



NEWS RELEASE

Warner Music Australia Announces the Acquisition of Festival Mushroom Records

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Ed St John, President and CEO, Warner Music Australasia, today announced the acquisition of Festival Mushroom Records (Australia and New Zealand).

Festival Mushroom Records was formed by News Ltd from the amalgamation of the operations of Festival Records Pty Ltd, Mushroom Records Pty Ltd and Mushroom Distribution Services (MDS). Festival Records has been operating in Australia and New Zealand since 1952 and has been part of News Ltd since 1961. Festival has often been referred to as the original home for rock and roll in Australia with the discovery and development of pioneer acts such as Johnny O'Keefe, The Delltones, Olivia Newton John, Peter Allen, Rolf Harris, The Bee Gees and Col Joye & the Joyboys.

Over the next three decades Festival Records became the pre-eminent record distribution company representing many international labels. In 1997 a new management team was brought in to Festival and the focus once more moved back to developing and recording Australian artists for the world market. Further international labels gravitated to Festival such as Gut, Almo, Fantasy and Rykodisc/Palm Pictures as well as the Walt Disney Company's catalogue of recordings, including the Hollywood Records and Mammoth imprints.

A key moment in the development of the company was the purchase of the final 50% of Mushroom Records (the original 50% had been bought in the early nineties). Melbourne-based Mushroom Records had become Festival's de facto A&R department, a domestic music powerhouse with a roster that included Paul Kelly, Split Enz, Skyhooks, Kylie Minogue, Jimmy Barnes, Hunters and Collectors and many others. Mushroom also had an impressive track

record of attracting international licensors including Tommy Boy and Echo.

Festival and Mushroom have always been synonymous with Australian music and the combined entity has a fantastic catalogue of Australian recorded music and Australian artists. In recent years, under the stewardship of Managing Director Michael Parisi, FMR has forged a new identity with signings such as George, Eskimo Joe, Scribe, Chloe Lattanzi, P-Money and Motorace. Combined with the success of license deals such as Alberts and Disney Hollywood, FMR has retained a clear position in the Australian marketplace as a home of fresh local talent and innovative marketing.

Warner Music Australia has strong links with FMR. Not only does WMA distribute the label, but they recently appointed two former FMR executives to key positions in the organisation. Mark Ashbridge (former MD of FMR New Zealand) was recently appointed VP, Marketing and Promotions, Warner Music Australia; Michael Parisi (former MD of FMR Australia) was recently appointed to the role of President, A&R, Warner Music Australia – a position he takes up from January 1 2006. The acquisition of FMR by WMA rejoins Parisi and Ashbridge with their artist rosters and heralds the dawn of a new era of domestic artist development for Warner Music Australia.

Commenting on the acquisition, Ed St John said; "We are absolutely delighted to acquire this iconic Australian music company. FMR and its foundation labels have been the home for Australian music since the dawn of our industry. Joined with Warner's own roster of local acts – which stretches from Thirsty Merc and Evermore through to The Whitlams and Cold Chisel – and with the creative drive of Michael Parisi, this company will have a leading domestic music division. The growth and continued success of Warner Music Australia is going to be built around the development of a truly outstanding domestic music roster."

Adds Michael Parisi "This is a unique situation, to say the least. Having run FMR as Managing Director, and having just accepted an offer to move over to Warner Music to become President of A&R, I now have the opportunity to effectively keep both jobs. I can continue to work with the many wonderful acts I signed to FMR whilst also working with Warners' roster of artists. I'm really looking forward to working with Ed and his team to integrate the two companies and join our artist rosters."

Warner Music Australia is a subsidiary of Warner Music International - a global creative family boasting many of the world's top recording artists and A&R executives. Via legendary labels such as Warner Bros., Sire, Atlantic, East West and Elektra, Warner Music is today the home of some of the biggest artists in the world: James Blunt, Michael Buble, Craig David, Green Day, Enya, Madonna, The Darkness, Red Hot Chilli Peppers, Simple Plan, REM, Rob Thomas and many more. WMA is currently enjoying success in the local marketplace with chart and radio airplay results that are virtually unprecedented in the company's history.

The integration of Warner Music Australia and FMR will take place through the closing months of 2005 and is subject to Warner obtaining an indication from the ACCC that it does not object to the deal. Financial terms of the deal were not disclosed and no announcement has yet been made regarding artist roster or staffing levels.

Lachie Rutherford, President, Warner Music Asia Pacific, comments "FMR is an important independent label. In making this transforming acquisition, Warner Music Australia is well positioned for the years ahead."

Paul-Rene Albertini, Chairman and CEO, Warner Music International, comments: "Warner Music is committed to the development of the strongest roster of English language repertoire in the world, whether it comes from the US, the UK, Canada or Australasia. In hiring Michael Parisi and acquiring FMR, Warner Music Australia plugs into a global A&R matrix that is committed to developing global careers. This purchase takes an already strong company and makes it even stronger."