of financing the Fourth Acquisition and indirectly financing the Third Acquisition;
- (b) the loan will be repayable in full on 31 December 2007 and otherwise on demand in whole or in part by the Company if the Company is required to make a payment of any kind or amount under or pursuant to the terms of the Finance Documents;
- (c) interest will accrue on the loan at the rate of interest applicable to the Loan as noted at paragraph 1(a) above plus 100 basis points per annum and be payable quarterly in arrears; and
- (d) CUK will agree to pay or reimburse to the Company all costs, fees or expenses related to the Company entering into the Loan Agreement or the related Finance Documents including, but not limited to, any amounts payable under the Fee Letter and any legal, accounting, compliance or other administrative costs incurred by the Company in connection with the Finance Documents.

4 The Subordination Agreement

The principal terms on which the assistance will be given under the terms of the Subordination Agreement are:

- (a) the Company will agree that from the date of the Subordination Agreement, all Subordinated Intra Group Debt owed to it by an Intercompany Debtor (and related claims) will be subordinated in rank, right of time and priority of payment, at all times and in all circumstances to the Senior Facility Debt;
- (b) each Intercompany Debtor will undertake that it will not pay, prepay or repay any amount of any Subordinated Intra Group Debt to any Intercompany Creditor without the written consent of the Facility Agent and each Intercompany Creditor will undertake that it will not demand or receive any payment, prepayment or repayment of any Subordinated Intra Group Debt without the prior written consent of the Facility Agent;
- (c) if any Intercompany Creditor receives any payment in respect of any Subordinated Intra Group Debt it will be obliged to transfer the amount of that payment to the Facility Agent, provided that an Intercompany Creditor will be entitled to receive payment of a Subordinated Intra Group Debt from an Intercompany Debtor if there has been no Event of Default and the payment is made in the normal course of cash management operations;
- (d) if any Intercompany Debtor suffers certain insolvency events, the Facility Agent will be entitled to prove for all of the Subordinated Intra Group Debt owed by that Intercompany Debtor and each Intercompany Creditor will irrevocably authorise the Facility Agent to prove for those debts on its behalf and will pay any distributions it actually receives to the Facility Agent;
- (e) each Intercompany Creditor will irrevocably appoint the Facility Agent as its attorney in respect of anything that it has authorised the Security Agent to do under the Subordination Agreement or anything that it is obliged to do under the Subordination

Agreement but has failed to do so within 5 Business Days of notice requiring it to do so; and

- (f) the Subordination Agreement will contain certain undertakings and representations and warranties to be given by the Company and each other Intercompany Debtor to the Senior Finance Parties; the Company will agree that from the date of the Subordination Agreement, all Subordinated Intra Group Debt owed to it by an Intercompany Debtor (and related claims) will be subordinated in rank, right of time and priority of payment, at all times and in all circumstances to the Senior Facility Debt.

5 The Fee Letter

The principal terms on which the assistance will be given under the terms of the Fee Letter are:

- (a) payment by the Company of certain fees and costs to the Facility Agent in connection with the Loan Agreement and the Debenture will be a condition precedent under the Loan Agreement; and
- (b) the Company will pay an up-front fee to the Facility Agent of £ 1,904,000.

The payment of these fees by the Company will be reimbursed to the Company under the terms of the CUK Loan Agreement by CUK.

6 The New Cash Pooling Agreement

The principal terms on which the assistance will be given under the terms of the New Cash Pooling Agreement are:

- (a) the Company will guarantee, as a continuing guarantee and regardless of any intermediate payment, the liabilities to HSBC Bank PLC of each other party to the New Cash Pooling Agreement and will undertake to pay to HSBC Bank PLC any sums owing to HSBC Bank PLC on any account whatsoever from any other party to the New Cash Pooling Agreement (including any sum for which those parties may be liable as surety); and
- (b) the Company will irrevocably appoint the UK Parent as its agent in respect of any action to be taken in connection with the New Cash Pooling Agreement.

APPENDIX E**UNIVERSAL MUSIC OPERATIONS LIMITED****STATUTORY DECLARATION IN COMPANIES FORM 155(6)(a)**

In this Appendix E, the definitions contained in Appendix B shall apply.

Accession Agreement	means a letter, substantially in the form of schedule 9 to the Loan Agreement (form of accession agreement), with such amendments as the Facility Agent may approve or reasonably require.
Act	means the Companies Act 1985 (as amended).
Additional Chargor	means a member of the Group who becomes a Chargor under the Debenture.
Additional Guarantor	means a member of the Group which becomes a Guarantor after the date of the Loan Agreement.
Affiliate	means a Subsidiary or a Holding Company of a person or any other Subsidiary of that Holding Company.
All-in-Fee Agreement	means the agreement in respect of the all in fee arrangements between inter alia each General Chargor, IP Chargor and Universal International Music B.V. in the form stated on its face to take effect on 1st July 2001 and dated 31st July 2001.
Break Costs	means the amount (if any) which a Lender is entitled to receive subject to and in accordance with the Loan Agreement as compensation if any part of the loan or overdue amount is prepaid.
Business Day	means a day (other than a Saturday or a Sunday) on which banks are open for general business in London and Paris and in respect of a rate fixing or a payment date in respect of Sterling, London.
Charge of Intercompany Loans	means the charge granted in favour of the Lenders by the Subordinated Creditors over various Inter-Company Loans in the agreed form under a Security Document.
Chargor	means a General Chargor, an Investment Chargor, an IP Chargor or a Property Chargor.
CLS	means Credit Lyonnais Securities.
CLSA	means Credit Lyonnais S.A..
Commitment	means:

(a) for CLSA, £136,000,000 and the amount of any other Commitment it acquires; and

(b) for any other Lender, the amount of any Commitment it acquires,

to the extent not cancelled, transferred or reduced under the Loan Agreement.

Company means Universal Music Operations Limited.

CUK means the UK Parent (as defined below).

CUK Loan Agreement means a loan agreement to be made between the Company and CUK whereby the Company will make available to CUK an inter-company loan in an amount equal to £136 million for the purpose of directly financing the Fourth Acquisition and indirectly financing the Third Acquisition.

Debenture means a security agreement to be made between the General Chargors (1), the Investment Chargors (2), the Property Chargors (3), the IP Chargor (4) and the Trustee (5) whereby the Company and the other Chargors will create a fixed and floating charge in favour of the Trustee as security for all amounts owing by each Chargor to any Finance Party under each Finance Document to which a Chargor is party.

Domain Names means the domain names specified in the Debenture.

Existing Cash Pooling Guarantees means the joint and several cash pooling guarantee agreement dated 24th July, 2001 between certain members of the Material Group and HSBC Bank plc.

Event of Default means an event specified as such in the Loan Agreement.

Facility Agent means CLSA in its capacity as facility agent under the Loan Agreement.

Fee Letter means the fee letter from the Facility Agent to the Company setting out the amount of the up-front fee.

Finance Document means:

- (a) the Loan Agreement; or
- (b) the Fee Letter; or
- (c) a Security Document; or
- (d) the Subordination Agreement; or
- (e) an Accession Agreement; or

- (f) a Transfer Certificate; or;
- (g) the VUE Guarantee ; or
- (h) the Letter of Intent; or
- (i) any other document designated as such by the Facility Agent and the Company.

Finance Party

means the Facility Agent or a Lender.

Financial Covenants

means the financial covenants set out in clause 18.1 of the Loan Agreement and described further in paragraph 1(o) of Appendix D.

Financial Indebtedness

means any indebtedness for or in respect of:

- (a) moneys borrowed and overdrafts; or
- (b) any acceptance credit; or
- (c) any bond, note, debenture, loan stock or other similar instrument; or
- (d) any redeemable preference share; or
- (e) any finance or capital lease; or
- (f) receivables sold or discounted (otherwise than on a non-recourse basis); or
- (g) any debt redeemable in shares; or
- (h) the acquisition cost of any asset to the extent payable after its acquisition or possession by the party liable where the deferred payment is arranged primarily as a method of raising finance or financing the acquisition of that asset but, for the avoidance of doubt, excluding any amounts payable to a vendor under an earn-out provision on account of income generated by that asset; or
- (i) any derivative transaction protecting against or benefiting from fluctuations in any rate or price (and, except for non-payment of an amount, the then mark to market value of the derivative transaction will be used to calculate its amount); or
- (j) any other transaction (including any forward sale or purchase agreement) which has the commercial effect of a borrowing; or
- (k) any counter-indemnity obligation in respect of any guarantee, indemnity, bond, letter of credit or any

other instrument issued by a bank or financial institution; or

- (l) any off-balance sheet indebtedness (including contingent financial liabilities excluding for the avoidance of doubt contingent liabilities arising as a result of legal or regulatory proceedings or royalties payable to artists); or
- (m) any guarantee, indemnity or similar assurance against financial loss of any person in respect of any item referred to in paragraphs (a) to (l) above.

General Chargors

means the Company, Go! Discs Limited, Go! Holdings Limited, Polydor Limited, Mercury Records Limited, Universal Island Records Limited, Universal MCA Music UK Limited and A&M Music Records Limited.

Group

means at the date of the Loan Agreement the UK Parent and the companies listed in schedule 15 to the Loan Agreement and thereafter each other Subsidiary of the UK Parent which is acquired on or after the date of the Loan Agreement unless the Company can demonstrate to the satisfaction of the Facility Agent (acting reasonably in good faith) that the principal business activity of that Subsidiary is not primarily that set out in paragraph 2 of schedule 14 of the Loan Agreement.

Guarantor

means an Original Guarantor or an Additional Guarantor.

Holding Company

means a holding company within the meaning of section 736 of the Act.

Increased Cost

means:

- (a) an additional or increased cost; or
- (b) a reduction in the rate of return under a Finance Document or on its overall capital; or
- (c) a reduction of an amount due and payable under any Finance Document,

which is incurred or suffered by a Finance Party or any of its Affiliates but only to the extent attributable to that Finance Party having entered into any Finance Document or funding or performing its obligations under any Finance Document.

Insolvency Event

means, in relation to a person, if that person:

- (a) is, or is deemed for the purposes of any law to be, unable to pay its debts as they fall due or is insolvent; or

- (b) admits its inability to pay its debts as they fall due; or
- (c) suspends making payments on any of its debts or announces an intention to do so; or
- (d) by reason of actual or anticipated financial difficulties, begins negotiations with any creditor for the rescheduling of any of its indebtedness; or
- (e) has a moratorium declared in respect of any of its indebtedness.

Insolvency Proceeding

means, in relation to a person, if:

- (a) any step is taken with a view to a moratorium or a composition, assignment or similar arrangement with any of its creditors; or
- (b) a meeting of its shareholders, directors or other officers is convened for the purpose of considering any resolution for, to petition for or to file documents with a court for, its winding-up, administration or dissolution or any such resolution is passed; or
- (c) any person presents a petition, or files documents with a court, for its winding-up, administration or dissolution except where such petition or filing is frivolous or is being contested in good faith and with due diligence and is struck out within 21 days; or
- (d) an order for its winding-up, administration or dissolution is made; or
- (e) any liquidator, trustee in bankruptcy, judicial custodian, compulsory manager, receiver, administrative receiver, administrator or similar officer is appointed in respect of it or any of its assets; or
- (f) its directors, shareholders or other officers request the appointment of, or give notice of their intention to appoint, a liquidator, trustee in bankruptcy, judicial custodian, compulsory manager, receiver, administrative receiver, administrator or similar officer; or
- (g) any other analogous step or procedure is taken in any jurisdiction.

Intellectual Property Rights

means patents, trade marks, trade names, rights in designs (including registered designs and design rights), copyright (including without limitation copyright in literary works, dramatic works, musical works, artistic works, films,

	sound recordings, broadcasting rights and performance rights), database rights, rights in know-how and all other intellectual property rights, in each case whether registered or unregistered and including applications for grant of any of the foregoing and all rights or forms of protection having equivalent or similar effect to any of the foregoing which may subsist anywhere in the world now or in the future, in each case, whether registered or not.
Inter-company Creditor	means those companies described as such in the Subordination Agreement in their capacity as creditors 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.
Inter-Company Debt	means any debt incurred by an Obligor and outstanding to an Affiliate of the Company.
Inter-Company 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.
Inter-Company Documents	means each Intra Group Loan Agreement which documents or otherwise relates to any Subordinated Intra Group Loan 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.
Inter-Company Loan	means any loan granted by an Obligor to an Affiliate of the Company.
Interest Payment Account	means the interest bearing cash reserve blocked account opened with the Facility Agent by the Company and secured by the Debenture.
Investment Chargors	means Universal Music (UK) Holdings Limited, Universal Music Leisure Limited, Centenary UK Limited and Island Entertainment Group Limited.
IP Chargor	means Deutsche Grammophon GmbH.
Lenders	means CLSA together with any other person who becomes, in accordance with the terms of the Loan Agreement, a Lender under the Loan Agreement.
Letter of Intent	means the letter from VU to CL in which VU agrees that it will not, inter alia, carry out a similar or the same business activity (directly or indirectly) as any of the Group based in the UK.

LIBOR

means for a Term of any Loan or overdue amount:

- (a) the applicable Screen Rate; or
- (b) if no Screen Rate is available for the relevant currency or Term of the Loan or overdue amount, the arithmetic mean (rounded upward to four decimal places) of the rates, as supplied to the Facility Agent at its request, quoted by the Reference Banks to leading banks in the London interbank market.

Loan

means the principal amount of the borrowing under the Loan Agreement or the principal amount outstanding of that borrowing.

Loan Agreement

means a credit facility agreement initially to be made between the Company, the Facility Agent and the Lenders and subsequently, prior to any drawdown of the Loan, to be made between the UK Parent (1), the Company (2), the Original Guarantors (3), the Original Chargers (4), the Lenders (5) and the Facility Agent (6) whereby the Lenders will make available to the Company a sterling term loan facility in an aggregate amount equal to £136 million for the purpose of directly financing the Fourth Acquisition and indirectly financing the Third Acquisition.

Majority Lenders

means, at any time, Lenders:

- (a) whose share in the outstanding Loan and whose undrawn Commitments then aggregate $66\frac{2}{3}$ per cent. or more of the aggregate of all the outstanding Loan and the undrawn Commitments of all the Lenders; or
- (b) if the Loan is not then outstanding, whose undrawn Commitments then aggregate $66\frac{2}{3}$ per cent. or more of the Total Commitments; or
- (c) if the Loan is not then outstanding and the Total Commitments have been reduced to zero, whose Commitments aggregated $66\frac{2}{3}$ per cent. or more of the Total Commitments immediately before the reduction.

Mandatory Cost

means the cost of complying with certain regulatory requirements, expressed as a percentage rate per annum and calculated by the Facility Agent under schedule 5 to the Loan Agreement (calculation of the Mandatory Cost).

Margin

means 2.25 per cent. per annum.

Material Adverse Effect

means a material adverse effect on:

- (a) the financial condition of the Company or the Material Group which has or is reasonably likely to have a material adverse effect on the ability of any Obligor to perform its obligations under the Finance Documents; or
- (b) the ability of any Obligor to perform any of its payment or other material obligations under any of the Finance Documents; or
- (c) the enforceability or validity of any Finance Document or the effectiveness of any Security Interest (which, in the opinion of the Lenders (acting reasonably) is not immaterial) purported to be created pursuant to any Security Document or the rights and remedies of any Finance Party.

Material Group

means each Obligor and the Subsidiaries of Mercury Records Limited, Polydor Limited, Island Entertainment Group Limited and the Company.

New Cash Pooling Agreement

means the cash pooling guarantee to be made between HSBC Bank PLC and, inter alia, each of the Company, Universal Island Records Limited, Polydor Limited and Mercury Records Limited.

New VU Guarantee

means the guarantee to be granted by VU in favour of the Company in connection with the CUK Loan Agreement.

Non-Assignable Contracts

means the recording agreements set out in part 3 of schedule 2 to the Debenture.

Non-Material Group

means each member of the Group which is not a member of the Material Group.

Obligor

means the Company, a Guarantor, a Chargor or an Additional Chargor.

