

Attorney or Party Name, Address, Telephone & FAX Numbers, and California State Bar Number ASHLEIGH A. DANKER, Bar No. 65486, Attorney for Trustee KAYE SCHOLER LLP 1999 Avenue of the Stars, Suite 1700 Los Angeles, California 90067 (310) 788-1000 (310) 788-1200	FOR COURT USE ONLY
UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA	
In re: DEATH ROW RECORDS, INC. <div style="text-align: right;">Debtor(s).</div>	CASE NO.: 2:06-bk-11205-VZ

NOTICE OF SALE OF ESTATE PROPERTY

Sale Date: June 24, 2008	Time: 1:30 p.m.
Location: 255 E. Temple Street, Los Angeles, California 90012; Courtroom 1368	

Type of Sale: Public: Private: Last date to file objections: _____

Description of Property to be Sold: Substantially all of the recorded music business assets of the estate, along with substantially all of the music publishing business assets of the bankruptcy estate of Marion "Suge" Knight, Case No. 2:06-bk-11187-VZ.

Terms and Conditions of Sale: Contact Ashleigh A. Danker, Esq. for details.

Proposed Sale Price: Contact Ashleigh A. Danker, Esq. for details.

Overbid Procedure (If Any): Contact Marc S. Cohen, Esq. for details.

If property is to be sold free and clear of liens or other interests, list date, time and location of hearing: See above

Contact Person for Potential Bidders (include name, address, telephone, fax and/or e:mail address):

Ashleigh A. Danker, Esq.
Kaye Scholer LLP
1999 Avenue of the Stars, Suite 1700
Los Angeles, California 90067
Tel: (310) 788-1000; Fax: (310) 788-1200; E-Mail: adanker@kayescholer.com

Date: May 13, 2008

1 Marc S. Cohen, CA Bar No. 65486
2 Ashleigh A. Danker, CA Bar No. 138419
3 KAYE SCHOLER LLP
4 1999 Avenue of the Stars, Suite 1700
5 Los Angeles, California 90067-6048
6 Telephone: (310) 788-1000
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8 *Attorneys for R. Todd Neilson, Chapter 11 Trustee of*
9 *Debtor Death Row Records, Inc.*

10 **UNITED STATES BANKRUPTCY COURT**
11 **CENTRAL DISTRICT OF CALIFORNIA**
12 **(LOS ANGELES DIVISION)**

13 In re
14 DEATH ROW RECORDS, INC.,
15 Debtor.

16) CASE NO. 2:06-bk-11205-VZ
17) Chapter 11

18) **NOTICE OF CHAPTER 11 TRUSTEE'S**
19) **MOTION FOR AN ORDER AUTHORIZING**
20) **THE SALE OF SUBSTANTIALLY ALL OF**
21) **THE DEBTOR'S RECORDED MUSIC**
22) **BUSINESS RELATED ASSETS FREE AND**
23) **CLEAR OF ALL LIENS, CLAIMS, AND**
24) **OTHER INTERESTS, WAIVING THE 10-**
25) **DAY STAY, AND GRANTING RELATED**
26) **RELIEF**

27) **AUCTION AND SALE HEARING:**

28) Date: June 24, 2008
Time: 1:30 p.m.
Place: Courtroom 1368
255 E. Temple Street
Los Angeles, California 90012

KAYE SCHOLER LLP

1 TO THE HONORABLE VINCENT P. ZURZOLO, UNITED STATES
2 BANKRUPTCY JUDGE, THE DEBTORS¹, THE COMMITTEES, ALL CREDITORS OF
3 THE DEBTORS, THE UNITED STATES TRUSTEE, ALL ENTITIES ASSERTING
4 SECURITY OR OTHER INTERESTS IN THE ACQUIRED ASSETS, ALL PARTIES TO
5 CONTRACTS, ALL PARTIES REQUESTING SPECIAL NOTICE, ALL PARTIES WHO
6 SIGNED NON-DISCLOSURE AGREEMENTS, AND ALL OTHER PARTIES IN
7 INTEREST:

