

PAYOUT, TERMINATION AND RELEASE AGREEMENT

This PAYOUT, TERMINATION AND RELEASE AGREEMENT, dated as of March 31, 2006 (this "*Agreement*"), is entered into by and among (a) MICHAEL J. JACKSON ("*MJ*"), (b) MJ PUBLISHING TRUST, as borrower under the MJ Publishing Facility referred to below ("*MJ Publishing*"), (c) MJ-ATV PUBLISHING TRUST, as borrower under the MJ-ATV Publishing Facility referred to below ("*MJ-ATV Publishing*" and, together with MJ Publishing, the "*Borrowers*"), (d) FORTRESS MUSIC TRUST I ("*FMT I*"), FORTRESS MUSIC TRUST II ("*FMT II*") and FORTRESS MUSIC TRUST III ("*FMT III*" and, together with FMT I and FMT II, the "*Lenders*"; the Borrowers and the Lenders, collectively, the "*Facilities Parties*"), as lenders under the Facilities referred to below, (e) NEW HORIZON TRUST, a Delaware statutory trust ("*New Horizon*"), as transferee and pledgor of the assets consisting of (i) the MIJAC Catalog (as it is commonly known), formerly owned by MJ Publishing, and (ii) a 50% economic interest in Sony/ATV Music Publishing LLC (such interest being the "*Sony/ATV Interest*"), formerly owned by MJ-ATV Publishing (such assets referred to in clauses (i) and (ii) above being the "*Music Assets*"), and (f) FORTRESS CREDIT CORP. ("*FCC*"), as a lender to, and as collateral agent (the "*Collateral Agent*") for the Secured Parties with respect to, New Horizon. Capitalized terms used but not defined herein shall have the respective meanings given to such terms in the letter dated December 20, 2005 (Request for Forbearance and Agreement Regarding Additional Fees) (as amended, the "*Forbearance Letter*") from MJ and the Borrowers to the Lenders.

WITNESSETH

WHEREAS, the Facilities Parties are parties to those two loan facilities acquired by the Lenders from BANK OF AMERICA, N.A. ("*BofA*") and consist of the following:

(a) BofA's facility (the "*MJ Publishing Facility*") in the outstanding principal amount of \$72,500,000 in favor of MJ Publishing, as borrower, which facility is guaranteed personally by MJ and secured by, among other things, the MIJAC Catalog, and is the subject of that certain Third Amended and Restated Loan Agreement, dated March 25, 2004, by and between FMT III (as assignee of BofA) and MJ Publishing, that certain Security Agreement, dated September 29, 1999, by and between FMT III (as assignee of BofA) and MJ Publishing, as amended on January 6, 2003 and August 18, 2003, that certain Continuing and Unconditional Guaranty, dated September 29, 1999, by MJ in favor of FMT III (as assignee of BofA), as amended on August 18, 2003 (the "*MJ Guaranty*"), that certain Jackson Security Agreement, dated September 29, 1999, by MJ in favor of FMT III (as assignee of BofA), as amended on June 12, 2001, on January 6, 2003, on August 18, 2003 and on March 25, 2004 (the "*MJ Security Agreement*"), and that certain New Advance Agreement, dated May 25, 2005 (the "*New Advance Agreement*"), by and among MJ, the Borrowers and FCC, and

(b) BofA's facility (the "*MJ-ATV Publishing Facility*" and, together with the MJ Publishing Facility, the "*Facilities*") in the outstanding principal amount of \$200,000,000 in favor of MJ-ATV Publishing, as borrower, which facility is secured by, among other things, the Sony/ATV Interest, and is the subject of that certain Amended and Restated Term Loan Agreement, dated as of September 30, 2002, by and among FMT I and FMT II (as assignees of BofA) and MJ-ATV Publishing, that certain Second Amended and Restated Security Agreement, dated September 30, 2002, by and among FMT I and FMT II (as assignees of BofA) and MJ-ATV Publishing (the "*MJ-ATV Security Agreement*"), the New Advance Agreement, and that certain Agreement Regarding Early Advance and Collateral Funds, dated May 25, 2005, by and between MJ-ATV Publishing and FMT II;

WHEREAS, the Borrowers are repaying all of the loans under, and are paying all other obligations due and payable under, the Facilities and the Forbearance Letter (such loans and obligations being the "*Obligations*") on the date hereof in the amounts set forth on Schedule 1 hereto (the "*Repayment Funds*");