Original Guarantors

means Go! Discs Limited, Go! Holdings Limited, Mercury Records Limited, Polydor Limited, Universal Island Records Limited and Universal Music Leisure Limited.

Original Chargors

means Island Entertainment Group Limited, Centenary UK Limited, Universal Music (UK) Holdings Limited and 210 South Street Property Company Limited.

Original Lender

means Credit Lyonnais S.A..

Property Chargors

means 210 South Street Property Company Limited.

Reference Banks

means CLSA, Royal Bank of Scotland and Société Générale and any other bank or financial institution appointed as such (with the approval of the Company) by the Facility Agent under the Loan Agreement.

Repayment Account	means the interest bearing cash reserve blocked account opened with the Facility Agent by the Company and secured by the Debenture.
Repertoire	means master tapes, "neighbouring rights" to recording rights, royalty entitlements, collecting society receivables.
Screen Rate	means the British Bankers Association Interest Settlement Rate (if any) for the relevant currency and term displayed on the appropriate page of the Reuters screen selected by the Facility Agent. If the relevant page is replaced or the service ceases to be available, the Facility Agent (after consultation with the Company and the Lenders) may specify another page or service displaying the appropriate rate.
Secured Liabilities	means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each Chargor to any Finance Party under each Finance Document to which a Chargor is a party, except for any obligation which, if it were so included, would result in the Debenture contravening section 151 of the Act.
Security Assets	means all assets (including without limitation the Intellectual Property Rights) of each Chargor the subject of any security created by the Debenture.
Security Document	means: <ul style="list-style-type: none">(a) the Debenture;(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.
Security Interest	means any mortgage, pledge, lien, charge, assignment, hypothecation or security interest or any other agreement or arrangement having a similar effect.
Senior Facility Debt	means any and all obligations or liabilities (present or future, actual or contingent, joint or several) payable or owing by any Obligor to any Senior Finance Party under the Finance Documents.
Senior Finance Parties	means: <ul style="list-style-type: none">(a) a Lender;

	(b) the Facility Agent; and/or
	(c) any successor, transferee, replacement or assignee of any of the above.
Shares	means 2,045 fixed rate, non-redeemable preference shares of £1 each in the capital of the Company.
Share Pledge	means each share pledge entered into by each Obligor in favour of the Finance Parties on or about the date of the Loan Agreement in the agreed form under the Debenture.
Subordination Agreement	means a subordination agreement to be made between the Company, the Facility Agent, the Obligors and the Subordinated Creditors.
Subordinated Creditors	means each Affiliate of the Company which is the creditor of an Intercompany Loan as notified to the Facility Agent by the Company in writing in accordance with the Loan Agreement together with any other Affiliate of the Company which becomes a creditor in respect of an Inter-Company Debt from time to time and which accedes to the Subordination Agreement in accordance with the Finance Documents.
Subordinated Intra Group Debt	means any and all obligations 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.
Subsidiary	means: (a) a subsidiary within the meaning of section 736 of the Act; and (b) unless the context otherwise requires, a subsidiary undertaking within the meaning of section 258 of the Act.
Term	means each period determined under the Loan Agreement by reference to which interest on the Loan or an overdue amount is calculated.
Total Commitments	means the Commitments of all the Lenders.
Transfer Certificate	means a certificate, substantially in the form of schedule 6 to the Loan Agreement (form of transfer certificate), with such amendments as the Facility Agent may approve or reasonably require or any other form agreed between the Facility Agent and the Company.
Trustee	means CLSA in its capacity as agent and trustee for the Finance Parties under the Debenture.
UIM	means Universal International Music B.V..

UIM Guarantee	means the agreement to be made between UIM and the Company whereby UIM will agree to issue a guarantee in favour of the Company and an indemnity in favour of the directors of the Company.
UK Parent or CUK	means Centenary UK Limited.
UMVD	means Universal Music & Video Distribution Corp.
UMVD Guarantee Agreement	means the agreement to be made between the Company and UMVD whereby UMVD will agree to issue a guarantee to the Company and an indemnity to each of the directors of the Company in each case in the form attached to the UMVD Guarantee Agreement.
Undisclosed Agency Arrangements	means the undisclosed agency arrangements as described in schedule 13 to the Loan Agreement.
VU	means Vivendi Universal S.A..
VUE Entity	means VU and each of its Subsidiaries.
VUE Guarantee	means the guarantee in the agreed form in favour of the Finance Parties and the Company pursuant to which Vivendi Universal S.A. agrees to pay on demand an amount equal to 50 % of all Inter-Company Debt owed by each Obligor to a VUE Entity from time to time to the extent that Obligor is in default of its payment obligations towards that VUE Entity and where any subrogation or similar rights to which VU is or may be entitled are subordinated pursuant to the Subordination Agreement.

**Auditors' report to the directors of Universal Music Operations Limited
pursuant to section 156(4) of the Companies Act 1985**

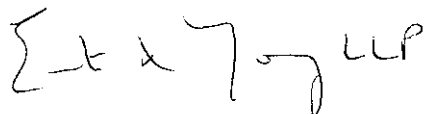
We have examined the attached statutory declaration of the directors of Universal Music Operations Limited ("the Company") dated 31 December 2002 in connection with the proposal that the Company should give financial assistance for the purchase of 2,045 of the Company's issued share capital.

Basis of opinion

We have enquired into the state of the Company's affairs in order to review the bases for the statutory declaration.

Opinion

We are not aware of anything to indicate that the opinion expressed by the directors in their declaration as to any of the matters mentioned in section 156(2) of the Companies Act 1985 is unreasonable in all the circumstances.



Ernst & Young LLP
Registered Auditor
London
31 December 2002

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CHFP004

COMPANIES FORM No. 155(6)a
Declaration in relation to
assistance for the acquisition
of shares.

155(6)a

Please do not
write in this
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Pursuant to section 155(6) of the Companies Act 1985

Please complete
legibly, preferably
in black type, or
bold lettering

To the Registrar of Companies
(Address overleaf - Note 5)

For official use

Company number

950138

Name of company

* UNIVERSAL MUSIC OPERATIONS LIMITED

Note
Please read the
notes on page 3
before completing
this form.

- Insert full name of company
- Insert name(s) and address(es) of all the directors

~~I/We~~ MALCOLM JOHN SWATTON OF HOLLY
LODGE COTTAGE, SUMMERHILL LANE,
HAYWARDS HEATH

being 1 out of a total of 7

† delete as
appropriate

~~The sole director~~ (all the directors) of the above company do solemnly and sincerely declare that:
The business of the company is:

§ delete whichever
is inappropriate

~~(a) that a recognised bank or licensed institution within the meaning of the Banking Act 1979~~
~~(b) that of a person authorised under section 2 of the Insurance Companies Act 1982 to carry on~~
~~insurance business in the United Kingdom~~ §

(c) something other than the above §

The company is proposing to give financial assistance in connection with the acquisition of shares in
the [company] ~~[company's holding company]~~ ~~limited~~ †

The assistance is for the purpose of [that acquisition] ~~and~~ reducing or discharging a liability incurred for the
purpose of that acquisition]. †

The number and class of the shares acquired or to be acquired is:
2,045 Fixed Rate Non-Redeemable Preference Shares of £1 each

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

Watson, Farley & Williams
15 Appold Street
London EC2A 2HB
Reference: HOWC1
Doc No: 16631350 v1

For official Use
General Section

The assistance is to be given to: (Note 2) SEE APPENDIX A.

Please do not
write in this
margin

*Please complete
legibly, preferably
in black type, or
bold block
lettering*

The assistance will take the form of:

See Appendix B.

The person who [has acquired] [will acquire][†] the shares is:
SEE APPENDIX C.

† delete as
appropriate

The principal terms on which the assistance will be given are:

See Appendix D.

The amount of cash to be transferred to the person assisted is £ 136 MILLION

The value of any asset to be transferred to the person assisted is £ 0.00

The date on which the assistance is to be given is WITHIN 8 WEEKS OF THE DATE HEREOF

Please do not
write in this
margin

Please complete
legibly, preferably
in black type, or
bold block
lettering

* delete either (a)
or (b) as
appropriate

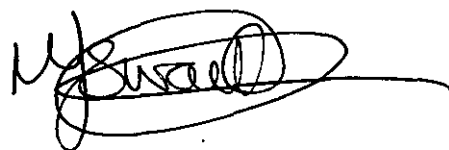
I/~~We~~ have formed the opinion, as regards the company's initial situation immediately following the date on which the assistance is proposed to be given, that there will be no ground on which it could then be found to be unable to pay its debts. (note 3)

- (a) [I/~~We~~ have formed the opinion that the company will be able to pay its debts as they fall due during the year immediately following that date] * (note 3)
- (b) [~~It is intended to commence the winding up of the company within 12 months of that date and~~
~~we have formed the opinion that the company will be able to pay its debts in full within 12~~
~~months of the commencement of the winding up.] (note 3) xxx~~

And I/~~we~~ make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1835.

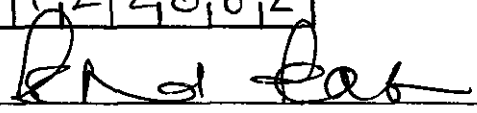
Declared at 47 RUE DE MONCEAU
75008 PARIS

Declarants to sign below



Day Month Year
on

31	12	2012
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before me 
RICHARD PEARSON - SOLICITOR

A Commissioner for Oaths or Notary Public or Justice of the Peace or a Solicitor having the powers conferred on a Commissioner for Oaths.

NOTES

- 1 For the meaning of "a person incurring a liability" and "reducing or discharging a liability" see section 152(3) of the Companies Act 1985.
- 2 Insert full name(s) and address(es) of the person(s) to whom assistance is to be given; if a recipient is a company the registered office address should be shown.
- 3 Contingent and prospective liabilities of the company are to be taken into account - see section 156(3) of the Companies Act 1985.
- 4 The auditors report required by section 156(4) of the Companies Act 1985 must be annexed to this form.
- 5 The address for companies registered in England and Wales or Wales is:-

The Registrar of Companies
Companies House
Crown Way
Cardiff
CF14 3UZ
DX: 33050
Cardiff

or, for companies registered in Scotland:-

The Registrar of Companies
Companies House
37 Castle Terrace
Edinburgh
EH1 2EB
DX: 235
Edinburgh

APPENDIX A

UNIVERSAL MUSIC OPERATIONS LIMITED

STATUTORY DECLARATION IN COMPANIES FORM 155(6)(a)

Persons to whom financial assistance is to be given

- (1) Centenary UK Limited of 1 Sussex Place, Hammersmith, London W6 9XS.
- (2) Credit Lyonnais Securities of 5 Appold Street, London EC2A 2DA.
- (3) Credit Lyonnais S.A. of 18 Rue de la Republique, 69000 Lyon, France.

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APPENDIX B

UNIVERSAL MUSIC OPERATIONS LIMITED

STATUTORY DECLARATION IN COMPANIES FORM 155(6)(a)

In this Appendix B, the definitions contained in Appendix E shall apply.

Background

In February 2002, the Company entered into a repurchase transaction (the "**Repo Transaction**") with, inter alia, CLSA. The Repo Transaction included the following arrangements:

- (a) CUK subscribed for the Shares at an aggregate subscription price of £136 million (the "**Subscription**");
- (b) the Shares were sold by CUK to CLS for a total purchase price of £134,640,000 (the "**First Acquisition**") and CUK and CLS entered into an associated put and call option agreement (the "**First Option Agreement**") in relation to the repurchase of the Shares by CUK from CLS;
- (c) the Shares were subsequently sold by CLS to CLSA (the "**Second Acquisition**") and CLS and CLSA entered into an associated put option agreement (the "**Second Option Agreement**") in relation to the repurchase of the Shares by CLS from CLSA; and
- (d) VU issued a guarantee in favour of CLSA in respect of the obligations of CUK under certain agreements relating to the above.

It is now proposed that the Company enter into a new direct term loan arrangement with CLSA so as to enable the Repo Transaction to be unwound. As part of the unwind process, the First Option Agreement will be amended, CLSA will require CLS to purchase the Shares in accordance with the terms of the Second Option Agreement (the "**Third Acquisition**") and CLS will then require CUK to purchase the Shares in accordance with the terms of the First Option Agreement (the "**Fourth Acquisition**").

The assistance will take the form of:

The Company entering into the following documents and performing the transactions contemplated by such documents:

- (a) the Loan Agreement;
- (b) the Debenture;
- (c) the CUK Loan Agreement;
- (d) the Subordination Agreement;
- (e) the Fee Letter;
- (f) the New Cash Pooling Agreement; and
- (g) any other documents necessary or desirable in connection with any of the above,

(together, the "**Transaction Documents**").

The Transaction Documents are all on terms and subject to the conditions more particularly described therein (a summary of the material terms of the Transaction Documents is set out in Appendix D) and we declare that we have read and are fully familiar with such terms and conditions. It is acknowledged and declared that the Company will execute the Loan Agreement in the first instance and may then sign an amendment and restatement agreement in relation to the Loan Agreement pursuant to which the other Obligor will accede to the Loan Agreement as parties prior to the first drawdown thereunder.

Financial Assistance

The financial assistance will consist of the following:

(a) The Subscription

CUK incurred a liability for the purpose of the Subscription by incurring an obligation to pay the subscription price for the Shares. By entering into and performing the CUK Loan Agreement, the Loan Agreement, the Debenture and the other Transaction Documents, the Company will or may financially assist CUK, within the meaning of section 151(2) of the Act, to the extent that the liability incurred by CUK for the purpose of the Subscription is reduced or discharged, within the meaning of section 152(3)(b) of the Act, by restoring the financial position of CUK to what it was before the Subscription took place.

(b) The First Acquisition

CUK incurred a liability to CLS for the purpose of the First Acquisition by changing its financial position, within the meaning of section 152(3)(a) of the Act, by entering into the First Option Agreement. The First Option Agreement contains an obligation on CUK, in certain circumstances, to make the Fourth Acquisition. By entering into and performing the CUK Loan Agreement, the Loan Agreement, the Debenture and the other Transaction Documents, the Company will financially assist CUK, within the meaning of section 151(2) of the Act, to discharge its liability under the First Option Agreement to make the Fourth Acquisition.

CLS incurred a liability for the purpose of the First Acquisition by incurring an obligation to pay the consideration for the Shares. By entering into and performing the CUK Loan Agreement, the Loan Agreement, the Debenture and the other Transaction Documents, the Company will or may financially assist CLS, within the meaning of section 151(2) of the Act, to the extent that the liability incurred by CLS for the purpose of the First Acquisition is reduced or discharged, within the meaning of section 152(3)(b) of the Act, by restoring the financial position of CLS to what it was before the First Acquisition took place.

(c) The Second Acquisition

CLS incurred a liability to CLSA for the purpose of the Second Acquisition by changing its financial position, within the meaning of section 152(3)(a) of the Act, by entering into the Second Option Agreement. The Second Option Agreement contains an obligation on CLS, in certain circumstances, to make the Third Acquisition. By entering into and performing the CUK Loan Agreement, the Loan Agreement, the Debenture and the other Transaction Documents, the Company will financially assist CLS, within the meaning of section 151(2) of the Act, to discharge its liability under the Second Option Agreement to make the Third Acquisition.

CLSA incurred a liability for the purpose of the Second Acquisition by incurring an obligation to pay the consideration for the Shares. By entering into and performing the CUK Loan Agreement, the Loan Agreement, the Debenture and the other Transaction Documents, the Company will or may financially assist CLSA, within the meaning of section 151(2) of the Act, to the extent that the liability incurred by CLSA for the purposes of the Second Acquisition is reduced or discharged, within the meaning of section 152(3)(b) of the Act, by restoring the financial position of CLSA to what it was before the Second Acquisition took place.

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(d) The Third Acquisition

By entering into and performing the CUK Loan Agreement, the Loan Agreement, the Debenture and the other Transaction Documents, the Company will give financial assistance indirectly for the purposes of the Third Acquisition by providing CUK with the finance required by CUK to make the Fourth Acquisition and therefore indirectly providing CLS with the finance required by CLS to make the Third Acquisition.

