

Warner Music Group Corp.
Form S-4/A
July 29, 2005
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As filed with the Securities and Exchange Commission on July 29, 2005

Registration Nos. 333-126786 and 333-126786-1

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 1

TO

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

WMG HOLDINGS CORP.

(Exact Name of Registrant as Specified in Its Charter)

(SEE ADDITIONAL REGISTRANT GUARANTOR)

Delaware
(State or other jurisdiction of
incorporation or organization)

7929
(Primary Standard Industrial

13-4271878
(I.R.S. Employer

Classification Code Number)
75 Rockefeller Plaza

Identification Number)

New York, NY 10019

(212) 275-2000

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

David H. Johnson, Esq.

Executive Vice President and

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General Counsel

Warner Music Group Corp.

75 Rockefeller Plaza

New York, NY 10019

(212) 275-2030

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

Copies to:

Edward P. Tolley III, Esq.

Simpson Thacher & Bartlett LLP

425 Lexington Avenue

New York, New York 10017-3954

(212) 455-2000

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

CALCULATION OF REGISTRATION FEE

Title of Each Class Of Securities to be Registered	Amount to Be Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price	Amount Of Registration Fee
9.5% Senior Discount Notes due 2014	\$ 257,927,000(1)	100%(2)	\$ 257,927,000(2)	\$ 30,359(3)
Guarantee of 9.5% Senior Discount Notes due 2014(4)	(5)	(5)	(5)	(5)

(1) Aggregate principal amount at maturity.

(2) Estimated solely for the purpose of calculating the registration fee under Rule 457 of the Securities Act of 1933, as amended.

(3) Previously paid.

(4) See inside facing page for additional registrant guarantor.

(5) Pursuant to Rule 457(n) under the Securities Act of 1933, as amended, no separate fee for the guarantee is payable.

The Registrants hereby amend this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrants shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in

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accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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ADDITIONAL REGISTRANT GUARANTOR

Exact Name of Registrant Guarantor As Specified In Its Charter	State or other	Jurisdiction of IRS Employer	Incorporation or Identification	Organization	Number	Address, Including ZIP Code, And Telephone Number, Including Area Code,	Of Registrant's Principal Executive Offices	Phone Number
Warner Music Group Corp.	Delaware	13-4271875				75 Rockefeller Plaza New York, NY 10019		(212) 275-2000

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PROSPECTUS

Offer to Exchange

\$257,927,000 aggregate principal amount at maturity of 9.5% Senior Discount Notes due 2014 of WMG Holdings Corp. which have been registered under the Securities Act of 1933 for any and all outstanding 9.5% Senior Discount Notes due 2014

The exchange notes will be fully and unconditionally guaranteed on an unsecured, senior basis by Warner Music Group Corp., the parent company of WMG Holdings Corp.

WMG Holdings Corp. is conducting the exchange offer in order to provide you with an opportunity to exchange your unregistered outstanding notes for freely tradeable exchange notes that have been registered under the Securities Act.

The Exchange Offer

WMG Holdings Corp. will exchange all outstanding notes that are validly tendered and not validly withdrawn for an equal principal amount of exchange notes that are freely tradeable.

You may withdraw tenders of outstanding notes at any time prior to the expiration date of the exchange offer.

The exchange offer expires at 12:00 a.m. midnight, New York City time, on August 29, 2005, unless extended.

The exchange of outstanding notes for exchange notes in the exchange offer will not be a taxable event for U.S. federal income tax purposes.

The terms of the exchange notes to be issued in the exchange offer are substantially identical to the outstanding notes, except that the exchange notes will be freely tradeable.

All untendered outstanding notes will continue to be subject to the restrictions on transfer set forth in the outstanding notes and in the indenture. In general, the outstanding notes may not be offered or sold, unless registered under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. Other than in connection with the exchange offer, WMG Holding Corp. does not currently anticipate that it will register the outstanding notes under the Securities Act.

You should carefully consider the Risk Factors beginning on page 18 of this prospectus before participating in the exchange offer.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the exchange notes to be distributed in the exchange offer or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is July 29, 2005

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We have not authorized any dealer, salesperson or other person to give any information or represent anything to you other than the information contained in this prospectus. You must not rely on unauthorized information or representations.

This prospectus does not offer to sell or ask for offers to buy any of the securities in any jurisdiction where it is unlawful, where the person making the offer is not qualified to do so, or to any person who can not legally be offered the securities. The information in this prospectus is current only as of the date on its cover, and may change after that date.