8 PLEASE TAKE NOTICE that an Auction for the sale of substantially all of the recorded
9 music business and music publishing business related assets (the "Acquired Assets") of the
10 bankruptcy estate (the "DRR Estate") of Death Row Records, Inc. ("Death Row" or the "Debtor")²
11 and the bankruptcy estate of Marion "Suge" Knight, Jr., Case 2:06-bk-11187-VZ (the "Knight
12 Estate" and, together with the DRR Estate, the "Estates"), **is scheduled for June 24, 2008 at 1:30**
13 **p.m.** before the Honorable Vincent P. Zurzolo, United States Bankruptcy Judge, in Courtroom 1368,
14 located at 255 E. Temple Street, Los Angeles, California 90012. Only Qualified Bidders may bid at
15 the Auction. Entertainment One Ltd. ("E1") is the initial stalking horse bidder and, subject to Court
16 approval and overbids, has agreed to purchase the Acquired Assets for \$23 million cash plus other
17 consideration. Pursuant to the Sale Procedures Order approved from the bench on May 6, 2008,
18 initial overbids must, among other things, meet or exceed \$24,000,000 cash. **The deadline to**
19 **submit Qualified Bid packages to counsel for the Trustees is 4:00 p.m., California time, on**
20 **June 10, 2008.**

21 E1 is the parent company of Koch Entertainment LP ("Koch"), the primary North American
22 distributor of Death Row's music catalogue. The selection of E1 as the stalking horse bidder
23 includes a settlement of claims of the Knight and Death Row estates (collectively the "Estates")
24 against Koch and Koch's claims against the Estates, which settlement is the subject of a separate

25 _____
26 ¹ Capitalized terms not otherwise defined herein have the same meanings ascribed to them in
the Motion.

27 ² References to Death Row or the Debtor shall include Death Row Recordings, LLC ("DRR
28 LLC").

1 motion for Bankruptcy Court approval, Docket No. 512, scheduled to be heard on May 27, 2008. As
 2 described more fully in Section 7 of the E1 Asset Purchase Agreement (the "E1 APA"), filed on
 3 April 24, 2008 as Docket No. 508, the settlement allows E1 a partial credit bid at certain bidding
 4 thresholds above \$27 million. If there are no Qualified Bidders other than E1, the Trustees will
 5 forego the Auction and ask the Court to approve the sale of the Acquired Assets to E1 on the terms
 6 set forth in the E1 APA.

7 Parties interested in becoming Qualified Bidders should contact either counsel for R. Todd
 8 Neilson, the Chapter 11 Trustee (the "DRR Trustee") of the DRR Estate, or counsel for Richard K.
 9 Diamond, the Chapter 11 Trustee (the "Knight Trustee") for the Knight Estate as follows:

10 ***Counsel for the DRR Trustee***

11 Marc S. Cohen, Esq.
 12 Kaye Scholer LLP
 13 1999 Ave. of the Stars, 17th Floor
 14 Los Angeles, CA 90067
 Telephone: (310) 788-1223
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10 ***Counsel for the Knight Trustee***

11 Eric P. Israel, Esq.
 12 Danning, Gill, Diamond & Kollitz, LLP
 13 2029 Century Park East, Third Floor
 14 Los Angeles, CA 90067
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 Fax: (310) 277-5735
 Email: eisrael@dgdk.com