(e) The Fourth Acquisition

By entering into and performing the CUK Loan Agreement, the Loan Agreement, the Debenture and the other Transaction Documents, the Company will give financial assistance directly for the purposes of the Fourth Acquisition by providing CUK with the finance required by CUK to make the Fourth Acquisition.



APPENDIX C
UNIVERSAL MUSIC OPERATIONS LIMITED
STATUTORY DECLARATION IN COMPANIES FORM 155(6)(a)

In this Appendix C, the definitions contained in Appendix B and Appendix E shall apply.

Persons who have acquired or will acquire shares

- (1) The person who has acquired the Shares under the Subscription is Centenary UK Limited.
- (2) The person who has acquired the Shares under the First Acquisition is Credit Lyonnais Securities.
- (3) The person who has acquired the Shares under the Second Acquisition is Credit Lyonnais S.A..
- (4) The person who will acquire the Shares under the Third Acquisition is Credit Lyonnais Securities.
- (5) The person who will acquire the Shares under the Fourth Acquisition is Centenary UK Limited.



APPENDIX D

UNIVERSAL MUSIC OPERATIONS LIMITED

STATUTORY DECLARATION IN COMPANIES FORM 155(6)(a)

In this Appendix D, the definitions contained in Appendix B and Appendix E shall apply.

The principal terms on which the assistance will be given are the following:

1 Loan Agreement

The principal terms on which the assistance will be given under the terms of the Loan Agreement are:

- (a) the Lenders will make available to the Company a sterling term loan facility in an aggregate amount equal to £136 million bearing interest at the percentage rate per annum equal to the aggregate of the applicable (i) LIBOR, (ii) Margin and (iii) Mandatory Cost, with such interest being payable on the last day of each Term;
- (b) the Company will be able to borrow the loan by making a request to the Facility Agent on or before 31 January 2003;
- (c) the loan can only be used by the Company to advance funds to CUK under the CUK Loan Agreement which in turn will enable CUK and CLS respectively to finance the Fourth Acquisition and the Third Acquisition respectively;
- (d) the loan will be repayable in 36 approximately equal monthly instalments commencing on 1st January 2005;
- (e) an up-front fee will be payable by the Company to the Facility Agent on signing of the Loan Agreement pursuant to the Fee Letter;
- (f) mandatory prepayment of the loan and payment of Break Costs will be required in certain circumstances including, inter alia, if it becomes unlawful in any jurisdiction for the Lenders to perform their obligations or to maintain the loan, if the Company is in breach of any Financial Covenant (which is not cured within 15 Business Day of notice of the breach) or on a change of control of the UK Parent or VU (except where control of VU is acquired by a company or other organisation with a Standard and Poor and Moody's long term credit rating of BBB- and Baa3 respectively or higher and which is acceptable to the Lenders in their sole discretion);
- (g) the Loan Agreement will contain representations and warranties given by the Company and each Obligor to each Finance Party in respect of itself and in respect of each member of the Material Group which is its Subsidiary (namely, in the case of the Company, Attitude Records Limited, Fiction Records Limited and Serious Records Limited);
- (h) the Loan Agreement will contain information covenants and other covenants given by the Company, the UK Parent and each Obligor to the Finance Parties and the Company will have to procure that, where a covenant is expressed to apply to each member of the Material Group, each of its Subsidiaries complies with those covenants;
- (i) the following events, amongst other things, will constitute an Event of Default under the Loan Agreement:
 - (A) non-payment by the Company or an Obligor of any amount payable by it under the Finance Documents; or

- (B) non-compliance by the Company or an Obligor with any term of certain of the general covenants set out in clause 19 of the Loan Agreement; or
- (C) non-compliance by the Company or an Obligor with any other term of the Finance Documents other than clause 18 (Financial Covenants) (unless remedied within 21 days); or
- (D) a representation made or repeated by the Company or an Obligor in any Finance Document or in any document delivered by or on behalf of any Obligor under any Finance Document being incorrect in any material respect when made or deemed to be repeated (unless remedied within 21 days); or
- (E) any of the following occurring in respect of any member of the Group:
 - (1) any of its Financial Indebtedness is not paid when due (after the expiry of any originally applicable grace period); or
 - (2) any of its Financial Indebtedness becomes prematurely due and payable, is placed on demand or is capable of being declared by a creditor to be prematurely due and payable or being placed on demand, in each case as a result of an event of default (howsoever described); or
 - (3) any commitment for its Financial Indebtedness is cancelled or suspended as a result of an event of default (howsoever described),

unless, the aggregate amount of Financial Indebtedness of (i) the Group and (ii) the Material Group falling within paragraphs (1)-(3) above is less than £ 1,000,000 and £ 500,000 respectively or its equivalent or unless such event relates to a member of the Non-Material Group and, in the opinion of the Majority Lenders, it does not or could not reasonably be expected to give rise to a Material Adverse Effect; or

- (F) (i) any of the New Cash Pooling Agreement or the Existing Cash Pooling Guarantees being called or being capable of being called in whole or in part or (ii) any sum being due and payable and not being paid under any agreement to which a member of the Material Group is party (unless such non payment does not or could not reasonably be expected to give rise to a Material Adverse Effect); or
- (G) the Company or any member of the Group being subject to any Insolvency Event or Insolvency Proceeding or any attachment, sequestration, distress, execution or analogous event affecting any asset of a member of the Group, having an aggregate value of £ 50,000 and not being discharged within 21 days, in all cases unless the event relates to a member of the Non-Material Group and, in the opinion of the Majority Lenders, it does not or could not reasonably be expected to give rise to a Material Adverse Effect; or

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- (H) the Company or any member of the Material Group ceasing, or threatening to cease, to carry on all or a substantial part of its business in any material respect unless such event relates to a member of the Non-Material Group and, in the opinion of the majority Lenders, it does not or could not reasonably be expected to give rise to a Material Adverse Effect or otherwise with the prior written approval of the Majority Lenders (such approval not to be unreasonably withheld or delayed); or
- (I) any event occurring which is reasonably likely to have a Material Adverse Effect; or
- (J)
 - (1) any party to the Subordination Agreement (other than a Finance Party) not performing its obligations under the Subordination Agreement for a period of 21 days without remedy; or
 - (2) any representation or warranty given by any party in the Subordination Agreement (other than a Finance Party) being incorrect in any material respect for a period of 21 days without remedy; or
 - (3) any other event occurring which has or could reasonably be expected to have a Material Adverse Effect; or
 - (4) the subordination created or purported to be created by the Subordination Agreement (other than a Finance Party) not being effective for a period of 21 days without remedy or being alleged by a party to it (other than a Finance Party) to be ineffective; or
 - (5) any party to the Subordination Agreement (other than a Finance Party or Obligor) repudiating the Subordination Agreement or evidencing an intention to repudiate it; or
- (K) the Company or an Obligor ceasing to be a subsidiary of the UK Parent other than either as a result of the merger of the UK Parent into Universal Music (UK) Holdings Limited as expressly permitted under the Loan Agreement or as part of a bona fide restructuring or reorganisation as expressly permitted under the Loan Agreement or otherwise with the prior written consent of the Majority Lenders; or
- (L) any of the Undisclosed Agency Arrangements, the All-in Fee Agreement or any of the New Cash Pooling Agreement or Existing Cash Pooling Guarantees or any Relevant Contract (as referred to in the Debenture) being terminated, amended or breached in a manner which is prejudicial in any material respect to the rights and interests of the Lenders or terminated except with the prior written approval of the Lenders (such approval not to be unreasonably withheld or delayed);
- (M) it being or becoming unlawful for the Company or an Obligor to perform any of its obligations under the Finance Documents or any Finance Document being ineffective (with such circumstances continuing for a period of 21 days without remedy) or being

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alleged by the Company or an Obligor to be ineffective for any reason or the Company or an Obligor repudiating a Finance Document or evidencing an intention to repudiate a Finance Document or any Security Document not creating the security it purports to create (with such circumstances continuing for a period of 21 days without remedy); or

- (N) the auditors of the Company or any Obligor qualifying their report on any audited accounts of the Company;
- (j) on the occurrence of an Event of Default the Facility Agent will be entitled to, and will be required to if so instructed by the Majority Lenders, by notice to the Company:
 - (A) cancel the Total Commitments; and/or
 - (B) declare that all or part of any amount outstanding under the Finance Documents be immediately due and payable and/or payable on demand by the Facility Agent acting on the instructions of the Majority Lenders;
- (k) the Company will have to supply to the Facility Agent certain documents and other evidence as a condition precedent to signature of the Loan Agreement and will have to supply additional documents and other evidence as a condition precedent to making a request for the draw-down of the loan;
- (l) the Company will be entitled to voluntarily prepay all or part of the loan on 10 Business Days' notice, subject to the payment of Break Costs and provided that the prepayment is a multiple of £10,000,000;
- (m) default interest will be payable on any sums not paid on the due date at a rate of 2% per annum above the interest rate applicable under the Loan Agreement at the time when the sums remain unpaid;
- (n) the Company will have to pay to the Lenders any Increased Costs suffered by the Lenders;
- (o) the Company will give financial covenants in respect of interest cover and debt payment ratios with each covenant being tested in respect of a 12 month period ended on 31st March, 30th June, 30th September and 31st December in each year;
- (p) the Company will have to indemnify each Finance Party against any loss or liability suffered by it as a result of it receiving any amount in respect of an Obligor's liability under the Finance Documents in a currency other than the currency prescribed by the relevant Finance Document;
- (q) the Company will have to indemnify each Finance Party against any loss or liability which that Finance Party (in its absolute discretion action in good faith) determines will be or has been suffered on account of tax in relation to a payment received or receivable under a Finance Document, unless the tax is imposed on or calculated in the jurisdiction of incorporation of that Finance Party by reference to the net income received or receivable by that Finance Party;
- (r) the Company will have to indemnify each Finance Party against any loss or liability suffered by it as a result of any Event of Default, any failure by an Obligor to pay any sum on the due date, the loan not being drawn-down once requested (other than due to the negligence of that Finance Party) or the loan being prepaid in any manner not permitted by the Loan Agreement;

- (s) the Company will have to pay all costs and expenses (including costs in relation to the financial assistance issue) incurred by the Facility Agent in connection with the negotiation and preparation of the Finance Documents and any duly documented costs and expenses incurred by any Finance Party in respect of enforcing the provisions of any of the Finance Documents;
- (t) the Company will have to procure that each person becoming part of the Material Group will become an Additional Guarantor and Chargor under the Loan Agreement and Debenture;
- (u) the Company will have to procure that Deutsche Grammophon GmbH, Universal MCA Music UK Limited and A&M Music Records Limited will each become an Additional Guarantor and Chargor under the Loan Agreement and Debenture prior to any request for drawdown of the loan;
- (v) the Company will have to ensure that no later than the second anniversary of the date of the Loan Agreement an amount equal to the sum of £3,800,000 is deposited and maintained in the Repayment Account and will have to ensure that the sum of £4,800,000 is deposited and maintained in the Interest Payment Account; and
- (w) the Company may enter into hedging arrangements with CLSA (or another bank or financial institution) in respect of interest rate fluctuations in a principal or nominal amount no greater than between 50 per cent. and 75 per cent. of the Total Commitments.

2 The Debenture

The principal terms on which the assistance will be given under the terms of the Debenture are:

- (a) the Company and each other Chargor will, as primary obligor, covenant with the Trustee to pay or discharge the Secured Liabilities as they become due and payable in accordance with the relevant Finance Documents;
- (b) any amount not paid under the Debenture when due will bear interest (as well after as before judgement and payable on demand) in the manner provided in the relevant Finance Document from the due date until the date such amount is unconditionally and irrevocably paid and discharged in full, save to the extent that interest at such rate on such amount for such period is charged pursuant to a relevant Finance Document and itself constitutes a Secured Liability;
- (c) all security created under the Debenture will be in favour of the Trustee, will be security over all present and future assets of the Company and each other Chargor and will be security for payment of the Secured Liabilities;
- (d) the Company and each other Chargor, other than the Investment Chargors and the IP Chargor, will create a first legal mortgage and a first fixed charge over all freehold or leasehold properties owned by it;
- (e) the Company and each other Chargor, other than the Property Chargor and the IP Chargor, will create a first legal mortgage and first fixed charge over any shares, bonds or securities owned by it, which in the case of the Company will include its shares in Fiction Records Limited, The Wild Card Label Limited, Attitude Records Limited and Serious Records Limited;
- (f) the Company and each other General Chargor will create a first fixed charge on all plant and machinery owned by it;
- (g) the Company and each other Chargor, other than the Property Chargors, Island Entertainment Group Limited and the IP Chargor, will create a first fixed charge on all of

its rights in respect of any amount standing to the credit of any account it has with any person and the debt represented by it, which in the case of the Company will include its interest bearing accounts nos. 8883033 with Citibank, Strand, London, 57167275, 70952362 and 30953237 with HSBC, Poultry, London and the accounts required to be opened with CLSA pursuant to the Loan Agreement;

- (h) the Company and each other Chargor, other than the Property Chargors and the IP Chargor, will create a first fixed charge over all of its book debts other than any which arise in relation to certain accounts specified in the Debenture;
- (i) the Company and each other General Chargor will assign absolutely, subject to a proviso for re-assignment on redemption, all of its rights in respect of any contract or policy of insurance taken out by it or in which it has an interest;
- (j) the Company and each other General Chargor will assign absolutely, subject to a proviso for re-assignment on redemption, all of its rights in respect of any agreement to which it is a party (including those set out in schedule 2 to the Debenture) but other than any agreement which is not assignable or capable of assignment;
- (k) the Company and each other General Chargor would assign absolutely, subject to a proviso for re-assignment or redemption, any and all damages, compensation, remuneration, profit or other income which it may derive from any agreement which is not assignable or capable of assignment;
- (l) the Company, each other General Chargor and the IP Chargor will create a first fixed charge over all of its rights in respect of its Intellectual Property Rights and Domain Names;
- (m) the Company and each other General Chargor will create a first fixed charge over its goodwill, the benefit of any authorisation held in connection with any Security Asset, the right to recover compensation in respect of such authorisation, its uncalled capital, its Repertoire and all rights and benefits under any agreement to which it is a party;
- (n) the Company and each other Chargor will have to pay on demand all duly documented costs and expenses (including legal fees) incurred by any Finance Party, receiver, attorney, manager, agent or other person appointed by the Trustee in connection with the Debenture and will have to indemnify those persons against those costs and expenses, including any costs arising from any breach of any law and regulation (including environmental laws and regulations);
- (o) the Company and each other General Chargor will create a first floating charge over all of its assets not otherwise charged under the Debenture;
- (p) the Debenture will contain representations and undertakings given by the Company and the other Chargors to each Finance Party;
- (q) the security created by the Debenture will become immediately enforceable if an Event of Default under the Loan Agreement occurs; and
- (r) the Company's rights under the CUK Loan Agreement, the New VU Guarantee, the UMVD Guarantee, the UIM Guarantee and the VUE Guarantee will be secured in favour of CLSA and any subrogation or similar rights will be subordinated.

The entry into of the Debenture by the Company is a condition precedent under the Loan Agreement and by such entry the Company will, among other things, secure and be responsible for the payment and discharge of its and each Chargor's liabilities to any Finance Party under each Finance Document to which it is a party (other than any

obligation which would result in the Debenture contravening section 151 of the Companies Act 1985).

3 The CUK Loan Agreement

The principal terms on which the assistance will be given under the terms of the CUK Loan Agreement are that:

- (a) the Company will make available to CUK an inter-company loan in an amount equal to £136 million for the purpose of financing the Fourth Acquisition and indirectly financing the Third Acquisition;
- (b) the loan will be repayable in full on 31 December 2007 and otherwise on demand in whole or in part by the Company if the Company is required to make a payment of any kind or amount under or pursuant to the terms of the Finance Documents;
- (c) interest will accrue on the loan at the rate of interest applicable to the Loan as noted at paragraph 1(a) above plus 100 basis points per annum and be payable quarterly in arrears; and
- (d) CUK will agree to pay or reimburse to the Company all costs, fees or expenses related to the Company entering into the Loan Agreement or the related Finance Documents including, but not limited to, any amounts payable under the Fee Letter and any legal, accounting, compliance or other administrative costs incurred by the Company in connection with the Finance Documents.

