

**FORTRESS CREDIT CORP.  
1345 AVENUE OF THE AMERICAS  
46<sup>TH</sup> FLOOR  
NEW YORK, NEW YORK 10105**

February 14, 2006

Michael J. Jackson  
Neverland Valley Ranch  
5225 Figueroa Mountain Road  
Los Olivos, CA 93441  
(by Courier and by Facsimile, c/o Al Shahama Palace, 011-971-25629053)

MJ Publishing Trust and MJ-ATV Publishing Trust

Mr. Jackson:

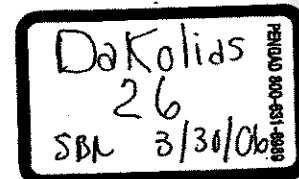
Reference is made to that certain Letter Agreement, dated as of December 20, 2005 (as amended, modified, restated and/or supplemented from time to time, the "Forbearance Agreement"), among Michael J. Jackson ("MJ"), MJ Publishing Trust ("MJPT"), MJ-ATV Publishing Trust ("MJ-ATV") and, together with MJ and MJPT, the "Borrower Parties"), Fortress Music Trust I ("FMT I"), Fortress Music Trust II ("FMT II") and Fortress Music Trust III ("FMT III") together with FMT I and FMT III, the "Lenders", pursuant to which the Lenders agreed to forbear during the Forbearance Period from taking any enforcement action based on defaults existing as of December 20, 2005 with respect to the MJPT Facility and the MJ-ATV Facility until January 19, 2006, which Forbearance Period was extended until February 18, 2006 pursuant to the terms thereof. Terms defined in the Forbearance Letter shall have the same meaning when used in this letter.

Pursuant to that certain letter, dated February 1, 2006, from Borrower Parties to Lenders, Borrower Parties have notified Lenders of a Competing Offer from Citigroup Global Markets Inc. ("CGMI"), to effect a Competing Transaction (the "Citigroup Competing Offer"). Attached as Exhibit A to such letter is a fully executed copy of the Citigroup Competing Offer (as certified by each of Borrower Parties).

Fortress Credit Corp. ("FCC"), on behalf of Fortress (as defined below), is pleased to inform you that FCC hereby matches the Citigroup Competing Offer and commits to provide the entire principal amount of the Refinancing and to act as Administrative Agent for the Refinancing, subject to the terms and conditions described in this letter agreement and the attached Exhibit A (collectively, this "Commitment Letter"). Pursuant to the terms of the Forbearance Agreement and the Right of Last Offer described therein, you now have no right to accept the Citigroup Competing Offer.

For purposes of this Commitment Letter, "Fortress," "we" or "us" shall mean FCC, and/or any of its affiliates as may be appropriate to provide the services contemplated herein. Capitalized terms used in this letter agreement but not defined herein shall have the meanings given to them in Exhibit A hereto.

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Section 1. Conditions Precedent. Fortress' commitment hereunder is subject to:

- (a) the accuracy and completeness in all material respects of all representations that MJ and MJ's representatives, and SMB and SME's affiliates, make to Fortress and all information that MJ and MJ's representatives, and SME and SME's affiliates, furnish to Fortress;
- (b) MJ's compliance in all material respects with the terms of this Commitment Letter, including, without limitation, the payment in full of all fees, expenses and other amounts payable under this Commitment Letter;
- (c) Fortress' satisfaction in all material respects with the results of its confirmatory due diligence investigation (including, without limitation, such diligence regarding litigation) of MJ Publishing Trust, MJ-ATV Publishing Trust, SME, SMP and Sony/ATV Music Publishing LLC, and of the MJAC Catalog and the MJ-ATV Interest, including, without limitation, face-to-face discussions between representatives and officers of FCC and MJ; and
- (d) Fortress not becoming aware after the date hereof of any information not previously known to Fortress that is inconsistent in a material and adverse manner and that relates to the Refinancing with the information (taken as a whole) disclosed to Fortress prior to the date hereof.

Section 2. Commitment Termination. Fortress' commitment hereunder will terminate on the earliest of (A) 5:00 p.m. New York City time on March 2, 2006, (B) the date the Loan Documents become effective, and (C) the date on which MJ terminates this Commitment Letter upon written notice to FCC (such earliest date, the "Termination Date").

Section 3. Syndication. Fortress reserves the right, before or after the execution of the Loan Documents, to syndicate all or a portion of its commitment to one or more other financial institutions that will become parties to the Loan Documents pursuant to a syndication to be managed by FCC (the financial institutions becoming parties to the Loan Documents being collectively referred to herein as the "Lenders"). MJ understands that FCC may elect to appoint one or more agents reasonably acceptable to MJ to assist it in such syndication efforts. FCC will manage all aspects of the syndication in consultation with MJ, including the timing of all offers to potential Lenders (which, except for commercial banks other than Bank of America, N.A. and its affiliates, shall be reasonably acceptable to MJ), the determination of the amounts offered to potential Lenders, the acceptance of commitments of the Lenders and the compensation to be provided to the Lenders.

