

Security Agreement

Dated: September 29, 1999

Between

and

| Bank (Secured Party) | Debtor |
|---|---|
| Bank of America, N.A. 101 South Tryon Street Bank of America Plaza Charlotte, North Carolina 28255 | MJ Publishing Trust c/o Jackson International, LLC 6100 Wilshire Boulevard Suite 770 Los Angeles, California 90048 Attention: Myung-Ho Lee |
| Debtor is a trust. | |
| Address is the Debtor's place of business. | |
| Collateral (hereinafter defined) is located at the Debtor's address shown above. | |

Preliminary Statement.

WHEREAS, the Debtor and the Bank are entering into a Loan Agreement, dated as of the date hereof, pursuant to which the Bank has agreed to make certain term loans to the Debtor from time to time;

WHEREAS, it is a condition to the effectiveness of such Loan Agreement that the Debtor enter into this Agreement.

NOW, THEREFORE, in consideration of the financial accommodations provided in the Loan Agreement (as defined below) and the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions.

- A. "Jackson" means Michael Jackson.
- B. "Loan Agreement" means the Loan Agreement, dated as of the date hereof, between the Debtor and the Bank, as the same may be amended, amended and restated or otherwise modified from time to time.
- C. "Stewart Agreement" means that certain Agreement, dated as of June 30, 1983, by and between Michael Jackson (individually and doing business under the name Mijac Music) and Warner/Chappell Music, Inc., Warner-Tamerlane Publishing Corp. and WB

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Music, Inc. (as successors in interest to Warner Bros. Music; collectively "Warner"), as the same has been or may hereafter be amended from time to time, and as the Warner interest therein may have been assigned to or assumed by others.

D. "Warner Agreement" means the Administration Agreement, dated as of June 12, 1980, by and between Michael Jackson (individually and doing business under the names Miran Publishing Corp. and Mijac Music), and Warner, as the same has been or may hereafter be amended from time to time, and as the Warner interest therein may have been assigned to or assumed by others.

E. General. Unless the context indicates otherwise, definitions in the Uniform Commercial Code (the "UCC") apply to words and phrases in this Agreement; if UCC definitions conflict, Article 9 definitions apply. Terms used and not defined herein and defined in the Loan Agreement shall have the meanings as therein defined.

2. Security Interest. For good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Debtor assigns and pledges to the Bank (also referred to as the "Secured Party"), and hereby grants to the Bank a security interest and lien in all of the Debtor's right, title and interest in and to the Collateral (hereinafter defined) to secure the payment and the performance of the Secured Obligations (hereinafter defined).

3. Collateral. The security interest and lien described above are granted in respect of all of Debtor's right, title and interest in and to the following collateral (the "Collateral"): :

A. All of the following (the "Copyright Collateral"): :

(i) All musical compositions in which the Debtor, individually and d/b/a Mijac Music, Miran Publishing Inc., Miran Publishing Corp. and Mystical Light Music, now has or hereafter acquires an interest, and all of the Debtor's rights and interest of every kind and nature with respect thereto (collectively, the "Compositions" or "Mijac Catalog"), including, without limitation:

(a) all Compositions listed on Schedule 1 hereto;

(b) all Compositions now or hereafter subject to administration under the Warner Agreement or the Stewart Agreement, including all music, musical compositions, lyrics, versions, arrangements of music and translations (including without limitation all vocal lyric versions) or adaptations of lyrics, and all properties and things of value pertaining thereto, and all replacements and substitutions therefor, and products and proceeds thereof, whether now in existence or hereafter made, acquired or produced;

(c) all common law and statutory copyrights, rights in copyrights, interests in copyrights and renewals, extensions, applications and registrations of copyrights, domestic and foreign, of the Debtor heretofore or hereafter obtained upon the Compositions, or any part thereof, and the right (but not the obligation) to make publication thereof for copyright purposes, to register claims under copyrights throughout the universe and in perpetuity, and the right (but not the obligation) to register, renew and extend such copyrights, and the right (but not the obligation) to sue for past, present and future infringements of copyright (collectively, "Copyrights");

