



NEWS RELEASE

Warner Music UK and BT Team up for New Digital Music Offerings

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LONDON, December 8, 2005 - Warner Music UK and British Telecommunications PLC (BT) today announced a landmark agreement to develop on-demand access to music programming from Warner Music's audio and video catalogs of world-renowned artists over BT's new TV over Broadband service in the UK.

Through the next generation TV service - a world first, combining access to digital terrestrial channels, an extensive video on-demand library and a range of interactive services - BT broadband customers in the UK will be able to access music videos, artist interviews, concerts and documentaries. The service will become available in the second half of 2006.

In making the announcement, Nick Phillips, Chairman, Warner Music UK said, "We are pleased to partner with BT as the first music provider to this innovative distribution service. Industry leading agreements and unique partnerships like the one we announce today are an important component of Warner Music's global strategy to become a multifaceted, music content company. By combining existing assets like music videos, lyrics, artwork and liner notes, with new music-based digital products, such as ringback tones and video ringers that can be distributed on countless distribution platforms, Warner Music is both creating new products and new revenue streams, while transforming the consumer experience and bringing music fans closer to the artists and music they love."

Dan Marks, Chief Executive, BT TV Services said: "We're delighted to be working closely with Warner Music Group, one of the world's leading entertainment groups and look forward to bringing new and innovative music programming and music-related products and services to the UK through BT's next generation TV service and other

BT platforms. BT and Warner Music Group share a vision of the possibilities and the opportunities of next generation TV. We look forward to realising those opportunities together."

In addition, the agreement will allow Warner Music International (WMI) to work broadly with BT to develop new consumer offerings focused on the future convergence of broadband, mobile and landline telephone, and television music products.

BT announced on 26 October, 2005 that its next-generation TV service will be available to BT broadband customers without a subscription fee.

Services available at launch, or shortly afterwards, will include:

- entertainment on-demand - an extensive library of movies, TV and music all available instantly;
- interactive services such as online games, retail opportunities and community services;
- catch-up TV - programmes from the previous seven days broadcast schedule will be available on demand without the need to record;
- flexible payment - no mandatory subscriptions;
- pay-per-view options; a Personal Video Recorder capable of storing up to 80 hours of programming; more than 30 digital terrestrial TV channels;
- Communication services; such as instant messaging, chat and video telephony on TV.

BT is the only company in the UK committed to providing such a nationwide service.

About Warner Music International

Warner Music International, a leading company in national and international repertoire, is headquartered in London and operates through numerous affiliates and numerous licensees in over 50 countries.

About BT

BT is one of the world's leading providers of communications solutions serving customers in Europe, the Americas and Asia Pacific. Its principal activities include networked IT services, local, national and international telecommunications services, and higher-value broadband and internet products and services.

BT consists principally of three lines of business:

- BT Retail, providing a comprehensive range of communications and related services to more than 20 million UK consumers and businesses.
- BT Wholesale, providing network services and solutions within the UK to more than 600 fixed and mobile operators and service providers including the provision of broadband and private circuits.
- BT Global Services, providing networked IT services to meet the needs of multi-site organisations globally. BT Global Services operates in more than 130 countries and also offers international carrier services.

From January 2006, there will be a fourth business called Openreach. This business will be responsible for the nationwide local BT network which covers the "first mile" of wires that connects homes and businesses across the UK to their service providers. Openreach will provide communications providers with services and products associated with that network.

In the year ended 31 March 2005, BT Group's turnover was £18,623 million with profit before taxation of £2,354 million.

BT Group plc is listed on stock exchanges in London and New York. British Telecommunications plc (BT) is a wholly-owned subsidiary of BT Group and encompasses virtually all businesses and assets of the BT Group.

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