MARKET AND INDUSTRY DATA AND FORECASTS

This prospectus includes industry data and forecasts that we have prepared based, in part, upon industry data and forecasts obtained from industry publications and surveys and internal company surveys. As noted in this prospectus, International Federation of the Phonographic Industry (IFPI), Recording Industry Association of America (RIAA), Nielsen SoundScan (SoundScan), Informa Media Research, Music &

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Copyright Report (Music & Copyright), National Music Publishers Association (NMPA), The NPD Group, Enders Analysis and the U.S. Department of Commerce, U.S. Census Bureau, Bureau of Labor Statistics were the primary sources for third-party industry data and forecasts. These third-party industry publications and surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but they can give no assurance as to the accuracy or completeness of included information. We have not independently verified any of the data from third-party sources nor have we ascertained the underlying economic assumptions relied upon therein. Similarly, while we believe the industry forecasts and market research are reliable, we have not independently verified such forecasts and research.

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary may not contain all of the information that is important to you. We urge you to read this entire prospectus, including the Risk Factors section and the combined financial statements and related notes, before participating in the exchange offer.

We acquired the business of WMG from Time Warner effective March 1, 2004. In this prospectus, the term Holdings refers to WMG Holdings Corp., which does business under that name, and not its subsidiaries and the terms we, our, ours, us, the Company and WMG refer collectively to Warner Music Group Corp. (Parent), the parent of Holdings, and Holdings and its consolidated or combined subsidiaries, except where otherwise indicated. Each of Parent and Holdings is a holding company. Parent's only asset is the ownership of all outstanding shares of Holdings. Holdings' only asset is the ownership of all outstanding shares of WMG Acquisition Corp., which we refer to as Acquisition Corp. We conduct all of our business through Acquisition Corp. The use of these terms is not intended to imply that Parent, Holdings and Holdings' subsidiaries are not separate and distinct legal entities. Holdings and Parent, through its guarantee, are the sole obligors on the notes, and their subsidiaries do not have any obligation with respect to the notes. In 2004, we changed our fiscal year end from November 30 to September 30. Accordingly, the fiscal year ended September 30, 2004 is a ten-month period. In addition, as a result of our acquisition from Time Warner, and as described further in the Parent financial statements and the notes thereto included elsewhere in this prospectus, results discussed for the ten months ended September 30, 2004 represent the mathematical addition of our pre-acquisition three-month period ended February 29, 2004 and our post-acquisition seven-month period ended September 30, 2004. Results discussed for the six months ended March 31, 2004 are the mathematical addition of our pre-acquisition five month period ended February 29, 2004 and our post-acquisition one month period ended March 31, 2004. Calculations of market share are based on revenues, except as otherwise noted.

Our Company

We are one of the world's major music companies. Our company is composed of two businesses: Recorded Music and Music Publishing. We are a global company, generating over half of our revenues in more than 50 countries outside of the U.S. Acquisition Corp. acquired substantially all of Time Warner Inc.'s music division from Time Warner on March 1, 2004 for \$2.595 billion in cash and non-cash consideration. See The Transactions.

Our Recorded Music business produces revenue through the marketing, sale and licensing of recorded music in physical and digital formats. We believe we have one of the world's largest and most varied recorded music catalogs, including 27 of the top 100 U.S. best-selling albums of all time more than any other recorded music company. Our roster of over 38,000 artists spans all musical genres and includes Led Zeppelin, The Eagles, Madonna, Metallica and Fleetwood Mac. Our more recent successes include Linkin Park, Simple Plan, Jet, Michelle Branch, Sean Paul and Josh Groban. Our Recorded Music business generated 83% of our consolidated revenues during the twelve months ended March 31, 2005.

Our Music Publishing business owns and acquires rights to musical compositions, exploits and markets these compositions and receives royalties or fees for their use. We hold rights in over one million copyrights across a broad range of musical styles from over 65,000 songwriters and composers. Our library includes titles such as Summertime by George and Ira Gershwin and DuBose Heyward, Happy Birthday to You by Mildred and Patty Hill, Night and Day by Cole Porter, When a Man Loves a Woman by Calvin Lewis and Andrew Wright, and Star Wars Theme by John Williams, as well as more recent popular titles such as Smooth by Itaal Shur and Rob Thomas and Thank You by Dido Armstrong and Paul Herman. Our Music Publishing business generated 17% of our consolidated revenues during the twelve months ended March 31, 2005.