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- (d) all rights to produce, acquire, release, sell, distribute, subdistribute, lease, sublease, market, license, sublicense, exhibit, broadcast, transmit, reproduce, publicize or otherwise exploit the Compositions and/or Copyrights, including without limitation all mechanical rights, synchronization rights, publishing and print rights, performing rights, rights to prepare derivative works, dramatic rights, merchandising and commercial tie-up rights, and all ancillary, collateral, allied and subsidiary rights;
- (e) all licenses and agreements relating to the Compositions and/or Copyrights, or any part thereof, whether presently existing or arising in the future (collectively, the "Licenses"), including, without limitation, all mechanical licenses, synchronization licenses, print agreements, publishing agreements, administration agreements and agency agreements;
- (f) all monies and accounts receivable for amounts payable in connection with any of the Compositions, Copyrights or Licenses, whether presently existing or arising in the future;
- (g) any and all tangible and intangible personal property including, without limitation, general intangibles (as defined in the California UCC or the UCC of any other state applicable to the Collateral), not elsewhere included in this definition, constituting the Compositions which may arise in connection with the creation, production, completion, delivery, financing, ownership, possession or exploitation of the Compositions;
- (h) all monies and other consideration payable under or derived from the Licenses or otherwise for or in connection with the Compositions, Copyrights, Licenses, or any part thereof, and all rent, revenues, income, compensation, proceeds, increases, proceeds and profits or other property obtained or to be obtained from the production, sale, distribution, marketing, licensing, exhibition, reproduction, publication, ownership, exploitation or other uses or disposition of the Compositions or Copyrights (or any rights therein or part thereof) in any and all media, including, without limitation, the properties thereof and of any collateral, allied, ancillary and subsidiary rights and amounts recovered as damages by reason of the infringement of copyright or breach of any License, or derived therefrom in any manner, whatsoever;
- (i) any and all accounts, accounts receivable, general intangibles, contract rights, chattel paper, documents, instruments and goods, including inventory (as those terms are defined in the California UCC or the UCC of any other state applicable to any Collateral), not elsewhere included in this definition, which may arise in connection with the production, sale, distribution or exploitation of the Compositions and/or Copyrights or any element thereof; and
- (j) all lead sheets, cue sheets, musical scores, plates, negatives, tape recordings or other demonstration records, discs or recordings, and printed music of or for the Compositions for any part thereof;

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(iii) all of Debtor's rights in and to the titles of the Compositions, the exclusive use thereof including (without limitation) any and all rights protected pursuant to trademark, service mark, unfair competition and/or other related laws, rules or principles of law or equity, and the goodwill related thereto, whether now owned or hereafter acquired, and the products and proceeds thereof;

(iv) all cash and cash equivalents of the Debtor derived from the Compositions (or any part thereof) and all drafts, checks, certificates of deposit, notes, bills of exchange and other writings relating to the exploitation of the Compositions (or any part thereof) which evidence a right to the payment of money and are not themselves security agreements or leases and are of a type which is in the ordinary course of business transferred by delivery with any necessary endorsement or assignment whether now owned or hereafter acquired;

(v) all books and records relating to any and all of the foregoing Collateral; and

(vi) all proceeds of, products of or accessions or additions to any and all of the foregoing Collateral.

To the extent that any materials and/or rights in and to the Compositions or any other Collateral described herein are not yet in existence or are not yet acquired, such materials and rights are (to the extent applicable) hereby assigned and conveyed to the Bank by way of present assignment of future copyright.

B. The right to receive all payments under the Warner Agreement and the Stewart Agreement.

C. All of the following (the "Account Collateral"):

(i) the interest bearing cash collateral account (the "Minimum Interest Reserve Account") opened by the Debtor with the Bank at its office at 101 South Tryon Street, Bank of America Plaza, Charlotte, North Carolina, ABA No. 053000196 account number 000650461247, in the name of the Debtor but under the sole dominion and control of the Bank, as assignee of the Debtor (and any substitute account therefor), and subject to the terms of this Agreement, all funds held therein and all certificates and instruments, if any, from time to time representing or evidencing the Minimum Interest Reserve Account; and

(ii) the interest bearing cash collateral account (the "Cash Collateral Account") opened by the Debtor with the Bank at its office at 101 South Tryon Street, Bank of America Plaza, Charlotte, North Carolina, ABA No. 053000196 account number 000650481254, in the name of the Debtor but under the sole dominion and control of the Bank, as assignee of the Debtor (and any substitute account therefor), and subject to the terms of this Agreement, all funds held therein and all certificates and instruments, if any, from time to time representing or evidencing the Cash Collateral Account;

(iii) the investment account (the "Investment Account") opened by the Debtor with Bank of America Institutional Investment Sales at its office at 400 North

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Ashley Drive FL1-010-04-03, Tampa, Florida, account number 836871, in the name of the Debtor but under the sole dominion and control of the Bank, as assignee of the Debtor (and any substitute account therefor), and subject to the terms of this Agreement, all funds and Collateral Investments (as hereinafter defined) held therein and all certificates and instruments, if any, from time to time representing or evidencing the Investment Account; and

(iv) all Collateral Investments (as hereinafter defined) from time to time and all certificates and instruments, if any, from time to time representing or evidencing the Collateral Investments; and

(v) all notes, certificates of deposit, deposit accounts, checks, chattel paper and other instruments from time to time hereafter delivered to or otherwise possessed by the Bank for or on behalf of the Debtor in substitution for or in addition to any or all of the then existing Account Collateral; and

(vi) all interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the then existing Account Collateral.

