

NATIONAL DESK

Excerpt from **Debt Is Seen Taking Toll On Jackson's Lavish Style**

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Most musicians earn money two ways: record sales and touring. But since 1991, the last four albums released by Mr. Jackson have sold 16 million records combined in the United States, a far cry from the 26 million copies of his best-selling "Thriller," which was released in 1982, according to Soundscan, which tracks record sales. And while Mr. Jackson continues to perform, he holds fewer concerts. Last week, Mr. Jackson released his latest greatest hits, "Number Ones," but it is still too early to tell if the controversy will hamper sales.

Mr. Jackson has earned a great deal of money through his half ownership of a music catalog that includes his hits and more than 250 songs by the Beatles. According to Mr. Lee's lawsuit, Mr. Jackson's share was valued at \$272 million on Dec. 23, 1998. Associates say it is worth more today.

Mr. Lee's lawsuit said he helped Mr. Jackson borrow about \$230 million. Much of that money was used to refinance earlier loans. According to the lawsuit, Mr. Jackson used part of a \$140 million loan in 1998 to pay off an earlier \$90 million debt and, in 2000, borrowed \$60 million, paying off a \$30 million 1999 loan. It is not clear how much of the \$200 million has been repaid.

Executives at Sony Music Entertainment, which owns the other half of the catalog, have said that Mr. Jackson used his share of the catalog as collateral for one of the loans. If Mr. Jackson defaults, they have said, Sony has the right to buy his share.

Mr. Jackson owns other music catalogs of lesser value, and has used those to borrow, as well. In 2001, for instance, he used one such catalog to borrow from Royalty Advance Funding, a Beverly Hills company.

The company collected the royalties from the catalog until Mr. Jackson was able to pay back the loan, which he did, said [Royalty Advance Funding]....

Feeling the pressure of 2001's expensive album "Invincible" and trying to get out of his Sony contract, Mr. Jackson rented a bus last year and rode around Harlem with the Rev. Al Sharpton, calling Thomas D. Mottola, then chairman of the Sony Music Group, "devilish." The publicity did little to ignite sales.