15
 16 **PLEASE TAKE FURTHER NOTICE** that **on June 24, 2008 at 1:30 p.m.**, or as soon
 17 thereafter as counsel may be heard (the "Sale Hearing") by the Court, the DRR Trustee shall move
 18 the Court (the "Motion") for an Order (1) authorizing the sale of substantially all of Death Row's
 19 recorded music business related assets free and clear of all liens, claims, and other interests pursuant
 20 to 11 U.S.C. § 363 to either the party presenting the highest or best bid at the Auction or, if such
 21 party fails to close, a Back Up Bidder, (2) providing that, except as otherwise provided in the
 22 Motion, all such liens, claims, and other interests are removed from the Acquired Assets and shall
 23 attach to a like amount of the net sales proceeds, up to the amount of the net sale proceeds, with the
 24 same force, effect, validity and priority that they have with respect to the Acquired Assets, (3)
 25 approving the proposed purchase and sale agreement with the Successful Bidder and Back Up
 26 Bidder(s), (4) determining that the Buyer and Back Up Bidder(s) are good faith purchasers under 11
 27 U.S.C. § 363(m), (5) waiving the 10-day stay otherwise applicable under Federal Rule of
 28 Bankruptcy Procedure 6004(h), and (6) granting related relief. A companion motion seeking similar

1 relief is being filed by the Knight Trustee with respect to the Knight Estate. The proposed sale has
2 been the subject of substantial marketing efforts by the Trustees over many months. The description
3 of the sale contained herein is not intended to be comprehensive. Parties are directed to the Motion
4 and the E1 APA for a complete description of the sale.

5 6 **TERMS OF THE PROPOSED SALE**

7 Subject to Court approval and overbids, the Trustees have entered into the E1 APA pursuant
8 to which the Trustees have agreed to sell the Acquired Assets (defined below) to the Buyer for the
9 cash purchase price of \$23 million, plus the Buyer's assumption of the Assumed Liabilities (defined
10 below), which may arise in connection with the sale of the assets (collectively, the "Purchase
11 Price"). Without limiting the terms stated in the E1 APA, to which interested parties should refer for
12 a complete description of the terms of the Trustee's proposed sale, the terms of the Trustee's
13 proposed sale are as follows:

14 15 **1. The Acquired Assets**

16 "Acquired Assets" shall mean substantially all of the Estates' rights, title, and interest in the
17 assets relating to the recorded music and music publishing businesses of the Debtors. The Acquired
18 Assets shall include, without limitation, all of the Estates' right, title and interest in and to all
19 trademarks, service marks, copyrights, inventory, accounts receivable pertaining to the Knight
20 Estate's music publishing business assets after the closing date, videos, masters, compositions,
21 digital recording rights, merchandising rights, agreements (including the agreement, dated as of
22 September 29, 1998, between Interscope Records ("Interscope") and Death Row Records, as
23 amended, in rights to certain Tupac Shakur master recordings (the "Interscope Agreement"), and
24 also including artist agreements, licenses, publishing agreements, administration agreements, and
25 other contracts, but only to the extent specified by the Buyer as an Assigned Contract (as defined
26 below)), debit balances of artists who are parties to agreements with Death Row and copies of the
27 Debtors' books and records to the extent related to the Acquired Assets, but shall not include the
28 Excluded Assets.

1 Without limiting the generality of the foregoing, the Acquired Assets shall include all of the
2 DRR Estate's right, title and interest to (1) those masters (including the copyrights and digital and
3 other distribution rights) and compositions (as applicable) embodied on the albums identified in the
4 E1 APA, (2) the unreleased masters (including the copyrights and digital and other distribution
5 rights) that are covered by Death Row's right to acquire same from Amaru Entertainment
6 ("Amaru"), successor to the estate of Tupac Shakur, pursuant to Section 8 of that certain Settlement
7 Agreement, dated as of June 30, 1997, by and among Death Row, Knight, Interscope Records and
8 the estate of Tupac Shakur (the "1997 Settlement"), and (3) any and all masters (including the
9 copyright and digital and other distribution and merchandising rights) and compositions in which
10 Death Row or Knight's interest was disputed in the adversary proceeding captioned *R. Todd Neilson,*
11 *Chapter 11 Trustee of Death Row Records, Inc. v. Digital Revolutions Holdings, Inc., et al., Adv.*
12 *Case No. LA 06-01911* (subject to the terms and provisions of the settlement agreement (the
13 "Hawkins Settlement") which was approved by the Bankruptcy Court pursuant to an Order entered
14 on January 30, 2008, Docket No. 388).