D. All proceeds of any and all of the foregoing Collateral (including, without limitation, proceeds which constitute property of the types described in clauses A - C of this Section 3) and, to the extent not otherwise included, all (i) payments to the Debtor under insurance with respect to the foregoing Collateral (whether or not the Bank is the loss payee thereof), or any indemnity, warranty or guaranty, payable by reason of loss or damage to or otherwise with respect to any of the foregoing Collateral, and (ii) cash proceeds.

4. **Copyright Mortgage.** On the date hereof, the Debtor has executed and delivered to the Secured Party the Copyright Mortgage covering the Copyright Collateral which shall be recorded in the United States Copyright Office.

5. **Description of Secured Obligations.** The following obligations ("Secured Obligations") are secured by this Agreement: all Obligations of the Debtor to the Bank under the Loan Documents; and all present and future debts, obligations and liabilities of the Debtor to the Bank under any other agreement identified as a Secured Obligation hereunder, now or hereafter existing, whether for principal, interest, fees, expenses or otherwise arising directly or indirectly between the Debtor and the Bank whether absolute or contingent, joint or several, secured or unsecured, due or not due, contractual or tortious, liquidated or unliquidated, arising by operation of law or otherwise, and all renewals, extensions or rearrangement of any of the above. Without limiting the generality of the foregoing, this Agreement secures the payment of all amounts which constitute part of the Secured Obligations and would be owed by the Debtor to the Bank but for the fact that they are unenforceable or not allowed due to the existence of a bankruptcy, reorganization or similar proceeding involving the Debtor.

6. **Debtor Remains Liable.** Anything herein to the contrary notwithstanding, (a) the Debtor shall remain liable under the contracts and agreements included in the Collateral to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by the Bank of any of the rights hereunder shall not release the Debtor from any of its duties or obligations under the contracts and agreements included in the Collateral and (c) the Bank shall have no obligation or liability under the contracts and agreements included in the Collateral by reason of this Agreement, nor shall the Bank be obligated to perform any of the obligations or

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duties of the Debtor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

7. **Maintaining the Accounts.** So long as any Secured Obligation remains unsatisfied:

A. The Debtor will maintain the Minimum Interest Reserve Account and the Cash Collateral Account with the Bank and the Investment Account with Bank of America Institutional Investment Sales.

B. It shall be a term and condition of each of the Minimum Interest Reserve Account, the Cash Collateral Account and the Investment Account, notwithstanding any other term or condition to the contrary in any other agreement relating to the Minimum Interest Reserve Account, the Cash Collateral Account or the Investment Account and except as otherwise provided by the provisions of Section 9 and Section 13, that no amount (including interest on Collateral Investments) shall be paid or released to or for the account of, the Debtor or any other person from the Minimum Interest Reserve Account, the Cash Collateral Account or the Investment Account.

Each of the Minimum Interest Reserve Account, the Cash Collateral Account and the Investment Account shall be subject to such applicable laws, and such applicable regulations of the Board of Governors of the Federal Reserve System and of any other appropriate banking or governmental authority, as may now or hereafter be in effect.

B. Investing Amounts in the Minimum Interest Reserve Account and the Cash Collateral Account. If requested by the Debtor, the Bank or one of its affiliates will, subject to the provisions of Section 9 and Section 13, from time to time (a) invest amounts on deposit in the Cash Collateral Account in such Cash Equivalents to be held in the Investment Account in the name of the Bank as the Debtor may select and the Bank may reasonably approve and (b) invest interest paid on the Cash Equivalents referred to in clause (a) above, and reinvest other proceeds of any such Cash Equivalents that may mature or be sold, in each case in such Cash Equivalents to be held in the Investment Account in the name of the Bank as the Debtor may select and the Bank may reasonably approve (the Cash Equivalents referred to in clauses (a) and (b) above being collectively "Collateral Investments"). Interest and proceeds that are not invested or reinvested in Collateral Investments as provided above shall be deposited and held in the Cash Collateral Account. "Cash Equivalents" means any of the following, to the extent owned free and clear of all liens and having a maturity of not greater than one year from the date of acquisition thereof: (a) readily marketable direct obligations of the United States or any agency or instrumentality thereof or obligations unconditionally guaranteed by the full faith and credit of the United States, (b) certificates of deposit or time deposits (including Euro time deposits) with any commercial bank that (i) issues (or the parent of which issues) commercial paper rated as described in clause (c), (ii) is organized under the laws of the United States or any State thereof and (iii) has combined capital and surplus of at least \$1 billion, (c) commercial paper in an aggregate amount of no more than \$1,000,000 per issuer outstanding at any time, issued by any corporation organized under the laws of any State of the United States and rated at least "Prime-1" (or the then equivalent grade) by Moody's Investors Services, Inc. or "A-1" (or the then equivalent grade) by Standard & Poor's Corporation, (d) repurchase agreements with respect to securities described in clause (a) above entered into with an office of a bank or trust company meeting the criteria specified in clause (b) above or (e) shares or units of any mutual fund the investments of which are limited to investments meeting the criteria specified in clauses (a), (b), (c) or (d) above.