4 The Subordination Agreement

The principal terms on which the assistance will be given under the terms of the Subordination Agreement are:

- (a) the Company will agree that from the date of the Subordination Agreement, all Subordinated Intra Group Debt owed to it by an Intercompany Debtor (and related claims) will be subordinated in rank, right of time and priority of payment, at all times and in all circumstances to the Senior Facility Debt;
- (b) each Intercompany Debtor will undertake that it will not pay, prepay or repay any amount of any Subordinated Intra Group Debt to any Intercompany Creditor without the written consent of the Facility Agent and each Intercompany Creditor will undertake that it will not demand or receive any payment, prepayment or repayment of any Subordinated Intra Group Debt without the prior written consent of the Facility Agent;
- (c) if any Intercompany Creditor receives any payment in respect of any Subordinated Intra Group Debt it will be obliged to transfer the amount of that payment to the Facility Agent, provided that an Intercompany Creditor will be entitled to receive payment of a Subordinated Intra Group Debt from an Intercompany Debtor if there has been no Event of Default and the payment is made in the normal course of cash management operations;
- (d) if any Intercompany Debtor suffers certain insolvency events, the Facility Agent will be entitled to prove for all of the Subordinated Intra Group Debt owed by that Intercompany Debtor and each Intercompany Creditor will irrevocably authorise the Facility Agent to prove for those debts on its behalf and will pay any distributions it actually receives to the Facility Agent;
- (e) each Intercompany Creditor will irrevocably appoint the Facility Agent as its attorney in respect of anything that it has authorised the Security Agent to do under the Subordination Agreement or anything that it is obliged to do under the Subordination

Agreement but has failed to do so within 5 Business Days of notice requiring it to do so; and

- (f) the Subordination Agreement will contain certain undertakings and representations and warranties to be given by the Company and each other Intercompany Debtor to the Senior Finance Parties; the Company will agree that from the date of the Subordination Agreement, all Subordinated Intra Group Debt owed to it by an Intercompany Debtor (and related claims) will be subordinated in rank, right of time and priority of payment, at all times and in all circumstances to the Senior Facility Debt.

5 The Fee Letter

The principal terms on which the assistance will be given under the terms of the Fee Letter are:

- (a) payment by the Company of certain fees and costs to the Facility Agent in connection with the Loan Agreement and the Debenture will be a condition precedent under the Loan Agreement; and
- (b) the Company will pay an up-front fee to the Facility Agent of £ 1,904,000.

The payment of these fees by the Company will be reimbursed to the Company under the terms of the CUK Loan Agreement by CUK.

6 The New Cash Pooling Agreement

The principal terms on which the assistance will be given under the terms of the New Cash Pooling Agreement are:

- (a) the Company will guarantee, as a continuing guarantee and regardless of any intermediate payment, the liabilities to HSBC Bank PLC of each other party to the New Cash Pooling Agreement and will undertake to pay to HSBC Bank PLC any sums owing to HSBC Bank PLC on any account whatsoever from any other party to the New Cash Pooling Agreement (including any sum for which those parties may be liable as surety); and
- (b) the Company will irrevocably appoint the UK Parent as its agent in respect of any action to be taken in connection with the New Cash Pooling Agreement.

APPENDIX E
UNIVERSAL MUSIC OPERATIONS LIMITED
STATUTORY DECLARATION IN COMPANIES FORM 155(6)(a)

In this Appendix E, the definitions contained in Appendix B shall apply.

Accession Agreement	means a letter, substantially in the form of schedule 9 to the <i>Loan Agreement (form of accession agreement)</i> , with such amendments as the Facility Agent may approve or reasonably require.
Act	means the Companies Act 1985 (as amended).
Additional Chargor	means a member of the Group who becomes a Chargor under the Debenture.
Additional Guarantor	means a member of the Group which becomes a Guarantor after the date of the Loan Agreement.
Affiliate	means a Subsidiary or a Holding Company of a person or any other Subsidiary of that Holding Company.
All-in-Fee Agreement	means the agreement in respect of the all in fee arrangements between inter alia each General Chargor, IP Chargor and Universal International Music B.V. in the form stated on its face to take effect on 1st July 2001 and dated 31st July 2001.
Break Costs	means the amount (if any) which a Lender is entitled to receive subject to and in accordance with the Loan Agreement as compensation if any part of the loan or overdue amount is prepaid.
Business Day	means a day (other than a Saturday or a Sunday) on which banks are open for general business in London and Paris and in respect of a rate fixing or a payment date in respect of Sterling, London.
Charge of Intercompany Loans	means the charge granted in favour of the Lenders by the Subordinated Creditors over various Inter-Company Loans in the agreed form under a Security Document.
Chargor	means a General Chargor, an Investment Chargor, an IP Chargor or a Property Chargor.
CLS	means Credit Lyonnais Securities.
CLSA	means Credit Lyonnais S.A..
Commitment	means:

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(a) for CLSA, £136,000,000 and the amount of any other Commitment it acquires; and

(b) for any other Lender, the amount of any Commitment it acquires,

to the extent not cancelled, transferred or reduced under the Loan Agreement.

Company means Universal Music Operations Limited.

CUK means the UK Parent (as defined below).

CUK Loan Agreement means a loan agreement to be made between the Company and CUK whereby the Company will make available to CUK an inter-company loan in an amount equal to £136 million for the purpose of directly financing the Fourth Acquisition and indirectly financing the Third Acquisition.

Debenture means a security agreement to be made between the General Chargors (1), the Investment Chargors (2), the Property Chargors (3), the IP Chargor (4) and the Trustee (5) whereby the Company and the other Chargors will create a fixed and floating charge in favour of the Trustee as security for all amounts owing by each Chargor to any Finance Party under each Finance Document to which a Chargor is party.

Domain Names means the domain names specified in the Debenture.

Existing Cash Pooling Guarantees means the joint and several cash pooling guarantee agreement dated 24th July, 2001 between certain members of the Material Group and HSBC Bank plc.

Event of Default means an event specified as such in the Loan Agreement.

Facility Agent means CLSA in its capacity as facility agent under the Loan Agreement.

Fee Letter means the fee letter from the Facility Agent to the Company setting out the amount of the up-front fee.

Finance Document means:

- (a) the Loan Agreement; or
- (b) the Fee Letter; or
- (c) a Security Document; or
- (d) the Subordination Agreement; or
- (e) an Accession Agreement; or

- (f) a Transfer Certificate; or;
- (g) the VUE Guarantee ; or
- (h) the Letter of Intent; or
- (i) any other document designated as such by the Facility Agent and the Company.

Finance Party

means the Facility Agent or a Lender.

Financial Covenants

means the financial covenants set out in clause 18.1 of the Loan Agreement and described further in paragraph 1(o) of Appendix D.

Financial Indebtedness

means any indebtedness for or in respect of:

- (a) moneys borrowed and overdrafts; or
- (b) any acceptance credit; or
- (c) any bond, note, debenture, loan stock or other similar instrument; or
- (d) any redeemable preference share; or
- (e) any finance or capital lease; or
- (f) receivables sold or discounted (otherwise than on a non-recourse basis); or
- (g) any debt redeemable in shares; or
- (h) the acquisition cost of any asset to the extent payable after its acquisition or possession by the party liable where the deferred payment is arranged primarily as a method of raising finance or financing the acquisition of that asset but, for the avoidance of doubt, excluding any amounts payable to a vendor under an earn-out provision on account of income generated by that asset; or
- (i) any derivative transaction protecting against or benefiting from fluctuations in any rate or price (and, except for non-payment of an amount, the then mark to market value of the derivative transaction will be used to calculate its amount); or
- (j) any other transaction (including any forward sale or purchase agreement) which has the commercial effect of a borrowing; or
- (k) any counter-indemnity obligation in respect of any guarantee, indemnity, bond, letter of credit or any

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other instrument issued by a bank or financial institution; or

- (l) any off-balance sheet indebtedness (including contingent financial liabilities excluding for the avoidance of doubt contingent liabilities arising as a result of legal or regulatory proceedings or royalties payable to artists); or
- (m) any guarantee, indemnity or similar assurance against financial loss of any person in respect of any item referred to in paragraphs (a) to (l) above.

General Chargors

means the Company, Go! Discs Limited, Go! Holdings Limited, Polydor Limited, Mercury Records Limited, Universal Island Records Limited, Universal MCA Music UK Limited and A&M Music Records Limited.

Group

means at the date of the Loan Agreement the UK Parent and the companies listed in schedule 15 to the Loan Agreement and thereafter each other Subsidiary of the UK Parent which is acquired on or after the date of the Loan Agreement unless the Company can demonstrate to the satisfaction of the Facility Agent (acting reasonably in good faith) that the principal business activity of that Subsidiary is not primarily that set out in paragraph 2 of schedule 14 of the Loan Agreement.

Guarantor

means an Original Guarantor or an Additional Guarantor.

Holding Company

means a holding company within the meaning of section 736 of the Act.

Increased Cost

means:

- (a) an additional or increased cost; or
- (b) a reduction in the rate of return under a Finance Document or on its overall capital; or
- (c) a reduction of an amount due and payable under any Finance Document,

which is incurred or suffered by a Finance Party or any of its Affiliates but only to the extent attributable to that Finance Party having entered into any Finance Document or funding or performing its obligations under any Finance Document.

Insolvency Event

means, in relation to a person, if that person:

- (a) is, or is deemed for the purposes of any law to be, unable to pay its debts as they fall due or is insolvent; or

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- (b) admits its inability to pay its debts as they fall due; or
- (c) suspends making payments on any of its debts or announces an intention to do so; or
- (d) by reason of actual or anticipated financial difficulties, begins negotiations with any creditor for the rescheduling of any of its indebtedness; or
- (e) has a moratorium declared in respect of any of its indebtedness.

Insolvency Proceeding

means, in relation to a person, if:

- (a) any step is taken with a view to a moratorium or a composition, assignment or similar arrangement with any of its creditors; or
- (b) a meeting of its shareholders, directors or other officers is convened for the purpose of considering any resolution for, to petition for or to file documents with a court for, its winding-up, administration or dissolution or any such resolution is passed; or
- (c) any person presents a petition, or files documents with a court, for its winding-up, administration or dissolution except where such petition or filing is frivolous or is being contested in good faith and with due diligence and is struck out within 21 days; or
- (d) an order for its winding-up, administration or dissolution is made; or
- (e) any liquidator, trustee in bankruptcy, judicial custodian, compulsory manager, receiver, administrative receiver, administrator or similar officer is appointed in respect of it or any of its assets; or
- (f) its directors, shareholders or other officers request the appointment of, or give notice of their intention to appoint, a liquidator, trustee in bankruptcy, judicial custodian, compulsory manager, receiver, administrative receiver, administrator or similar officer; or
- (g) any other analogous step or procedure is taken in any jurisdiction.

Intellectual Property Rights

means patents, trade marks, trade names, rights in designs (including registered designs and design rights), copyright (including without limitation copyright in literary works, dramatic works, musical works, artistic works, films,

sound recordings, broadcasting rights and performance rights), database rights, rights in know-how and all other intellectual property rights, in each case whether registered or unregistered and including applications for grant of any of the foregoing and all rights or forms of protection having equivalent or similar effect to any of the foregoing which may subsist anywhere in the world now or in the future, in each case, whether registered or not.

Inter-company Creditor

means those companies described as such in the Subordination Agreement in their capacity as creditors 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.

Inter-Company Debt

means any debt incurred by an Obligor and outstanding to an Affiliate of the Company.

Inter-Company 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.

Inter-Company Documents

means each Intra Group Loan Agreement which documents or otherwise relates to any Subordinated Intra Group Loan 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.

Inter-Company Loan

means any loan granted by an Obligor to an Affiliate of the Company.

Interest Payment Account

means the interest bearing cash reserve blocked account opened with the Facility Agent by the Company and secured by the Debenture.

Investment Chargors

means Universal Music (UK) Holdings Limited, Universal Music Leisure Limited, Centenary UK Limited and Island Entertainment Group Limited.

IP Chargor

means Deutsche Grammophon GmbH.

Lenders

means CLSA together with any other person who becomes, in accordance with the terms of the Loan Agreement, a Lender under the Loan Agreement.

Letter of Intent

means the letter from VU to CL in which VU agrees that it will not, inter alia, carry out a similar or the same business activity (directly or indirectly) as any of the Group based in the UK.

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means for a Term of any Loan or overdue amount:

- (a) the applicable Screen Rate; or
- (b) if no Screen Rate is available for the relevant currency or Term of the Loan or overdue amount, the arithmetic mean (rounded upward to four decimal places) of the rates, as supplied to the Facility Agent at its request, quoted by the Reference Banks to leading banks in the London interbank market.

Loan

means the principal amount of the borrowing under the Loan Agreement or the principal amount outstanding of that borrowing.

Loan Agreement

means a credit facility agreement initially to be made between the Company, the Facility Agent and the Lenders and subsequently, prior to any drawdown of the Loan, to be made between the UK Parent (1), the Company (2), the Original Guarantors (3), the Original Chargors (4), the Lenders (5) and the Facility Agent (6) whereby the Lenders will make available to the Company a sterling term loan facility in an aggregate amount equal to £136 million for the purpose of directly financing the Fourth Acquisition and indirectly financing the Third Acquisition.

Majority Lenders

means, at any time, Lenders:

- (a) whose share in the outstanding Loan and whose undrawn Commitments then aggregate $66\frac{2}{3}$ per cent. or more of the aggregate of all the outstanding Loan and the undrawn Commitments of all the Lenders; or
- (b) if the Loan is not then outstanding, whose undrawn Commitments then aggregate $66\frac{2}{3}$ per cent. or more of the Total Commitments; or
- (c) if the Loan is not then outstanding and the Total Commitments have been reduced to zero, whose Commitments aggregated $66\frac{2}{3}$ per cent. or more of the Total Commitments immediately before the reduction.

Mandatory Cost

means the cost of complying with certain regulatory requirements, expressed as a percentage rate per annum and calculated by the Facility Agent under schedule 5 to the Loan Agreement (calculation of the Mandatory Cost).

Margin

means 2.25 per cent. per annum.

Material Adverse Effect

means a material adverse effect on:

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- (a) the financial condition of the Company or the Material Group which has or is reasonably likely to have a material adverse effect on the ability of any Obligor to perform its obligations under the Finance Documents; or
- (b) the ability of any Obligor to perform any of its payment or other material obligations under any of the Finance Documents; or
- (c) the enforceability or validity of any Finance Document or the effectiveness of any Security Interest (which, in the opinion of the Lenders (acting reasonably) is not immaterial) purported to be created pursuant to any Security Document or the rights and remedies of any Finance Party.

Material Group	means each Obligor and the Subsidiaries of Mercury Records Limited, Polydor Limited, Island Entertainment Group Limited and the Company.
New Cash Pooling Agreement	means the cash pooling guarantee to be made between HSBC Bank PLC and, inter alia, each of the Company, Universal Island Records Limited, Polydor Limited and Mercury Records Limited.
New VU Guarantee	means the guarantee to be granted by VU in favour of the Company in connection with the CUK Loan Agreement.
Non-Assignable Contracts	means the recording agreements set out in part 3 of schedule 2 to the Debenture.
Non-Material Group	means each member of the Group which is not a member of the Material Group.
Obligor	means the Company, a Guarantor, a Chargor or an Additional Chargor.
Original Guarantors	means Go! Discs Limited, Go! Holdings Limited, Mercury Records Limited, Polydor Limited, Universal Island Records Limited and Universal Music Leisure Limited.
Original Chargors	means Island Entertainment Group Limited, Centenary UK Limited, Universal Music (UK) Holdings Limited and 210 South Street Property Company Limited.
Original Lender	means Credit Lyonnais S.A..
Property Chargors	means 210 South Street Property Company Limited.
Reference Banks	means CLSA, Royal Bank of Scotland and Société Générale and any other bank or financial institution appointed as such (with the approval of the Company) by the Facility Agent under the Loan Agreement.