You shall take all actions that FCC may reasonably request to assist FCC in forming a syndicate reasonably acceptable to FCC. MJ's assistance in forming such a syndicate shall include but not be limited to: (i) making your representatives and advisors available to participate in information meetings with potential Lenders at such times and places as FCC may reasonably request; (ii) using your commercially reasonable efforts to ensure that the syndication efforts benefit from your existing lending relationships; (iii) assisting (including using your commercially reasonable efforts to cause your affiliates and advisors to assist) in the preparation

of a confidential information memorandum for the Refinancing and other marketing materials to be used in connection with the syndication; (iv) providing FCC with all projections, including updated projections, from time to time reasonably requested by FCC from the date of this Commitment Letter through the successful completion of the syndication of the Refinancing and (v) promptly providing FCC with all information reasonably deemed necessary by it to successfully complete the syndication.

Fortress will act as the sole Administrative Agent and Collateral Agent for the Refinancing and FCC will act as sole lead arranger, sole book runner and sole syndication agent. No additional agents, co-agents or arrangers will be appointed, or other titles conferred, without your and Fortress' consent. You agree that no Lender will receive any compensation of any kind for its participation in the Refinancing, except as expressly agreed by the parties hereto.

**Section 4. Fees; Right of Last Offer.** In addition to the fees described in Exhibit A and any other fees owed by any of the Borrower Parties to Lenders under any other agreement, MJ shall pay (or cause to be paid) a non-refundable fee of \$1,000,000 if (a) Fortress' commitments hereunder terminate as a result of MJ's failure to sign this Commitment Letter and return it to Fortress and its counsel as described below, (b) MJ terminates this Commitment Letter pursuant to Section 2(C) above, or (c) the Refinancing is not consummated for any other reason on or before the Termination Date other than by reason of the failure by FCC to fund the Refinancing at closing even though all the conditions of funding are satisfied. Without limiting any of Fortress' other rights under the Forbearance Agreement, or otherwise, if Fortress' commitments hereunder terminate for any reason, any other Competing Offer that you receive will be subject to the Right of Last Offer described in the Forbearance Agreement and Lenders will have all rights and remedies under the Covered Agreements (as defined in the Forbearance Agreement).

**Section 5. Indemnification.** MJ shall indemnify and hold harmless Fortress, each Lender and each of their respective affiliates and each of their respective officers, directors, employees, agents, advisors and representatives (each, an "Indemnified Party") from and against any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees and disbursements of counsel), that may be incurred by or asserted or awarded against any Indemnified Party (including, without limitation, in connection with, any investigation, litigation or proceeding or the preparation of any defense in connection therewith) in each case arising out of or in connection with or by reason of this Commitment Letter or the Loan Documents or the transactions contemplated hereby or thereby or any actual or proposed use of the proceeds of the Refinancing, except to the extent such claim, damage, loss, liability or expense is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or willful misconduct. In the case of an investigation, litigation or proceeding to which the indemnity in this paragraph applies, such indemnity shall be effective, whether or not such investigation, litigation or proceeding is brought by MJ, or any of his affiliates or representatives, or, any of his security holders or creditors, an Indemnified Party or any other person, or an Indemnified Party is otherwise a party thereto and whether or not the transactions contemplated hereby are consummated.

No Indemnified Party shall have any liability (whether in contract, tort or otherwise) to MJ or SME or any of his or its affiliates or representatives, or any of his or its security holders or creditors, for or in connection with the transactions contemplated hereby, except to the extent

such liability is determined in a final, non-appealable judgment by a court of competent jurisdiction to have resulted primarily from such Indemnified Party's gross negligence or willful misconduct. In no event, however shall any Indemnified Party be liable on any theory of liability for any special, indirect, consequential or punitive damages (including, without limitation, any loss of profits, business or anticipated savings).

**Section 6. Costs and Expenses; Indemnity.**

(a) MJ shall pay, from time to time upon request, Fortress's out-of-pocket expenses, including the reasonable fees and expenses of its legal counsel, incurred by Fortress before and after the date of this letter in connection with the Refinancing, whether or not the Refinancing is consummated, on the following basis:

(i) Fortress's legal fees and expenses up to a maximum amount of \$500,000; provided, however, that if the Refinancing is consummated, all the reasonably itemized fees and expenses referred to in this letter shall be payable from the proceeds of the Refinancing; and

(ii) all Fortress's other reasonable and itemized fees and expenses up to a maximum amount of another \$100,000; provided, however, that air travel expenses must be approved in advance by you (acting reasonably).

(b) MJ shall also pay all costs and expenses of Fortress (including, without limitation, the reasonable fees and disbursements of counsel) incurred in connection with the enforcement of any of its rights and remedies hereunder.

**Section 7. Confidentiality.** By accepting delivery of this Commitment Letter, MJ agrees that this Commitment Letter is for MJ's confidential use only and that neither its existence nor the terms hereof will be disclosed by MJ to any person other than the officers, employees, accountants, attorneys and other representatives (the "Representatives") of MJ, and then only on a confidential and "need to know" basis in connection with the transactions contemplated hereby with Fortress. Notwithstanding the foregoing, following MJ's acceptance of the provisions hereof and his return of an executed counterpart of this Commitment Letter to Fortress as provided below, (i) MJ may disclose this Commitment Letter to CGMI, (ii) MJ may disclose this Commitment Letter to his officers, employees, accountants, attorneys and other legal advisors on a confidential and "need to know" basis in connection with the Refinancing, (iii) MJ may file a copy of any portion of this Commitment Letter in any public record in which it is required by law to be filed and (iv) MJ may make such other public disclosures of the terms and conditions hereof as MJ is required by law, in the opinion of his counsel, to make. Notwithstanding any other provision in this Commitment Letter, Fortress hereby confirms that MJ and the Representatives shall not be limited from disclosing the U.S. tax treatment or U.S. tax structure of the Refinancing.