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9. **Debits; Release of Amounts.** The Debtor hereby authorizes the Bank (or any assignee thereof), from time to time and in each case in the sole discretion of the Bank, (i) to debit the Minimum Interest Reserve Account and the Cash Collateral Account (A) to prepay the Loans, together with accrued interest to the date of prepayment on the principal amount so prepaid, (B) in an amount equal to the amount then due and payable to the Bank pursuant to the terms of the Loan Documents, (C) to release funds to the Debtor or to its order and at the request of the Debtor, (D) to fund the Cash Collateral Account or the Minimum Interest Reserve Account, as the case may be, and (E) to fund the Investment Account in accordance with Section 8 and (F) to debit the Investment Account to fund the Minimum Interest Reserve Account or the Cash Collateral Account.

10. **Debtor's Warranties.** The Debtor hereby represents and warrants to the Bank as follows:

A. **Financial Statements.** No financing statement covering the Collateral is or will be on file in any public office, except the financing statements relating to the security interest granted hereunder and the liens existing on the date hereof securing the indebtedness of Sony Music and Signatures permitted under the Loan Agreement (the "Sony Lien" and the "Signatures Lien," respectively), and no other security interest has attached or been perfected in the Collateral or any part thereof.

B. **Ownership.** The Debtor is the legal and beneficial owner of the Collateral free from any setoff, claim, restriction, lien, security interest or encumbrance except the liens described in Section 10.A above, liens for taxes not yet due, the rights of Warner under the Warner Agreement and the Stewart Agreement and copyright licenses entered into in the ordinary course of business in compliance with Section 11.D hereof (collectively, the "Permitted Liens"). No holding, decision or judgment has been rendered by any governmental authority that would cancel or question the validity of the Debtor's ownership of any Copyright which singly or in the aggregate would have a material adverse effect on the Mijac Catalog or the value of the Collateral. No action or proceeding has been commenced (including by any governmental authority) and remains pending in which claims have been asserted that the Debtor's ownership, use or exploitation of the Mijac Catalog (or the Copyright in any Composition included therein) does or may violate the rights of any third party other than any such claims which, in the aggregate do not and, if determined to be valid, would not have a material adverse effect on the Mijac Catalog or the value of the Collateral.

C. **Compositions.** Schedule I to the Copyright Mortgage sets forth a true and complete list of all Compositions (and related copyright registrations and applications for registration) in which the Debtor individually or d/b/a Mijac Music currently has an ownership interest. The Debtor has made all necessary filings and recordings of its ownership interest in the Compositions including, without limitation, recordings in the United States Copyright Office of its claims to all of the Copyrights in and to the Compositions and, where determined to be necessary and material, recordings of claims to such Copyrights in corresponding offices throughout the world.

D. **Claims on Collateral.** As of the date hereof, Warner does not have, and as of the date of the making of any Loan, will not have, any right to setoffs, counterclaims or adjustments, and no defenses in connection with the Collateral, except in respect of Guarantor Advances (as defined in the Guaranty) permitted to be incurred by paragraph (3) of Section 12.B. of the Guaranty.

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E. Power and Authority. The Debtor has full power and authority to enter into this Agreement, and except for the filing of financing statements under the UCC of the State of California, the filing of the Copyright Mortgage in the United States Copyright Office, and certain filings in foreign copyright offices with respect to foreign copyrights and such other consents as have been obtained and are in effect, no consent of any other person or entity and no authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required (i) for the grant by the Debtor of the pledge, assignment and security interest granted hereby or for the execution, delivery or performance of this Agreement by the Debtor, (ii) for the perfection or maintenance of the pledge, assignment and security interest created hereby (including the first priority nature of such assignment and security interest, subject only to the Sony Lien and the Sony Signatures Lien) or (iii) for the exercise by the Bank of the remedies in respect of the Collateral pursuant to this Agreement.