WHEREAS, New Horizon is borrowing from FCC, on the date hereof, funds that New Horizon will distribute to the Borrowers as beneficial owners of New Horizon, and the Borrowers are on the date hereof (a) transferring to New Horizon the Music Assets, which New Horizon will pledge to secure the repayment of such borrowing, and (b) paying such distributed funds to the Lenders to make the repayments referred to in the immediately preceding WHEREAS clause; and

WHEREAS, in connection with such prepayments the parties hereto (the "*Parties*") desire to enter into this Agreement;

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which the Parties hereby acknowledge, the Parties hereby acknowledge and agree as follows:

SECTION 1. Repayment of Facilities. The Lenders under the Facilities have received the Repayment Funds and the payment of such Repayment Funds constitutes the payment and satisfaction in full of all of the Obligations. The documents evidencing and otherwise relating to the Facilities (including, without limitation, the Forbearance Letter, the Amended and Restated Put Extension Agreement, dated as of January 13, 2006, by and among the Lenders, Sony Music Entertainment, Inc. ("*SMEI*"), Sony Music Publishing, a division of SMEI ("*SMP*"), the affiliates of SMP listed on Schedule 1 to the operating agreement of Sony/ATV Music Publishing LLC and MJ, the MJ Guaranty, the irrevocable instruction (the "*BMI Direction*") made by BofA for the benefit of FMT III in its letter, dated May 3, 2005, to Broadcast Music, Inc. ("*BMI*"), the irrevocable instruction (the "*Warner/Chappell Direction*") made by BofA for the benefit of FMT III in its letter, dated May 3, 2005, to Warner/Chappell Music, Inc. ("*Warner/Chappell*"), the irrevocable instruction (the "*Sony Direction*") made by BofA for the benefit of FMT III in its letter, dated May 3, 2005, to SMEI, SMP, Sony Songs Inc., Sony Tunes Inc., Sony Sounds Inc., SMEJ-USA Inc., Sony Latin Music Publishing

Inc., Sony Discos Music Publishing Inc. and Timber Music Publishing Co. Inc., and the consent and other agreements, and the guaranty, by SMP, the SMP Affiliates, SMEI and its Affiliates, or any of them) (collectively the "*Facilities Documents*") are hereby terminated and shall have no further force and effect, and neither the Borrowers nor MJ nor Warner/Chappell nor BMI nor SMP nor any of the SMP Affiliates nor SMEI and its Affiliates shall have any liabilities or obligations thereunder, other than any contingent indemnification obligations of MJ (either individually or as a guarantor of the obligations of MJ Publishing) and the Borrowers in favor of the Lenders and FCC which by their terms survive the repayment of the loans under the Facilities (any such obligations, the "*Excluded Obligations*").

SECTION 2. Final Settlement and Release of Collateral. (a) The payments described in Section 1 represent a final settlement of all amounts due under the Facilities Documents (other than any Excluded Obligations). Any and all security interests and liens securing the Obligations under the Facilities Documents (such security interests and liens being the "*Facilities Liens*") are hereby terminated and released. Without limiting the generality of the foregoing, the Facilities Parties acknowledge and agree that the MJ Security Agreement, MJ-ATV Security Agreement and any mortgages, pledges or other security agreements executed by MJ, MJ Publishing or MJ-ATV Publishing to secure payment of the Obligations are hereby terminated and released, and that MJ, MJ Publishing and MJ-ATV Publishing shall have no further obligations or liabilities thereunder.

(b) FMT I and FMT II as secured parties in connection with the MJ-ATV Publishing Facility, and FMT III as secured party in connection with the MJ Publishing Facility shall deliver to FCC (and hereby authorize FCC and the Borrowers to file) executed or authorized UCC termination statements, lien releases, copyright mortgage releases, discharge of security interests, real property mortgage and/or deed of trust releases, and other similar discharge or release documents (if applicable, in recordable form) as are reasonably necessary to release, as of record, the security interests, financing statements, copyright mortgages, real property mortgages and/or deeds of trust and assignments, and all other notices of security interests and liens previously filed by the Facilities Parties, or any of them, with respect to the Facilities Liens.

(c) The Lenders agree to return all promissory notes and other instruments evidencing the indebtedness under the Facilities to the Borrowers.