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Repayment Account	means the interest bearing cash reserve blocked account opened with the Facility Agent by the Company and secured by the Debenture.
Repertoire	means master tapes, "neighbouring rights" to recording rights, royalty entitlements, collecting society receivables.
Screen Rate	means the British Bankers Association Interest Settlement Rate (if any) for the relevant currency and term displayed on the appropriate page of the Reuters screen selected by the Facility Agent. If the relevant page is replaced or the service ceases to be available, the Facility Agent (after consultation with the Company and the Lenders) may specify another page or service displaying the appropriate rate.
Secured Liabilities	means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each Chargor to any Finance Party under each Finance Document to which a Chargor is a party, except for any obligation which, if it were so included, would result in the Debenture contravening section 151 of the Act.
Security Assets	means all assets (including without limitation the Intellectual Property Rights) of each Chargor the subject of any security created by the Debenture.
Security Document	means: <ul style="list-style-type: none"> (a) the Debenture; (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.
Security Interest	means any mortgage, pledge, lien, charge, assignment, hypothecation or security interest or any other agreement or arrangement having a similar effect.
Senior Facility Debt	means any and all obligations or liabilities (present or future, actual or contingent, joint or several) payable or owing by any Obligor to any Senior Finance Party under the Finance Documents.
Senior Finance Parties	means: <ul style="list-style-type: none"> (a) a Lender;

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

Shares means 2,045 fixed rate, non-redeemable preference shares of £1 each in the capital of the Company.

Share Pledge means each share pledge entered into by each Obligor in favour of the Finance Parties on or about the date of the Loan Agreement in the agreed form under the Debenture.

Subordination Agreement means a subordination agreement to be made between the Company, the Facility Agent, the Obligors and the Subordinated Creditors.

Subordinated Creditors means each Affiliate of the Company which is the creditor of an Intercompany Loan as notified to the Facility Agent by the Company in writing in accordance with the Loan Agreement together with any other Affiliate of the Company which becomes a creditor in respect of an Inter-Company Debt from time to time and which accedes to the Subordination Agreement in accordance with the Finance Documents.

Subordinated Intra Group Debt means any and all obligations 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.

Subsidiary means:

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

Term means each period determined under the Loan Agreement by reference to which interest on the Loan or an overdue amount is calculated.

Total Commitments means the Commitments of all the Lenders.

Transfer Certificate means a certificate, substantially in the form of schedule 6 to the Loan Agreement (form of transfer certificate), with such amendments as the Facility Agent may approve or reasonably require or any other form agreed between the Facility Agent and the Company.

Trustee means CLSA in its capacity as agent and trustee for the Finance Parties under the Debenture.

UIM means Universal International Music B.V..

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UIM Guarantee	means the agreement to be made between UIM and the Company whereby UIM will agree to issue a guarantee in favour of the Company and an indemnity in favour of the directors of the Company.
UK Parent or CUK	means Centenary UK Limited.
UMVD	means Universal Music & Video Distribution Corp.
UMVD Guarantee Agreement	means the agreement to be made between the Company and UMVD whereby UMVD will agree to issue a guarantee to the Company and an indemnity to each of the directors of the Company in each case in the form attached to the UMVD Guarantee Agreement.
Undisclosed Agency Arrangements	means the undisclosed agency arrangements as described in schedule 13 to the Loan Agreement.
VU	means Vivendi Universal S.A..
VUE Entity	means VU and each of its Subsidiaries.
VUE Guarantee	means the guarantee in the agreed form in favour of the Finance Parties and the Company pursuant to which Vivendi Universal S.A. agrees to pay on demand an amount equal to 50 % of all Inter-Company Debt owed by each Obligor to a VUE Entity from time to time to the extent that Obligor is in default of its payment obligations towards that VUE Entity and where any subrogation or similar rights to which VU is or may be entitled are subordinated pursuant to the Subordination Agreement.

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**Auditors' report to the directors of Universal Music Operations Limited
pursuant to section 156(4) of the Companies Act 1985**

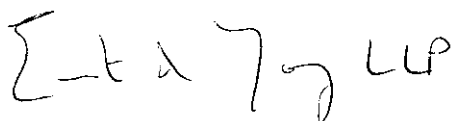
We have examined the attached statutory declaration of the directors of Universal Music Operations Limited ("the Company") dated 31 December 2002 in connection with the proposal that the Company should give financial assistance for the purchase of 2,045 of the Company's issued share capital.

Basis of opinion

We have enquired into the state of the Company's affairs in order to review the bases for the statutory declaration.

Opinion

We are not aware of anything to indicate that the opinion expressed by the directors in their declaration as to any of the matters mentioned in section 156(2) of the Companies Act 1985 is unreasonable in all the circumstances.



Ernst & Young LLP
Registered Auditor
London
31 December 2002

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CHFP004

COMPANIES FORM No. 155(6)a
Declaration in relation to
assistance for the acquisition
of shares.

155 (6)a

Please do not
write in this
margin

Pursuant to section 155(6) of the Companies Act 1985

Please complete legibly, preferably in black type, or bold block lettering

**To the Registrar of Companies
(Address overleaf - Note 5)**

For official use

Company number

950138

Note

Please read the
notes on page 3
before completing
this form

Name of company

* UNIVERSAL MUSIC OPERATIONS LIMITED

- insert full name of company

6 Insert name(s) and address(es) of all the directors

~~WPA~~
PETER DUNCAN THOMPSON of 38 WILLIAM HUNT MANSIONS, SOMERVILLE AVENUE,
BARNES SW13 8HT
being 1 out of a total of 7

↑ delete as appropriate

The sole director [all the directors] [†] of the above company do solemnly and sincerely declare that:

The business of the company is:

delete whichever
is inappropriate

xxxx that an ~~employee~~ ¹ ~~is~~ ² ~~not~~ ³ ~~an~~ ⁴ ~~employee~~ ⁵ ~~of~~ ⁶ ~~the~~ ⁷ ~~company~~ ⁸ ~~under~~ ⁹ ~~the~~ ¹⁰ ~~meaning~~ ¹¹ ~~of~~ ¹² ~~the~~ ¹³ ~~Banking~~ ¹⁴ ~~Act~~ ¹⁵ ~~1979~~ ¹⁶ ~~xxxx~~ ¹⁷ ~~xxxx~~ ¹⁸ ~~xxxx~~ ¹⁹ ~~xxxx~~ ²⁰ ~~xxxx~~ ²¹ ~~xxxx~~ ²² ~~xxxx~~ ²³ ~~xxxx~~ ²⁴ ~~xxxx~~ ²⁵ ~~xxxx~~ ²⁶ ~~xxxx~~ ²⁷ ~~xxxx~~ ²⁸ ~~xxxx~~ ²⁹ ~~xxxx~~ ³⁰ ~~xxxx~~ ³¹ ~~xxxx~~ ³² ~~xxxx~~ ³³ ~~xxxx~~ ³⁴ ~~xxxx~~ ³⁵ ~~xxxx~~ ³⁶ ~~xxxx~~ ³⁷ ~~xxxx~~ ³⁸ ~~xxxx~~ ³⁹ ~~xxxx~~ ⁴⁰ ~~xxxx~~ ⁴¹ ~~xxxx~~ ⁴² ~~xxxx~~ ⁴³ ~~xxxx~~ ⁴⁴ ~~xxxx~~ ⁴⁵ ~~xxxx~~ ⁴⁶ ~~xxxx~~ ⁴⁷ ~~xxxx~~ ⁴⁸ ~~xxxx~~ ⁴⁹ ~~xxxx~~ ⁵⁰ ~~xxxx~~ ⁵¹ ~~xxxx~~ ⁵² ~~xxxx~~ ⁵³ ~~xxxx~~ ⁵⁴ ~~xxxx~~ ⁵⁵ ~~xxxx~~ ⁵⁶ ~~xxxx~~ ⁵⁷ ~~xxxx~~ ⁵⁸ ~~xxxx~~ ⁵⁹ ~~xxxx~~ ⁶⁰ ~~xxxx~~ ⁶¹ ~~xxxx~~ ⁶² ~~xxxx~~ ⁶³ ~~xxxx~~ ⁶⁴ ~~xxxx~~ ⁶⁵ ~~xxxx~~ ⁶⁶ ~~xxxx~~ ⁶⁷ ~~xxxx~~ ⁶⁸ ~~xxxx~~ ⁶⁹ ~~xxxx~~ ⁷⁰ ~~xxxx~~ ⁷¹ ~~xxxx~~ ⁷² ~~xxxx~~ ⁷³ ~~xxxx~~ ⁷⁴ ~~xxxx~~ ⁷⁵ ~~xxxx~~ ⁷⁶ ~~xxxx~~ ⁷⁷ ~~xxxx~~ ⁷⁸ ~~xxxx~~ ⁷⁹ ~~xxxx~~ ⁸⁰ ~~xxxx~~ ⁸¹ ~~xxxx~~ ⁸² ~~xxxx~~ ⁸³ ~~xxxx~~ ⁸⁴ ~~xxxx~~ ⁸⁵ ~~xxxx~~ ⁸⁶ ~~xxxx~~ ⁸⁷ ~~xxxx~~ ⁸⁸ ~~xxxx~~ ⁸⁹ ~~xxxx~~ ⁹⁰ ~~xxxx~~ ⁹¹ ~~xxxx~~ ⁹² ~~xxxx~~ ⁹³ ~~xxxx~~ ⁹⁴ ~~xxxx~~ ⁹⁵ ~~xxxx~~ ⁹⁶ ~~xxxx~~ ⁹⁷ ~~xxxx~~ ⁹⁸ ~~xxxx~~ ⁹⁹ ~~xxxx~~ ¹⁰⁰ ~~xxxx~~ ¹⁰¹ ~~xxxx~~ ¹⁰² ~~xxxx~~ ¹⁰³ ~~xxxx~~ ¹⁰⁴ ~~xxxx~~ ¹⁰⁵ ~~xxxx~~ ¹⁰⁶ ~~xxxx~~ ¹⁰⁷ ~~xxxx~~ ¹⁰⁸ ~~xxxx~~ ¹⁰⁹ ~~xxxx~~ ¹¹⁰ ~~xxxx~~ ¹¹¹ ~~xxxx~~ ¹¹² ~~xxxx~~ ¹¹³ ~~xxxx~~ ¹¹⁴ ~~xxxx~~ ¹¹⁵ ~~xxxx~~ ¹¹⁶ ~~xxxx~~ ¹¹⁷ ~~xxxx~~ ¹¹⁸ ~~xxxx~~ ¹¹⁹ ~~xxxx~~ ¹²⁰ ~~xxxx~~ ¹²¹ ~~xxxx~~ ¹²² ~~xxxx~~ ¹²³ ~~xxxx~~ ¹²⁴ ~~xxxx~~ ¹²⁵ ~~xxxx~~ ¹²⁶ ~~xxxx~~ ¹²⁷ ~~xxxx~~ ¹²⁸ ~~xxxx~~ ¹²⁹ ~~xxxx~~ ¹³⁰ ~~xxxx~~ ¹³¹ ~~xxxx~~ ¹³² ~~xxxx~~ ¹³³ ~~xxxx~~ ¹³⁴ ~~xxxx~~ ¹³⁵ ~~xxxx~~ ¹³⁶ ~~xxxx~~ ¹³⁷ ~~xxxx~~ ¹³⁸ ~~xxxx~~ ¹³⁹ ~~xxxx~~ ¹⁴⁰ ~~xxxx~~ ¹⁴¹ ~~xxxx~~ ¹⁴² ~~xxxx~~ ¹⁴³ ~~xxxx~~ ¹⁴⁴ ~~xxxx~~ ¹⁴⁵ ~~xxxx~~ ¹⁴⁶ ~~xxxx~~ ¹⁴⁷ ~~xxxx~~ ¹⁴⁸ ~~xxxx~~ ¹⁴⁹ ~~xxxx~~ ¹⁵⁰ ~~xxxx~~ ¹⁵¹ ~~xxxx~~ ¹⁵² ~~xxxx~~ ¹⁵³ ~~xxxx~~ ¹⁵⁴ ~~xxxx~~ ¹⁵⁵ ~~xxxx~~ ¹⁵⁶ ~~xxxx~~ ¹⁵⁷ ~~xxxx~~ ¹⁵⁸ ~~xxxx~~ ¹⁵⁹ ~~xxxx~~ ¹⁶⁰ ~~xxxx~~ ¹⁶¹ ~~xxxx~~ ¹⁶² ~~xxxx~~ ¹⁶³ ~~xxxx~~ ¹⁶⁴ ~~xxxx~~ ¹⁶⁵ ~~xxxx~~ ¹⁶⁶ ~~xxxx~~ ¹⁶⁷ ~~xxxx~~ ¹⁶⁸ ~~xxxx~~ ¹⁶⁹ ~~xxxx~~ ¹⁷⁰ ~~xxxx~~ ¹⁷¹ ~~xxxx~~ ¹⁷² ~~xxxx~~ ¹⁷³ ~~xxxx~~ ¹⁷⁴ ~~xxxx~~ ¹⁷⁵ ~~xxxx~~ ¹⁷⁶ ~~xxxx~~ ¹⁷⁷ ~~xxxx~~ ¹⁷⁸ ~~xxxx~~ ¹⁷⁹ ~~xxxx~~ ¹⁸⁰ ~~xxxx~~ ¹⁸¹ ~~xxxx~~ ¹⁸² ~~xxxx~~ ¹⁸³ ~~xxxx~~ ¹⁸⁴ ~~xxxx~~ ¹⁸⁵ ~~xxxx~~ ¹⁸⁶ ~~xxxx~~ ¹⁸⁷ ~~xxxx~~ ¹⁸⁸ ~~xxxx~~ ¹⁸⁹ ~~xxxx~~ ¹⁹⁰ ~~xxxx~~ ¹⁹¹ ~~xxxx~~ ¹⁹² ~~xxxx~~ ¹⁹³ ~~xxxx~~ ¹⁹⁴ ~~xxxx~~ ¹⁹⁵ ~~xxxx~~ ¹⁹⁶ ~~xxxx~~ ¹⁹⁷ ~~xxxx~~ ¹⁹⁸ ~~xxxx~~ ¹⁹⁹ ~~xxxx~~ ²⁰⁰ ~~xxxx~~ ²⁰¹ ~~xxxx~~ ²⁰² ~~xxxx~~ ²⁰³ ~~xxxx~~ ²⁰⁴ ~~xxxx~~ ²⁰⁵ ~~xxxx~~ ²⁰⁶ ~~xxxx~~ ²⁰⁷ ~~xxxx~~ ²⁰⁸ ~~xxxx~~ ²⁰⁹ ~~xxxx~~ ²¹⁰ ~~xxxx~~ ²¹¹ ~~xxxx~~ ²¹² ~~xxxx~~ ²¹³ ~~xxxx~~ ²¹⁴ ~~xxxx~~ ²¹⁵ ~~xxxx~~ ²¹⁶ ~~xxxx~~ ²¹⁷ ~~xxxx~~ ²¹⁸ ~~xxxx~~ ²¹⁹ ~~xxxx~~ ²²⁰ ~~xxxx~~ ²²¹ ~~xxxx~~ ²²² ~~xxxx~~ ²²³ ~~xxxx~~ ²²⁴ ~~xxxx~~ ²²⁵ ~~xxxx~~ ²²⁶ ~~xxxx~~ ²²⁷ ~~xxxx~~ ²²⁸ ~~xxxx~~ ²²⁹ ~~xxxx~~ ²³⁰ ~~xxxx~~ ²³¹ ~~xxxx~~ ²³² ~~xxxx~~ ²³³ ~~xxxx~~ ²³⁴ ~~xxxx~~ ²³⁵ ~~xxxx~~ ²³⁶ ~~xxxx~~ ²³⁷ ~~xxxx~~ ²³⁸ ~~xxxx~~ ²³⁹ ~~xxxx~~ ²⁴⁰ ~~xxxx~~ ²⁴¹ ~~xxxx~~ ²⁴² ~~xxxx~~ ²⁴³ ~~xxxx~~ ²⁴⁴ ~~xxxx~~ ²⁴⁵ ~~xxxx~~ ²⁴⁶ ~~xxxx~~ ²⁴⁷ ~~xxxx~~ ²⁴⁸ ~~xxxx~~ ²⁴⁹ ~~xxxx~~ ²⁵⁰ ~~xxxx~~ ²⁵¹ ~~xxxx~~ ²⁵² ~~xxxx~~ ²⁵³ ~~xxxx~~ ²⁵⁴ ~~xxxx~~ ²⁵⁵ ~~xxxx~~ ²⁵⁶ ~~xxxx~~ ²⁵⁷ ~~xxxx~~ ²⁵⁸ ~~xxxx~~ ²⁵⁹ ~~xxxx~~ ²⁶⁰ ~~xxxx~~ ²⁶¹ ~~xxxx~~ ²⁶²

(c) something other than the above

[illegible]

The assistance is for the purpose of (that acquisition) ^{AND} reducing or discharging a liability incurred for the purpose of that acquisition).†

The number and class of the shares acquired or to be acquired is:
2,045 Fixed Rate Non-Redeemable Preference Shares of £1 each

**Presenter's name address and
reference (if any):**
Watson, Farley & Williams
15 Appold Street
London EC2A 2HB
Reference: HOWC1
Doc No: 16631363 v1

For official Use
General Section

The assistance is to be given to: (Note 2) SEE APPENDIX A.