**Section 8. Representations and Warranties.** MJ represents and warrants that (a) all information (other than financial projections), when taken as a whole, that has been or will hereafter be made available to Fortress, any Lender or any potential Lender by or on behalf of MJ or any of his representatives or affiliates in connection with the Refinancing is and will be

complete and correct in all material respects and, when taken as a whole, does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not misleading in light of the circumstances under which such statements were or are made and (b) all financial projections, if any, that have been or will be prepared by or on behalf of MJ or any of his representatives or affiliates (including, without limitation, Sony/ATV Music Publishing LLC) and made available to Fortress, any Lender or any potential Lender have been or will be prepared in good faith based upon reasonable assumptions (it being understood that such projections are subject to significant uncertainties and contingencies, many of which are beyond MJ's control, and no assurance can be given that the projections will be realized). MJ agrees to supplement the information and projections from time to time until the Loan Documents become effective so that the representations and warranties contained in this paragraph remain correct on the date thereof.

In providing this Commitment Letter and in arranging the Refinancing, Fortress is relying on the accuracy of the information furnished to it by or on behalf of MJ and his affiliates and representatives without independent verification thereof.

**Section 9. No Third Party Reliance, Etc.** The agreements of Fortress hereunder and of any Lender that issues a commitment to provide financing under the Refinancing are made solely for the benefit of MJ and may not be relied upon or enforced by any other person. Please note that those matters that are not covered or made clear herein are subject to mutual agreement of the parties. MJ may not assign or delegate any of his rights or obligations hereunder without Fortress' prior written consent. This Commitment Letter may not be amended or modified, or any provision hereof waived, except by a written agreement signed by all parties hereto.

MJ hereby acknowledges that Fortress is acting pursuant to a contractual relationship on an arm's length basis, and the parties hereto do not intend that Fortress act or be responsible as a fiduciary to MJ, his stockholders, creditors or any other person. Each of MJ and Fortress hereby expressly disclaims any fiduciary relationship and agrees they are each responsible for making their own independent judgments with respect to any transactions entered into between them. MJ also hereby acknowledges that Fortress has not advised and is not advising MJ as to any legal, accounting, regulatory or tax matters or financial structuring or valuation, and that MJ is consulting his own advisors concerning such matters to the extent MJ deems appropriate.

MJ acknowledges that Fortress and/or one or more of its affiliates may provide financing, equity capital, financial advisory and/or other services to parties whose interests may conflict with MJ's interests. Consistent with Fortress' policy to hold in confidence the affairs of its customers, neither Fortress nor any of its affiliates will furnish confidential information obtained from MJ or his affiliates to any of Fortress' other customers. Furthermore, neither Fortress nor any of its affiliates will make available to MJ confidential information that Fortress obtained or may obtain from any other person.

**Section 10. Governing Law, Etc.** This Commitment Letter shall be governed by, and construed in accordance with, the law of the State of New York. Without limiting Fortress' rights or Borrower Parties' obligations under the Forbearance Agreement, this Commitment Letter sets forth the entire agreement among the parties with respect to the matters addressed herein and supersedes all prior communications, written or oral, with respect hereto. This

Commitment Letter may be executed in any number of counterparts, each of which, when so executed, shall be deemed to be an original and all of which, taken together, shall constitute one and the same Commitment Letter. Delivery of an executed counterpart of a signature page to this Commitment Letter by telecopier shall be as effective as delivery of a manually executed counterpart of this Commitment Letter. Sections 4 through 8, 10 and 11 hereof shall survive the termination of Fortress' commitment hereunder, provided that the provisions of Section 5 through 8 shall be superseded by the related provisions contained in the Transaction Documents upon the effectiveness thereof. MJ acknowledges that information and documents relating to the Refinancing may be transmitted through Intralinks, the internet or similar electronic transmission systems.

Section 11. Waiver of Jury Trial, Etc. Each party hereto irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Commitment Letter or the transactions contemplated hereby or the actions of the parties hereto in the negotiation, performance or enforcement hereof.

With respect to all matters relating to this Commitment Letter and Exhibit A, you hereby irrevocably (i) submit to the non-exclusive jurisdiction of any New York State or Federal court sitting in the State of New York, County of New York, and any appellate court from any thereof, (ii) agree that all claims related hereto may be heard and determined in such courts, (iii) waive, to the fullest extent you may effectively do so, the defense of an inconvenient forum, (iv) agree that a final judgment of such courts shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law and (v) waive any immunity (sovereign or otherwise) from jurisdiction of any court or from any legal process or setoff to which you or your properties or assets may be entitled.

Section 12. Patriot Act. Fortress hereby notifies you that pursuant to the requirements of the USA Patriot Act, Title III of Pub. L. 107-56 (signed into law October 26, 2001) (the "Patriot Act"), Fortress and the Lenders are required to obtain, verify and record information that identifies the Trust, which information includes the name, address, tax identification number and other information regarding the Trust that will allow Fortress or such Lender to identify the Trust in accordance with the Patriot Act. This notice is given in accordance with the requirements of the Patriot Act and is effective as to Fortress and the Lenders.