(d) The Lenders hereby acknowledge and agree that the Right of Last Offer referred to in Section 5 of the Forbearance Letter is terminated and of no further force or effect.

(e) If any Facilities Party shall receive any amounts in respect of, or proceeds from, any of the Music Assets, such Facilities Party shall receive such amounts and proceeds in trust for the benefit of New Horizon and the Collateral Agent, shall segregate such amounts and proceeds from other funds of such Facilities Party, and shall forthwith pay over such amounts and proceeds to Wells

Fargo Delaware Trust Company, as Owner Trustee of New Horizon, for application in accordance with the Credit and Security Agreement, dated as of the date hereof (the "*Credit and Security Agreement*"), by and among New Horizon, the Lenders referred to therein, and FCC, as Administrative Agent and as Collateral Agent.

SECTION 3. Waiver of Notices and Consents. To the extent their consent is required thereunder, the Facilities Parties hereby consent to the amendments to be effected by (i) amending and restating the Trust Agreement of MJ-ATV Publishing Trust, dated as of February 1, 1999, between Wilmington Trust Company, as Initial Trustee, and Michael Joseph Jackson, as Grantor, in its entirety by and through the Amended and Restated Trust Agreement of MJ-ATV Publishing Trust, dated as of March 31, 2006, between Wilmington Trust Company, as Delaware Trustee, and Michael Joseph Jackson, as Grantor, and (ii) amending and restating the Third Amended and Restated Trust Agreement of MJ Publishing Trust, dated as of September 29, 1999, by and among Michael Joseph Jackson, John Branca, Myung-Ho Lee and Commonwealth Trust Company, in its entirety by and through the Fourth Amended and Restated Trust Agreement of MJ Publishing Trust, dated as of March 31, 2006, in each case, in the form attached hereto as Exhibits A-1 and A-2, respectively. The Facilities Parties hereby waive any further consents, conditions, restrictions, prohibitions or notices, of any kind or character, which are or might be required under any of the Facilities Documents, the Third Amended and Restated Trust Agreement, dated as of September 29, 1999, of MJ Publishing, and the Trust Agreement, dated as of February 1, 1999 of MJ-ATV Publishing, in order to consummate the transactions contemplated by this Agreement and the Credit and Security Agreement.

SECTION 4. Further Assurances. Each Facilities Party shall take, at the request and expense of the Borrowers, all such actions reasonably requested by the Borrowers (in compliance with the law and consistent with the terms of the Facilities Documents) of such Facilities Party in furtherance of the transactions contemplated hereby.

SECTION 5. Miscellaneous.

(a) Notices, Etc. Any notice or other communication required or permitted to be given by any provision of this Agreement shall be in writing or by facsimile and shall be deemed to have been delivered, given and received for all purposes (i) if delivered personally to any Party or to an officer of any Party to whom the same is directed, or (ii) when the same is actually received (if on a Business Day, or, if not, on the next succeeding Business Day), if sent either by courier or delivery service or certified mail, postage and charges prepaid, or by facsimile, if such facsimile is followed by a hard copy of the facsimile communication sent by courier or delivery service, certified mail, postage and charges prepaid, addressed to any Party as specified under the Facilities Documents or on the signature pages hereof, or to such other address as such Party may from time to time specify by notice to the other parties hereto. Any such notice shall be deemed to be delivered, given and received for all purposes

as of the date so delivered, if delivered personally, or otherwise as of the date on which the same was received. Any Party may from time to time specify a different address by notice to the other Parties.

(b) Binding Effect. This Agreement shall become effective as of the date hereof when it shall have been executed by each Party and thereafter shall be binding upon and inure to the benefit of each Party and its respective successors and assigns. Except as otherwise expressly provided herein, the agreements of each Party are several, not joint and several, obligations. Each Party consents to the entering into of this Agreement and the consummation of the transactions contemplated hereby by each other Party.

(c) Severability. Except as otherwise provided in the succeeding sentence, any provision of this Agreement is intended to be severable, and, if any term of provision of this Agreement is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity or legality of the remainder of this Agreement. The preceding sentence of this Section 5(c) shall be of no force or effect if the consequence of enforcing the remainder of this Agreement without such illegal or invalid term or provision would be to cause any party to lose the benefit of its economic bargain.

(d) Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, but excluding any conflicts of law provisions thereof that would result in the application of the laws of any jurisdiction other than the State of New York.

