

ZIFFREN, BRITTENHAM, BRANCA, FISCHER, GILBERT-LURIE & STIFFELMAN LLP
1801 CENTURY PARK WEST • LOS ANGELES, CALIFORNIA 90067-6406

JOHN G. BRANCA
PAUL L. BRINDZE
HARRY M. BRITTENHAM
STEVEN H. BURKOW
JAMEY COHEN
STEPHEN B. ESPINOZA
SAMUEL FISCHER
CLIFFORD GILBERT-LURIE
KATHLEEN HALLBERG
WENDY HELLER

MATTHEW M. JOHNSON
DAVID LANDE
DENNIS LUDERER
DAVID NOCHIMSON
P.J. SHAPIRO
GARY STIFFELMAN
MITCHELL TENZER
BRYAN WOLF
JAMIE YOUNG
KENNETH ZIFFREN

PHONE: (310) 552-3388
FAX: (310) 553-7068

MELANIE COOK
ALAN J. LEVINE
OF COUNSEL

July 28, 2003

PERSONAL & CONFIDENTIAL
VIA FEDERAL EXPRESS

Mr. Charles Koppelman
C.A.K. Entertainment, Inc.
37 E. 64th St.
Suite 1607
New York, NY 10021

RE: Michael Jackson/Goldman Sachs Agreement

Dear Charles:

In follow up to our conversation about the Goldman Sachs deal memo and your suggestion that its term be extended beyond July 31, certain clarifications need to be made as follows:

OK
1. It should be clear that Michael does not contribute, assign or relinquish ownership of his publishing interests unless and until Warner/Chappell is acquired and until it is clear what Michael's equity interest would be in the combined publishing operation. The capital structure and economic interests of the parties in the venture entities (i.e., Music LLC and Newco) need to be elaborated upon and clarified.

OK
2. It needs to be clarified that Goldman Sachs and/or the venture will take over responsibility for the Bank of America loans up to \$270 million and Michael will have no further responsibility with respect thereto.

3. We need to confirm whether Goldman Sachs will agree to provide an interim guarantee (i.e., Put) for the Mijac loan and, if so, on what basis.

OK
4. You stated that Michael will receive the first \$320 million of distributions from the venture (after payment of annual fees). If this is the deal, it needs to be clarified. ~~Merely paying off Michael's loan obligations without allocating significant cash to him is obviously an insufficient valuation of his publishing interests to justify this transaction.~~

5. It needs to be clarified that transferring the loans and copyrights into the venture will not be a taxable event for Michael.

Supply supply material

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6. It needs to be clarified that, in the event of a liquidity event or exercise of the Put, there will be sufficient cash distributed from the venture to cover Michael's obligations, including tax obligations, direct payment of this firm's 5% and any other obligation Michael may have as a result of a liquidity event or exercise of the Put. Similarly an exit strategy needs to be devised for Michael to receive fair market value should he wish to exit the venture.

*Clarification
Straight
Sheet*

7. ~~We should discuss how Goldman Sachs justifies an annual fee of \$5.5 million. It seems high.~~

OK

8. I'm not sure of the justification for Goldman Sachs to control the Board with five of seven Board seats, giving Michael only two. Whatever the Board membership, Michael should have some control over the management and operation of the venture.

9. The letter of intent imposes broad exclusivity obligations on Michael and none on Goldman Sachs. We should discuss this.

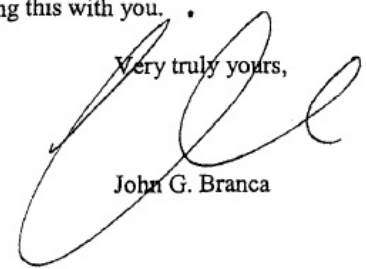
10. There should probably be confidentiality obligations imposed on Goldman Sachs since Michael is disclosing confidential information.

11. Finally, with all due respect, it does not make sense to Michael to tie you in as manager of Mijac as a condition of the loan. Your valuable contributions should be rewarded without interposing you as a condition to Michael's relationship with the bank.

I am sure there are other issues that need to be addressed if this goes to long-form.

I look forward to discussing this with you.

Very truly yours,



John G. Branca

JGB/la

Cc: Alvin Malnik
John McClain
Zia Modabber, Esq.
Rene Ghadimi, Esq.
Karen Langford