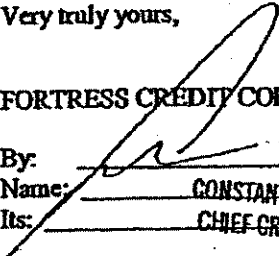
Please indicate your acceptance of the provisions hereof by signing the enclosed copy of this Commitment Letter and returning it to Daniel Gropper, Fortress Investment Group, 1345 Avenue of the Americas, 46<sup>th</sup> Floor, New York, NY 10105 (fax: 212-798-6099) with copy to Marc L Hayutin and Edward C. Prokop, Sidley Austin LLP, 555 West Fifth St., Suite 4000, Los Angeles, CA 90013 (fax: 213-896-6600) at or before 8:00 p.m. (New York City time) on February 17, 2006, the time at which Fortress' commitments hereunder (if not so accepted prior thereto) will terminate.

[Signature Page Follows]

If MJ elects to deliver this Commitment Letter by telecopier, please arrange for the executed original to follow by next-day courier.

Very truly yours,

FORTRESS CREDIT CORP.

By:   
Name: CONSTANTINE BAKOLAS  
Its: CHIEF CREDIT OFFICER

Accepted and agreed to as of  
the date first written above:

Michael J. Jackson

cc: MJ-ATV Publishing Trust  
c/o Bernstein, Fox, Whitman & Company, LLP  
2029 Century Park East, Suite 500  
Los Angeles, CA 90067  
Attention: Allan L. Whitman  
(By facsimile: 310-785-9035)

MJ Publishing Trust  
c/o Bernstein, Fox, Whitman & Company, LLP  
2029 Century Park East, Suite 500  
Los Angeles, CA 90067  
Attention: Allan L. Whitman  
(By facsimile: 310-785-9035)

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(by Electronic Mail, [JSchwab@paulweiss.com](mailto:JSchwab@paulweiss.com))



ILLUSTRATIVE SUMMARY  
OF TERMS AND CONDITIONS

**I. Principal Parties to the Transaction**

Michael Jackson: "MJ"  
Sony Corporation of America: "Sony"  
Sony Music Entertainment Inc.: "SME"  
Sony Music Publishing,  
a division of SME: "SMP"  
Fortress Credit Corp. "FCC"

**Trust:**

MJ/Sony Music Trust, a newly organized Delaware statutory trust (the "*Trust*"), will be formed to hold (i) the musical publishing catalog currently owned by MJ Publishing Trust (the "*MJAC Catalog*") and (ii) the economic interest (the "*Pledged Interest*", and together with the MJAC Catalog, the "*Trust Assets*") in the 50% interest of Sony/ATV Music Publishing LLC ("*Sony/ATV*"), currently owned by MJ-ATV Publishing Trust (such 50% interest being the "*MJ-ATV Interest*"). MJ Publishing Trust will contribute or sell to the Trust the MJAC Catalogue in exchange for a beneficial interest in the Trust and MJ-ATV Publishing Trust will contribute or sell to the Trust the MJ-ATV Interest in exchange for a beneficial interest in the Trust.

Following its capitalization, the Trust will borrow \$300 million from FCC (the "*Trust Loan*"). Proceeds from the Trust Loan will be distributed to the Trust Beneficiaries referred to below in such a way as to (i) repay the existing indebtedness of each of the Trust Beneficiaries (estimated to be \$276 million), (ii) fund the Reserve described below (estimated to be at least \$13.5 million), (iii) pay fees and expenses (estimated to be \$5.5 million), and (iv) provide the Trust Beneficiaries \$3 million for use in their discretion; with any remaining proceeds from the Trust Loan to be deposited in a separate escrow account (the "*Escrow Account*") to be held by the Trust as Collateral as specified under "*Escrow Account*" below.

For tax purposes, the Trust will be a pass-through entity.

The Trustee will be appointed to act as trustee of the Trust and perform certain trustee duties.

**Trust Beneficiaries**

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<b>MJ Publishing Trust:</b>	MJ Publishing Trust is a Delaware trust beneficially owned by MJ. MJ Publishing Trust currently owns the MIJAC Catalog.
<b>MJ-ATV Publishing Trust:</b>	MJ-ATV Publishing Trust is a Delaware trust beneficially owned by MJ. Its sole current asset is the MJ-ATV Interest.
<b>Sony/ATV Music Publishing LLC:</b>	Sony/ATV is a Delaware limited liability company and is a 50-50 joint venture between several Sony entities and MJ-ATV Publishing Trust. Sony/ATV holds music publishing rights.
<b>MIJAC Music Catalog:</b>	The MIJAC Catalog consists of the music publishing rights to songs from MJ and various other artists, which are currently administered by Warner/Chappell.
<b>Management of the Trust Assets:</b>	<p>Sony/ATV and the music-publishing rights owned by it, will continue to be managed in accordance with the current Operating Agreement of Sony/ATV and the related Services Agreement between Sony/ATV, SMP, SMB and Sony (the "<i>Services Agreement</i>").</p> <p>The MIJAC Catalog will continue to be administered under existing administration agreements by Warner/Chappell (for which Sony/ATV may be substituted upon notice to, but without consent of, the Lender).</p>
<b>Trustee:</b>	An independent third-party trustee, to be determined.
<b>Representations and Warranties by MJ:</b>	<p>MJ will represent and warrant, among other things, as follows:</p> <ul style="list-style-type: none"><li>• MJ is entering into this transaction with full knowledge and understanding of this transaction, and, in that connection, has been advised with respect to this transaction by White &amp; Case LLP (the "<i>Independent Counsel</i>").</li><li>• MJ has had all of the material terms of the material documents of this transaction explained to him by the Independent Counsel.</li><li>• MJ understands that, in any liquidation or foreclosure of the Trust Assets pledged to secure the Trust Loan, MJ would lose all or part of his interest in the MIJAC Catalog and the MJ-ATV Interest.</li></ul>
<b>Agreement Regarding Guaranteed Advances:</b>	SMP and the Trust will cause Sony/ATV to pay to the Trust in immediately available funds on or before the Maturity Date, as an addition to, and as part of, MJ's Guaranteed Advance under the Operating Agreement of Sony/ATV, for deposit in the Reserve described below, the following amount in each year: the first time in each year that the Amount (as defined below) of the Reserve described below is less than the Minimum Reserve set forth below, an