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Industry Overview

Recorded music and music publishing focus on different products and benefit from different sources of revenues. The following table summarizes the product, the artist that is responsible for creating the product and the means by which the product generates revenue:

	<u>Recorded Music</u>	<u>Music Publishing</u>
The Product	The recording	The song
The Artist	Recording artist	Songwriter or composer
How revenues are generated	When a recording (in physical or digital format) is sold or licensed	When a recording (in physical or digital format) of the song is sold or licensed
		When a song is performed publicly (e.g., radio, television, concert or nightclub)
		When a song is synchronized with visual images (e.g., movies and advertisements)
		When a song's printed sheet music is sold

The recorded music business is the business of discovering and developing recording artists and promoting, selling and licensing their works. In 2004, the recorded music industry generated \$32.1 billion in retail sales worldwide. The industry experienced robust growth in the 1990s but in recent years has seen a decline due primarily to the increase in digital piracy. In an effort to curb this decline, the industry launched an intensive campaign in 2003 to limit digital piracy. We believe these anti-piracy efforts are beginning to produce results as evidenced by increased consumer awareness, reduced illegal downloading activity and growth for the one-year period ended January 2, 2005 in U.S. music physical unit sales of approximately 1% relative to the comparable one-year period ended December 28, 2003, as reported by SoundScan. Moreover, the industry has been encouraged by the recent proliferation and early success of legitimate digital music distribution channels, as evidenced by the 141 million digital tracks sold in the U.S. through the one-year period ended January 2, 2005. See *Industry Overview Recorded Music*.

According to the most recent published estimates by Enders Analysis, the worldwide music publishing industry accounted for \$3.7 billion in revenues in 2003. See *Industry Overview Music Publishing*.

Competitive Strengths

While we have recorded net losses on a historical and pro forma basis, primarily due to the decline since 1999 of recorded music sales, increased operating costs, increased competition, and such items as currency fluctuations and impairment charges, we believe we benefit from the following competitive strengths:

Industry Leading Recording Artists and Songwriters. We have been able to consistently attract, develop and retain successful recording artists and songwriters. This has enabled us to accumulate over decades a large and varied portfolio of recorded music and music publishing assets that generate stable and recurring cash flows.

Stable, Highly Diversified Revenue Base. Our revenue base is derived primarily from relatively stable and recurring sources such as our music publishing library, our catalog of recorded music and new releases from our existing base of established artists. In any given year, we believe that less than 10% of our total revenues depend on artists without established track records, with each of these artists typically representing less than 1% of our revenues. We have built a large and diverse catalog of recordings and compositions that covers a wide breadth of musical styles and are a significant player in each of our major geographic regions.

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High Cash Flow Business Model. We generate relatively high levels of cash flow from operations as a result of our highly variable cost structure, our minimal capital requirements and our ability to adjust the timing and amount of much of our spending. Through our recent restructuring effort, we have substantially streamlined our cost structure. In addition, outsourcing arrangements entered into in October 2003 with Cinram International Inc. (Cinram) have significantly reduced our exposure to fixed costs and are expected to continue to reduce our future capital expenditure requirements.

Well Positioned For Growth in Digital Distribution and Emerging Technologies. For the one-year period ended January 2, 2005, our market share of digital recorded music track sales in the U.S. as measured by SoundScan was higher than our overall recorded music album market share in the U.S., which we believe reflects the relative strength of our content and in particular our catalog content. In addition, we are highly focused on several new media initiatives: supporting existing and new online services in the U.S. and abroad, working with legitimate P2P providers, influencing the evolution of new mobile phone services and formats and simplifying the clearance of all of our content for digital distribution.

Proven and Committed Management Team. We are led by an experienced senior management team with an average of approximately 20 years of entertainment industry expertise. Edgar Bronfman, Jr. is our Chairman of the Board and Chief Executive Officer. Mr. Bronfman, while President and CEO of The Seagram Company Ltd. (Seagram), oversaw the merger of Universal Music Group (Universal) and PolyGram N.V. (PolyGram), and successfully managed the combined business, the world's then largest recorded music company.

Strong Equity Sponsorship. Thomas H. Lee Partners, L.P. and its affiliates (THL), Bain Capital and its affiliates (Bain Capital), and Providence Equity Partners Inc. and its affiliates (Providence Equity) are each leading private equity firms with established track records of successful investments and extensive experience in managing investments in entertainment and media assets and Music Capital Partners, L.P. (Music Capital) and together with THL and Bain Capital and Providence Equity, the Investor Group) brings significant and directly relevant management experience in the music industry.

Business Strategy

We intend to increase revenues, operating income and cash flow through the following business strategies:

Attract, Develop and Retain Established and Emerging Recording Artists and Songwriters. A critical element of our strategy is to continue to find, develop and retain recording artists and songwriters who achieve long-term profitable success. We believe our relative size, the strength of our management team, our ability to respond to industry and consumer trends and challenges, our diverse array of genres, our large catalog of hit releases and our valuable music publishing library will help us continue to successfully build our roster of artists and songwriters.

Maximize the Value of Our Music Assets. Our Recorded Music business focuses on marketing our artists and catalog in new ways to retain existing fans of established artists and to generate new demand for our proven hits. Our Music Publishing business seeks to capitalize on the growing demand for the use of musical compositions in media products such as videogames, commercials, other musical works (such as authorized sampling), films, DVDs, mobile phone ring tones and Internet and wireless streaming and downloads by marketing and promoting our libraries to producers of these media in new and innovative ways.