11. Debtor's Covenants. Until full payment and performance of all of the Secured Obligations, unless the Bank otherwise consents in writing:

A. Obligations under this Agreement. The Debtor shall perform all of its agreements herein.

B. Ownership and Maintenance of Collateral. The Debtor shall defend the Collateral against all claims and demands of all persons at any time claiming any interest therein adverse to the Bank. The Debtor shall keep the Collateral free from all liens and security interests other than Permitted Liens and liens permitted to be incurred by paragraph (3) of Section 12.B. of the Guaranty.

C. As to Warner Agreement and Stewart Agreement.

(i) The Debtor shall at its expense:

(a) perform and observe all the terms and provisions of the Warner Agreement and Stewart Agreement (the "Administration Agreements") relating to the Collateral to be performed or observed by it, enforce the material provisions of the Administration Agreements relating to the Collateral in accordance with their respective terms, and take all such action to such end as may be from time to time reasonably requested by the Bank; and

(b) furnish to the Bank promptly upon receipt thereof copies of all royalty statements and other notices and documents received by the Debtor under or pursuant to the Administration Agreements (other than notices and documents received by the Debtor in the ordinary course of business in connection with the routine administration of the Mijac Catalog), and from time to time (1) furnish to the Bank such information and reports regarding the Administration Agreements as the Bank may reasonably request and the Debtor may be able to secure and (2) upon request of the Bank make to any other party to any Administration Agreement such demands and requests for information, reports, inspections or audits or for other action as the Debtor is entitled to make thereunder.

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(g) The Debtor shall not:

(a) cancel or terminate any Administration Agreement or consent to or accept any cancellation or termination thereof; or

(b) amend or otherwise modify any Administration Agreement or give any consent, waiver or approval thereunder that would reduce the amount or delay the payment of any monies payable to the Debtor thereunder; provided, that the routine denial by the Debtor of any request for a license relating to the Collateral shall not be a violation of this clause (b).

D. As to Copyright Collateral.

(i) The Debtor (a) will, and will require its licensees to, employ the appropriate notice of copyright for each Composition subject to copyright protection to the extent necessary to protect the Copyright relating to such Composition and (b) will not (and not authorize any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby any Copyright may become invalidated.

(ii) The Debtor will not, and will not authorize any licensee to, do any act, or omit to do any act, whereby any Copyright may become injected into the public domain.

(iii) The Debtor will notify the Bank immediately if it knows that any Copyright may become injected into the public domain or of any adverse determination or development (including, without limitation, the institution of, or any such determination or development in, any court or tribunal in the United States or any political subdivision thereof) regarding the Debtor's ownership of any such Copyright or its validity, if such event could, whether singly or in the aggregate, have a material adverse effect on the financial condition of the Debtor.

(iv) The Debtor shall provide the Bank with prompt notice if it intends to acquire or register a Copyright after the date hereof and upon such acquisition or registration, shall provide the Bank with a document confirming the Bank's security interest in such Copyright, duly executed and in proper form for filing in the United States Copyright Office or other applicable United States governmental authority. Upon request of the Bank, the Debtor shall execute and deliver any and all additional agreements, instruments, documents, and papers as the Bank may reasonably require to confirm the Bank's security interest in such Copyrights, and the Debtor hereby constitutes the Bank its attorney-in-fact solely to file all such writings for the foregoing purposes, all lawful acts of such attorney being hereby ratified and confirmed; such power being coupled with an interest in irrevocable until the Secured Obligations have been fully satisfied.

(v) The Debtor will take all necessary steps, as it shall deem appropriate under the circumstances, in accordance with its reasonable business judgment, to maintain and pursue each application filed (and to obtain the relevant registration) and to maintain to the extent permitted by law each registration of each Copyright owned by the Debtor including, without limitation, filing of applications for renewal, where necessary.

(vi) The Debtor will promptly notify the Bank of any material infringement of any Copyright owned by it of which it becomes aware and will take such actions

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as it shall reasonably deem appropriate under the circumstances to protect such Copyright, including, where appropriate in accordance with its reasonable business judgment, the bringing of suit or the settling of actual or potential suits for infringement, seeking injunctive relief and seeking to recover any and all damages for such infringement.