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amount equal to \$2 million (such payment in any year being the "\$2 Million Payment" for such year), provided that such payment obligation will be limited to \$2 million per year and will not exceed in the aggregate \$4 million (all of the foregoing, the "Agreement Regarding Guaranteed Advances").

**Trustee Notification:**

The Trustee will (i) five business days before the end of each month, notify MJ and SMP of the Amount of the Reserve and the amount of the accrued interest and other Transaction Amounts (as defined below) payable at the end of such month, and (ii) at the end of such month (such end being a "Shortfall Date"), if the Amount of the Reserve, giving effect to the application of the amounts in the Reserve to pay accrued interest and other Transaction Amounts, is less than the Minimum Reserve, notify MJ and SMP of such shortfall in the Amount of the Reserve and, if the \$2 Million Payment shall not have been made in such year, that the \$2 Million Payment is due and payable by Sony/ATV (caused by SMP and the Trust) within eight business days after such Shortfall Date.

**Escrow Account:**

The Escrow Account will be an escrow account of the Trust that will be part of the Collateral and will be used to fund (a) if the \$2 Million Payment shall not have been made in any year when due and payable, any shortfall in such year in the Amount of the Reserve below the Minimum Amount that shall exist eight business days after the Shortfall Date and (b) after the \$2 Million Payment shall have been made in any year, any subsequent shortfall in such year in the Amount of the Reserve below the Minimum Amount. MJ may contribute additional amounts to the Escrow Account at any time and from time to time.

**II. TRUST LOAN**

**Borrower:** Trust

**Lender:** FCC.

**Principal Amount:** \$300 million senior secured loan (the "Trust Loan").

**Use of Proceeds:** Proceeds from the Trust Loan will be distributed, for the benefit of the Trust Beneficiaries, for the uses set forth under "Trust" above.

**Maturity Date:** Two (2) years from the closing date.

**Interest Rate:** One-month LIBOR + 150 bps, payable monthly.

**Payments:** All payments to be made in connection with the transactions contemplated herein and the related documents shall be made in

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immediately available funds.

Reserve

The Reserve shall be a Trust account, pledged to the Lender as part of the Collateral, the amounts deposited in which shall be held and applied solely to pay accrued interest, the Trustee's fees and expenses, yield protection amounts, swap breakage (if any), and other amounts payable under the Transaction Documents (collectively, the "Transaction Amounts"). The "Amount" of the Reserve on any date will be the then credit balance of the Reserve plus the amount, if any, of the Guaranteed Advance that is payable by Sony/ATV under the Sony/ATV Operating Agreement within three months from such date.

Minimum Reserve:

The Minimum Reserve shall be \$9 million (subject to adjustments based on interest and swap rates at closing); provided that, if the \$2 Million Payment in any year shall not have been made during the first eleven months of such year, the Minimum Reserve shall, during the last month of such year, increase to, and be in the amount of, the Target Reserve (it being understood that throughout this Summary "year" means calendar year).

Target Reserve:

The Target Reserve shall be \$11 million at all times.

Collateral:

The Trust Loan will be secured by a security interest on all of the assets of the Trust, including:

- The MJAC Catalog;
- The Pledged Interest, including, without limitation, (i) the agreement by SMP to cause Sony/ATV under the Sony/ATV Operating Agreement to pay to the Trust in immediately available funds, for deposit into the Reserve, annual Guaranteed Advances (in the amount of \$6.5 million per year, at least so long as the Trust Loan shall be outstanding, but in no event beyond September 30, 2010), as set forth in the Sony/ATV Operating Agreement (such agreement by SMP being the "SMP Agreement"), and (ii) a guaranty of payment by Sony Global Treasury Services plc (the "Sony Guarantor") with respect to all amounts, if any, required to be advanced by SMP to Sony/ATV to permit compliance with (A) the SMP Agreement, and (B) the Agreement Regarding Guaranteed Advances, and in respect of all amounts payable by SME in respect of the Liquidation Offer (the "Sony Guaranty");
- The Reserve;
- The Escrow Account;

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- The Swap referred to below; and
- All other assets of the Trust including cash and cash equivalents held in the Trust bank account.