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Focus on Continued Management of Our Cost Structure. Immediately following the acquisition by Acquisition Corp. of substantially all of Time Warner's music division on March 1, 2004, we commenced a broad-based restructuring plan (the Restructuring Plan). We intend to continue to maintain a disciplined approach to cost management in our business, and to pursue additional cost savings. We have completed

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substantially all of the Restructuring Plan with annualized cost savings of approximately \$250 million of which approximately \$202 million has been reflected in our statement of operations through March 31, 2005. We project the one-time costs associated with the Restructuring Plan to be \$225 million to \$250 million, of which approximately \$165 million has been paid through March 31, 2005. This projection is substantially less than the \$310 million original estimate. We expect to pay a majority of the remaining costs in 2005 and 2006. There are still significant risks associated with the Restructuring Plan. See **Risk Factors** and **Business**.

Invest in Accordance with an Improved Asset Allocation Strategy. Our new management has undertaken a rigorous company-wide initiative in conjunction with outside consultants in order to enhance our financial performance through developing a more targeted approach to investments. Implementing the results of this study, we will primarily seek to invest in lines of business, geographic locations and individual projects where we believe we can optimize our return on capital.

Develop and Optimize Our Physical Distribution Channel Strategies. We will continue to develop innovative programs with our physical distribution channel partners in order to implement forward-looking strategies for our mutual benefit. We will invest to meet the needs of our partners to create more efficient collaboration, such as direct-to-retail distribution strategies and vendor managed inventory.

Capitalize on Digital Distribution and Emerging Technologies. We believe new technology formats should represent a fast-growing and high-margin channel for the distribution and exploitation of our music. In particular, new and emerging third-party digital distribution outlets are not only reasonably priced, but also offer a superior customer experience to illegal alternatives, as they are easy to use, offer uncorrupted song files and integrate seamlessly with increasingly popular portable music players such as the Apple iPod, the Dell Digital Jukebox and the iRiver iHP. In addition, as networks and phone handsets become more sophisticated, our music is increasingly becoming available through mobile and other wireless service providers as ring tones, ringback tones and audio and music video downloads.

Contain Digital Piracy. We, along with the rest of the music industry, are actively combating piracy through technological innovation, litigation, education and the promotion of legislation both in the U.S. and internationally.

Recent Developments

Return of Capital and Dividend on Preferred. In September 2004, we returned \$342 million of capital (the **Return of Capital**) to the Investor Group and paid a dividend of \$8 million on the preferred equity of Holdings held by the Investor Group (the **Dividend on Preferred**). The Return of Capital and Dividend on Preferred were funded out of our cash balance and not from the incurrence of additional debt. We obtained an amendment to Acquisition Corp.'s senior secured credit agreement to provide for the Return of Capital and Dividend on Preferred.

Debt Incurrence and Payment to Investor Group. On December 23, 2004, we incurred approximately \$700 million of new debt, consisting of \$250 million of Floating Rate Notes due 2011 (the **Holdings Floating Rate Notes**), \$200 million of Floating Rate Senior PIK Notes due 2014 (the **Holdings PIK Notes**) and \$250 million in gross proceeds of the 9.5% Senior Discount Notes due 2014 described herein (the **Holdings Discount Notes**) (with aggregate principal amount at maturity of \$396.8 million) (collectively, the **Original Holdings Notes**). The proceeds from the issuance of the Original Holdings Notes were used to fund a return of approximately \$681 million to Holdings' shareholders and the shareholders of Parent (the **Holdings Payment to Investor Group**) and along with the offering of the Original Holdings Notes, the **Holdings Refinancing**) through a combination of dividends on our preferred stock and repurchases of our common and preferred stock. Of the total of \$681 million, approximately \$209 million was used to redeem our remaining shares of cumulative preferred stock,

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including \$9 million of accrued dividends, and approximately \$472 million was used to pay a return of capital to Parent, of which all but \$50 million was distributed to its shareholders in December 2004. Parent distributed \$43 million of such \$50 million to the Investor Group on March 28, 2005 and distributed the remaining \$7 million to the Investor Group on May 9, 2005. We previously obtained an amendment to Acquisition Corp.'s senior secured credit agreement to provide for the Holdings' Payment to Investor Group, including the distribution of the remaining \$50 million to the Investor Group.