E. Information and Inspection. The Debtor shall (i) promptly furnish the Bank any information with respect to the Collateral reasonably requested by the Bank which the Debtor is able to secure; (ii) allow the Bank or its representatives to inspect and copy, or furnish the Bank or its representatives with copies of, all records in the Debtor's possession relating to the Collateral and the Secured Obligations and (iii) promptly furnish the Bank or its representatives such information as the Bank may reasonably request to identify Collateral, at the time and in the form reasonably requested by the Bank.

F. Additional Documents. The Debtor will, from time to time and at the expense of the Debtor, promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary, or that the Bank may reasonably request, in order to perfect and protect any pledge, assignment or security interest granted or purported to be granted hereby or to enable the Bank to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, the Debtor will: (i) if any Collateral shall be evidenced by a promissory note or other instrument, deliver and pledge to the Bank such note or instrument duly endorsed and accompanied by duly executed instruments of transfer or assignment, all in form and substance reasonably satisfactory to the Bank; and (ii) execute and file such financing or continuation statements, or amendments thereto, and such other instruments or notices, as may be necessary, or as the Bank may reasonably request, in order to perfect and preserve the pledge, assignment and security interest granted or purported to be granted hereby.

G. Payments Under Administration Agreements.

(i) The Debtor agrees, and has effectively so instructed each other party to each Assigned Agreement, that certain payments previously agreed with the Bank due or to become due to it under or in connection with such Administration Agreement shall be made directly to the Cash Collateral Account.

(ii) Except as set forth in Section 13, all moneys received or collected pursuant to paragraph (i) above shall be applied as set forth in Section 9.

H. Reports of Collateral. The Debtor at all times shall maintain accurate books and records covering the Collateral. The Debtor immediately will mark all books and records with an entry showing the absolute assignment of all Collateral to the Bank and the Bank is hereby given the right to audit the books and records of the Debtor relating to Collateral at any time and from time to time during normal business hours at the place where such books and records are maintained and only upon reasonable prior notice. The amounts shown as owed to the Debtor on the Debtor's books and on any assignment schedule will be the undisputed amounts owing and unpaid:

I. Disposition of Collateral. The Debtor shall not (i) sell, assign (by operation of law or otherwise) or otherwise dispose of, or grant any option with respect to, any of the Collateral, provided that the Debtor may make dispositions of Collateral permitted by Section 6.A. of the Loan Agreement, (ii) create or permit to exist any lien, security interest, option or other charge or encumbrance upon or with respect to any of the Collateral, other than Permitted Liens and liens permitted to be incurred by paragraph (3) of Section 12.B. of the

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Guaranty or (iii) amend or modify any of the agreements or instruments creating or evidencing the Sony Lien or the Sony Signatures Lien so as to increase the amount of such obligations over the amount thereof outstanding on the date of this Agreement.

J. Change of Name/Status and Notice of Changes. The Debtor shall keep its chief place of business at the location therefor specified above or, upon 30 days' prior written notice to the Bank, at any other locations in a jurisdiction where all actions required by Section 11.F shall have been taken.

K. Power of Attorney. The Debtor appoints the Bank and any officer thereof as the Debtor's attorney-in-fact with full power in the Debtor's name and behalf to, from time to time after the occurrence and during the continuance of a Default, do every act which the Debtor is obligated to do or may be required to do hereunder and which the Debtor has not performed when reasonably required hereby; provided, however, that nothing in this paragraph shall be construed to obligate the Bank to take any action hereunder nor shall the Bank be liable to the Debtor for failure to take any action hereunder. This appointment shall be deemed a power coupled with an interest and shall not be terminable as long as the Secured Obligations are outstanding and shall not terminate on the termination or liquidation of the Debtor. If the Bank performs or causes the performance of any agreement of the Debtor hereunder, the expenses of the Bank incurred in connection therewith shall be payable by the Debtor and copies of all documents executed by the Bank pursuant hereto shall be provided to the Debtor by the Bank.

12. Rights and Powers of the Bank. The Bank, after the occurrence and during the continuance of a Default, without liability to the Debtor may: obtain from any person information regarding the Debtor or the Debtor's business, which information any such person also may furnish without liability to the Debtor; endorse as the Debtor's agent any instruments, documents or chattel paper in Collateral, if any, or representing proceeds of Collateral; contact account debtors directly solely to verify information furnished by the Debtor; take control of proceeds; release Collateral in its possession to the Debtor, temporarily or otherwise; require additional Collateral; reject as unsatisfactory any property hereafter offered by the Debtor as Collateral; set standards from time to time to govern what may be used as after acquired Collateral; and take control of funds generated by the Collateral, such as cash dividends, interest and proceeds or refunds from insurance, and use same to reduce any part of the Secured Obligations and exercise all other rights which an owner of such Collateral may exercise, except the right to vote or dispose of Collateral before an Event of Default and after an Event of Default any right not described in Section 13 below. The Bank shall not be liable for failure to collect any account or instruments, or for any act or omission on the part of the Bank, its officers, agents or employees, except for its or their own willful misconduct or gross negligence. The foregoing rights and powers of the Bank will be in addition to, and not a limitation upon, any rights and powers of the Bank given by law.