The collateral arrangement will include the following:

- The Transaction Documents will provide that the Trust will not create, incur or suffer to exist any additional debt of the Trust.
- Notwithstanding the foregoing, nothing contained herein or in the Transaction Documents will limit or otherwise restrict MJ, MJ-ATV Publishing Trust or any of their representatives' consent rights or Sony/ATV's business or operation, including Sony/ATV's ability to incur or repay any existing or future indebtedness or other amounts payable or distributable, so long as such incurrence, repayment, payment or distribution is otherwise permitted or authorized in accordance with the Sony/ATV Operating Agreement.

**Rank:**

The Trust Loan is a senior obligation of the Trust.

**No Recourse to Trust  
Beneficiaries:**

All principal and interest and all other obligations of the Trust under the Trust Loan shall be non-recourse to the Trust Beneficiaries.

**Voluntary  
Prepayments:**

The Trust Loan may be voluntarily prepaid at any time in part or in whole, subject to payment of associated breakage costs, if any.

**Conditions of Lending:**

Execution and delivery of the following transaction documents (the "*Transaction Documents*"):

- (i) a loan and security agreement;
- (ii) a Sony/ATV consent to the Refinancing and the transactions related thereto and (A) an agreement by Sony/ATV to pay to the Lender the Guaranteed Advances and any other amounts in respect of the Agreement Regarding Guaranteed Advances, (B) representations as to its financial statements and information and as to no material liens on its assets, and (C) an agreement to furnish its financial statements and information in accordance with MJ's instructions;
- (iii) a Sony consent by the Sony companies to the Refinancing and the transactions related thereto (A) an agreement by SMP to cause Sony/ATV to pay to the Lender the Guaranteed Advances, (B) the Agreement Regarding Guaranteed Advances, (C) the Liquidation Offer in connection with liquidation of the Trust Assets, (D) an agreement not to cancel or terminate the Sony/ATV Operating Agreement or

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amend or otherwise modify the Sony/ATV Operating Agreement to materially adversely affect the economic interest of the Pledged Interest, and (E) agreement with respect to syndication of the Trust Loan;

(iv) the Sony Guaranty;

(v) an MJ consent to the Refinancing and the transactions related thereto and (A) an instruction to Sony/ATV to furnish its financial statements and information, (B) representations as to no material liens on the MJAC Catalogue and (C) advance consent by MJ referred to under "Liquidation of Trust Assets" below;

(vi) a Warner/Chappell consent and agreement to the Refinancing and the transactions related thereto (or documents that are equivalent to such consent and agreement and that are reasonably acceptable to the Lender);

(vii) a BMI (Broadcast Music Incorporated) consent and agreement to the Refinancing and the transactions related thereto (or documents that are equivalent to such consent and agreement and that are reasonably acceptable to the Lender);

(viii) the trust agreement for the Trust;

(ix) the contribution/sale agreements by MJ Publishing Trust and MJ-ATV Publishing Trust in favor of the Trust; and

(x) the Sony/ATV Operating Agreement, the Services Agreement and any other agreement or documents referenced in the Sony/ATV Operating Agreement.

(b) Customary opinions, including:

(i) A favorable opinion of White & Case LLP that (i) the transfers of the Trust Assets to the Trust are true contributions or sales for bankruptcy purposes and (ii) the assets and liabilities of the Trust will not be substantively consolidated with the assets and liabilities of MJ or any of his affiliates in any bankruptcy of MJ or any of such affiliates;

(ii) a favorable opinion of Delaware counsel for the Trust covering the Trust and the Transaction Documents to which the Trust is a party; and

(iii) favorable opinions of counsel for, (A) MJ, MJ Publishing Trust and MJ-ATV Publishing Trust, (B) SME, SMP, Sony Guarantor, the other Sony companies and Sony/ATV, and (C) the Trust, in each case

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as to the Transaction Documents.

(c) Delivery of these supporting documents:

(i) evidence of authorizations for the Trust, the Trustee, Sony/ATV, the Sony companies, the Sony Guarantor, MJ Publishing Trust and MJ-ATV Publishing Trust (collectively, the "*Transaction Parties*");

(ii) evidence of incumbency and signatures of representatives of the Transaction Parties with respect to execution of the Transaction Documents; and

(iii) the documents necessary to perfect the security interests created under the loan and security agreement in the Collateral.

(d) Certification from the Independent Counsel that such counsel has explained the material terms and conditions of the Transaction Documents to MJ.

**Trust Loan Covenants:** The Trust will be subject to the following covenants:

- Trust dividends are not to be paid unless the Amount of the Reserve, giving effect to such dividends, is greater than \$25 million.
- The Trust shall maintain its existence separate and distinct from any other person, including:
  - (a) Maintaining in full effect its existence, rights and franchises as a trust, and obtaining and preserving its qualification to do business when necessary to protect the validity and enforceability of the Transaction Documents to which it is a party;
  - (b) Maintaining its own deposit accounts, separate from those of the Trust Beneficiaries and their respective affiliates;
  - (c) Conducting all material transactions between the Trust, on the one hand, and any of the Trust Beneficiaries or any of their affiliates, on the other hand, on an arm's-length basis;
  - (d) Allocating fairly and reasonably the cost of any shared office space with Trust Beneficiaries or any of their respective affiliates;
  - (e) Conducting its affairs separately from those of the Trust Beneficiaries and any of their respective affiliates and maintaining accurate and separate books, records and accounts and financial

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statements;