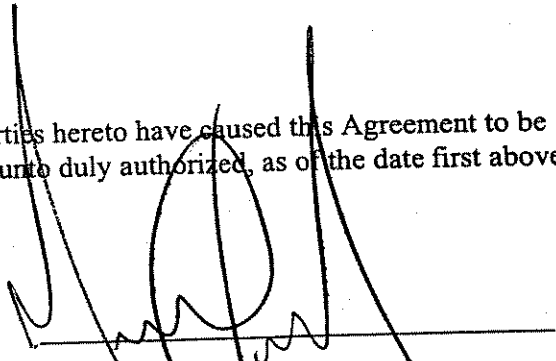
(e) Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be effective as delivery of a manually executed counterpart of this Agreement.

(f) Third Party Beneficiaries. SMEI and its Affiliates shall be deemed third-party beneficiaries of this Agreement.

SECTION 6. Consent to Jurisdiction/Service of Process. Each party hereto (i) irrevocably submits itself to the non-exclusive jurisdiction and venue of any New York State court or Federal court sitting in New York, New York in any action arising out of this Agreement and (ii) consents to the service of process by mail. Nothing herein shall affect the right of any party to serve legal process in any manner permitted by law or affect its right to bring an action in any other court.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.



Michael J. Jackson

MJ PUBLISHING TRUST

By: _____

Name: Katherine Jackson
Title: Co-Trustee

By: _____

Name: HH Shk Abdullah Bin Hamad
Bin Isa Bin Salman Al Khalifa
Title: Co-Trustee

MJ-ATV PUBLISHING TRUST

By: _____

Name: Michael J. Jackson
Title: Manager

By: _____

Name: Katherine Jackson
Title: Manager

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Michael J. Jackson

MJ PUBLISHING TRUST

By: _____

Name: Katherine Jackson

Title: Co-Trustee

By: _____

Name: HH Shk Abdullah Bin Hamad
Bin Isa Bin Salman Al Khalifa

Title: Co-Trustee

MJ-ATV PUBLISHING TRUST

By: _____

Name: Michael J. Jackson

Title: Manager

By: _____

Name: Katherine Jackson

Title: Manager

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Michael J. Jackson

MJ PUBLISHING TRUST

By: _____
Name: Katherine Jackson
Title: Co-Trustee

By: _____
Name: HH Shk Abdulllah Bin Hamad
Bin Isa Bin Salman Al Khalifa
Title: Co-Trustee

MJ-ATV PUBLISHING TRUST

By: _____
Name: Michael J. Jackson
Title: Manager

By: _____
Name: Katherine Jackson
Title: Manager

NEW HORIZON TRUST

By: Wells Fargo Delaware Trust Company,
Owner Trustee

By: 

Name: Ann Roberts Dukart
Title: Vice President

Address:

919 N. Market Street
Suite 700
Wilmington, DE 19801
Attention: Ann Roberts Dukart
Fax: 302-575-2006
E-Mail: ann.roberts.dukart@wellsfargo.com

with a copy to:

Potter Anderson & Corroon LLP
1313 N. Market Street, 6th Floor
Wilmington, DE 19801
Attention: Scott E. Waxman
Fax: 302-778-6114
E-Mail: swaxman@potteranderson.com

FORTRESS CREDIT CORP., as Lender
and as Collateral Agent

By: _____

Name:

Title:


MARC K. FURSTEIN
CHIEF OPERATING OFFICER

Address:

1345 Avenue of the Americas - 46th
Floor
New York, NY 10105
Attn: Daniel Gropper
Facsimile: 212-202-3685
E-Mail: dgropper@fortressinv.com

with a copy to:

Sidley Austin LLP
555 West Fifth Street
Los Angeles, CA 90013
Attn: Marc I. Hayutin
Facsimile: (213) 896-6600
E-mail: mhayutin@sidley.com

FORTRESS MUSIC TRUST I

By: LaSalle Bank National Association,
trustee

By: Greg Myers
Name: Greg Myers
Title: Trust Officer

FORTRESS MUSIC TRUST II

By: LaSalle Bank National Association,
trustee

By: Greg Myers
Name: Greg Myers
Title: Trust Officer

FORTRESS MUSIC TRUST III

By: LaSalle Bank National Association,
trustee

By: Greg Myers
Name: Greg Myers
Title: Trust Officer