13. Remedies. If any Event of Default shall have occurred and be continuing:

A. The Bank may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party on default under the UCC in effect in the State of New York at that time (the "Code") (whether or not the Code applies to the affected Collateral), and also may (i) require the Debtor to, and the Debtor hereby agrees that it will at its expense and upon request of the Bank forthwith, assemble all or part of the documents evidencing the Collateral as directed by the Bank and make it available to the Bank at a place to be designated by the Bank which is reasonably convenient to the parties and (ii) without notice except as

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specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any of the Bank's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Bank may deem commercially reasonable, subject to all existing rights of third parties. The Debtor agrees that, to the extent notice of sale shall be required by law, at least ten days' notice to the Debtor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Bank shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Bank may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

B. Any cash held by the Bank as Collateral and all cash proceeds received by the Bank in respect of any sale of, collection from, or other realization upon all or any part of the Collateral may, in the discretion of the Bank, be held by the Bank as collateral for, and/or then or at any time thereafter be applied (after payment of any amounts payable to the Bank pursuant to Section 14) in whole or in part by the Bank against, all or any part of the Secured Obligations in such order as the Bank shall elect. Any surplus of such cash or cash proceeds held by the Bank and remaining after payment in full of all the Secured Obligations shall be paid over to the Debtor or to whomsoever may be lawfully entitled to receive such surplus.

C. The Bank may exercise any and all rights and remedies of the Debtor under or in connection with the Administration Agreements or otherwise in respect of the Collateral, including, without limitation, any and all rights of the Debtor to demand or otherwise require payment of any amount under, or performance of any provision of, the Operating Agreement, but limited in all respects to the rights of the Bank in the Collateral conveyed hereby.

D. All payments hereafter received by the Debtor under or in connection with any Administration Agreement or otherwise in respect of the Collateral shall be received in trust for the benefit of the Bank, shall be segregated from other funds of the Debtor and shall be forthwith paid over to the Bank in the same form as so received (with any necessary endorsement).

E. The Bank may, without notice to the Debtor except as required by law and at any time or from time to time, charge, set-off and otherwise apply all or any part of the Secured Obligations against the Minimum Interest Reserve Account, the Cash Collateral Account or the Investment Account or any part of either thereof.

14. Indemnity and Expenses.

A. Indemnity. The Debtor agrees to indemnify the Bank from and against any and all claims, losses and liabilities (including reasonable outside attorneys' fees) growing out of or resulting from this Agreement (including, without limitation, enforcement of this Agreement), except claims, losses or liabilities resulting from the Bank's gross negligence or willful misconduct.

B. Expenses. The Debtor will upon demand pay to the Bank the amount of any and all reasonable expenses, including the reasonable fees and expenses of its outside counsel and of any experts and agents, which the Bank may incur in connection with (i) lien and copyright searches conducted with respect to the Collateral, (ii) fees and other costs incurred in connection with filings made with respect to the Collateral, (iii) the administration of this Agreement, (iv) the custody, preservation, use or operation of, or the sale of,

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collection from, or other realization upon, any of the Collateral, (iv) the exercise or enforcement of any of the rights of the Bank hereunder or (v) the failure by the Debtor to perform or observe any of the provisions hereof.

15. **General.**

A. **Parties Bound.** The Bank's rights hereunder shall inure to the benefit of its successors and assigns. In the event of any assignment or transfer by the Bank of any of the Secured Obligations or the Collateral, the Bank thereafter shall be fully discharged from any responsibility with respect to the Collateral so assigned or transferred, but the Bank shall retain all rights and powers hereby given with respect to any of the Secured Obligations or Collateral not so assigned or transferred. All representations, warranties and agreements of the Debtor shall be binding upon the successors and assigns of the Debtor.

B. **Waiver.** No delay of the Bank in exercising any power or right shall operate as a waiver thereof; nor shall any single or partial exercise of any power or right preclude other or further exercise thereof or the exercise of any other power or right. No waiver by the Bank of any right hereunder or of any default by the Debtor shall be binding upon the Bank unless in writing, and no failure by the Bank to exercise any power or right hereunder or waiver of any default by the Debtor shall operate as a waiver of any other or further exercise of such right or power or of any further default. Each right, power and remedy of the Bank as provided for herein or in any of the Loan Documents, or which shall now or hereafter exist at law or in equity or by statute or otherwise, shall be cumulative and concurrent and shall be in addition to every other such right, power or remedy. The exercise or beginning of the exercise by the Bank of any one or more of such rights, powers or remedies shall not preclude the simultaneous or later exercise by the Bank of any or all other such rights, powers or remedies.