- (f) Acting solely in its own trust name and not that of any other person, including any of the Trust Beneficiaries or any of their respective affiliates and at all times use its own stationery, invoices and checks separate from those of the Trust Beneficiaries or any of their respective affiliates;
  - (g) Not holding itself out as having agreed to pay, or as being liable for, the obligations of the Trust Beneficiaries or any of their respective affiliates;
  - (h) Not commingling its assets with those of any other entity;
  - (i) Paying its own liabilities out of its own funds;
  - (j) Observing all trust formalities required by its trust agreement;
  - (k) Paying the salaries of its own employees (if any) and maintaining a sufficient number of employees in light of its contemplated business operations;
  - (l) Not acquiring obligations or securities of any Trust Beneficiary;
  - (m) Holding itself out as a separate entity;
  - (n) Correcting any known misunderstanding regarding its separate identity; and
  - (o) Not sharing any common logo with or identifying itself as a department or division of any Trust Beneficiary or any of its affiliates.
- Quarterly unaudited, and annual audited, financial statements for the Trust, to be delivered after underlying information is provided by Warner Chappell and Sony/ATV.
  - Ability for the Lender to perform audits of Trust operations and request Trust information.
  - No debt or guaranties of Trust; and no material changes to provisions in the Transaction Documents.
  - No sale, transfer, pledge or encumbrance of any asset of the Trust without the approval of the Lender (does not include MJAC Catalog administration rights as indicated above or Sony Purchase Option described below).

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- No Trust indebtedness other than the Trust Loan and accounts payable in respect of administrative services in the ordinary course.
- Comply with all applicable laws and the Trust Agreement.
- Pay (i) all taxes imposed upon the Trust and (ii) all lawful claims that, if unpaid, might become a lien upon its assets.
- Preserve and maintain (i) its existence and (ii) legal structure, legal name, material rights, permits, licenses, approvals, privileges and franchises.
- Pursue any actions to enforce its material rights under each instrument or agreement included in the Collateral and observe all material terms thereof (in the case of enforcing rights against Sony or Sony/ATV, only to the extent the failure to do so would have a material adverse effect on the Trust Assets).
- Enter into and perform its obligations under the swap agreement.
- Have its books and records reflect its ownership of the Trust Assets.
- Enforce the material obligations of each other party to the Transaction Documents.
- Will not enter into any merger or wind up, liquidate or dissolve its affairs.
- Will not sell or otherwise dispose of all or any of the Collateral other than pursuant to the Sony Purchase Option referred to below or as may be provided under the Transaction Documents.
- Will not make or hold any investment in any Person.
- Will not cancel, terminate or amend any Transaction Document or give any agreement, consent or waiver thereunder.
- Will not establish or acquire any subsidiary.
- Will not engage in any activity other than (i) the business expressly permitted by the Trust Agreement and (ii) the taking of actions permitted by the Transaction Documents.
- Will not amend its Trust Agreement.

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- Will not open any new deposit account or close the Reserve.
- Will not deposit any funds in respect of the Trust Assets into any account other than the Reserve.

Notwithstanding the foregoing, none of the covenants described above or anything in the Transaction Documents will be deemed to bind or otherwise limit or restrict Sony/ATV's business or operations or MJ, MJ-ATV Publishing or any of their representatives' consent rights, so long as such action is otherwise permitted or authorized in accordance with the Sony/ATV Operating Agreement.

**Events of Default:**

Events of Default under the Trust loan and security agreement shall consist of the following:

- Principal, interest or other payment default, subject to customary grace periods;
- Breach of a covenant, subject to customary grace and cure periods;
- Any final, non-appealable judgment or order for the payment of money in excess of an amount to be mutually agreed (or the equivalent in any foreign currency) shall be rendered against the Trust or Sony/ATV and such amount shall remain unpaid for 90 days and shall not be covered by insurance;
- Bankruptcy or dissolution of the Trust or Sony/ATV;
- Any representation or warranty made by the Trust or Sony/ATV shall prove to have been incorrect in any material respect;
- Breach of any Transaction Document, subject to customary grace and cure periods;
- Any material provision of any Transaction Document shall cease to be valid and binding on or enforceable against any party thereto;
- The Lender shall cease to have a valid and perfected first priority security interest on any material portion of the Collateral free and clear of any other lien;
- The failure by the Trust or any Trust Beneficiary to remit to the Reserve any proceeds of Collateral within an agreed-upon grace period;
- The Trust shall become an Investment Company;

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- The manager of the MIAC Catalog is neither Warner/Chappell nor Sony/ATV nor a Sony affiliate nor any other company acceptable to the Lender in its discretion, or the manager of the music assets of Sony/ATV is neither Sony/ATV nor a Sony affiliate nor any other such company; and
- Bankruptcy of MJ or any of his affiliates, and the bankruptcy trustee (or equivalent) takes any action to include any of the Trust Assets in the bankruptcy estate.

In the event of default, the Trust will pay additional default interest of 200 bps.

**Early Liquidation  
Event:**

The Early Liquidation Event under the Trust loan and security agreement shall be the following:

- The Amount of the Reserve shall be less than the Minimum Reserve for a period of eight business days.