Parent IPO, Concurrent Transactions and Redemption of Portion of Original Holdings Notes. On May 13, 2005, Parent consummated the initial public offering of its common stock (the offering of common stock by Parent and the use of proceeds therefrom including the repayment of a portion of the Original Holding Notes as described below, collectively, the Initial Public Offering). In connection with such Initial Public Offering, Parent terminated its management agreement and paid a \$73 million termination fee to the Investor Group. Parent also purchased from an affiliate of Time Warner Inc. their Three-Year Warrants for an aggregate purchase price of approximately \$138 million. Parent also paid, or expects to pay, approximately \$33 million in special one-time bonuses consisting of (a) approximately \$20 million to holders of restricted stock and stock options to make employees whole for certain unfavorable tax consequences, (b) approximately \$3 million to holders of stock options representing an adjustment for outstanding options as a result of a special cash dividend on Parent's capital stock and (c) approximately \$10 million to substantially all of our employees who will have no equity participation in Parent.

Prior to the Initial Public Offering, Parent converted all of its outstanding Class L Common Stock into shares of Class A Common Stock on a one-for-one basis, renamed all of its outstanding Class A common stock common stock and enacted a 1,139 for 1 split of its common stock. Together, these transactions are referred to in this prospectus as the Recapitalization.

In addition, concurrent with the Initial Public Offering, an amendment to Acquisition Corp.'s senior secured credit facility was obtained to, among other things, increase the size of the term loan available. Concurrent with the Initial Public Offering, we used a portion of our cash on hand, plus the proceeds from \$250 million of new term loan borrowings under Acquisition Corp.'s new amendment to its senior secured credit facility to pay a dividend of \$320 million to Parent, which was used to repay \$8.5 million of remaining promissory notes, to pay the \$73 million termination fee, to pay \$100.5 million in cash dividends to shareholders of Parent (including approximately \$7 million relating to the holders of unvested shares of restricted stock, which will be paid at a later date), to pay approximately \$33 million in special one-time bonuses and to pay approximately \$138 million for the repurchase of the Three-Year Warrants. We refer to the \$250 million of new term loan borrowings, the termination of the management agreement, the purchase of the Three-Year Warrants, the payment of the special one-time bonuses and dividends of approximately \$109 million declared prior to Parent's Initial Public Offering, collectively, as the Concurrent Transactions.

On May 16, 2005 Holdings received a capital contribution from Parent of \$517 million. Holdings used the proceeds from such capital contribution to redeem all of the Holdings Floating Rate Notes and Holdings PIK Notes, and 35% of the aggregate principal amount at maturity of the Holdings Discount Notes on June 15, 2005. In addition Parent recently entered into a guarantee whereby it agreed to guarantee the payments of Holdings on the remaining outstanding notes of Holdings. The outstanding notes and guarantee by Parent are being registered hereby.

New Chief Financial Officer. In December 2004, we announced that Michael D. Fleisher had been named as our permanent Chief Financial Officer. He replaced Michael Ward who was our acting Chief Financial Officer while we conducted a search to fill the position on a permanent basis. See Management.

New Head of Warner/Chappell Music. On February 17, 2005, Acquisition Corp. announced that Les Bider, Chairman and CEO of its music-publishing arm, Warner/Chappell Music, Inc., had decided to step down following the appointment of a successor and a transition period. Mr. Bider had been CEO of Warner/Chappell Music since

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1987. On May 28, 2005, Richard Blackstone began to serve as Chairman and CEO of Warner/Chappell Music, Inc. as Mr. Bider's successor. Mr. Blackstone had previously been President and Chief Executive Officer of Zomba Music Publishing. Mr. Blackstone has 15 years of experience in the music publishing industry. See Management.

New Joint Venture. On April 8, 2005, we entered into an agreement with an affiliate of Sean P. Diddy Combs to form Bad Boy Records LLC, a joint venture in recorded music owned 50% by us and 50% by the affiliate. We purchased our 50% membership interest in Bad Boy Records LLC for approximately \$30 million in cash. The joint venture includes catalog and roster artists such as Notorious B.I.G., Mario Winans, M.A.S.E., Carl Thomas, B5 and P. Diddy. Mr. Combs will be the CEO of the joint venture and will supervise its staff and day-to-day operations. We will provide funding, marketing, promotion and certain back-office services for the joint venture.

Parent was incorporated under Delaware law on November 21, 2003. Holdings was incorporated under Delaware law on November 20, 2003. Our principal executive offices are located at 75 Rockefeller Plaza, New York, NY 10019. Our telephone number is (212) 275-2000.

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Summary of the Terms of Exchange Offer

On December 23, 2004, Holdings completed a private offering of the Original Holdings Notes, of which approximately \$258 million aggregate principal amount at maturity of 9.5% Senior Discount Notes due 2014 remain outstanding. References to the notes in this prospectus are references to both such outstanding notes and the exchange notes offered hereby.