Please do not
write in this
margin

Please complete
legibly, preferably
in black type, or
bold block
lettering

The assistance will take the form of:

See Appendix B.

The person who [has acquired] (will acquire) [†] the shares is:

SEE APPENDIX C.

[†] delete as
appropriate

The principal terms on which the assistance will be given are:

See Appendix D.

The amount of cash to be transferred to the person assisted is £ 136 million

The value of any asset to be transferred to the person assisted is £ 0.00

The date on which the assistance is to be given is WITHIN 8 WEEKS OF THE DATE HEREOF

Please do not
write in this
margin

Please complete
legibly, preferably
in black type, or
bold block
lettering

* delete either (a)
or (b) as
appropriate

I/We have formed the opinion, as regards the company's initial situation immediately following the date on which the assistance is proposed to be given, that there will be no ground on which it could then be found to be unable to pay its debts. (note 3)

- (a) I/We have formed the opinion that the company will be able to pay its debts as they fall due during the year immediately following that date] * (note 3)
- (b) ~~I/We have formed the opinion that the company will be able to pay its debts in full within 12 months of the commencement of the winding up (note 3)~~

And I/we make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1835.

Declared at Belmont Road,
St. Michael
BRIDGETOWN, BARBADOS

Day Month Year

on 31 12 20 02

before me J. Cumberbatch
ASST. REGISTRAR AND AS
SUCH A NOTARY PUBLIC IN

A Commissioner for Oaths or Notary Public or Justice of
the Peace or a Solicitor having the powers conferred on
a Commissioner for Oaths.

Declarant to sign below

[Signature]



NOTES

- 1 For the meaning of "a person incurring a liability" and "reducing or discharging a liability" see section 152(3) of the Companies Act 1985.
- 2 Insert full name(s) and address(es) of the person(s) to whom assistance is to be given; if a recipient is a company the registered office address should be shown.
- 3 Contingent and prospective liabilities of the company are to be taken into account - see section 156(3) of the Companies Act 1985.
- 4 The auditors report required by section 156(4) of the Companies Act 1985 must be annexed to this form.
- 5 The address for companies registered in England and Wales or Wales is:-

The Registrar of Companies
Companies House
Crown Way
Cardiff
CF14 3UZ
DX: 33050
Cardiff

or, for companies registered in Scotland:-

The Registrar of Companies
Companies House
37 Castle Terrace
Edinburgh
EH1 2EB
DX: 235
Edinburgh

APOSTILLE

(Convention de La Haye du 5 octobre 1961)

1. Country: BARBADOS

This public document

2. has been signed by JOAN A. CUMBERBATCH
ASST. REGISTRAR AND AS
3. acting in the capacity of SUCH A NOTARY PUBLIC IN
AND FOR BARBADOS.

4. bears the seal/stamp of NOTARY PUBLIC BARBADOS

Certified

5. at BRIDGETOWN, BARBADOS 6. the 31st DECEMBER, 2002

7. by MAUREEN CRANE-SCOTT

8. No. 1001 REGISTRAR OF CORPORATE
AFFAIRS AND INTELLECTUAL
PROPERTY

9. Seal/stamp:

10. Signature:

Maureen Crane-Scott

J. Cumberland
ASST. REGISTRAR AND AS
SUCH A NOTARY PUBLIC IN
AND FOR BARBADOS.

APPENDIX A

UNIVERSAL MUSIC OPERATIONS LIMITED

STATUTORY DECLARATION IN COMPANIES FORM 155(6)(a)

Persons to whom financial assistance is to be given

- (1) Centenary UK Limited of 1 Sussex Place, Hammersmith, London W6 9XS.
- (2) Credit Lyonnais Securities of 5 Appold Street, London EC2A 2DA.
- (3) Credit Lyonnais S.A. of 18 Rue de la Republique, 69000 Lyon, France.

J. Cumberbake

ASSIST. REGISTRAR AND AS
SUCH A NOTARY PUBLIC IN
AND FOR BARBADOS.

APPENDIX B

UNIVERSAL MUSIC OPERATIONS LIMITED

STATUTORY DECLARATION IN COMPANIES FORM 155(6)(a)

In this Appendix B, the definitions contained in Appendix E shall apply.

Background

In February 2002, the Company entered into a repurchase transaction (the "Repo Transaction") with, inter alia, CLSA. The Repo Transaction included the following arrangements:

- (a) CUK subscribed for the Shares at an aggregate subscription price of £136 million (the "Subscription");
- (b) the Shares were sold by CUK to CLS for a total purchase price of £134,640,000 (the "First Acquisition") and CUK and CLS entered into an associated put and call option agreement (the "First Option Agreement") in relation to the repurchase of the Shares by CUK from CLS;
- (c) the Shares were subsequently sold by CLS to CLSA (the "Second Acquisition") and CLS and CLSA entered into an associated put option agreement (the "Second Option Agreement") in relation to the repurchase of the Shares by CLS from CLSA; and
- (d) VU issued a guarantee in favour of CLSA in respect of the obligations of CUK under certain agreements relating to the above.

It is now proposed that the Company enter into a new direct term loan arrangement with CLSA so as to enable the Repo Transaction to be unwound. As part of the unwind process, the First Option Agreement will be amended, CLSA will require CLS to purchase the Shares in accordance with the terms of the Second Option Agreement (the "Third Acquisition") and CLS will then require CUK to purchase the Shares in accordance with the terms of the First Option Agreement (the "Fourth Acquisition").

The assistance will take the form of:

The Company entering into the following documents and performing the transactions contemplated by such documents:

- (a) the Loan Agreement;
 - (b) the Debenture;
 - (c) the CUK Loan Agreement;
 - (d) the Subordination Agreement;
 - (e) the Fee Letter;
 - (f) the New Cash Pooling Agreement; and
 - (g) any other documents necessary or desirable in connection with any of the above,
- (together, the "Transaction Documents").

The Transaction Documents are all on terms and subject to the conditions more particularly described therein (a summary of the material terms of the Transaction Documents is set out in Appendix D) and we declare that we have read and are fully familiar with such terms and conditions. It is acknowledged and declared that the Company will execute the Loan Agreement in the first instance and may then sign an amendment and restatement agreement in relation to the Loan Agreement pursuant to which the other Obligor will accede to the Loan Agreement as parties prior to the first drawdown thereunder.

Financial Assistance

The financial assistance will consist of the following:

(a) The Subscription

CUK incurred a liability for the purpose of the Subscription by incurring an obligation to pay the subscription price for the Shares. By entering into and performing the CUK Loan Agreement, the Loan Agreement, the Debenture and the other Transaction Documents, the Company will or may financially assist CUK, within the meaning of section 151(2) of the Act, to the extent that the liability incurred by CUK for the purpose of the Subscription is reduced or discharged, within the meaning of section 152(3)(b) of the Act, by restoring the financial position of CUK to what it was before the Subscription took place.

(b) The First Acquisition

CUK incurred a liability to CLS for the purpose of the First Acquisition by changing its financial position, within the meaning of section 152(3)(a) of the Act, by entering into the First Option Agreement. The First Option Agreement contains an obligation on CUK, in certain circumstances, to make the Fourth Acquisition. By entering into and performing the CUK Loan Agreement, the Loan Agreement, the Debenture and the other Transaction Documents, the Company will financially assist CUK, within the meaning of section 151(2) of the Act, to discharge its liability under the First Option Agreement to make the Fourth Acquisition.

CLS incurred a liability for the purpose of the First Acquisition by incurring an obligation to pay the consideration for the Shares. By entering into and performing the CUK Loan Agreement, the Loan Agreement, the Debenture and the other Transaction Documents, the Company will or may financially assist CLS, within the meaning of section 151(2) of the Act, to the extent that the liability incurred by CLS for the purpose of the First Acquisition is reduced or discharged, within the meaning of section 152(3)(b) of the Act, by restoring the financial position of CLS to what it was before the First Acquisition took place.

(c) The Second Acquisition

CLS incurred a liability to CLSA for the purpose of the Second Acquisition by changing its financial position, within the meaning of section 152(3)(a) of the Act, by entering into the Second Option Agreement. The Second Option Agreement contains an obligation on CLS, in certain circumstances, to make the Third Acquisition. By entering into and performing the CUK Loan Agreement, the Loan Agreement, the Debenture and the other Transaction Documents, the Company will financially assist CLS, within the meaning of section 151(2) of the Act, to discharge its liability under the Second Option Agreement to make the Third Acquisition.

CLSA incurred a liability for the purpose of the Second Acquisition by incurring an obligation to pay the consideration for the Shares. By entering into and performing the CUK Loan Agreement, the Loan Agreement, the Debenture and the other Transaction Documents, the Company will or may financially assist CLSA, within the meaning of section 151(2) of the Act, to the extent that the liability incurred by CLSA for the purposes of the Second Acquisition is reduced or discharged, within the meaning of section 152(3)(b) of the Act, by restoring the financial position of CLSA to what it was before the Second Acquisition took place.

(d) The Third Acquisition

By entering into and performing the CUK Loan Agreement, the Loan Agreement, the Debenture and the other Transaction Documents, the Company will give financial assistance indirectly for the purposes of the Third Acquisition by providing CUK with the finance required by CUK to make the Fourth Acquisition and therefore indirectly providing CLS with the finance required by CLS to make the Third Acquisition.

(e) The Fourth Acquisition

By entering into and performing the CUK Loan Agreement, the Loan Agreement, the Debenture and the other Transaction Documents, the Company will give financial assistance directly for the purposes of the Fourth Acquisition by providing CUK with the finance required by CUK to make the Fourth Acquisition.

*J. Cumberbatch*ASST. REGISTRAR AND AS
SUCH A NOTARY PUBLIC IN
AND FOR BARBADOS.**APPENDIX C****UNIVERSAL MUSIC OPERATIONS LIMITED****STATUTORY DECLARATION IN COMPANIES FORM 155(6)(a)**

In this Appendix C, the definitions contained in Appendix B and Appendix E shall apply.

Persons who have acquired or will acquire shares

- (1) The person who has acquired the Shares under the Subscription is Centenary UK Limited.
- (2) The person who has acquired the Shares under the First Acquisition is Credit Lyonnais Securities.
- (3) The person who has acquired the Shares under the Second Acquisition is Credit Lyonnais S.A..
- (4) The person who will acquire the Shares under the Third Acquisition is Credit Lyonnais Securities.
- (5) The person who will acquire the Shares under the Fourth Acquisition is Centenary UK Limited.

J. Cumberbatch
NOTARY PUBLIC AND AS
SUCH A NOTARY PUBLIC IN
AND FOR BARBADOS.

APPENDIX D**UNIVERSAL MUSIC OPERATIONS LIMITED****STATUTORY DECLARATION IN COMPANIES FORM 155(6)(a)**

In this Appendix D, the definitions contained in Appendix B and Appendix E shall apply.

The principal terms on which the assistance will be given are the following:

1 Loan Agreement

The principal terms on which the assistance will be given under the terms of the Loan Agreement are:

- (a) the Lenders will make available to the Company a sterling term loan facility in an aggregate amount equal to £136 million bearing interest at the percentage rate per annum equal to the aggregate of the applicable (i) LIBOR, (ii) Margin and (iii) Mandatory Cost, with such interest being payable on the last day of each Term;
- (b) the Company will be able to borrow the loan by making a request to the Facility Agent on or before 31 January 2003;
- (c) the loan can only be used by the Company to advance funds to CUK under the CUK Loan Agreement which in turn will enable CUK and CLS respectively to finance the Fourth Acquisition and the Third Acquisition respectively;
- (d) the loan will be repayable in 36 approximately equal monthly instalments commencing on 1st January 2005;
- (e) an up-front fee will be payable by the Company to the Facility Agent on signing of the Loan Agreement pursuant to the Fee Letter;
- (f) mandatory prepayment of the loan and payment of Break Costs will be required in certain circumstances including, inter alia, if it becomes unlawful in any jurisdiction for the Lenders to perform their obligations or to maintain the loan, if the Company is in breach of any Financial Covenant (which is not cured within 15 Business Day of notice of the breach) or on a change of control of the UK Parent or VU (except where control of VU is acquired by a company or other organisation with a Standard and Poor and Moody's long term credit rating of BBB- and Baa3 respectively or higher and which is acceptable to the Lenders in their sole discretion);
- (g) the Loan Agreement will contain representations and warranties given by the Company and each Obligor to each Finance Party in respect of itself and in respect of each member of the Material Group which is its Subsidiary (namely, in the case of the Company, Attitude Records Limited, Fiction Records Limited and Serious Records Limited);
- (h) the Loan Agreement will contain information covenants and other covenants given by the Company, the UK Parent and each Obligor to the Finance Parties and the Company will have to procure that, where a covenant is expressed to apply to each member of the Material Group, each of its Subsidiaries complies with those covenants;
- (i) the following events, amongst other things, will constitute an Event of Default under the Loan Agreement:
 - (A) non-payment by the Company or an Obligor of any amount payable by it under the Finance Documents; or

- (B) non-compliance by the Company or an Obligor with any term of certain of the general covenants set out in clause 19 of the Loan Agreement; or
- (C) non-compliance by the Company or an Obligor with any other term of the Finance Documents other than clause 18 (Financial Covenants) (unless remedied within 21 days); or
- (D) a representation made or repeated by the Company or an Obligor in any Finance Document or in any document delivered by or on behalf of any Obligor under any Finance Document being incorrect in any material respect when made or deemed to be repeated (unless remedied within 21 days); or
- (E) any of the following occurring in respect of any member of the Group:
 - (1) any of its Financial Indebtedness is not paid when due (after the expiry of any originally applicable grace period); or
 - (2) any of its Financial Indebtedness becomes prematurely due and payable, is placed on demand or is capable of being declared by a creditor to be prematurely due and payable or being placed on demand, in each case as a result of an event of default (howsoever described); or
 - (3) any commitment for its Financial Indebtedness is cancelled or suspended as a result of an event of default (howsoever described),

unless, the aggregate amount of Financial Indebtedness of (i) the Group and (ii) the Material Group falling within paragraphs (1)-(3) above is less than £ 1,000,000 and £ 500,000 respectively or its equivalent or unless such event relates to a member of the Non-Material Group and, in the opinion of the Majority Lenders, it does not or could not reasonably be expected to give rise to a Material Adverse Effect; or