C. **Agreement Continuing.** This Agreement shall constitute a continuing agreement and shall remain in full force and effect until the payment in full in cash of all Secured Obligations, upon which the Bank shall promptly execute and deliver instruments and documents, and take such other action, as may be reasonably necessary to evidence the termination of this Agreement. Provisions of this Agreement, unless by their terms exclusive, shall be in addition to other agreements between the parties. Time is of the essence of this Agreement.

D. **Notices.** Notice shall be deemed reasonable if mailed postage prepaid at least five (5) days before the related action (or if the UCC elsewhere specifies a longer period, such longer period) to the address of the Bank or the Debtor given above, or to such other address as any party may designate by written notice to the other party. A copy of each notice to the Debtor shall be sent to each of the addresses set forth in Section 9 of the Loan Agreement. Each notice, request and demand shall be deemed given or made, if sent by mail, upon the earlier of the date of receipt or five (5) days after deposit in the U.S. Mail, first class postage prepaid, or if sent by any other means, upon delivery.

E. **Amendments.** No provision hereof shall be amended, modified or limited except by a written agreement expressly referring hereto and to the provisions to be amended, modified or limited and signed by the Debtor and the Bank. The provisions of this Agreement shall not be amended, modified or limited by course of conduct or usage of trade.

F. **Applicable Law and Partial Invalidation.** This Agreement has been delivered in the State of New York and shall be construed in accordance with the laws of that State.

Doc# HTX: 03461.4

Wherever possible each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Agreement. The invalidity or unenforceability of any provision of any Loan Document to any person or circumstance shall not affect the enforceability or validity of such provision as it may apply to other persons or circumstances.

G. Financing Statement. To the extent permitted by applicable law, a carbon, photographic or other reproduction of this Agreement or any financing statement covering the Collateral shall be sufficient as a financing statement.

H. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be considered to be an original and all of which taken together shall constitute one and the same instrument.

I. WAIVER OF JURY TRIAL. EACH OF THE BANK AND THE DEBTOR HEREBY IRREVOCABLY WAIVES ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED UPON CONTRACT, TORT OR OTHERWISE), WHETHER AT LAW OR EQUITY, BROUGHT BY ANY PARTY AGAINST ANY OTHER ON MATTERS ARISING OUT OF OR IN ANY WAY RELATED TO OR CONNECTED WITH THIS AGREEMENT, THE OTHER LOAN DOCUMENTS OR ANY TRANSACTION CONTEMPLATED BY, OR ANY ACTION OR INACTION BY ANY PARTY UNDER THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS.

J. NOTICE OF FINAL AGREEMENT. THIS WRITTEN SECURITY AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

K. Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of New York without regard to conflict of laws provisions.

Doc#: NYS: 03481.6

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be duly executed under seal by their duly authorized representatives as of the date first above written.

BANK/SECURED PARTY:

BANK OF AMERICA, N.A.

By: _____
Name:
Title:

DEBTOR/PLEDGOR:

MJ PUBLISHING TRUST

By: _____
Name: John Branca
Title: Co-Trustee

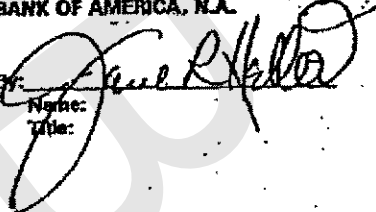
By: _____
Name: Myung-Ho Lee
Title: Co-Trustee

Doc# NY5: 434616

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be duly executed under seal by their duly authorized representatives, as of the date first above written.

BANK/SECURED PARTY:

BANK OF AMERICA, N.A.

By: 
Name:
Title:

DEBTOR/PLEDGOR:

MJ PUBLISHING TRUST

By: _____
Name: John Branca
Title: Co-Trustee

By: _____
Name: Myung-Ho Lee
Title: Co-Trustee

Doc# NY2 430613

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be duly executed under seal by their duly authorized representatives as of the date first above written.

BANK/SECURED PARTY:

BANK OF AMERICA, N.A.

By: _____
Name:
Title:

DEBTOR/PLEDGOR:

MJ PUBLISHING TRUST

By: _____
Name: John Branca
Title: Co-Trustee

By: _____
Name: Myung Ho Lee
Title: Co-Trustee