General

In connection with the private offering, Holdings entered into a registration rights agreement with Banc of America Securities LLC, Deutsche Bank Securities Inc. and Goldman, Sachs & Co. (collectively, the initial purchasers) the initial purchasers of the outstanding notes in which Holdings agreed, among other things, to deliver this prospectus to you and to use its reasonable best efforts complete the exchange offer for the outstanding notes within 270 days after the date of issuance of the outstanding notes.

You are entitled to exchange in the exchange offer your outstanding notes for exchange notes, which are identical in all material respects to the outstanding notes except:

the exchange notes have been registered under the Securities Act of 1933, as amended, which we refer to as the Securities Act ;

the exchange notes are not entitled to certain registration rights which are applicable to the outstanding notes under the registration rights agreement; and

certain additional interest rate provisions are no longer applicable.

The Exchange Offer

Holdings is offering to exchange up to:

\$257,927,000 aggregate principal amount at maturity of its 9.5% Senior Discount Notes due 2014, which have been registered under the Securities Act, for a like aggregate principal amount at maturity of the outstanding 9.5% Senior Discount Notes due 2014.

You may only exchange outstanding notes in denominations of \$1,000 and integral multiples of \$1,000.

Subject to the satisfaction or waiver of specified conditions, Holdings will exchange the exchange notes for all outstanding notes that are validly tendered and not validly withdrawn prior to the expiration of the exchange offer. Holdings will cause the exchange to be effected promptly after the expiration of the exchange offer.

Upon completion of the exchange offer, there may be no market for the outstanding notes and you may have difficulty selling them.

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Resales

Based on interpretations by the staff of the Securities and Exchange Commission, or the SEC, set forth in no-action letters issued to third parties referred to below, Holdings believes that you may resell or otherwise transfer exchange notes issued in the exchange offer

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without complying with the registration and prospectus delivery requirements of the Securities Act, if:

- (1) you are acquiring the exchange notes in the ordinary course of your business.
- (2) you do not have an arrangement or understanding with any person to participate in a distribution of the exchange notes;
- (3) you are not an affiliate of Holdings within the meaning of Rule 405 under the Securities Act; and
- (4) you are not engaged in, and do not intend to engage in, a distribution of the exchange notes.

If you are not acquiring the exchange notes in the ordinary course of your business, or if you are engaging in, intend to engage in, or have any arrangement or understanding with any person to participate in, a distribution of the exchange notes, or if you are an affiliate of Holdings, then:

- (1) you cannot rely on the position of the staff of the SEC enunciated in Morgan Stanley & Co., Inc. (available June 5, 1991), *Exxon Capital Holdings Corporation* (available May 13, 1988), as interpreted in the SEC's letter to *Shearman & Sterling* dated July 2, 1993, or similar no-action letters; and
- (2) in the absence of an exception from the position of the SEC stated in (1) above, you must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale or other transfer of the exchange notes.

If you are a broker-dealer and receive exchange notes for your own account in exchange for outstanding notes that you acquired as a result of market-making or other trading activities, you must acknowledge that you will deliver a prospectus, as required by law, in connection with any resale or other transfer of the exchange notes that you receive in the exchange offer. See Plan of Distribution.

Expiration Dates

The exchange offer will expire at 12:00 a.m. midnight, New York City time, on August 29, 2005, unless extended by Holdings. Holdings does not currently intend to extend the expiration date of the exchange offer.

Withdrawal

You may withdraw the tender of your outstanding notes at any time prior to the expiration date of the exchange offer. Holdings will return to you any of your outstanding notes that are not accepted for any reason for exchange, without expense to you, promptly after the expiration or termination of the exchange offer.

Conditions to the Exchange Offer

The exchange offer is subject to customary conditions, which Holdings may assert or waive. See The Exchange Offer Conditions to the Exchange Offer.

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Procedures for Tendering Outstanding Notes If you wish to participate in the exchange offer, you must complete, sign and date the accompanying letter of transmittal, or a facsimile of the letter of transmittal, according to the instructions contained in this prospectus and the letter of transmittal. You must then mail or otherwise deliver the letter of transmittal, or a facsimile of the letter of transmittal, together with the outstanding notes and any other required documents, to the exchange agent at the address set forth on the cover page of the letter of transmittal. If you hold outstanding notes through The Depository Trust Company, or DTC, and wish to participate in the exchange offer, you must comply with the Automated Tender Offer Program procedures of DTC, by which you will agree to be bound by the letter of transmittal. By signing, or agreeing to be bound by, the letter of transmittal, you will represent to us that, among other things:

- (1) you are acquiring the exchange notes in the ordinary course of your business;
- (2) you do not have an arrangement or understanding with any person to participate in a distribution of the exchange notes;
- (3) you are not an affiliate of Holdings within the meaning of Rule 405 under the Securities Act; and
- (4) you are not engaged in, and do not intend to engage in, a distribution of the exchange notes.