- (F) (i) any of the New Cash Pooling Agreement or the Existing Cash Pooling Guarantees being called or being capable of being called in whole or in part or (ii) any sum being due and payable and not being paid under any agreement to which a member of the Material Group is party (unless such non payment does not or could not reasonably be expected to give rise to a Material Adverse Effect); or
- (G) the Company or any member of the Group being subject to any Insolvency Event or Insolvency Proceeding or any attachment, sequestration, distress, execution or analogous event affecting any asset of a member of the Group, having an aggregate value of £ 50,000 and not being discharged within 21 days, in all cases unless the event relates to a member of the Non-Material Group and, in the opinion of the Majority Lenders, it does not or could not reasonably be expected to give rise to a Material Adverse Effect; or

- (H) the Company or any member of the Material Group ceasing, or threatening to cease, to carry on all or a substantial part of its business in any material respect unless such event relates to a member of the Non-Material Group and, in the opinion of the majority Lenders, it does not or could not reasonably be expected to give rise to a Material Adverse Effect or otherwise with the prior written approval of the Majority Lenders (such approval not to be unreasonably withheld or delayed); or
- (I) any event occurring which is reasonably likely to have a Material Adverse Effect; or
- (J)
 - (1) any party to the Subordination Agreement (other than a Finance Party) not performing its obligations under the Subordination Agreement for a period of 21 days without remedy; or
 - (2) any representation or warranty given by any party in the Subordination Agreement (other than a Finance Party) being incorrect in any material respect for a period of 21 days without remedy; or
 - (3) any other event occurring which has or could reasonably be expected to have a Material Adverse Effect; or
 - (4) the subordination created or purported to be created by the Subordination Agreement (other than a Finance Party) not being effective for a period of 21 days without remedy or being alleged by a party to it (other than a Finance Party) to be ineffective; or
 - (5) any party to the Subordination Agreement (other than a Finance Party or Obligor) repudiating the Subordination Agreement or evidencing an intention to repudiate it; or
- (K) the Company or an Obligor ceasing to be a subsidiary of the UK Parent other than either as a result of the merger of the UK Parent into Universal Music (UK) Holdings Limited as expressly permitted under the Loan Agreement or as part of a bona fide restructuring or reorganisation as expressly permitted under the Loan Agreement or otherwise with the prior written consent of the Majority Lenders; or
- (L) any of the Undisclosed Agency Arrangements, the All-in Fee Agreement or any of the New Cash Pooling Agreement or Existing Cash Pooling Guarantees or any Relevant Contract (as referred to in the Debenture) being terminated, amended or breached in a manner which is prejudicial in any material respect to the rights and interests of the Lenders or terminated except with the prior written approval of the Lenders (such approval not to be unreasonably withheld or delayed);
- (M) it being or becoming unlawful for the Company or an Obligor to perform any of its obligations under the Finance Documents or any Finance Document being ineffective (with such circumstances continuing for a period of 21 days without remedy) or being

alleged by the Company or an Obligor to be ineffective for any reason or the Company or an Obligor repudiating a Finance Document or evidencing an intention to repudiate a Finance Document or any Security Document not creating the security it purports to create (with such circumstances continuing for a period of 21 days without remedy); or

- (N) the auditors of the Company or any Obligor qualifying their report on any audited accounts of the Company;
- (j) on the occurrence of an Event of Default the Facility Agent will be entitled to, and will be required to if so instructed by the Majority Lenders, by notice to the Company:
 - (A) cancel the Total Commitments; and/or
 - (B) declare that all or part of any amount outstanding under the Finance Documents be immediately due and payable and/or payable on demand by the Facility Agent acting on the instructions of the Majority Lenders;
- (k) the Company will have to supply to the Facility Agent certain documents and other evidence as a condition precedent to signature of the Loan Agreement and will have to supply additional documents and other evidence as a condition precedent to making a request for the draw-down of the loan;
- (l) the Company will be entitled to voluntarily prepay all or part of the loan on 10 Business Days' notice, subject to the payment of Break Costs and provided that the prepayment is a multiple of £10,000,000;
- (m) default interest will be payable on any sums not paid on the due date at a rate of 2% per annum above the interest rate applicable under the Loan Agreement at the time when the sums remain unpaid;
- (n) the Company will have to pay to the Lenders any Increased Costs suffered by the Lenders;
- (o) the Company will give financial covenants in respect of interest cover and debt payment ratios with each covenant being tested in respect of a 12 month period ended on 31st March, 30th June, 30th September and 31st December in each year;
- (p) the Company will have to indemnify each Finance Party against any loss or liability suffered by it as a result of it receiving any amount in respect of an Obligor's liability under the Finance Documents in a currency other than the currency prescribed by the relevant Finance Document;
- (q) the Company will have to indemnify each Finance Party against any loss or liability which that Finance Party (in its absolute discretion action in good faith) determines will be or has been suffered on account of tax in relation to a payment received or receivable under a Finance Document, unless the tax is imposed on or calculated in the jurisdiction of incorporation of that Finance Party by reference to the net income received or receivable by that Finance Party;
- (r) the Company will have to indemnify each Finance Party against any loss or liability suffered by it as a result of any Event of Default, any failure by an Obligor to pay any sum on the due date, the loan not being drawn-down once requested (other than due to the negligence of that Finance Party) or the loan being prepaid in any manner not permitted by the Loan Agreement;

- (s) the Company will have to pay all costs and expenses (including costs in relation to the financial assistance issue) incurred by the Facility Agent in connection with the negotiation and preparation of the Finance Documents and any duly documented costs and expenses incurred by any Finance Party in respect of enforcing the provisions of any of the Finance Documents;
- (t) the Company will have to procure that each person becoming part of the Material Group will become an Additional Guarantor and Chargor under the Loan Agreement and Debenture;
- (u) the Company will have to procure that Deutsche Grammophon GmbH, Universal MCA Music UK Limited and A&M Music Records Limited will each become an Additional Guarantor and Chargor under the Loan Agreement and Debenture prior to any request for drawdown of the loan;
- (v) the Company will have to ensure that no later than the second anniversary of the date of the Loan Agreement an amount equal to the sum of £3,800,000 is deposited and maintained in the Repayment Account and will have to ensure that the sum of £4,800,000 is deposited and maintained in the Interest Payment Account; and
- (w) the Company may enter into hedging arrangements with CLSA (or another bank or financial institution) in respect of interest rate fluctuations in a principal or nominal amount no greater than between 50 per cent. and 75 per cent. of the Total Commitments.

2 The Debenture

The principal terms on which the assistance will be given under the terms of the Debenture are:

- (a) the Company and each other Chargor will, as primary obligor, covenant with the Trustee to pay or discharge the Secured Liabilities as they become due and payable in accordance with the relevant Finance Documents;
- (b) any amount not paid under the Debenture when due will bear interest (as well after as before judgement and payable on demand) in the manner provided in the relevant Finance Document from the due date until the date such amount is unconditionally and irrevocably paid and discharged in full, save to the extent that interest at such rate on such amount for such period is charged pursuant to a relevant Finance Document and itself constitutes a Secured Liability;
- (c) all security created under the Debenture will be in favour of the Trustee, will be security over all present and future assets of the Company and each other Chargor and will be security for payment of the Secured Liabilities;
- (d) the Company and each other Chargor, other than the Investment Chargors and the IP Chargor, will create a first legal mortgage and a first fixed charge over all freehold or leasehold properties owned by it;
- (e) the Company and each other Chargor, other than the Property Chargor and the IP Chargor, will create a first legal mortgage and first fixed charge over any shares, bonds or securities owned by it, which in the case of the Company will include its shares in Fiction Records Limited, The Wild Card Label Limited, Attitude Records Limited and Serious Records Limited;
- (f) the Company and each other General Chargor will create a first fixed charge on all plant and machinery owned by it;
- (g) the Company and each other Chargor, other than the Property Chargors, Island Entertainment Group Limited and the IP Chargor, will create a first fixed charge on all of

its rights in respect of any amount standing to the credit of any account it has with any person and the debt represented by it, which in the case of the Company will include its interest bearing accounts nos. 8883033 with Citibank, Strand, London, 57167275, 70952362 and 30953237 with HSBC, Poultry, London and the accounts required to be opened with CLSA pursuant to the Loan Agreement;

- (h) the Company and each other Chargor, other than the Property Chargors and the IP Chargor, will create a first fixed charge over all of its book debts other than any which arise in relation to certain accounts specified in the Debenture;
- (i) the Company and each other General Chargor will assign absolutely, subject to a proviso for re-assignment on redemption, all of its rights in respect of any contract or policy of insurance taken out by it or in which it has an interest;
- (j) the Company and each other General Chargor will assign absolutely, subject to a proviso for re-assignment on redemption, all of its rights in respect of any agreement to which it is a party (including those set out in schedule 2 to the Debenture) but other than any agreement which is not assignable or capable of assignment;
- (k) the Company and each other General Chargor would assign absolutely, subject to a proviso for re-assignment or redemption, any and all damages, compensation, remuneration, profit or other income which it may derive from any agreement which is not assignable or capable of assignment;
- (l) the Company, each other General Chargor and the IP Chargor will create a first fixed charge over all of its rights in respect of its Intellectual Property Rights and Domain Names;
- (m) the Company and each other General Chargor will create a first fixed charge over its goodwill, the benefit of any authorisation held in connection with any Security Asset, the right to recover compensation in respect of such authorisation, its uncalled capital, its Repertoire and all rights and benefits under any agreement to which it is a party;
- (n) the Company and each other Chargor will have to pay on demand all duly documented costs and expenses (including legal fees) incurred by any Finance Party, receiver, attorney, manager, agent or other person appointed by the Trustee in connection with the Debenture and will have to indemnify those persons against those costs and expenses, including any costs arising from any breach of any law and regulation (including environmental laws and regulations);
- (o) the Company and each other General Chargor will create a first floating charge over all of its assets not otherwise charged under the Debenture;
- (p) the Debenture will contain representations and undertakings given by the Company and the other Chargors to each Finance Party;
- (q) the security created by the Debenture will become immediately enforceable if an Event of Default under the Loan Agreement occurs; and
- (r) the Company's rights under the CUK Loan Agreement, the New VU Guarantee, the UMVD Guarantee, the UIM Guarantee and the VUE Guarantee will be secured in favour of CLSA and any subrogation or similar rights will be subordinated.

The entry into of the Debenture by the Company is a condition precedent under the Loan Agreement and by such entry the Company will, among other things, secure and be responsible for the payment and discharge of its and each Chargor's liabilities to any Finance Party under each Finance Document to which it is a party (other than any

obligation which would result in the Debenture contravening section 151 of the Companies Act 1985).

3 The CUK Loan Agreement

The principal terms on which the assistance will be given under the terms of the CUK Loan Agreement are that:

- (a) the Company will make available to CUK an inter-company loan in an amount equal to £136 million for the purpose of financing the Fourth Acquisition and indirectly financing the Third Acquisition;
- (b) the loan will be repayable in full on 31 December 2007 and otherwise on demand in whole or in part by the Company if the Company is required to make a payment of any kind or amount under or pursuant to the terms of the Finance Documents;
- (c) interest will accrue on the loan at the rate of interest applicable to the Loan as noted at paragraph 1(a) above plus 100 basis points per annum and be payable quarterly in arrears; and
- (d) CUK will agree to pay or reimburse to the Company all costs, fees or expenses related to the Company entering into the Loan Agreement or the related Finance Documents including, but not limited to, any amounts payable under the Fee Letter and any legal, accounting, compliance or other administrative costs incurred by the Company in connection with the Finance Documents.

4 The Subordination Agreement

The principal terms on which the assistance will be given under the terms of the Subordination Agreement are:

- (a) the Company will agree that from the date of the Subordination Agreement, all Subordinated Intra Group Debt owed to it by an Intercompany Debtor (and related claims) will be subordinated in rank, right of time and priority of payment, at all times and in all circumstances to the Senior Facility Debt;
- (b) each Intercompany Debtor will undertake that it will not pay, prepay or repay any amount of any Subordinated Intra Group Debt to any Intercompany Creditor without the written consent of the Facility Agent and each Intercompany Creditor will undertake that it will not demand or receive any payment, prepayment or repayment of any Subordinated Intra Group Debt without the prior written consent of the Facility Agent;
- (c) if any Intercompany Creditor receives any payment in respect of any Subordinated Intra Group Debt it will be obliged to transfer the amount of that payment to the Facility Agent, provided that an Intercompany Creditor will be entitled to receive payment of a Subordinated Intra Group Debt from an Intercompany Debtor if there has been no Event of Default and the payment is made in the normal course of cash management operations;
- (d) if any Intercompany Debtor suffers certain insolvency events, the Facility Agent will be entitled to prove for all of the Subordinated Intra Group Debt owed by that Intercompany Debtor and each Intercompany Creditor will irrevocably authorise the Facility Agent to prove for those debts on its behalf and will pay any distributions it actually receives to the Facility Agent;
- (e) each Intercompany Creditor will irrevocably appoint the Facility Agent as its attorney in respect of anything that it has authorised the Security Agent to do under the Subordination Agreement or anything that it is obliged to do under the Subordination

Agreement but has failed to do so within 5 Business Days of notice requiring it to do so; and

- (f) the Subordination Agreement will contain certain undertakings and representations and warranties to be given by the Company and each other Intercompany Debtor to the Senior Finance Parties; the Company will agree that from the date of the Subordination Agreement, all Subordinated Intra Group Debt owed to it by an Intercompany Debtor (and related claims) will be subordinated in rank, right of time and priority of payment, at all times and in all circumstances to the Senior Facility Debt.

5 The Fee Letter

The principal terms on which the assistance will be given under the terms of the Fee Letter are:

- (a) payment by the Company of certain fees and costs to the Facility Agent in connection with the Loan Agreement and the Debenture will be a condition precedent under the Loan Agreement; and
- (b) the Company will pay an up-front fee to the Facility Agent of £ 1,904,000.

The payment of these fees by the Company will be reimbursed to the Company under the terms of the CUK Loan Agreement by CUK.

6 The New Cash Pooling Agreement

The principal terms on which the assistance will be given under the terms of the New Cash Pooling Agreement are:

- (a) the Company will guarantee, as a continuing guarantee and regardless of any intermediate payment, the liabilities to HSBC Bank PLC of each other party to the New Cash Pooling Agreement and will undertake to pay to HSBC Bank PLC any sums owing to HSBC Bank PLC on any account whatsoever from any other party to the New Cash Pooling Agreement (including any sum for which those parties may be liable as surety); and
- (b) the Company will irrevocably appoint the UK Parent as its agent in respect of any action to be taken in connection with the New Cash Pooling Agreement.

J. Cumberbatch
ASSIST. REGISTRAR AND AS
SUCH A NOTARY PUBLIC IN
AND FOR BARBADOS.

APPENDIX E**UNIVERSAL MUSIC OPERATIONS LIMITED****STATUTORY DECLARATION IN COMPANIES FORM 155(6)(a)**

In this Appendix E, the definitions contained in Appendix B shall apply.

