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June 8, 2015

VIA EMAIL

Eric J. Stock
Chief, Antitrust Bureau
State Office of the Attorney General of the State of New York
New York, NY 10271-0332
Email: Eric.Stock@ag.ny.gov

Re: Subpoena Duces Tecum issued to Universal Music Group¹

Dear Mr. Stock:

I am writing on behalf of Universal Music Group (“UMG”) in connection with the above-referenced Subpoena Duces Tecum (“Subpoena”).

We understand that the Attorneys General of the States of New York and Connecticut are jointly conducting an investigation of the music streaming industry. We understand that the investigation concerns whether participants in the music industry are seeking to act collusively to restrain competition among music streaming services, in particular, by working together to suppress the availability to consumers of free, advertising-supported, on-demand music streaming or similar services, such as those offered by Spotify and YouTube. You have advised us that the Attorneys General are not seeking to become involved in, or to affect the outcome of, lawful one-on-one licensing negotiations between UMG and its licensees that do not involve unlawful restrictions on competition. To address the concerns that we understand underlie your investigation, UMG has determined to make certain representations to the Attorneys General, as outlined below.

UMG has a history of licensing its content to lawful music streaming services, including services with a diverse set of business models and go-to-market strategies. UMG

¹ Universal Music Group is not a legal entity, but is instead an umbrella designation used to signify a large number of music-related companies around the world that are ultimately owned by Vivendi, S.A. As used in this letter, we intend for “UMG” to be understood as meaning any owner or licensor of sound recordings within the Universal Music Group family in the United States, including without limitation UMG Recordings, Inc. and Capitol Records, LLC.

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looks forward to continuing to make its recorded music repertoire available to consumers through arms-length negotiations with, and licenses to, a variety of music streaming services.

UMG does not currently have any agreements with Sony Music Entertainment or Warner Music Group (i) to impede the availability of free or ad-supported music streaming services, or (ii) that limit, restrict, or prevent UMG from licensing its recorded music repertoire to any music streaming service on any terms that UMG may choose. Nor does UMG intend to enter into any such agreements.

Similarly, UMG does not currently have any agreements with Apple Inc. (i) to impede the availability of third-party free or ad-supported music streaming services, or (ii) that limit, restrict, or prevent UMG from licensing its recorded music repertoire to any third-party music streaming service on any terms that UMG may choose. Nor does UMG intend to enter into any such agreements.

Notwithstanding the above, UMG does currently offer limited exclusive content to some music streaming services, ISPs, and/or wireless suppliers, and reserves the right to continue to offer limited content on an exclusive basis in the future, where such exclusivity is based on our legitimate unilateral business interests and not part of an agreement to restrain competition.²

UMG's representations in this letter reflect its present intentions and the current configurations of the various business models under which recorded music is distributed to consumers. As we have discussed, those business models have undergone substantial changes over the past few years, and further change is inevitable. If any of the above representations becomes inaccurate within the next year, we will promptly advise your offices.

It is our understanding that these representations address the concerns that you have expressed to us in connection with your investigations and that, given these representations,

² In addition, UMG is a party to several joint ventures, including VEVO which is owned and operated by a joint venture of UMG, Google, Sony, and Abu Dhabi Media. Due to the joint ownership, agreements related to these joint ventures are excluded from the scope of the representations in this letter. The representations in this letter also are not intended to prohibit UMG from working with other industry participants, which may include Apple, Sony, and/or Warner, to address pirate services.

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you have no present intention to make further inquiries of UMG at this time. We further understand that your decision not to make further inquiries of UMG at this time does not prevent the Attorneys General from taking further action in the future as the public interest may warrant.

Sincerely,



D. Bruce Hoffman

cc: Glenn Pomerantz, Munger, Tolles & Olson LLP
Michael E. Cole, Assistant Attorney General, Chief, Antitrust Department, Office of
the Attorney General, State of Connecticut