If you are a broker-dealer and receive exchange notes for your own account in exchange for outstanding notes that you acquired as a result of market-making or other trading activities, you must represent to us that you will deliver a prospectus, as required by law, in connection with any resale or other transfer of such exchange notes.

If you are not acquiring the exchange notes in the ordinary course of your business, or if you are engaged in, or intend to engage in, or have an arrangement or understanding with any person to participate in, a distribution of the exchange notes, or if you are an affiliate of Holdings, then you cannot rely on the applicable positions and interpretations of the staff of the SEC and you must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale or other transfer of the exchange notes.

Special Procedures for Beneficial Owners If you are a beneficial owner of outstanding notes that are held in the name of a broker, dealer, commercial bank, trust company or other nominee, and you wish to tender those outstanding notes in the exchange offer, you should contact such person promptly and instruct such person to tender those outstanding notes on your behalf.

Guaranteed Delivery Procedures If you wish to tender your outstanding notes and your outstanding notes are not immediately available or you cannot deliver your

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outstanding notes, the letter of transmittal and any other documents required by the letter of transmittal or you cannot comply with the DTC procedures for book-entry transfer prior to the expiration date, then you must tender your outstanding notes according to the guaranteed delivery procedures set forth in this prospectus under The Exchange Offer Guaranteed Delivery Procedures.

Effect on Holders of Outstanding Notes

In connection with the sale of the outstanding notes, Holdings entered into a registration rights agreement with the initial purchasers of the outstanding notes that grants the holders of outstanding notes registration rights. By making the exchange offer, Holdings will have fulfilled most of its obligations under the registration rights agreement. Accordingly, Holdings will not be obligated to pay additional interest as described in the registration rights agreement. If you do not tender your outstanding notes in the exchange offer, you will continue to be entitled to all the rights and limitations applicable to the outstanding notes as set forth in the indenture, except Holdings will not have any further obligation to you to provide for the registration of the outstanding notes under the registration rights agreement and Holdings will not be obligated to pay additional interest as described in the registration rights agreement, except in certain limited circumstances. See Exchange Offer; Registration Rights.

To the extent that outstanding notes are tendered and accepted in the exchange offer, the trading market for outstanding notes could be adversely affected.

Consequences of Failure to Exchange

All untendered outstanding notes will continue to be subject to the restrictions on transfer set forth in the outstanding notes and in the indenture. In general, the outstanding notes may not be offered or sold, unless registered under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. Holdings does not currently anticipate that it will register the outstanding notes under the Securities Act.

Material Income Tax Considerations

The exchange of outstanding notes for exchange notes in the exchange offer will not be a taxable event for United States federal income tax purposes. See Material U.S. Federal Income Tax Consequences.

Use of Proceeds

Holdings will not receive any cash proceeds from the issuance of exchange notes in the exchange offer.

Exchange Agent

Wells Fargo Bank, National Association whose address and telephone number is set forth in the section captioned The Exchange Offer Exchange Agent of this prospectus, is the exchange agent for the exchange offer for the outstanding notes.

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Summary of the Terms of the Exchange Notes

In this prospectus, the term "outstanding notes" refers to the outstanding \$257,927,000 aggregate principal amount at maturity of 9.5% Senior Discount Notes due 2014 issued in the private offering; the term "exchange notes" refers to the aggregate principal amount at maturity of Holdings' 9.5% Senior Discount Notes due 2014 as registered under the Securities Act of 1933, as amended (the "Securities Act"); and the term "notes" refers to both the outstanding notes and the exchange notes. The terms of the exchange notes will be identical in all material respects to the terms of the outstanding notes, except that the exchange notes will not contain terms with respect to transfer restrictions or additional interest upon a failure to fulfill certain of Holdings' obligations under the registration rights agreement. The exchange notes will evidence the same debt as the outstanding notes. The exchange notes will be governed by the same indenture under which the outstanding notes were issued, and the exchange notes and the outstanding notes will constitute a single class and series of notes for all purposes under the indenture. The following summary is not intended to be a complete description of the terms of the notes. For a more detailed description of the notes, see "Description of Notes."