15
16 **2. Sale Free and Clear of Liens, Claims, and Other Interests**

17 The Buyer will acquire all of the Estates' rights, title, interests in and to the Acquired Assets
18 pursuant to Section 363(f) of the Bankruptcy Code free and clear of all liens, claims, encumbrances
19 and other interests in such Acquired Assets, including any unpaid royalty claims through and
20 including the date of closing, claims for returns of goods distributed pre-closing, any competing
21 interests in and to the Acquired Assets (including any claims of rescission), recoupment or setoff
22 rights, any purported rights of third parties including Koch (except if E1 is the Buyer), Eagle Rock
23 Entertainment Limited ("Eagle Rock") and Ron Winter Productions, Ltd. ("Ron Winter") under
24 Section 365(n) of the Bankruptcy Code, and Remrylie Licensing, Inc. ("Remrylie") under the
25 purported agreement between Dimples Merchandising, Inc. and Remrylie dated October 18, 2005
26 (the "Remrylie Agreement") that was assigned to the DRR Estate under the Hawkins Settlement
27 (collectively, "Encumbrances"). Except as otherwise provided in the Motion, all such liens, claims,
28 and other interests shall be removed from the Acquired Assets and, to the extent applicable, shall

1 attach to a like amount of the net sales proceeds, up to the amount of the net sale proceeds, with the
2 same force, effect, validity and priority that they have with respect to the Acquired Assets.

3
4 **3. Acquired Assets Sold on an "As Is" and "Where Is" Basis**

5 The sale of the Acquired Assets will be on an "as-is, where-is" basis and without
6 representations or warranties of any kind, nature or description by the Estates or the Trustees other
7 than those set forth in Section 8(b) of the E1 APA. Selection of the highest or best bid at the
8 Auction shall be in accordance with the Sale Procedures Order.

9
10 **4. Excluded Assets**

11 The Acquired Assets shall not include the Debtors' cash, bank and other deposits, cash
12 equivalents, distribution agreements (together with all audit, recoupment and other rights and claims
13 of the Estates relating thereto), including, but not limited to, the distribution agreements with Koch
14 (except if E1 is the Buyer), Eagle Rock, and Ron Winter, the Remrylie Agreement, tangible personal
15 property such as equipment, supplies, computers and office equipment and furniture, leases relating
16 to real or personal property, real property, accounts receivable pertaining to Death Row's recorded
17 music business, the Knight Estate's pro rata share of the accounts receivable pertaining to Knight's
18 music publishing business for the calendar quarter of the sale if the sale does not close at the end of a
19 calendar quarter, existing merchandise inventory, the Debtors' books and records (to the extent not
20 related to the Acquired Assets), claims for avoidance actions under the Bankruptcy Code, of
21 whatever kind or nature, as set forth in Sections 544 through 551, and 553 (but only to the extent of
22 the Debtors' retained rights of setoff as specified in Section 2 of the E1 APA) and any other
23 applicable provisions of the Bankruptcy Code, items identified on Exhibit G to the E1 APA, any
24 claims owned by the Knight Estate to audit Warner-Chappell's administration of the Knight Estate's
25 publishing rights (together with all recoupment and other rights and claims of the Knight Estate
26 relating thereto) through the date of closing, and any related claims and actions arising under such
27 Bankruptcy Code sections by operation of law or otherwise, including any and all proceeds of the
28 foregoing.