**Liquidation of Trust  
Assets:**

The Transaction Documents (including the Trust Agreement) will provide that, upon the occurrence and during the continuation of an Early Liquidation Event or an Event of Default, the Trustee will, and will have the right to, cause an orderly liquidation of the Trust Assets in accordance with commercially reasonable procedures, in order to repay the Trust Loan plus accrued interest thereon and all other amounts payable under the Transaction Documents; provided, however, that (1) if the Trustee has commenced such liquidation of the Trust Assets during the continuation of an Early Liquidation Event but the Amount of the Reserve is then increased to an amount equal to or greater than the Minimum Reserve, such Early Liquidation Event will not be cured, for purposes of the Trustee's right to cause such liquidation, unless all fees (including, without limitation, any no-go or work fee) and expenses incurred by the Trustee in connection with such liquidation shall be paid in full in cash with funds other than funds from the Reserve; (2) such Early Liquidation Event may be so cured as set forth in clause (1) of this proviso only two times; and (3) such Early Liquidation Event may not be so cured as set forth in clause (1) after the sale of the Trust Assets shall have closed. Such procedures will include, but not be limited to, the retention by the Trustee of a recognized investment banker experienced in the music industry to assist in the liquidation of the Trust Assets. The period of such liquidation will end, and the final sale of the Trust Assets will occur, no later than 90 days (the "*90-Day Period*") from the occurrence of the Event of Default, subject to extension by the Lender in its reasonable discretion. The Trust Loan will be conditioned on the Trust and the Lender obtaining an agreement by SME that it will, (a) in connection with such liquidation, make an unconditional, good faith,

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and binding offer to buy the Trust Assets, free and clear of those liens and other encumbrances mutually agreed between Fortress and SME, for an aggregate amount in immediately available funds of at least \$300 million less the amount, if any, paid by SMB (and applied to the Trust Loan) pursuant to the Sony Purchase Option and (b) if the sale of the Trust Assets will occur within three months before any \$6.5 million Guaranteed Advance is payable under the Sony/ATV Operating Agreement, pay such portion of the Guaranteed Advance, on the day on which such Guaranteed Advance is so payable, to the Trust in immediately available funds for deposit in the Reserve, as is sufficient to pay the Transaction Amounts then existing (a "Liquidation Offer"). With respect to any proposed disposition or other transfer of the Trust Assets pursuant to such a liquidation and, if SMB shall have complied in all material respects with its covenants and other obligations in respect of the Liquidation Offer, with respect to the foreclosure described below or otherwise, Sony will have a right of first refusal. The Transaction Documents will contain an advance irrevocable consent by MJ to the above liquidation of the Trust Assets.

**Foreclosure:**

If after the 90-Day period the Trust assets are not liquidated, FCC may foreclose on the Trust Assets in accordance with law, subject to, if SME shall have complied in all material respects with its covenants and other obligations in respect of the Liquidation Offer above, Sony's right of first refusal.

**Sony Purchase Option:**

For a period of 18 months (or until, if later, payment in full of the Trust Loan) commencing after six months from the beginning of the term of the Trust Loan, Sony shall have the option (the "*Sony Purchase Option*"), without Lender's consent, to purchase up to 50% of the Trust's and MJ-ATV Publishing Trust's interest in Sony/ATV. The purchase price shall be equal to the greater of (a) 25% \* (\$1 Billion less net debt of Sony/ATV and other amounts payable or distributable to Sony), and (b) an amount in cash equal to 50% of the principal amount of Trust Loan (such amount not to exceed \$150 million); and such net proceeds received by the Trust shall be used, first, to repay the outstanding amount of the Trust Loan in the amount of \$150,000,000, second, to pay taxes of MJ resulting from the sale (as set forth in a written computation delivered to the Trust and the Lender), and third, the balance, if any, to further repay the outstanding amount of the Trust Loan. Sony may assign the Sony Purchase Option without consent of the Trust, MJ or Lender.

Sony may assign the Sony Purchase Option to any person (a "*Purchaser*") without consent of the Trust, MJ or Lender, provided that (i) the Purchaser may not further assign the Sony Purchase Option without the consent of Sony and MJ (other than to an affiliated party) and (ii) any subsequent sale of all or any portion of the interests

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obtained upon the exercise of the Sony Purchase Option (collectively, the "Sold Interests") by the Purchaser shall be subject to a one-time right of first refusal exercisable by (a) Sony or (b) if Sony does not exercise its right of first refusal, MJ; provided further that none of the foregoing rights of first refusal shall be transferable (except internally within Sony or MJ's solely owned companies, as applicable).

The Sony Purchase Option will, upon the occurrence and during the continuation of an Event of Default, become immediately exercisable and, if not so exercised, will terminate if the Pledged Interest is sold to a third party during the 90-Day Period or in any foreclosure of the Trust Assets.

**Miscellaneous:**

Standard yield protection (including compliance with risk-based capital guidelines, increased costs, payments generally free and clear of withholding taxes, and interest period and swap breakage indemnities), Eurodollar illegality and similar provisions and waiver of jury trial.

**Swap:**

The Lender will have the right to cause the Trust to enter into an interest-rate swap agreement with Fortress, under which a Fortress affiliate will pay to the Trust a floating rate on a notional amount equal to the Trust Loan and the Trust will pay to the Fortress affiliate a fixed rate on such notional amount, containing an option to limit the swap breakage upon certain circumstances.

**Fees:**

Upfront fee of  $\frac{3}{4}$  of 1%, payable at closing.

Structuring fee of  $\frac{3}{4}$  of 1%, payable at closing.

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