Accession Agreement	means a letter, substantially in the form of schedule 9 to the Loan Agreement (form of accession agreement), with such amendments as the Facility Agent may approve or reasonably require.
Act	means the Companies Act 1985 (as amended).
Additional Chargor	means a member of the Group who becomes a Chargor under the Debenture.
Additional Guarantor	means a member of the Group which becomes a Guarantor after the date of the Loan Agreement.
Affiliate	means a Subsidiary or a Holding Company of a person or any other Subsidiary of that Holding Company.
All-in-Fee Agreement	means the agreement in respect of the all in fee arrangements between inter alia each General Chargor, IP Chargor and Universal International Music B.V. in the form stated on its face to take effect on 1st July 2001 and dated 31st July 2001.
Break Costs	means the amount (if any) which a Lender is entitled to receive subject to and in accordance with the Loan Agreement as compensation if any part of the loan or overdue amount is prepaid.
Business Day	means a day (other than a Saturday or a Sunday) on which banks are open for general business in London and Paris and in respect of a rate fixing or a payment date in respect of Sterling, London.
Charge of Intercompany Loans	means the charge granted in favour of the Lenders by the Subordinated Creditors over various Inter-Company Loans in the agreed form under a Security Document.
Chargor	means a General Chargor, an Investment Chargor, an IP Chargor or a Property Chargor.
CLS	means Credit Lyonnais Securities.
CLSA	means Credit Lyonnais S.A..
Commitment	means:

	(a) for CLSA, £136,000,000 and the amount of any other Commitment it acquires; and
	(b) for any other Lender, the amount of any Commitment it acquires,
	to the extent not cancelled, transferred or reduced under the Loan Agreement.
Company	means Universal Music Operations Limited.
CUK	means the UK Parent (as defined below).
CUK Loan Agreement	means a loan agreement to be made between the Company and CUK whereby the Company will make available to CUK an inter-company loan in an amount equal to £136 million for the purpose of directly financing the Fourth Acquisition and indirectly financing the Third Acquisition.
Debenture	means a security agreement to be made between the General Chargors (1), the Investment Chargors (2), the Property Chargors (3), the IP Chargor (4) and the Trustee (5) whereby the Company and the other Chargors will create a fixed and floating charge in favour of the Trustee as security for all amounts owing by each Chargor to any Finance Party under each Finance Document to which a Chargor is party.
Domain Names	means the domain names specified in the Debenture.
Existing Cash Pooling Guarantees	means the joint and several cash pooling guarantee agreement dated 24th July, 2001 between certain members of the Material Group and HSBC Bank plc.
Event of Default	means an event specified as such in the Loan Agreement.
Facility Agent	means CLSA in its capacity as facility agent under the Loan Agreement.
Fee Letter	means the fee letter from the Facility Agent to the Company setting out the amount of the up-front fee.
Finance Document	means: (a) the Loan Agreement; or (b) the Fee Letter; or (c) a Security Document; or (d) the Subordination Agreement; or (e) an Accession Agreement; or

- (f) a Transfer Certificate; or
- (g) the VUE Guarantee ; or
- (h) the Letter of Intent; or
- (i) any other document designated as such by the Facility Agent and the Company.

Finance Party

means the Facility Agent or a Lender.

Financial Covenants

means the financial covenants set out in clause 18.1 of the Loan Agreement and described further in paragraph 1(o) of Appendix D.

Financial Indebtedness

means any indebtedness for or in respect of:

- (a) moneys borrowed and overdrafts; or
- (b) any acceptance credit; or
- (c) any bond, note, debenture, loan stock or other similar instrument; or
- (d) any redeemable preference share; or
- (e) any finance or capital lease; or
- (f) receivables sold or discounted (otherwise than on a non-recourse basis); or
- (g) any debt redeemable in shares; or
- (h) the acquisition cost of any asset to the extent payable after its acquisition or possession by the party liable where the deferred payment is arranged primarily as a method of raising finance or financing the acquisition of that asset but, for the avoidance of doubt, excluding any amounts payable to a vendor under an earn-out provision on account of income generated by that asset; or
- (i) any derivative transaction protecting against or benefiting from fluctuations in any rate or price (and, except for non-payment of an amount, the then mark to market value of the derivative transaction will be used to calculate its amount); or
- (j) any other transaction (including any forward sale or purchase agreement) which has the commercial effect of a borrowing; or
- (k) any counter-indemnity obligation in respect of any guarantee, indemnity, bond, letter of credit or any

other instrument issued by a bank or financial institution; or

- (l) any off-balance sheet indebtedness (including contingent financial liabilities excluding for the avoidance of doubt contingent liabilities arising as a result of legal or regulatory proceedings or royalties payable to artists); or
- (m) any guarantee, indemnity or similar assurance against financial loss of any person in respect of any item referred to in paragraphs (a) to (l) above.

General Chargers

means the Company, Go! Discs Limited, Go! Holdings Limited, Polydor Limited, Mercury Records Limited, Universal Island Records Limited, Universal MCA Music UK Limited and A&M Music Records Limited.

Group

means at the date of the Loan Agreement the UK Parent and the companies listed in schedule 15 to the Loan Agreement and thereafter each other Subsidiary of the UK Parent which is acquired on or after the date of the Loan Agreement unless the Company can demonstrate to the satisfaction of the Facility Agent (acting reasonably in good faith) that the principal business activity of that Subsidiary is not primarily that set out in paragraph 2 of schedule 14 of the Loan Agreement.

Guarantor

means an Original Guarantor or an Additional Guarantor.

Holding Company

means a holding company within the meaning of section 736 of the Act.

Increased Cost

means:

- (a) an additional or increased cost; or
- (b) a reduction in the rate of return under a Finance Document or on its overall capital; or
- (c) a reduction of an amount due and payable under any Finance Document,

which is incurred or suffered by a Finance Party or any of its Affiliates but only to the extent attributable to that Finance Party having entered into any Finance Document or funding or performing its obligations under any Finance Document.

Insolvency Event

means, in relation to a person, if that person:

- (a) is, or is deemed for the purposes of any law to be, unable to pay its debts as they fall due or is insolvent; or

- (b) admits its inability to pay its debts as they fall due; or
- (c) suspends making payments on any of its debts or announces an intention to do so; or
- (d) by reason of actual or anticipated financial difficulties, begins negotiations with any creditor for the rescheduling of any of its indebtedness; or
- (e) has a moratorium declared in respect of any of its indebtedness.

Insolvency Proceeding

means, in relation to a person, if:

- (a) any step is taken with a view to a moratorium or a composition, assignment or similar arrangement with any of its creditors; or
- (b) a meeting of its shareholders, directors or other officers is convened for the purpose of considering any resolution for, to petition for or to file documents with a court for, its winding-up, administration or dissolution or any such resolution is passed; or
- (c) any person presents a petition, or files documents with a court, for its winding-up, administration or dissolution except where such petition or filing is frivolous or is being contested in good faith and with due diligence and is struck out within 21 days; or
- (d) an order for its winding-up, administration or dissolution is made; or
- (e) any liquidator, trustee in bankruptcy, judicial custodian, compulsory manager, receiver, administrative receiver, administrator or similar officer is appointed in respect of it or any of its assets; or
- (f) its directors, shareholders or other officers request the appointment of, or give notice of their intention to appoint, a liquidator, trustee in bankruptcy, judicial custodian, compulsory manager, receiver, administrative receiver, administrator or similar officer; or
- (g) any other analogous step or procedure is taken in any jurisdiction.

Intellectual Property Rights

means patents, trade marks, trade names, rights in designs (including registered designs and design rights), copyright (including without limitation copyright in literary works, dramatic works, musical works, artistic works, films,

	sound recordings, broadcasting rights and performance rights), database rights, rights in know-how and all other intellectual property rights, in each case whether registered or unregistered and including applications for grant of any of the foregoing and all rights or forms of protection having equivalent or similar effect to any of the foregoing which may subsist anywhere in the world now or in the future, in each case, whether registered or not.
Inter-company Creditor	means those companies described as such in the Subordination Agreement in their capacity as creditors 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.
Inter-Company Debt	means any debt incurred by an Obligor and outstanding to an Affiliate of the Company.
Inter-Company 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.
Inter-Company Documents	means each Intra Group Loan Agreement which documents or otherwise relates to any Subordinated Intra Group Loan 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.
Inter-Company Loan	means any loan granted by an Obligor to an Affiliate of the Company.
Interest Payment Account	means the interest bearing cash reserve blocked account opened with the Facility Agent by the Company and secured by the Debenture.
Investment Chargors	means Universal Music (UK) Holdings Limited, Universal Music Leisure Limited, Centenary UK Limited and Island Entertainment Group Limited.
IP Chargor	means Deutsche Grammophon GmbH.
Lenders	means CLSA together with any other person who becomes, in accordance with the terms of the Loan Agreement, a Lender under the Loan Agreement.
Letter of Intent	means the letter from VU to CL in which VU agrees that it will not, inter alia, carry out a similar or the same business activity (directly or indirectly) as any of the Group based in the UK.

LIBOR

means for a Term of any Loan or overdue amount:

- (a) the applicable Screen Rate; or
- (b) if no Screen Rate is available for the relevant currency or Term of the Loan or overdue amount, the arithmetic mean (rounded upward to four decimal places) of the rates, as supplied to the Facility Agent at its request, quoted by the Reference Banks to leading banks in the London interbank market.

Loan

means the principal amount of the borrowing under the Loan Agreement or the principal amount outstanding of that borrowing.

Loan Agreement

means a credit facility agreement initially to be made between the Company, the Facility Agent and the Lenders and subsequently, prior to any drawdown of the Loan, to be made between the UK Parent (1), the Company (2), the Original Guarantors (3), the Original Chargors (4), the Lenders (5) and the Facility Agent (6) whereby the Lenders will make available to the Company a sterling term loan facility in an aggregate amount equal to £136 million for the purpose of directly financing the Fourth Acquisition and indirectly financing the Third Acquisition.

Majority Lenders

means, at any time, Lenders:

- (a) whose share in the outstanding Loan and whose undrawn Commitments then aggregate $66\frac{2}{3}$ per cent. or more of the aggregate of all the outstanding Loan and the undrawn Commitments of all the Lenders; or
- (b) if the Loan is not then outstanding, whose undrawn Commitments then aggregate $66\frac{2}{3}$ per cent. or more of the Total Commitments; or
- (c) if the Loan is not then outstanding and the Total Commitments have been reduced to zero, whose Commitments aggregated $66\frac{2}{3}$ per cent. or more of the Total Commitments immediately before the reduction.

Mandatory Cost

means the cost of complying with certain regulatory requirements, expressed as a percentage rate per annum and calculated by the Facility Agent under schedule 5 to the Loan Agreement (calculation of the Mandatory Cost).

Margin

means 2.25 per cent. per annum.

Material Adverse Effect

means a material adverse effect on:

- (a) the financial condition of the Company or the Material Group which has or is reasonably likely to have a material adverse effect on the ability of any Obligor to perform its obligations under the Finance Documents; or
- (b) the ability of any Obligor to perform any of its payment or other material obligations under any of the Finance Documents; or
- (c) the enforceability or validity of any Finance Document or the effectiveness of any Security Interest (which, in the opinion of the Lenders (acting reasonably) is not immaterial) purported to be created pursuant to any Security Document or the rights and remedies of any Finance Party.

Material Group	means each Obligor and the Subsidiaries of Mercury Records Limited, Polydor Limited, Island Entertainment Group Limited and the Company.
New Cash Pooling Agreement	means the cash pooling guarantee to be made between HSBC Bank PLC and, inter alia, each of the Company, Universal Island Records Limited, Polydor Limited and Mercury Records Limited.
New VU Guarantee	means the guarantee to be granted by VU in favour of the Company in connection with the CUK Loan Agreement.
Non-Assignable Contracts	means the recording agreements set out in part 3 of schedule 2 to the Debenture.
Non-Material Group	means each member of the Group which is not a member of the Material Group.
Obligor	means the Company, a Guarantor, a Chargor or an Additional Chargor.
Original Guarantors	means Go! Discs Limited, Go! Holdings Limited, Mercury Records Limited, Polydor Limited, Universal Island Records Limited and Universal Music Leisure Limited.
Original Chargors	means Island Entertainment Group Limited, Centenary UK Limited, Universal Music (UK) Holdings Limited and 210 South Street Property Company Limited.
Original Lender	means Credit Lyonnais S.A..
Property Chargors	means 210 South Street Property Company Limited.
Reference Banks	means CLSA, Royal Bank of Scotland and Société Générale and any other bank or financial institution appointed as such (with the approval of the Company) by the Facility Agent under the Loan Agreement.

Repayment Account	means the interest bearing cash reserve blocked account opened with the Facility Agent by the Company and secured by the Debenture.
Repertoire	means master tapes, "neighbouring rights" to recording rights, royalty entitlements, collecting society receivables.
Screen Rate	means the British Bankers Association Interest Settlement Rate (if any) for the relevant currency and term displayed on the appropriate page of the Reuters screen selected by the Facility Agent. If the relevant page is replaced or the service ceases to be available, the Facility Agent (after consultation with the Company and the Lenders) may specify another page or service displaying the appropriate rate.
Secured Liabilities	means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each Chargor to any Finance Party under each Finance Document to which a Chargor is a party, except for any obligation which, if it were so included, would result in the Debenture contravening section 151 of the Act.
Security Assets	means all assets (including without limitation the Intellectual Property Rights) of each Chargor the subject of any security created by the Debenture.
Security Document	means: <ul style="list-style-type: none">(a) the Debenture;(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.
Security Interest	means any mortgage, pledge, lien, charge, assignment, hypothecation or security interest or any other agreement or arrangement having a similar effect.
Senior Facility Debt	means any and all obligations or liabilities (present or future, actual or contingent, joint or several) payable or owing by any Obligor to any Senior Finance Party under the Finance Documents.
Senior Finance Parties	means: <ul style="list-style-type: none">(a) a Lender;

	(b) the Facility Agent; and/or
	(c) any successor, transferee, replacement or assignee of any of the above.
Shares	means 2,045 fixed rate, non-redeemable preference shares of £1 each in the capital of the Company.
Share Pledge	means each share pledge entered into by each Obligor in favour of the Finance Parties on or about the date of the Loan Agreement in the agreed form under the Debenture.
Subordination Agreement	means a subordination agreement to be made between the Company, the Facility Agent, the Obligors and the Subordinated Creditors.
Subordinated Creditors	means each Affiliate of the Company which is the creditor of an Intercompany Loan as notified to the Facility Agent by the Company in writing in accordance with the Loan Agreement together with any other Affiliate of the Company which becomes a creditor in respect of an Inter-Company Debt from time to time and which accedes to the Subordination Agreement in accordance with the Finance Documents.
Subordinated Intra Group Debt	means any and all obligations 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.
Subsidiary	means: (a) a subsidiary within the meaning of section 736 of the Act; and (b) unless the context otherwise requires, a subsidiary undertaking within the meaning of section 258 of the Act.
Term	means each period determined under the Loan Agreement by reference to which interest on the Loan or an overdue amount is calculated.
Total Commitments	means the Commitments of all the Lenders.
Transfer Certificate	means a certificate, substantially in the form of schedule 6 to the Loan Agreement (form of transfer certificate), with such amendments as the Facility Agent may approve or reasonably require or any other form agreed between the Facility Agent and the Company.
Trustee	means CLSA in its capacity as agent and trustee for the Finance Parties under the Debenture.
UIM	means Universal International Music B.V..

UIM Guarantee	means the agreement to be made between UIM and the Company whereby UIM will agree to issue a guarantee in favour of the Company and an indemnity in favour of the directors of the Company.
UK Parent or CUK	means Centenary UK Limited.
UMVD	means Universal Music & Video Distribution Corp.
UMVD Guarantee Agreement	means the agreement to be made between the Company and UMVD whereby UMVD will agree to issue a guarantee to the Company and an indemnity to each of the directors of the Company in each case in the form attached to the UMVD Guarantee Agreement.
Undisclosed Agency Arrangements	means the undisclosed agency arrangements as described in schedule 13 to the Loan Agreement.
VU	means Vivendi Universal S.A..
VUE Entity	means VU and each of its Subsidiaries.
VUE Guarantee	means the guarantee in the agreed form in favour of the Finance Parties and the Company pursuant to which Vivendi Universal S.A. agrees to pay on demand an amount equal to 50 % of all Inter-Company Debt owed by each Obligor to a VUE Entity from time to time to the extent that Obligor is in default of its payment obligations towards that VUE Entity and where any subrogation or similar rights to which VU is or may be entitled are subordinated pursuant to the Subordination Agreement.



**Auditors' report to the directors of Universal Music Operations Limited
pursuant to section 156(4) of the Companies Act 1985**

We have examined the attached statutory declaration of the directors of Universal Music Operations Limited ("the Company") dated 31 December 2002 in connection with the proposal that the Company should give financial assistance for the purchase of 2,045 of the Company's issued share capital.

Basis of opinion

We have enquired into the state of the Company's affairs in order to review the bases for the statutory declaration.

Opinion

We are not aware of anything to indicate that the opinion expressed by the directors in their declaration as to any of the matters mentioned in section 156(2) of the Companies Act 1985 is unreasonable in all the circumstances.

A handwritten signature in black ink that reads 'EY LLP'.

Ernst & Young LLP
Registered Auditor
London
31 December 2002