1 **5. Assumed Liabilities**

2 The Buyer will not assume, perform or be liable or in any way responsible for any liabilities
3 or obligations of the Estates (including liabilities for returns of products distributed by Koch, Eagle
4 Rock or Ron Winter), except for (i) any and all liabilities and obligations that arise specifically from
5 the Buyer's ownership and use of the Acquired Assets on or after the closing, and (ii) any and all
6 liabilities and obligations under the Assigned Contracts specifically incurred or arising on or after
7 the closing (it being understood and agreed by the Buyer and the Trustees that, notwithstanding
8 anything contained herein or in the E1 APA that is arguably to the contrary, the Buyer shall not
9 assume, or in any way be responsible for, royalties or other amounts due to any obligee or
10 counterparty on account of sales or any other exploitation of the Debtors' recorded music business or
11 music publishing business related assets that occurred prior to the closing (whether or not an
12 accounting on account of such sales or other exploitation was rendered subsequent to the closing))
13 (each of (i) and (ii) being referred to herein collectively as the "Assumed Liabilities").

14 The Buyer shall pay, perform and discharge the Assumed Liabilities in accordance with their
15 terms, subject to any defenses or offsets (including unrecouped advances to, and/or debit balances
16 of, Death Row's artists) asserted in good faith against the obligee to whom such liabilities or
17 obligations are owed that are not otherwise utilized by the Estates in the bankruptcy process. In
18 furtherance of the preceding sentence, the Buyer and the Trustees agree that (i) the Estates shall
19 retain the right to utilize such defenses and offsets as the Trustees deem necessary (in the exercise of
20 their fiduciary duties to the Estates) to reduce or eliminate their liabilities or obligations to any
21 creditor of the Estates that arose or were incurred prior to the closing, and (ii) the Buyer shall be
22 bound by the Bankruptcy Court's determination regarding the validity or amount of any such
23 defense or offset.

24
25 **6. The Designated Contracts**

26 The Interscope Agreement, the 1997 Settlement, and any other contract listed on Annex A to
27 Exhibit A to the E1 APA shall be assigned to the Buyer. In addition, the Buyer shall have the right
28 in its sole discretion to designate those of the Debtors' artists agreements and publishing contracts, a

1 list of which is attached as Annex E to Exhibit A to the E1 APA, which the Estates are to assign to
 2 the Buyer (including the contracts on Annex A to the E1 APA, the "Designated Contracts"). The
 3 contracts listed on Annex A and Annex E to Exhibit A of the E1 APA are referred to collectively
 4 herein as the "Assigned Contracts." None of the Assigned Contracts are executory contracts.

5
 6 **PLEASE TAKE FURTHER NOTICE** that the Trustees are requesting that the Court waive
 7 the 10-day stays of Federal Rules of Bankruptcy Procedure 6004(h) so that the closing can take place
 8 as quickly as possible.

9 **PLEASE TAKE FURTHER NOTICE** that the Motion is based upon this Notice, the
 10 Motion and supporting declarations, any reply filed in further support of the Motion, the arguments
 11 of counsel to be made at the hearing on the Motion, the documents on file with the Court in the case,
 12 and such other and further evidence as the Court may consider at the hearing. Copies of the Motion
 13 may be obtained from counsel to the DRR Trustee or through the Court's electronic filing service
 14 located at ecf.cacb.uscourts.gov.

15 **PLEASE TAKE FURTHER NOTICE** that any response or opposition to the Motion shall
 16 be in writing and, pursuant to the Sale Procedures Order, **filed on or before June 3, 2008 and**
 17 **served via email, facsimile, overnight mail, or personal delivery** as follows:

18 Counsel for the DRR Trustee
 19 Marc S. Cohen, Esq.
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9 The response or objection shall contain a brief, but complete, written statement setting forth all of
10 the reasons for opposing the Motion, a memorandum of points and authorities, declarations, and all
11 evidence on which the responding party intends to rely. Any response or objection not timely filed
12 and served may be deemed by the Court to be consent to the granting of the Motion. If you do not
13 have any objection to the motion, you do not need to take any further action..

14 Dated: May 13, 2008

KAYE SCHOLER LLP
Marc S. Cohen
Ashleigh A. Danker

15 By: /s/ Ashleigh A. Danker
16 Attorneys for R. Todd Neilson, Chapter 11
17 Trustee of Death Row Records, Inc.