Issuer	WMG Holdings Corp.
Notes Offered	\$257,927,000 aggregate principal amount at maturity of 9.5% Senior Discount Notes due 2014. As of March 31, 2005, the accreted value of the notes was \$167 million.
Maturity	December 15, 2014.
Original Issue Discount on the Discount Notes	The outstanding notes were offered with original issue discount for U.S. federal income tax purposes. Thus, although cash interest will not be payable on the notes prior to June 15, 2010, interest will accrue from the issue date of the notes based on the yield to maturity of the notes and will generally be included as interest income (including for periods ending prior to December 15, 2009) for U.S. federal income tax purposes in advance of receipt of the cash payments to which the income is attributable.
Ranking	<p>The outstanding notes are, and the exchange notes will be, senior unsecured obligations of Holdings and will:</p> <p style="padding-left: 40px;">rank equally in right of payment to all of Holdings' unsecured senior indebtedness;</p> <p style="padding-left: 40px;">rank senior in right of payment to any of Holdings' future senior subordinated unsecured indebtedness and future subordinated unsecured indebtedness; and</p> <p style="padding-left: 40px;">be effectively subordinated in right of payment to all of Holdings' existing and future secured debt (including Holdings' guarantee of \$1,188 million of borrowings under Acquisition Corp.'s senior credit facilities as of March 31, 2005 and the additional \$250 million of borrowings as of May 13, 2005 under Acquisition Corp.'s amended senior secured credit facility as described under "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity"), to the extent of the value</p>

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of the assets securing such debt, and will be structurally subordinated to all obligations of each of Holdings' existing and future subsidiaries (including Acquisition Corp.'s \$465 million of 7³/₈% senior subordinated notes due 2014, £100 million of 8¹/₈% senior subordinated notes due 2014, \$1,188 million of borrowings under its senior credit facilities as of March 31, 2005 and the additional \$250 million of borrowings as of May 13, 2005 under Acquisition Corp.'s amended senior secured credit facility as described under Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity).

As of March 31, 2005:

Holdings had approximately \$1,188 million of senior indebtedness (other than the notes), all of which represented the secured guarantee by Holdings of borrowings by Acquisition Corp. under its senior credit facility. This amount does not include the guarantee by Holdings of the remaining \$250 million of additional borrowings available under Acquisition Corp.'s revolving credit facility or the additional \$250 million of new term loan borrowings under Acquisition Corp.'s senior secured credit facility, which was amended in May 2005 as part of the Concurrent Transactions. The guarantee by Holdings of borrowings under the credit facility is secured by a pledge of all the stock it owns in Acquisition Corp. and thus is effectively senior to the notes to the extent of the assets securing such guarantee;

Holdings would not have had any senior subordinated indebtedness; and

Holdings would not have had any subordinated indebtedness.

As of March 31, 2005, Holdings' subsidiary, Acquisition Corp., had \$1,188 million of debt outstanding under its credit agreement and an additional \$250 million available under its revolving credit facility, plus \$465 million of 7³/₈% senior subordinated notes due 2014 and £100 million of 8¹/₈% senior subordinated notes due 2014, all of which would be structurally senior to the notes. In addition, on May 13, 2005, we borrowed an additional \$250 million under the amended Acquisition Corp. senior secured credit facility as described under Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity.

Guarantee Parent has unconditionally guaranteed the outstanding notes, and will unconditionally guarantee the exchange notes, on an unsecured, senior basis.

Optional Redemption Prior to December 15, 2009, Holdings may redeem some or all of the notes at a price equal to 100% of the accreted value of the notes plus a make whole premium as set forth under Description of Notes - Optional Redemption.

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Additionally, Holdings may redeem the notes, in whole or in part, at any time on or after December 15, 2009 at the redemption prices set forth under Description of Notes Optional Redemption.

Optional Redemption After Certain Equity Offerings

At any time (which may be more than once) before December 15, 2007, Holdings may choose to redeem up to 35% of the notes with proceeds that it or one of its parent companies raises in one or more equity offerings, as long as:

Holdings pays 109.5% of the accreted value of the notes, plus accrued and unpaid interest;

Holdings redeems the notes within 90 days of completing the equity offering; and

at least 65% of the aggregate principal amount at maturity of the notes issued remains outstanding afterwards.

Unless Holdings issues additional notes, Holdings will not be able to redeem any of the notes pursuant to this provision.

See Description of Notes Optional Redemption.

Change of Control Offer

Upon the occurrence of a change in control, you will have the right, as holders of the notes, to require Holdings to repurchase some or all of your notes at 101% (100% in certain circumstances) of their accreted value plus accrued interest. See Description of Notes Change of Control.

Holdings may not be able to pay you the required price for notes you present to it at the time of a change of control, because:

Holdings may not have enough funds at that time; or

terms of its debt may prevent it from paying.

Asset Sale Proceeds

If Holdings or its restricted subsidiaries engage in asset sales, Holdings generally must either invest the net cash proceeds from such sales in its business within a period of time, prepay subsidiary debt or bank debt or make an offer to purchase a principal amount of the notes equal to the excess net cash proceeds. The purchase price of the notes will be 100% of their accreted value plus accrued and unpaid interest.

Certain Indenture Provisions

The indenture governing the notes contains covenants limiting Holdings ability and the ability of most or all of its subsidiaries to:

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incur additional debt or issue certain preferred shares;

pay dividends on or make distributions in respect of their capital stock or make other restricted payments;

make certain investments;

sell certain assets;

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